

June 22, 2024

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

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

Dear Sir / Madam,

Subject: Notice of Annual General Meeting and Annual Report for the Financial Year 2023-24.

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

This is in furtherance to our letter dated April 29, 2024, we hereby inform you that the 44th Annual General Meeting (“AGM”) of the Company will be held on Tuesday, July 23, 2024, at 02:00 P.M through Video Conferencing (“VC”) /Other Audio-Visual Means (“OAVM”).

Pursuant to Regulation 30 and 34 read with Paragraph A of Part A of Schedule III and Regulation 53 of SEBI Listing Regulations, we are enclosing herewith the following:

- I) Annual Report of the Company for the Financial Year (FY) ended March 31, 2024.
- II) Notice of the AGM of the Company (including e-voting instructions).

The Annual Report for the FY 2023-24 and the Notice of the AGM is available on the Company's website at the link i.e., <https://poonawallafincorp.com/investor-financials.php>.

Further, in compliance with circulars issued by the Ministry of Corporate Affairs (“MCA Circulars”) and the Securities and Exchange Board of India (“SEBI Circulars”), copies of the Annual Report for the FY 2023-24 and Notice of the AGM of the Company (including E-voting instructions) are being sent through electronic mode to all the Members whose email addresses are registered with the Registrar and Share Transfer Agent viz. Link Intime India Private Limited or the Depository Participant(s).

Book Closure Notice: Pursuant to the provisions of Section 91 of the Companies Act, 2013 and the Rules framed thereunder, Notice is hereby given that the Register of Members and Transfer Books of the Company will remain closed from Wednesday, July 17, 2024 to Tuesday, July 23, 2024 (both days inclusive) for the AGM.

Cut-off date and E-voting details: Pursuant to the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time and read with MCA Circulars and SEBI Circulars, the Company is pleased to provide all its Members the facility to exercise their vote electronically at the AGM of the Company, on all resolutions set forth in the Notice of the AGM.

Poonawalla Fincorp Limited

CIN: L51504PN1978PLC209007

Registered Office: 201 and 202, 2nd floor, AP81, Koregaon Park Annex, Mundhwa, Pune - 411 036

T: +91 20 67808090 | **E:** secretarial@poonawallafincorp.com | **W:** www.poonawallafincorp.com

Members of the Company holding shares either in physical or in dematerialized form as on the cut-off date, i.e., Tuesday July 16, 2024, may exercise their votes electronically. The voting rights of Members shall be in proportion to their share in paid up equity capital of the Company as on Tuesday, July 16, 2024 (“cut-off date”). A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained with the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or e-voting at the AGM. **The remote e-voting period begins on Friday, July 19, 2024, at 09:00 A.M. (IST) and ends on Monday, July 22, 2024, at 05:00 P.M. (IST).**

The Company is providing VC/OAVM through National Securities Depository Limited (“NSDL”) platform for the Members to participate in the AGM. Members may access the same at <https://www.evoting.nsdl.com> through the same login credentials provided to them for e-voting. Further, the detailed instructions for e-voting, participation in the AGM through VC and remote e-voting have been provided in the Notice of the AGM.

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

Thanking You,

Yours faithfully,
For Poonawalla Fincorp Limited

Shabnum Zaman
Company Secretary
ACS-13918

Enc: A/a

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POONAWALLA
FINCORP

Annual Report
FY 2023-24



The duo that redefined excellence in the NBFC sector

**READY FOR THE FUTURE.
ROOTED IN TRUST.**

WHAT'S INSIDE

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A MILESTONE YEAR

₹25,003 Crore
Asset under Management

▲ 55% YoY

33.8%
Capital to Risk-weighted
Assets Ratio (CRAR)

Regulatory requirement: 15%

5.24%
Return on Assets

▲ 100 bps YoY

0.59%
Net Non-performing
Assets (NNPA)

▼ 19 bps YoY

₹35,877 Crore
Market Capitalisation,
as on March 31, 2024

11.20%
Net Interest Margin (NIM)

▲ 51 bps YoY

₹1,389 Crore
Operating Profit

▲ 127% YoY

₹8,116 Crore*
Shareholder's Fund

₹1,027 Crore**
Profit after Tax (PAT)

▲ 83% YoY

1.16%
Gross Non-performing Assets (GNPA)

▼ 28 bps YoY

* Net of treasury shares and treasury reserve of ₹187 Crore.

** Excluding exceptional gain

READY FOR THE FUTURE. ROOTED IN TRUST.

At Poonawalla Fincorp, our commitment to being 'Ready for the future' is complemented by our deeply rooted trust in our values and strategies. As we embrace industry-leading financial solutions, our focus remains on building sustainable pathways that anticipate and adapt to the evolving needs of our clients. Our agenda is clear: to sculpt a financial landscape that is robust, inclusive, and forward-thinking.

Leveraging our extensive industry knowledge and ethical business practices, we continue to navigate through challenges with agility and resilience, ensuring that every decision and action aligns with our long-term vision of growth and excellence.

As we look to the future, our roadmap includes expanding our digital footprint, enhancing customer experiences, and integrating advanced technologies that drive us toward becoming a leading figure in the non-banking financial sector.

This year's theme 'Ready for the Future. Rooted in Trust' reaffirms our commitment to integrity, transparency, reliability, and customer-centricity. It is about moving forward without losing sight of the values that define us - ensuring that we grow, innovate, and lead without compromise.

New digital gateway

▶ Read more on page 08-09

Three years of financial, operational and strategic triumphs

▶ Read more on page 20-21

Consumer and MSME focused play

▶ Read more on page 38-39

Poonawalla Fincorp Limited, part of the Cyrus Poonawalla Group, is an NBFC focusing on consumer and MSME finance. With a focus on technology and innovation, we aim to unlock new opportunities and support our customers' growth.

NSE: POONAWALLA

BSE: 524000

*All financial figures presented herein reflect FY 2023-24 results and are based on standalone financial statements.

FINANCING THE FUTURE

Poonawalla Fincorp Limited, is a systemically important non-deposit taking NBFC, registered under the Reserve Bank of India. We specialise in offering a wide range of financial services, including consumer and MSME financing.

Being a part of the prestigious Cyrus Poonawalla Group empowers us to tap into the conglomerate's expertise and resources. This advantage allows us to curate a broad range of financial products, uniquely positioned to meet the expanding credit requirements of our customers.

20
States and Union Territories covered

62.13%
Promoter holding

6.9 Mn+
Satisfied customers

AAA/Stable
Long term credit rating by CRISIL & CARE Ratings

2,384
Employees

OUR DIVERSIFIED PORTFOLIO

Consumer financing

- Pre-owned cars
- Digital personal loan
- Digital consumption loan
- Co-branded credit card

MSME financing

- Digital business loan
- Digital loan to professionals
- Machinery loan
- Loan against property
- Medical equipment loan
- Supply chain finance

OUR COMPETITIVE EDGE



Strong fundamentals

We maintain **AAA/Stable** rating from both CRISIL and Care Ratings, signifying our robust financial health and reliability. We are well-capitalised, ensuring a stable foundation for our continued growth and innovation. Our commitment to maintaining excellent portfolio quality is evident in our strong, well-diversified book with the **lowest GNPA and NNPA in the industry** - underscoring our strategic approach to risk management and customer satisfaction.



Digital nativity

Poonawalla Fincorp emerged in the digital era, infused with a digital DNA that emphasises **agility, adaptability, and flexibility**. This foundational trait empowers us to respond swiftly to customer needs with innovative financial solutions, making us a future-ready financial institution equipped to navigate the complexities of a rapidly evolving landscape.



Risk-first and superior-return approach

We emphasise **rigorous risk assessment** processes to ensure the onboarding of the right customers, enhancing the quality and reliability of our portfolio. Through active portfolio management, we strive for optimisation of returns, aligning financial growth with risk mitigation.

This strategy is complemented by our commitment to **reducing turnaround times (TAT)** and **increasing transparency**, making our operations more efficient and trustworthy. Our **'choice of rejection' model** meticulously gauges client risk to ensure prudent financial solutions, offering competitive interest rates to attract low-risk clients while maintaining portfolio quality and compliance. This dynamic approach enhances client trust and sustainable growth.



Entrepreneurial mindset

We have successfully cultivated a pool of next-level leaders, fostering a culture that embraces **innovation** and an **entrepreneurial mindset**. This ensures that our team is prepared for future challenges and proactive in identifying and seizing new opportunities.



Execution excellence

We are guided by a well-defined strategy with a laser-sharp focus on specific segments—**Consumer and MSME**. This clarity is complemented by relentless execution excellence, which is reflected in our consistent quarter-on-quarter performance since the acquisition.



Understanding of consumer and market trends

Our execution strategy is firmly rooted in strong signals from both strategic and operational perspectives across products and processes. This approach ensures that every action we take is backed by data and insights, allowing us to make decisions that are timely while being aligned with our **long-term objectives**.

* All figures are as on March 31, 2024

SETTING NEW STANDARDS

Guided by Passion, People, Purpose, Principles and Possibilities, we strive for transparency, integrity, and excellence in our business activities. With a commitment to innovation and customer trust, we enable dreams and set new benchmarks in our pursuit of business excellence.



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.



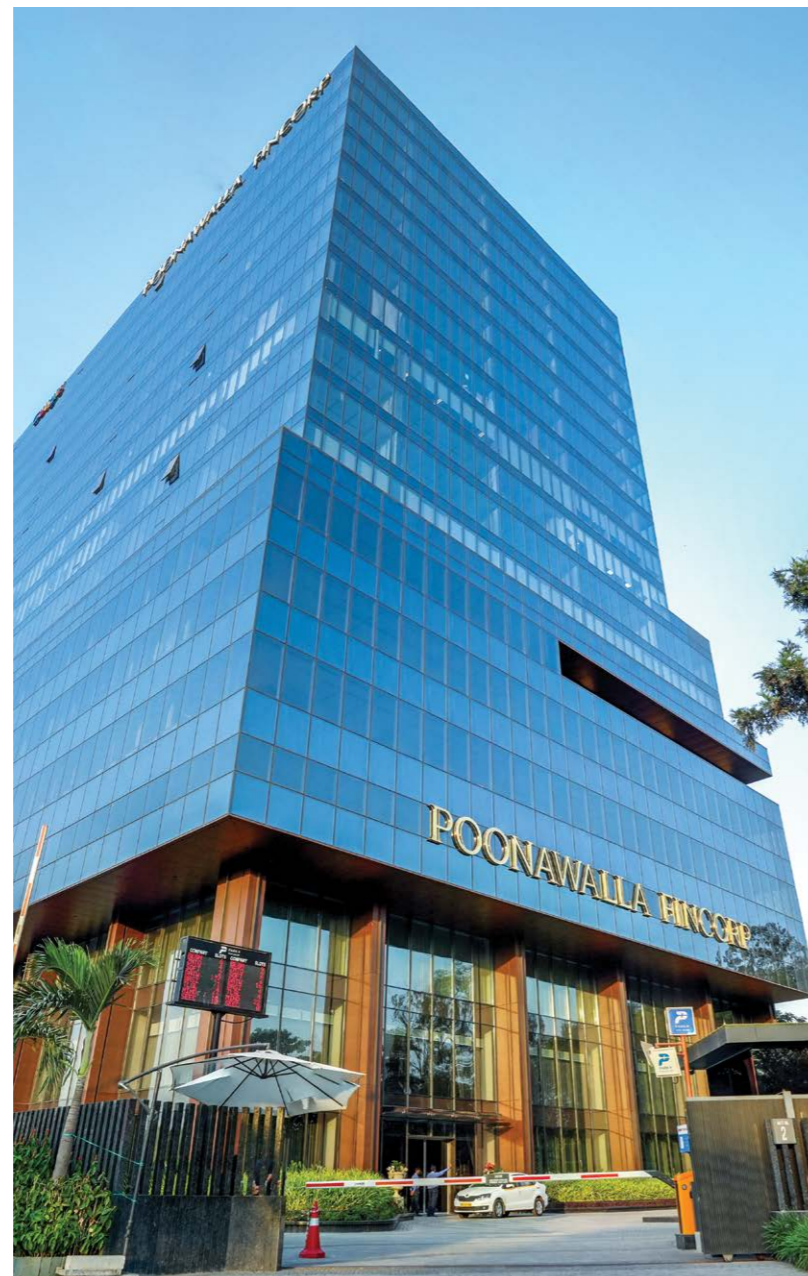
Mission

To help individuals and businesses achieve more by offering the 'best-in-class customer-centric products and solutions'

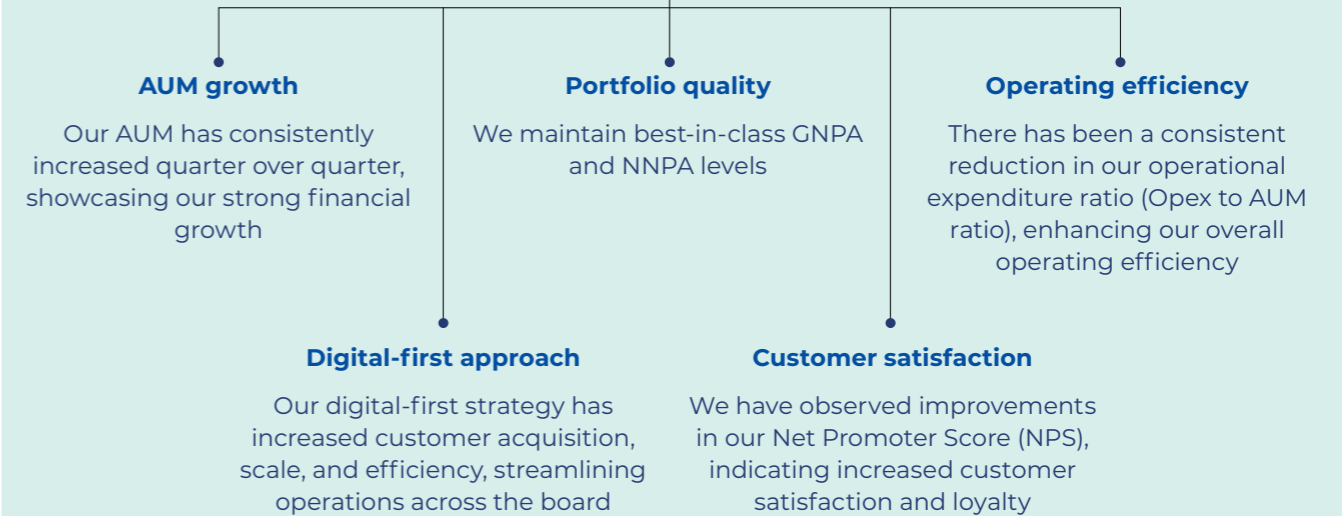


Values

- Collaborative
- Responsible
- Entrepreneurial
- Direct
- Innovative
- Transparent



STANDING OUT IN A COMPETITIVE ENVIRONMENT



WE HAVE BUILT AN ENGINE THAT IS




THEREBY LEADING TO

Sustainable superior performance

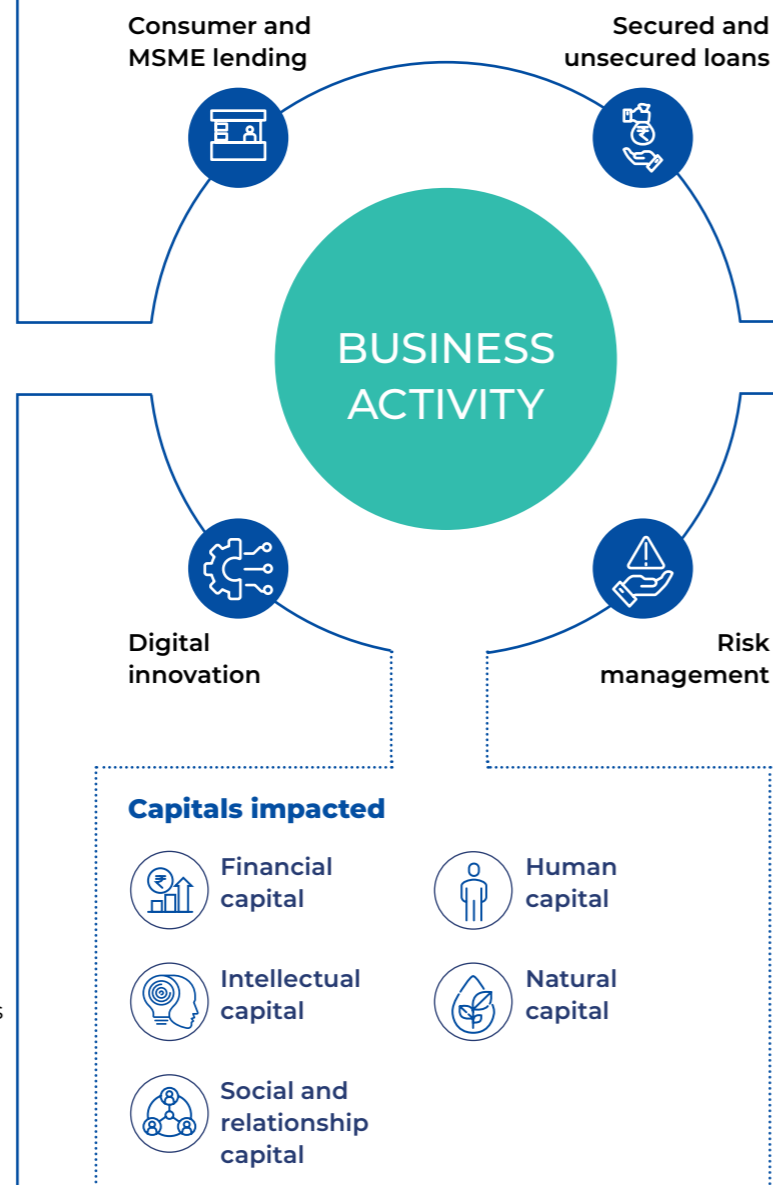
EFFICIENCY MEETS STRONG RESULTS

VALUE DRIVERS

-  **Customers**
We are dedicated to meeting every customer need with customised products, efficient services, and total transparency.
-  **Employees**
As an equal opportunity employer, we are recognised for our inclusive workplace and commitment to nurturing talent at all levels.
-  **Products and services**
We offer a diverse range of products tailored to both consumer and MSME segments.
-  **Technology, data and risk management**
Our digital-ready platform enhances database capabilities, effectively mitigating risks and meeting customer demands.
-  **Governance**
We strictly adhere to ethical governance frameworks, ensuring enduring growth.
-  **Communities**
Our operations are deeply integrated with the communities we serve, establishing the social license that guides our commitment to positive societal impact.

VALUE CREATION PROCESS

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



Strategic priorities

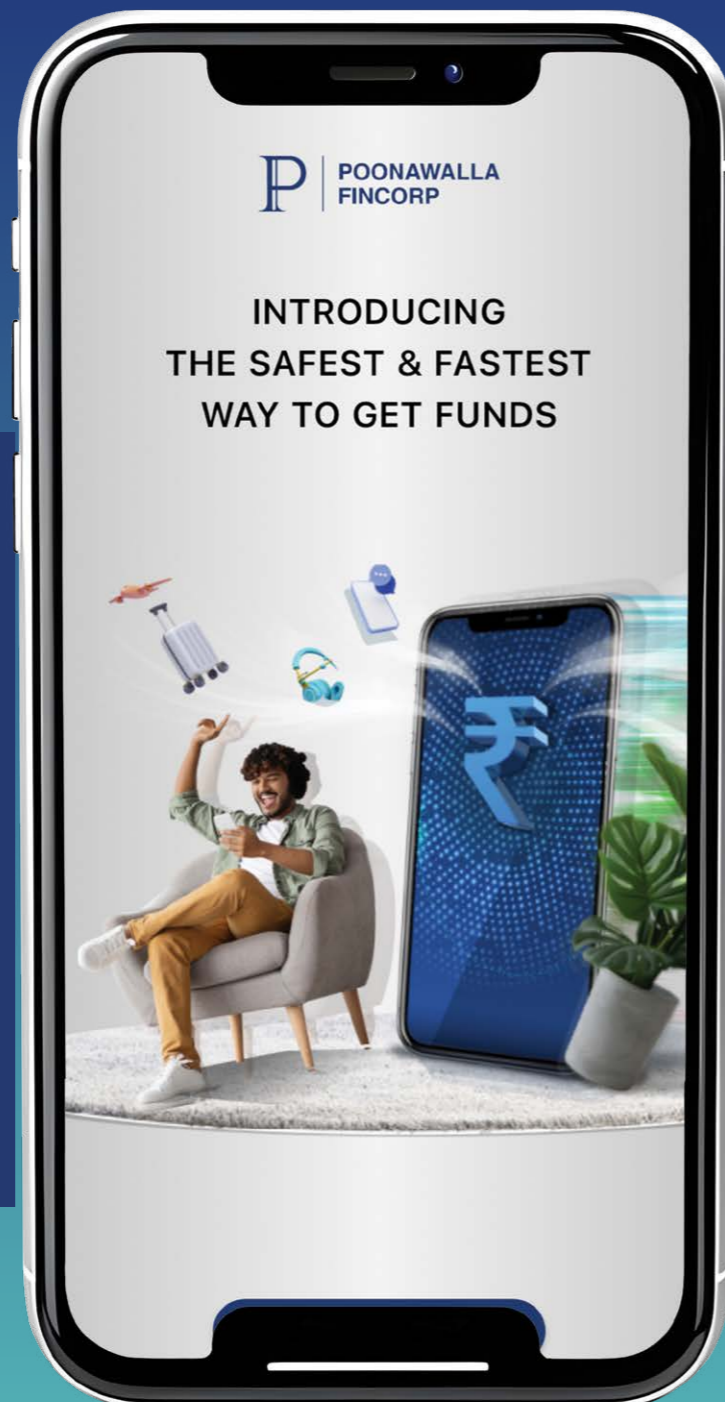
-  **Differentiating by offering superior customer value**
-  **Aligning distribution and products that suit target markets**
-  **Digital-first, technology-led to the core**
-  **Upholding robust credit quality**
-  **Continuously optimising cost of borrowing and liquidity**
-  **Future-ready human capital with strong leadership**

OUTCOMES

-  **Customers**
We aim to empower individuals across India by providing prompt financial support for their ambitions. Having served over 6.9 million customers, we have enhanced the efficiency of our loan disbursement process.
-  **Employees**
Our organisation prides itself on a rich culture and strong commitment, supported by a high-performing workforce. We are proud to be certified as a Great Place to Work.
-  **Communities**
We actively support education and promote health and wellness initiatives for marginalised communities throughout the country.
-  **Investors**
Our robust financial performance and an effective ESG approach facilitate long-term sustainability and investor confidence.
-  **Government**
We maintain timely compliance with regulations, uphold transparent business practices, and ensure timely tax payments, contributing positively to governance and societal trust.

NEW DIGITAL GATEWAY

The Poonawalla Fincorp app, launched in FY 2023-24, offers a user-friendly digital platform for all the financial needs of an individual. With features like instant loan approvals, complete digital onboarding, and comprehensive account management, the app provides a secure and efficient way to access a range of financial products and services.



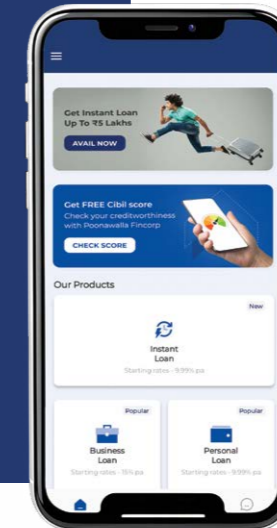
OBJECTIVE OF THE APP

- Transform the user experience by providing a seamless digital interface for accessing financial products and services.
- Enhance engagement through an intuitive design that simplifies navigation and transaction processes.
- Offer comprehensive digital support, from initial inquiry to transaction completion, ensuring a fully integrated financial journey for every user.

FEATURES

Instant loan

Our instant loan revolutionises the borrowing experience by providing quick approvals and disbursements directly through the app. This feature eliminates traditional paperwork and long waiting periods, enabling users to access funds when they need them most, all in a few clicks.



Functionality and customer experience

Designed for ease and efficiency, our app guarantees a user-friendly experience, making financial management accessible to everyone, anytime and anywhere.

Transparency and security in transactions

We prioritise your security and transparency. The platform uses advanced encryption and real-time monitoring to secure all transactions. Every operation is logged and transparent, providing users with the confidence that their financial activities are both safe and private.

Ease of use and universal accessibility

Our app is built to ensure ease of use for all customers, regardless of technological skill. With support for multiple languages and adaptive design, it is accessible on various devices, providing a consistent experience that caters to all users.

Operational efficiency and customer engagement

Our digital solutions drive operational efficiency and enhance customer engagement through personalised alerts, offers, and support, ensuring satisfaction and loyalty.

100% digital journey capability

Our platform offers a 100% digital journey, from account creation and loan application to management and repayment. This seamless digital path ensures efficiency and user satisfaction without the need for physical banking interactions.

Optimised turnaround time

The app reduces turnaround time with streamlined processes and automated decision-making, allowing for quicker responses to loan applications and customer inquiries, enhancing overall service efficiency and user experience.

100%

Short-Term Personal Loan (STPL) customer onboarding through app

>90%

Cash collection transformed to 'Digital mode of payment'

>90%

Reduction in loan processing time by ensuring decentralisation at branch

COMMANDING THE COURSE



Mr. Adar Cyrus Poonawalla
Chairman



Mr. Abhay Bhutada
Managing Director

ALM MC RC ESG ISC CSR SRC ITSC RMC



Mr. Sanjay Kumar
Independent Director

AC RMC SRC ALM RC



Mr. Atul Kumar Gupta
Independent Director

AC NRC RC ITSC



Mr. Sunil Samdani
Executive Director

RMC SRC CSR ALM MC RC ITSC ESG ISC CSC



Mr. Amar Deshpande
Non-Executive Director

CSC AC NRC RMC CSR ALM MC RC SRC



Ms. Kemisha Soni
Independent Director

CSR MC



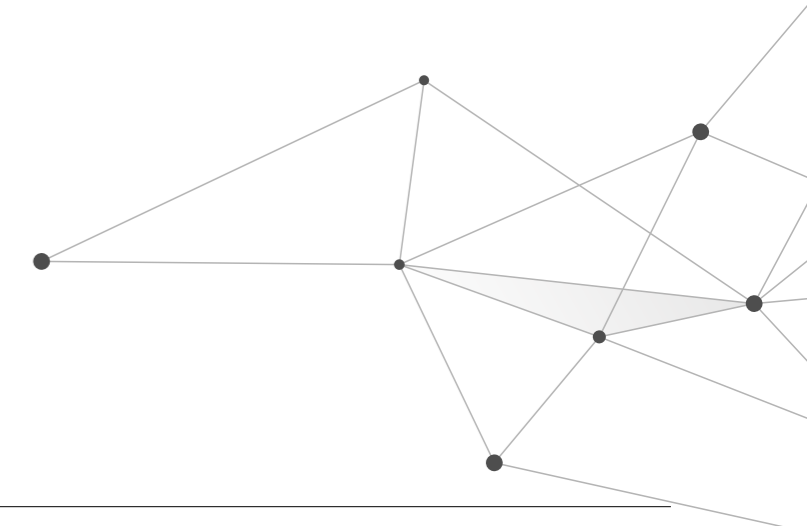
Mr. Bontha Prasad Rao
Independent Director

RMC ITSC ALM RC



Mr. Prabhakar Dalal
Independent Director

NRC SRC AC CSR MC



BOARD COMMITTEES

- | | |
|--|---|
| AC Audit Committee | ALM Asset Liability Management Committee |
| NRC Nomination & Remuneration Committee | ITSC IT Strategy Committee |
| SRC Stakeholders Relationship Committee | RC Review Committee |
| CSR Corporate Social Responsibility Committee | MC Management Committee |
| RMC Risk Management Committee | |

Chairman of Committee

Member of Committee

OTHER COMMITTEES

- ESG** Environmental and Social Governance Committee
- ISC** IT Steering Committee
- CSC** Customer Service committee

Skills and expertise*

- Market understanding
- Understanding of business/industry
- Financial understanding
- Strategy and strategic planning
- Critical and innovative thoughts, and risk compliance oversight

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

DIRECTING OUR JOURNEY



Mr. Abhay Bhutada
Managing Director



Mr. Sunil Samdani
Executive Director



Mr. Sanjay Miranka
Chief Financial Officer



Mr. Hiren Shah
Head- Strategy, BIU & IR



Mr. Manish Chaudhari
Head of Retail Assets



Mr. Manoj Gujran
Chief Compliance Officer



Mr. Dhiraj Saxena
Chief Technology Officer



Ms. Smita Mitra
Head - Human Resources



Mr. Anup Agarwal
Chief Internal Auditor



Mr. Rajendra Tathare
Chief Risk Officer



Mr. Ashish Mehta
Chief of Staff

FUTURE FORWARD



Mr. Adar Cyrus Poonawalla
Chairman – Poonawalla Fincorp Limited

“Our innovative and customer-centric strategy guarantees our leadership in responsible and sustainable lending – our strong competitive advantage. These efforts have positioned us at the forefront of the digital lending space and have set the stage for sustained success in the present and future.”

Dear Stakeholders,

In the 44th Annual Report, I am delighted to review a year marked by robust strategic execution and accomplishments that solidified our position as one of the fastest-growing NBFCs in the country. Our journey, defined by progress and efficiency, continues to be in alignment with our vision.

Setting the context

The global economy has displayed remarkable resilience in the year, having successfully navigated a host of challenges, and identified opportunities amid the diverse economic conditions in various regions. The Indian economy notably distinguished itself as one of the fastest-growing major economy, driven by robust domestic consumption, favourable demographics and government initiatives towards infrastructure enhancement. This was further supported by broad-based industrial growth, especially in manufacturing.

The financial services sector in India has flourished and is a catalyst for economic momentum through innovative strides in fintech, digital banking, and inclusive finance. The Reserve Bank of India's (RBI) effective inflation management also contributed to maintaining a stable interest rate environment, laying the groundwork for long-term investments. The RBI decided to keep the policy repo rate unchanged at 6.5% as retail inflation continues to be above its target of 4%. As inflation is projected to converge to target levels by 2025, the stage is set for potentially more accommodating monetary policies.

India's economic backdrop presents a fertile ground for the financial services sector to expand and innovate, especially in areas such as digital banking and financial inclusion. These developments are crucial as they enhance service delivery and support broader economic growth and stability. A critical aspect of the expansion is addressing the issue of timely credit availability at the right price point - which remains significant in India. By extending financial services and credit at the right time and price point, we catalyse economic inclusivity and empower a larger section of society.

Our positioning

As we continue to explore the promising yet complex economic terrains both globally and domestically, the agility and operational resilience of our business will be pivotal in seizing opportunities and driving sustained growth. At Poonawalla Fincorp, we have fine-tuned our strategies to capitalise on the expansion of the Indian economy, in alignment with the shifts in the banking, financial services, and insurance (BFSI) sector.

Our strong focus on digital innovation and customer-centricity has enabled us to enhance service delivery and operational efficiency. Being amongst the lowest cost fund raiser in the industry provides us significant competitive advantage. This is further strengthened by our fundamentals and portfolio quality. Our superior portfolio quality ensures asset health with Net Stage 3 well below 1%. Further, we maintain robust

growth by focusing on prime, bureau-tested customers, thereby minimising credit risk. Our efforts have led to a long-term credit rating upgrade to AAA by CRISIL, following a similar endorsement by CARE Ratings.

Through investments in technology, we have streamlined our platforms and services and made financial solutions more accessible, thereby enhancing customer engagement. Our innovative and customer-centric strategy guarantees our leadership in responsible and sustainable lending – our strong competitive advantage. These efforts have positioned us at the forefront of the digital lending space and have set the stage for sustained success in the present and future.

Looking ahead

As Poonawalla Fincorp progresses towards our Vision 2025, we are solidifying our position as a technology driven, diversified NBFC. Guided by our six strategic pillars that are centred around customer focus, people, market understanding, digital-first approach, robust cost management and high credit quality, we are on track to achieving our goals.

Together, we are moving forward with resolve and optimism, ready to embrace the opportunities of a new era. I thank you for being a part of this incredible journey towards growth and success.

Warm regards,

Adar Cyrus Poonawalla
Chairman

A CULTURE OF EXCELLENCE



Mr. Abhay Bhutada

Managing Director – Poonawalla Fincorp Limited

“In just three years, our AUM soared by 2.4 times to ₹25,003 Crore. Efficiency and productivity have seen parallel improvements; AUM per employee increased fivefold from ₹2.14 Crore to ₹11 Crore.”

Dear Stakeholders,

As we mark the end of another financial year, I am delighted to celebrate the collective achievements and progress of Poonawalla Fincorp. Looking back at the year, our astute decisions and strategic diligence have enabled us to move forward with a strengthened market position and enhanced shareholder value. The year has been one of insightful leadership and shared efforts, resulting in growth and success across your Company.

Excellent financial performance

Poonawalla Fincorp continues to strengthen its presence across India with 102 branches in 20 states and union territories, alongside a robust digital platform. This dual approach enables us to effectively penetrate diverse markets, serving both MSMEs and consumer segments. Our geographically diversified portfolio, supported by our physical footprint and digital services, minimises market concentration risks and improves customer accessibility.

Additionally, this approach has enabled us to focus on prime customers, maintaining superior asset quality and driving stable, risk-managed growth. Our focus on digital transformation and customer-centric initiatives sees us capitalising on emerging opportunities within India's dynamic economic landscape.

Over the past financial year, your Company recorded its highest annual disbursement of ₹33,289 Crore (111.34% increase YoY), reflecting the positive reception of our financial products

in the market and the ability to scale sustainably. Our AUM has seen an impressive growth to ₹25,003 Crore, marking a 55% increase YoY. The operating profit and PAT stood at ₹1,389 Crore and ₹1,027 Crore, respectively, supported by an impressive NIM which improved from the previous year. With an opex to AUM ratio of 4.12%, among the best in the industry, and a commendable CRAR level of 33.8%, well above the regulatory requirement, your Company maintains a healthy liquidity profile.

Our asset quality metrics highlight our rigorous risk management procedures and prudent credit practices. We achieved a Gross NPA of 1.16%, a decrease of 28 basis points YoY, while our Net NPA for the year stood at 0.59%, an improvement over 19 basis points against the previous year. We also leverage a well-balanced secured mix of 49:51, effectively managing risk through a diversified portfolio that avoids concentration in any one area. Our sourcing is entirely organic, with no reliance on DA/PTC. We have also maintained one of the industry's lowest borrowing costs with the average cost of borrowing recorded at 8.06%. This is a result of our well-diversified borrowing profile that covers various banks, financial institutions, and capital market participants, creating a robust and stable financial foundation. These efforts improve financial stability and allow us to provide competitive financial solutions to our customers.

Operational excellence and strategic initiatives

At Poonawalla Fincorp, we operate with the nimbleness of a fintech, the reliability of an NBFC, and the straightforwardness of a bank, which ensures utmost transparency and places customer interests at the forefront—guaranteeing no hidden fees. We have enhanced our operational frameworks to efficiently cater to our diverse customer base and streamline internal processes. Strategic reductions in the legacy portfolio coupled with robust

collection efficiency reinforce our operational strategy. May 2024 marked a significant milestone with the launch of a co-branded credit card, enhancing our product offerings.

Our focus on digital transformation is exemplified by the integration and success of our Poonawalla app. The app has simplified financial transactions for our customers and improved our operational efficiency by reducing turnaround time and operational costs. By leveraging technology, we continue to optimise our service delivery and ensure efficient, secure, and satisfying customer interaction, thereby building loyalty and trust.

Our success is directly linked to our employees. We are focused on improving our human capital management by building a responsive and agile workforce that is aligned with our corporate values and goals. This human-focused approach supports the precise execution of our strategic objectives. Additionally, our focus on creating a positive work environment has been acknowledged through our certification as a “Great Place to Work” and several other awards.

Our ESG approach

To minimise our environmental impact, accelerate community development, and uphold strict governance standards, we conduct our operations with integrity and transparency. We are actively engaged in environmental sustainability efforts and invest in sustainable technologies to implement green initiatives, reduce our carbon footprint and optimise resource use.

In the social realm, we extend our efforts to empowering underprivileged communities through various Corporate Social Responsibility (CSR) initiatives across education, healthcare, and skill development.

On the governance front, Poonawalla Fincorp adheres to the highest standards of corporate governance, upholding transparency, fairness, and

accountability in all our business dealings. By regularly reviewing and updating our governance practices, we stayed aligned with the latest regulatory requirements and best practices.

The road ahead

Reflecting on our journey since the acquisition of Magma in 2021, it is with a sense of fulfilment that I observe the strides we have made. Our vision was clear and ambitious; our execution was precise and unfaltering. Our customer-centric strategies have led us to achieve competitive pricing, rapid service delivery, and effective interactions. We charted our course with a focus on product innovation, market penetration, and enhanced customer engagement, all while streamlining our operations through branch rationalisation and leveraging top-tier technology and analytics.

The numbers speak eloquently of our transformation. In just three years, our AUM soared by 2.4 times to ₹25,003 Crore. Efficiency and productivity have seen parallel improvements; AUM per employee increased fivefold from ₹2.14 Crore to ₹11 Crore. Simultaneously, the Profit before Tax per employee surged from ₹0.12 Lakh to ₹68 Lakh. This surge in productivity was achieved by optimising our workforce, facilitated by our digital-first strategy. Our steadfast pursuit of Vision 2025 continues, guided by our long-term strategic goals.

I reflect with pride on Poonawalla Fincorp's ability to sustain growth and profitability, charting a clear pathway into the future. Guided by operational excellence and resilience, your Company is well positioned to capitalise on the opportunities and navigate the challenges ahead. On this note, I extend my best wishes to Poonawalla Fincorp for continued success in its future endeavours.

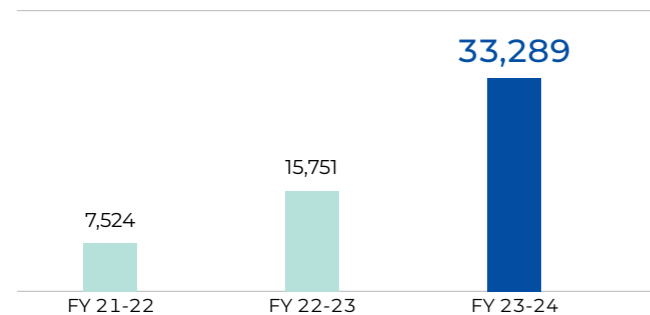
Warm regards,

Abhay Bhutada
Managing Director

SNAPSHOT OF OUR PROGRESS

Disbursements

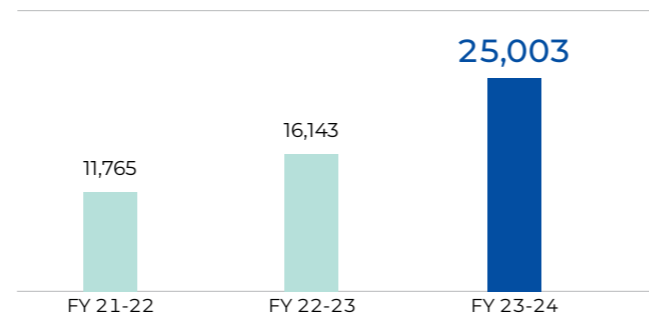
(₹ Crore)



The Company's disbursements have shown a remarkable increase, reflecting a strong growth trajectory. This consistent rise in disbursements highlights the Company's expanding reach, effective customer acquisition strategy and efficiency in loan processing, supported by a robust digital infrastructure and a customer-centric approach.

Asset under management

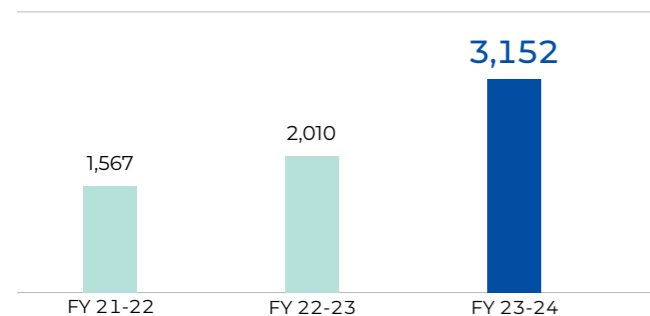
(₹ Crore)



Growth in the Company's AUM demonstrates effective portfolio management and strategic expansion. This growth reflects our ability to attract and manage a larger volume of assets, leveraging technological advancements and strong market positioning.

Revenue

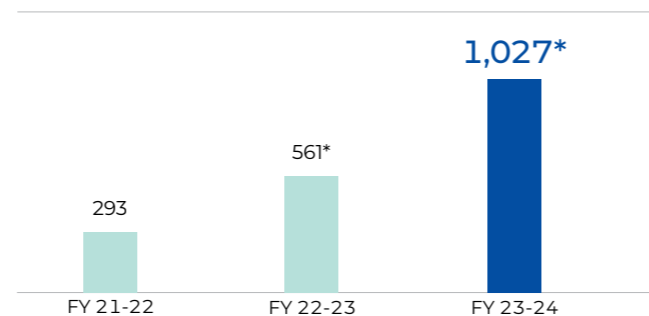
(₹ Crore)



Revenue growth has been robust, indicating increased business activity and successful scaling of operations. The rise in revenue showcases the Company's effective strategies in market penetration and customer acquisition, coupled with innovative financial products tailored to market needs.

Profit after tax

(₹ Crore)

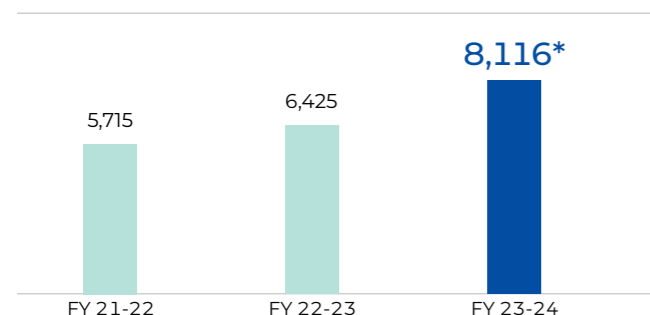


The profit after tax has shown substantial growth, reflecting the Company's strong financial health and operational efficiency. The exclusion of exceptional gains further highlights the core profitability driven by strategic initiatives and cost management.

*Excluding exceptional items.

Shareholder's fund

(₹ Crore)

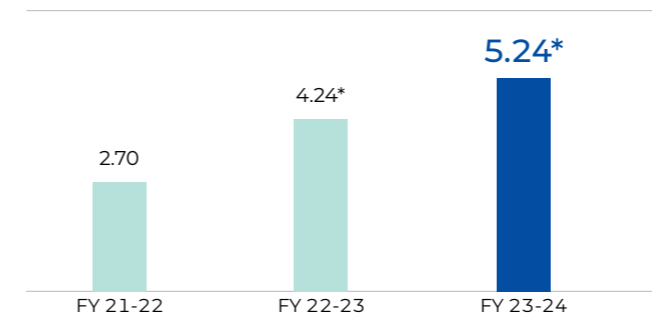


The increase in shareholders' fund signifies strengthened financial stability and investor confidence. This growth is indicative of the Company's sound financial practices and successful capital management strategies.

* Net of treasury shares and treasury reserve of ₹187 Crore.

Return on assets

(%)

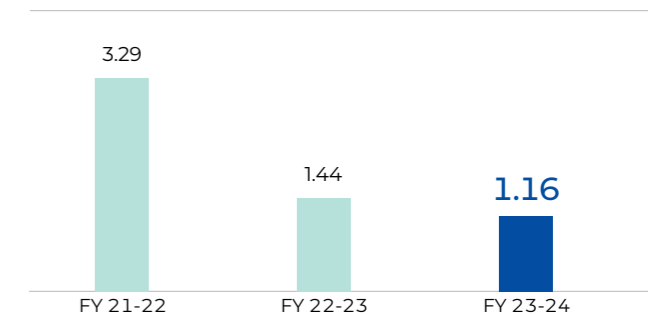


The return on assets has improved, showcasing efficient asset utilisation and profitability. This improvement aligns with the Company's strategic focus on high-quality asset growth and operational excellence.

*Excluding exceptional items

Gross stage 3 assets/Gross NPA#

(%)

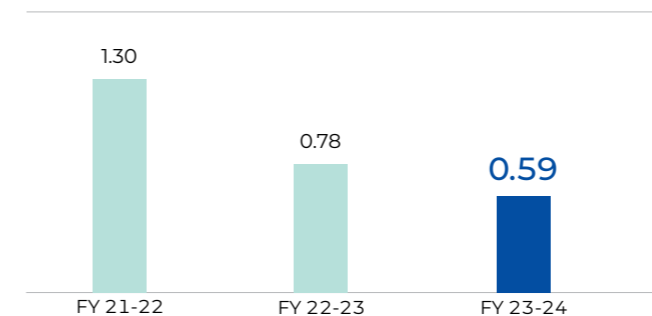


The reduction in gross NPA reflects enhanced credit quality and effective risk management. The Company's commitment to maintaining asset quality is evident in the consistent decrease in NPAs.

Comparison of aligned GNPA / NNPA September 2022 onwards drawn from GS3 / NS3 of previous periods.

Net stage 3 assets/Net NPA#

(%)

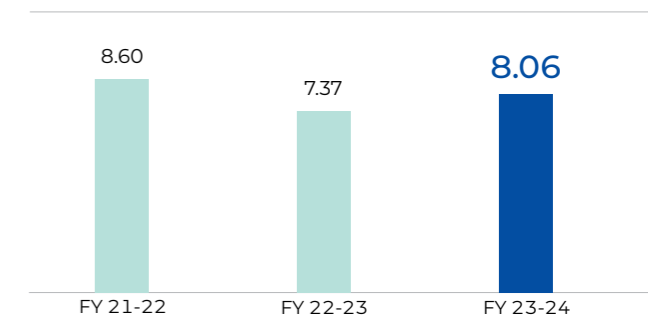


The declining trend in net NPA highlights the Company's strong recovery processes and prudent lending practices. This consistent improvement points to effective credit risk management and borrower selection.

Comparison of aligned GNPA / NNPA September 2022 onwards drawn from GS3 / NS3 of previous periods.

Cost of borrowing

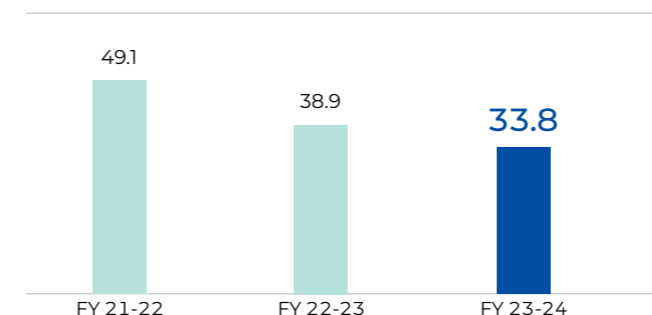
(%)



Despite fluctuations in the economic environment, the Company has managed to keep its cost of borrowing relatively stable, indicating efficient financial management and strong relationships with lenders.

Capital adequacy ratio

(%)



The capital adequacy ratio remains well above regulatory requirements, underscoring the Company's strong capital base and prudent financial planning. This ratio reflects the Company's ability to absorb potential losses and sustain growth.

THREE YEARS OF FINANCIAL, OPERATIONAL AND STRATEGIC TRIUMPHS

Over the past three years, our strategic focus on financial strength, operational efficiency, and targeted growth initiatives has driven exceptional outcomes, positioning us as leaders in our industry and paving the way for future success.



Healthy CRAR

By maintaining a CRAR well above regulatory requirements, we have ensured ample capital to support growth strategies, absorb potential losses, and instil confidence among investors and stakeholders, thereby fortifying our position in a competitive market. The measures taken to ensure a healthy CRAR include:

- Strengthened risk management frameworks
- Optimised capital allocation
- Dynamic liability management and diversification to contain the cost of borrowing.

Liability management and asset growth

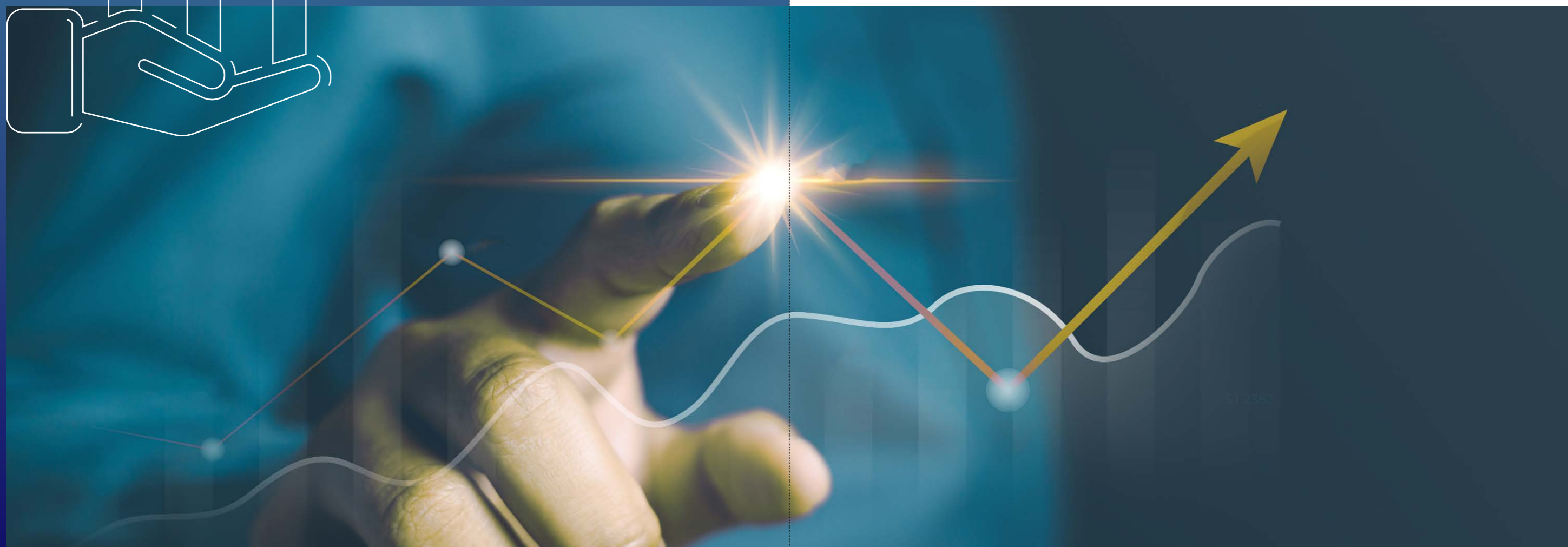
We have effectively balanced liability management with asset growth, ensuring a stable funding base while expanding our asset portfolio strategically.

Efficient liability book management

Our approach to managing liabilities has focused on diversifying funding sources and extending maturity profiles, which has reduced our cost of capital and enhanced financial stability. This careful management supports our aggressive asset growth strategy, aligning with long-term financial goals.

Growth of the total balance sheet

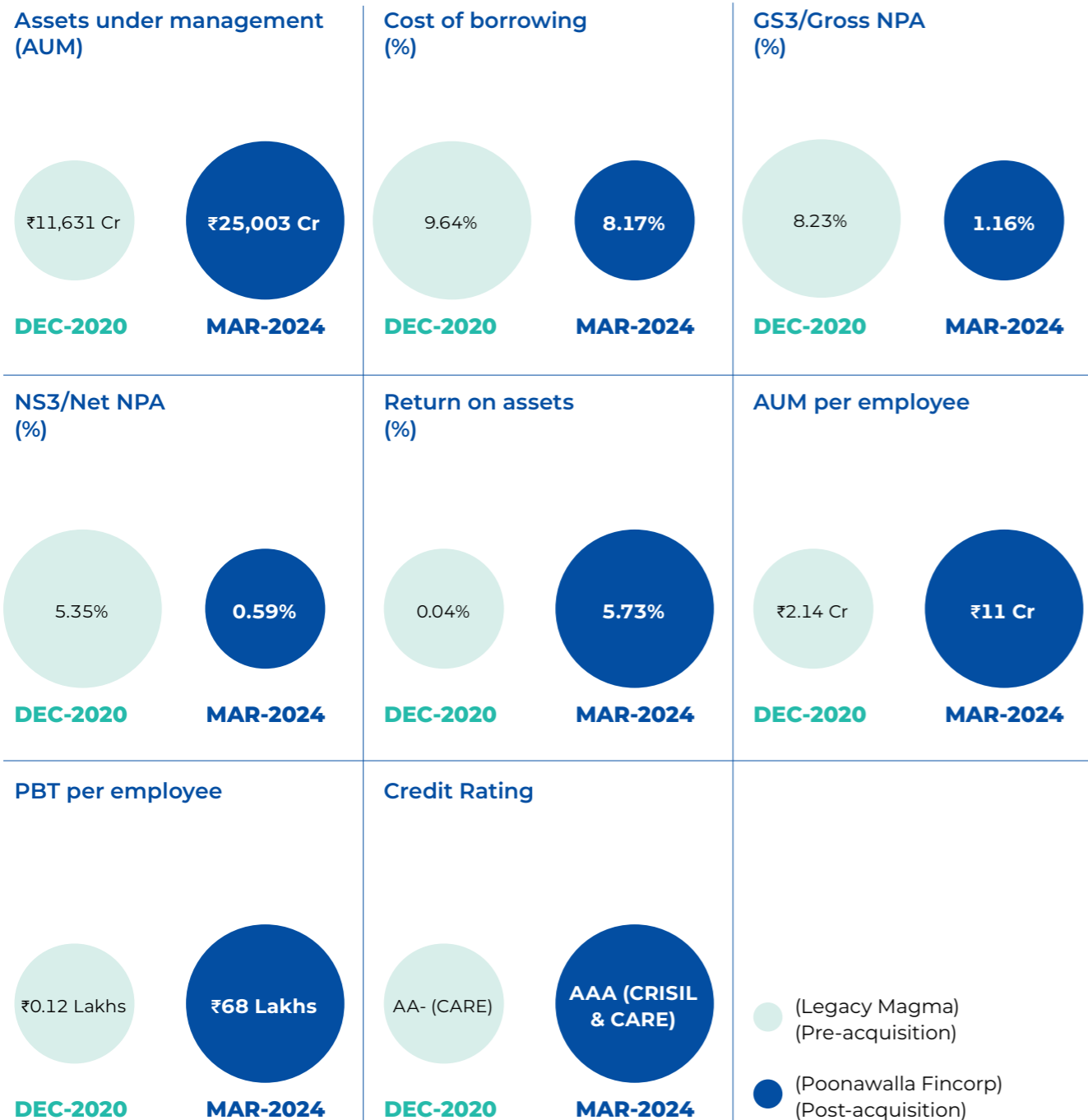
The total balance sheet has seen substantial growth, driven by our expansion in core markets. This growth reflects our increased market presence and enhanced capacity to generate revenue, further solidifying our financial foundation and supporting sustained scalability.



How we made it possible 'financially'

Strategic financial management and rigorous fiscal discipline have been crucial, enabling us to surpass financial targets, strengthen our capital base, and achieve sustained profitability. The Company's financials show significant growth and efficiency. AUM nearly doubled, indicating increased investor trust. Reduced borrowing costs and improved NPA ratios reflect better financial health and lower risk. A change in ROA from 0.04% to 5.73% highlights enhanced profitability and asset use, marking resilient financial improvement post-acquisition.

Parameters (standalone)



How we made it possible 'operationally'

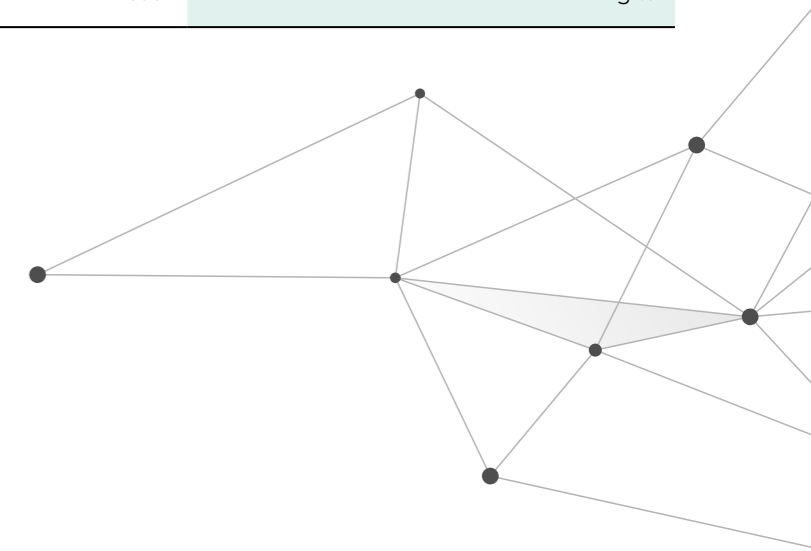
Our operational success over the past three years has been achieved through the rigorous optimisation of processes and leveraging technology to enhance efficiency. Streamlining operations has reduced costs and improved service delivery, enabling quicker response times and greater scalability. Significant investments in technology have automated core operations, enhancing our agility and ability to adapt to dynamic market conditions swiftly. The rationalisation in branches from 255 to 102 showcases a move towards a more efficient, digital-first model. This shift is marked by a rise in digital business from 10% to 81%.

Parameters (standalone)	Dec-20 (Legacy Magma) (Pre-acquisition)	Mar-24 (Poonawalla Fincorp) (Post-acquisition)
Branches	255	102
Employee headcount	5,431	2,384
Direct & digital business (%)	~10%	81%

How we made it possible 'strategically'

Strategically, our success stems from a clear focus on core markets and the continuous refinement of our business model to align with evolving industry standards and customer expectations. By prioritising customer-centric innovations and expanding our digital capabilities, we have strengthened our market position and captured new opportunities. The transition from physical to digital lending establishes the Company as a leader in digital finance. Additionally, pivoting from targeting new-to-credit customers to addressing a wider market demonstrates a well-calibrated strategy that aligns seamlessly with evolving market demands.

Parameters (standalone)	Dec-20 (Legacy Magma) (Pre-acquisition)	Mar-24 (Poonawalla Fincorp) (Post-acquisition)
Lending methodology	Physical	Digital
New to credit	Yes	No
Data driven lending	No	Yes
Digital first approach	No	Yes
Collection	Cash	Digital



FAVOURABLE MARKET CONDITIONS

The NBFC sector has been systemically important in driving the growth of the financial sector in India. By reaching out to underserved areas and remote regions, NBFCs help expand formal financial services to a broader population. The growth of NBFCs aligns with India's broader economic goals, supporting efforts to create a more inclusive and accessible financial system.

Demand for credit

According to a report by SIDBI-TransUnion CIBIL, the number of MSMEs in India is projected to increase from the current 6.3 Crore, of which only 2.5 Crore have ever accessed credit from formal sources, to approximately 7.5 Crore over the next 7 years. This growth is expected to occur at a CAGR of 2.5%. Lenders have the opportunity to tap into this vast ever-growing segment by identifying and connecting with deserving MSMEs and tailoring credit products to meet their specific needs.

Retail loans are projected to have the largest share (56%) of credit issued by NBFCs in 2025, highlighting the strong and growing consumer demand for credit. This includes various types of consumer financing such as personal loans, housing loans, and vehicle loans, driven by increasing financial inclusion and the rising middle class.

13-14%

Expected credit growth for NBFCs during FY 2023-24

(Source: KPMG)

₹1,170 Crore

Budget estimate for the Raising and Accelerating MSME Performance (RAMP scheme) for FY 2024-25 - up from the revised estimate of ₹1,000 Crore in FY 2023-24

(Source: Interim Budget 2024-25)

Our response

We have strategically positioned ourselves to enhance our service offerings to the MSME sector, which is a critical component of India's economic framework. Our approach has been to actively bridge the credit gap by leveraging both technological advancements and innovative financial products. This includes scaling up instant personal loan offerings through advanced mobile applications and emphasizing a balanced mix of secured and unsecured loans.

The operational strategy is built around high disbursements and maintaining asset quality, which has resulted in robust quarterly performances. By integrating digital platforms and maintaining a strong emphasis on secured lending, we aim to provide more accessible and effective financial solutions to this underserved market, aligning with India's broader economic growth goals.



Strong economic fundamentals

India is on track to becoming a \$7 Trillion economy by 2030 powered by the triple engines of rapid financialisation, clean energy transition and the digital revolution. This robust financial health sets the stage for considerable expansion in the coming years, which bodes well for the NBFC sector. This environment is expected to fuel a surge in credit demand across the nation.



Our response

We have taken proactive steps to align our business strategies with the nation's growth trajectory, capitalising on the robust financial environment by expanding our loan portfolio and enhancing our product offerings. This includes diversifying into new financial products tailored to meet the needs of consumers and businesses.

Our strategy also focuses on leveraging digital innovation to improve service delivery and customer reach. By investing in technology-driven solutions, we aim to enhance our operational efficiency and customer engagement, ensuring quick and reliable access to financial services.

Digital transformation

NBFCs have rapidly adopted digital technologies to elevate customer experience, optimise operations and cut costs. This digital transformation has substantially improved operational efficiency, empowering NBFCs to deliver faster, more reliable services to their customers.

A recent study by Accenture reveals that through strategic digital transformation, NBFCs can increase loan volumes and reduce operational costs by 20%.

Our response

In response to the widespread digital transformation within the NBFC sector, we have aggressively integrated advanced digital technologies into our operations. We have implemented a robust digital platform that streamlines loan processing, ensuring faster and more accurate service delivery. This digital strategy optimises cost efficiency and elevates the accessibility and reliability of financial services, making us a more agile and responsive organisation.

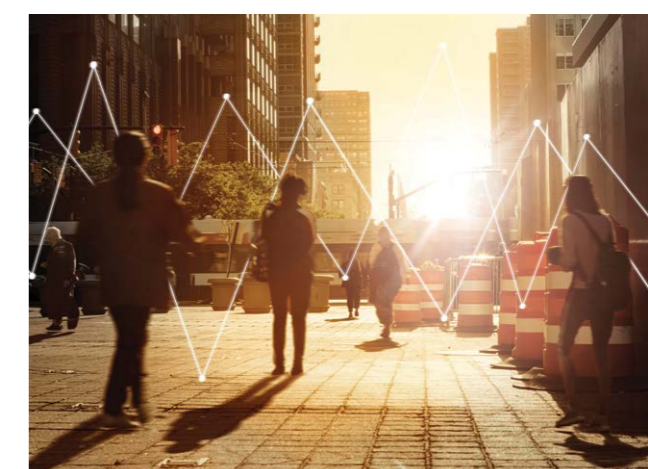
Additionally, we have focused on developing innovative fintech solutions that cater to the specific needs of our customer base, offering more personalised and flexible financial products. Through these efforts, we aim to maintain a competitive edge in the market, adapting swiftly to changes and capitalising on the opportunities presented by digital advancements in the financial sector.

Regulatory framework

The NBFC regulatory landscape has seen significant developments introducing stricter capital ratios, enhanced liquidity standards and a more rigorous asset classification system. While these changes initially increased compliance costs, they have solidified the sector's foundation - boosting investor confidence and effectively reducing risks within the industry.

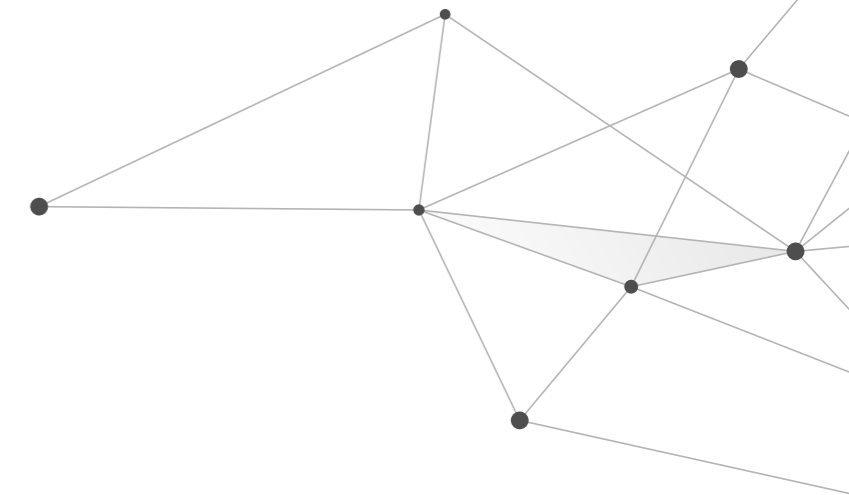
Our response

We have proactively adjusted our operational strategies to align with the new standards and implementing a more detailed asset classification system to meet regulatory demands. These measures have ensured compliance with the tighter regulations and fortified Poonawalla Fincorp's financial stability, thereby enhancing trust and reliability among investors and customers alike.



REALISING VISION 2025

We continue to make progress as a diversified, technology-enabled NBFC. The year gone by brings us closer to achieving our Vision 2025. Each step we have taken reflects our dedication and ability to be future-ready, preparing us for excellence and the flourishing of our growth narrative.



Led by our six strategic pillars that focus on customers, technology, and innovative financial solutions, we are delivering results at an unprecedented pace. We have analysed our progress on the relevant fronts and believe that we are well on track to meet these targets within the stipulated time.



VISION 2025

POSITIONING

OUR STRATEGIC PILLARS

To be amongst the Top 3 NBFCs in consumer and MSME segment

Market leader in:

- Providing loans to professionals on a monthly disbursement basis.
- Pre-owned cars segment.

Differentiating by offering superior customer value

▶ Read more on page no. 28

Future-ready human capital with strong leadership

▶ Read more on page no. 36

Risk-calibrated accelerated growth; ~3x of FY 2020-21 AUM

- AUM saw an impressive YoY growth of 55%, reaching a total value of ₹25,003 Crore.
- Disbursement under DDP model constituted 82% of the total disbursement.

Aligning distribution and products that suit target markets

▶ Read more on page no. 30

Digital first, technology-led to the core

▶ Read more on page no. 32

Amongst the lowest Cost of Funds in the industry;

- ~267 bps reduction achieved since acquisition, in first 5 quarters.
- Despite 250 bps increase in repo rate by RBI since Q1 FY23, our average cost of borrowing has increased by only 120 bps till Q4 FY24. This was controlled through favourable negotiations on pricing, supported by rating upgrades and dynamic treasury management.

Continuously optimising cost of borrowing and liquidity

▶ Read more on page no. 35

Best-in-class Asset Quality; Net Stage 3 < 1%

- Net Stage 3 at 0.59% as on March 31, 2024, supported by clean-up of the legacy book.

Upholding robust credit quality

▶ Read more on page no. 34

DIFFERENTIATING BY OFFERING SUPERIOR CUSTOMER VALUE

This year, we are focused on maintaining our leadership in sustainable loan growth by aligning with strategies that enhance customer satisfaction. We have further streamlined processes by minimising paperwork and reducing human intervention. Additionally, we have leveraged advanced data analytics to continue decreasing the turnaround time for loan approvals and other financial services, ensuring faster and more efficient support for our customers.

100% end to end digital journey capability

- We have significantly reduced the amount of paperwork required.
- We have minimised the need for human involvement.
- We have enabled advanced data analytics.

Customer centricity

- Our digital platforms now offer round-the-clock customer service accessibility.
- We have received one of the best NPS score in the industry.
- Committed to providing superior customer experiences and creating customer delight.

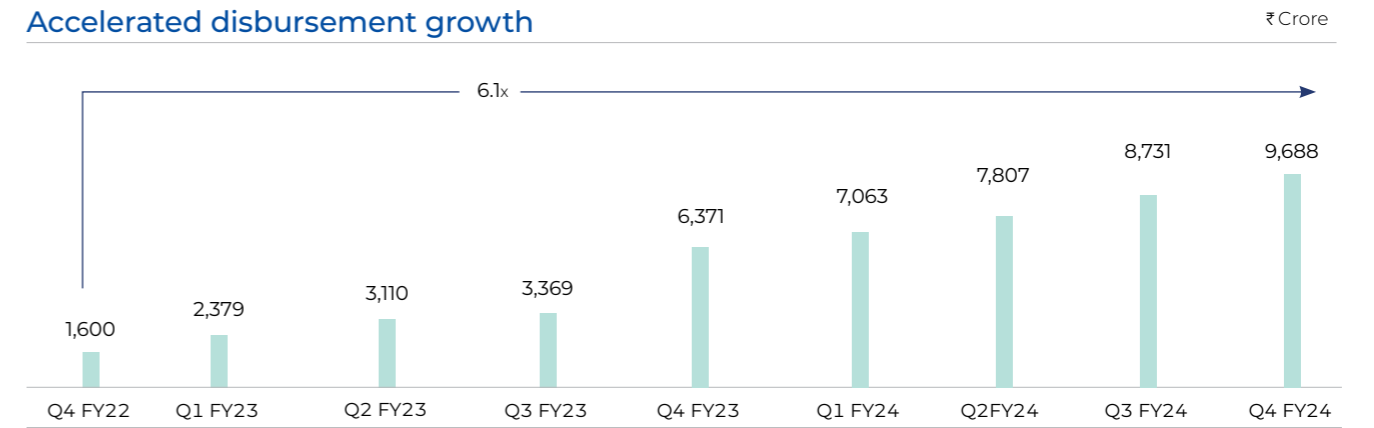
Amongst the best turnaround time (TAT)

- We have consistently decreased our TAT.
- We have ensured a smooth and quick process of loan disbursements, facilitated by lead and agile backend operations.

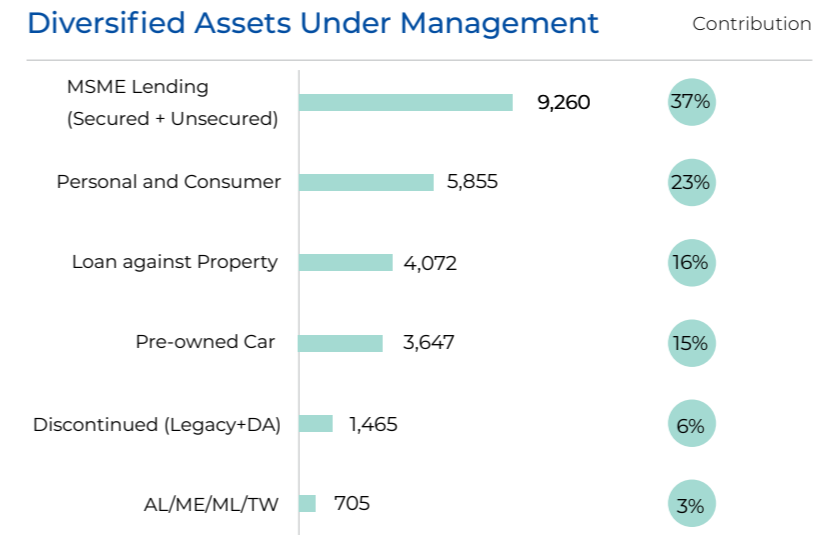
Continuous engagement across customer lifecycle

- Our strong distribution model helps us reach more customers.
- We have leveraged technology to build long-term relationships with our customers.

Accelerated disbursement growth



Diversified Assets Under Management



AUM as on March 31, 2024: ₹25,003 crore

76

NPS score as on March 31, 2024



ALIGNING DISTRIBUTION AND PRODUCTS THAT SUIT TARGET MARKETS










We initiated the Direct Digital Partnership (DDP) programme to enhance our distribution framework and expand our customer reach. We have refined our product lineup to cater to borrowers seeking innovative loan solutions, aiming to provide options that surpass conventional offerings in affordability.

Our approach for FY 2023-24

- Launched mobile app to offer instant digital personal loans
- Focus on Customer Lifetime Value (CLTV)
- Technology-first and risk-calibrated approach



Our product suite

 Loan against property	 Pre-owned cars finance	 Digital business loan	 Digital loan to professionals
 Digital personal loan	 Supply chain finance	 Digital consumption loan	 Machinery loan
 Medical equipment loan	 Co-branded credit card		

Offering our products through DDP

Direct channel

In-house sourcing of customers through own branches and call centres.

Digital channel

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

Digital ecosystem

Multiple tie-ups, alliances, and partnership arrangements.

Resulting in higher profitability

We have accelerated customer acquisition by providing services directly to them.

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

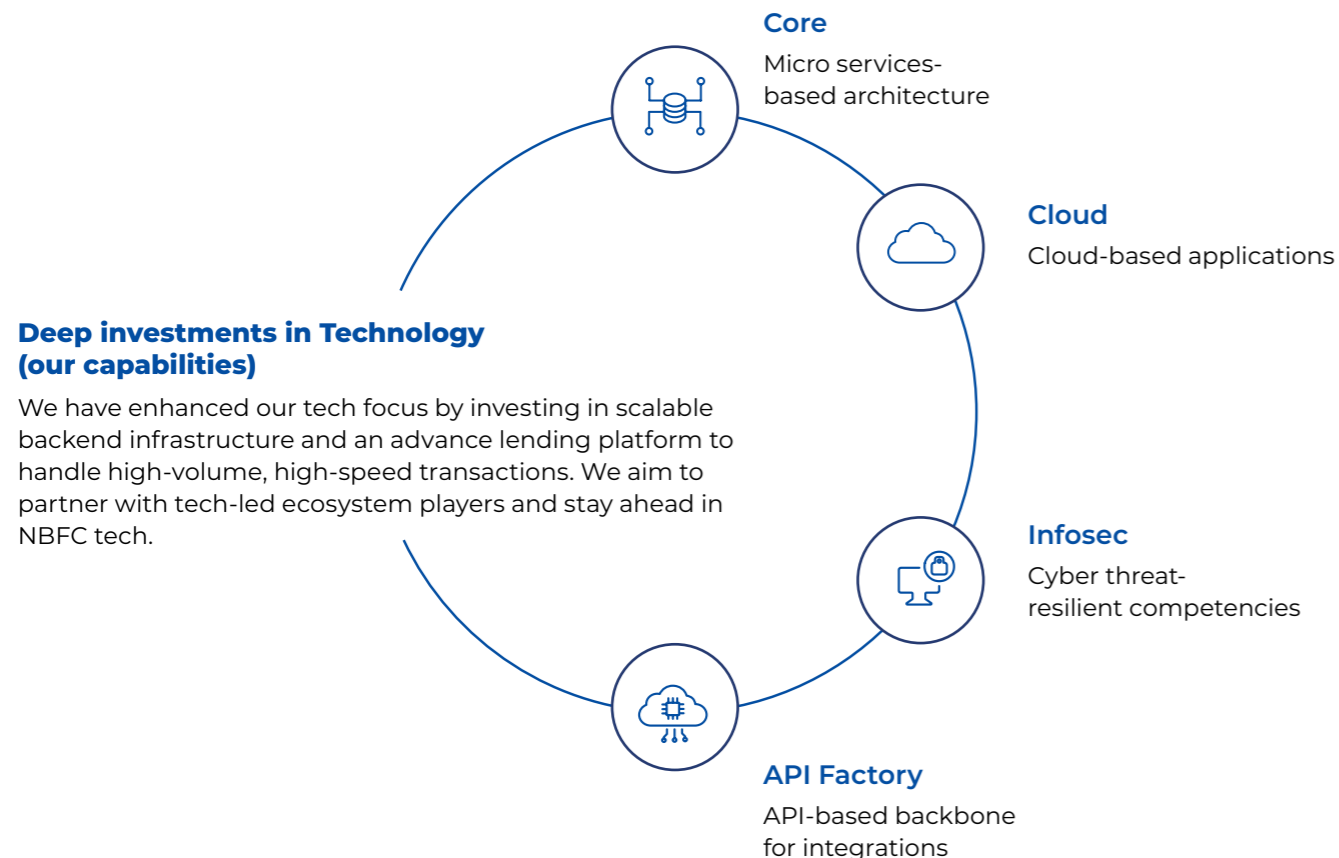
We are offering our products at competitive rate of interest as compared to traditional organisation-led model.

DIGITAL-FIRST, TECHNOLOGY-LED TO THE CORE

We remain committed to our digital-first approach as we continue to evolve our business. The dynamic landscape of the lending industry has positioned digital-first companies like ours to fully capitalise on the expansion of our technology centres. Our digital strategy now focuses on enhancing and transforming three key pillars of our business to ensure we stay at the forefront of technology integration and service excellence.



WHAT ARE WE DOING?



BUILDING A TECH-LED PLAY (BENEFITS)

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

Organisation

- Enhanced operational efficiency
- Lower labour costs and enhanced productivity leading to cost reduction
- Improved customer engagement and satisfaction
- An IT Command Centre for 24x7 monitoring of IT Infrastructure, applications and digital services

Customers

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

Partners

- Extended API infrastructure
- CRM extension
- Customised credit and risk

Digitised operating layer with in-built controls

- Sales process digitisation
- Credit decision automation
- Disbursement and customer service
- Digitised collections

Modular | Scalable | Secure | Analytics driven | Plug & Play technology

- API backbone and cloud-ready infrastructure
- Best-in-class infosec
- Robotic process automation
- Data analytics and machine learning-driven

OUTCOME

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

- We have implemented a comprehensive digital journey for our customers across all products. This includes digital KYC, digital onboarding with features like e-sign, e-agreement, and e-NACH, along with Automated Business Rules Engine (BRE) for quick decision-making. Digital collections are facilitated through multiple payment modes, leading to increased penetration across all metrics.
- We offer a streamlined, single-interface experience for customers seeking small ticket personal loans, ensuring a fast, efficient, and user-friendly process.

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

- We provide a seamless and integrated omni-channel customer experience across call centres, branch offices, mobile apps, WhatsApp journey and websites. This approach emphasises a 'First Time Right' strategy to maximise the NPS on all transactions, ensuring high customer satisfaction and efficiency.
- We have achieved 100% digital onboarding of channel partners with same-day TAT. This includes system-based payouts and an online platform for loan applications, streamlining the process and enhancing partner engagement.

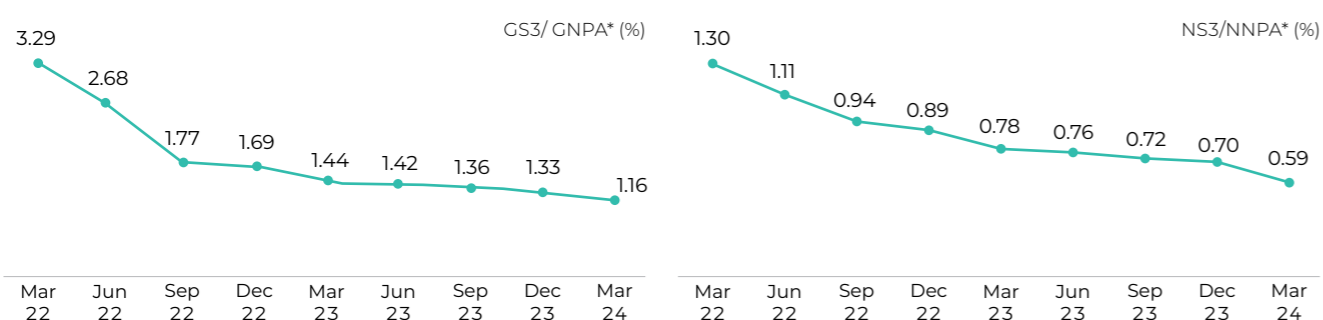
Advanced data analytics usage: Across sales, underwriting, collections and risk monitoring

- We have optimised and rationalised our policies through a portfolio deep dive using advanced analytics. This includes the implementation of risk scorecards for pre-approved offers and propensity models, which lead to higher sales conversions. Additionally, predictive models for delinquency and risk segmentation have been developed to streamline collection efforts and improve risk management.
- We leverage a sophisticated 'data warehouse' that is continuously updated with real-time customer data. This allows for more accurate and timely decision-making.

UPHOLDING ROBUST CREDIT QUALITY

With our broad customer base, we continue to prioritise maintaining strong credit quality to uphold the commitments made to our partners under agreed terms. We proactively engage with our customers to ensure timely interest payments, which supports the health and stability of our financial portfolio.

Consistent outperformance on Asset Quality



* Comparison of aligned GNPA / NNPA September 2022 onwards drawn from GS3 / NS3 of previous periods.

Impact

- High-quality customer profile
- Closely monitoring early warning signals
- Conservative underwriting standards with counter-cyclic adjustments in policy and front-ended write-offs

Outcome

- We continue to achieve consistent outperformance in asset quality, primarily serving high-level customer profiles in metropolitan and urban areas. This focus ensures we maintain a robust and reliable asset base.
- Our early-stage delinquency rates remain within established guardrails, reflecting our effective risk management practices and proactive monitoring of potential financial issues.
- Our approval rates are carefully guided by conservative policy parameters, ensuring a predictable and stable portfolio quality. This approach helps in minimising risk while supporting sustainable growth.

Key highlights

1.16%

GNPA

▼ 28 bps YoY

0.59%

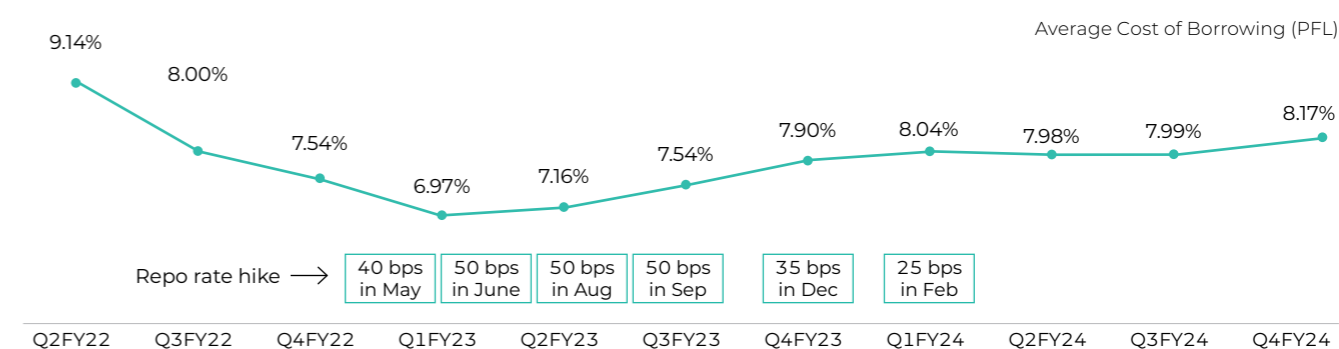
NNPA

▲ 19 bps YoY

CONTINUOUSLY OPTIMISING COST OF BORROWING AND LIQUIDITY

We recognise that an optimised cost of borrowing enhances our competitiveness in the market and profitability. Adequate liquidity, along with diversified funds sources, supports growth and helps liability management in a dynamic market.

Despite hardening of rates and tight liquidity, maintained avg. CoB at same level q-o-q



Impact

- Long term credit rating of AAA by CRISIL & CARE Ratings
- Expansion in the pool of lenders/subscribers
- Maintaining adequate liquidity

Outcome

- We have successfully onboarded new partners including mutual funds, banks, and corporate lenders, broadening our financial ecosystem and enhancing our funding capabilities.
- Our improved credit rating has effectively reduced our borrowing costs, reflecting stronger financial health and increased trust among investors and partners.

Key highlights

AAA/Stable

Long term credit rating by CRISIL & CARE Ratings

₹3,932 Crore

Liquidity surplus as on March 31, 2024

FUTURE-READY HUMAN CAPITAL WITH STRONG LEADERSHIP

We aim to foster a healthy organisational culture by maintaining transparency among our employees. We emphasise digital fluency in technology, data analysis, and digital tools to prepare them for the future. Our focus is on nurturing a willingness to learn and adapt to evolving technologies and business needs, ensuring strong leadership and effective communication. We keep our processes well-defined and create a sustainable work environment through engaging activities and incentives, making our employees feel valued and integral to our growth. Our investment in diverse human capital is crucial to our success in the rapidly changing landscape.

OUR STRENGTH

36
Average age of people in the organisation

15%
Senior leadership comprising of women employees



WHAT ARE WE DOING?

As our brand promise, 'Enabling You', we are committed to helping our stakeholders—our customers and employees—achieve their dreams by providing best-in-class financing products and services. This commitment enhances our offerings and empowers our employees to fulfil their aspirations.

Building a future-ready organisation	
<p>Improved productivity and exciting rewards</p> <ul style="list-style-type: none"> • Embedded competency framework for goal setting aligned with our objectives. • Our incentive models are best in class, encouraging high performance and promoting excellence. • ESOPs and Employee Education Programme extended to middle management to increase ownership and recognise performance. • Productivity enhancement and business enablement interventions further strengthen our efficiencies. 	<p>Employee engagement</p> <ul style="list-style-type: none"> • The 'Great Place to Work' certification and top trust index scores reinforce our commitment to employee engagement and development. • Ranked amongst the top 50 Best Workplaces in BFSI in India for 2024 by GPTW. • Launched the 'My Branch, My Pride' initiative to foster ownership and pride among branch staff. • Received the Healthy Workplace Award from Arogya World for creating a health-oriented work environment.
<p>Enhancing operational efficiency</p> <ul style="list-style-type: none"> • Prioritised and implemented key technology projects, including AI, for a seamless stakeholder experience. • Constant process re-engineering and automation have significantly improved team collaboration. • PFL Exclusive Benefits, Car Lease Policy, Monetary Rewards, and multiple international contests introduced to provide a holistic rewards experience to employees. • Develop internal skills and capabilities to reduce dependencies. 	<p>Constant development</p> <ul style="list-style-type: none"> • Comprehensive Leadership programmes for mid and senior leaders tailored to individual competencies to develop effective leadership and drive success. • Identifying and creating development plans for High Potentials to ensure readiness for their next roles. • Upskilling and reskilling through functional and behavioural future-focused training programmes to enhance performance. • Embracing strategic foresight and productivity-based interventions, ensuring clear growth paths for a future-oriented workforce.

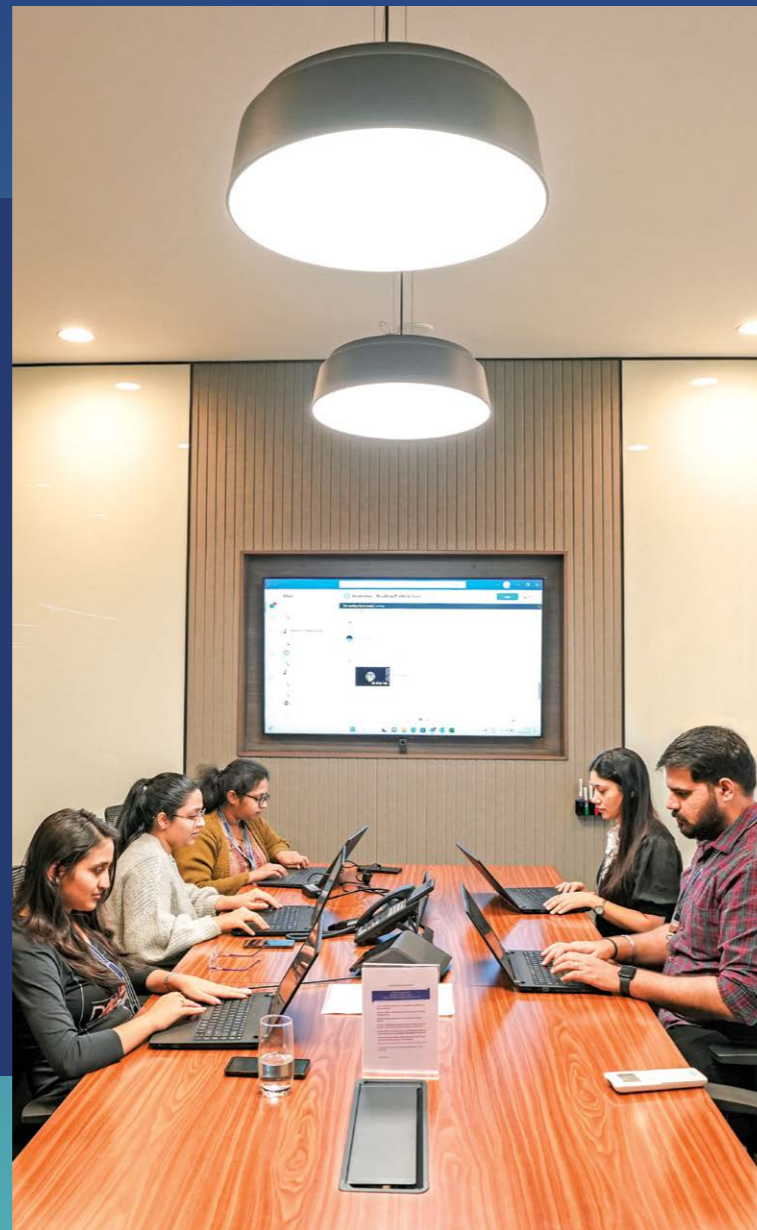
CONSUMER AND MSME FOCUSED PLAY

Embracing a consumer and MSME-focused strategy, Poonawalla Fincorp leverages a customer-centric approach to deliver superior financial services, enhancing accessibility and financial empowerment for these sectors



Why this approach?

- **Direct consumer engagement:** Directly addresses the specific needs of consumers and MSMEs, ensuring more personalised and efficient financial solutions.
- **Enhanced market penetration:** Focuses on tapping into a wide consumer base, increasing market reach and presence.
- **Agility and innovation:** Allows for faster adaptation to market changes and consumer trends, driving continuous innovation.
- **Risk diversification:** Spreads risk across a broader, more diversified consumer base, enhancing stability.
- **Optimised resource allocation:** Concentrates resources on the most lucrative and growing segments of the market, optimising returns.



Consumer financing focus

We deliver tailored consumer financing solutions that cater to individual financial needs, ensuring convenience and reliability.

Gaps and opportunities

- Opportunities to expand into under-served and semi-urban areas.
- Potential to introduce more varied financial products to cater to niche markets.
- Enhance digital platforms to offer more seamless and integrated services.
- Invest in consumer financial education to increase market penetration and product uptake.

Our strategy

Our strategy employs segmented targeting to identify and effectively cater to specific consumer segments with tailored products and services. We leverage cutting-edge technology to enhance the consumer financing process, making it faster and more user-friendly, while forming strategic partnerships to expand our service offerings and access new customer segments. Continuous innovation in our product offerings ensures we meet the evolving needs of consumers. This focused approach has driven growth, increasing our market share in consumer financing and boosting customer retention rates through personalised service offerings.

The road ahead

	Current	Road ahead	Rationale
Portfolio mix	Secured portfolio 49%	Secured portfolio 50%	<ul style="list-style-type: none"> • Customer demand is increasingly shifting towards consumption and unsecured finance highlighting an evolving market trend. • There exists a gap in effectively addressing diverse customer requirements, which we are poised to fill. • Our customer base has been rigorously tested and verified by credit bureaus, ensuring reliability. • We maintain a balanced mix of secured and unsecured products, aimed at optimising risk-adjusted returns. This approach meets varied financial needs and ensures superior returns.
	Unsecured portfolio 51%	Unsecured portfolio 50%	

MSME financing and growth

As MSMEs often struggle to secure financial backing from traditional banking systems, there is a pressing need to explore strategies to improve their access to credit.

Gaps and opportunities

- Opportunity to develop more accurate credit scoring models tailored for MSMEs.
- Address regulatory challenges that restrict MSME financing.
- Further integrate technology to streamline the loan application and disbursement process.
- Expand presence in untapped MSME segments to foster growth and increase outreach.

Our strategy

Our strategy is focused on improving credit accessibility for small and medium enterprises, which are often underserved by traditional banks, and offer capacity-building programmes that enable MSMEs to effectively utilise funding. Additionally, we actively collaborate with industry bodies and associations to broaden our reach within the MSME sector. These strategic initiatives have catalysed growth, attracted a larger client base, and established strong partnerships, making a significant contribution to our financial portfolio.

SAFEGUARDING OUR FUTURE

We have established a comprehensive risk management system that allows us to pinpoint, evaluate and address potential risks within our operations.

Our risk management strategy is thorough and forward-looking, grounded in an in-depth knowledge of our operational markets, alongside our customers' needs and expectations. By consistently overseeing, assessing and refining our risk management procedures, we aim to preserve a risk-aware culture and fulfil our pledge to our stakeholders.

Risk management framework

The Risk Management Committee (RMC) is integral to the Company's risk management infrastructure, operating in line with the RBI Scale Based Regulation and SEBI Listing Regulations. During the year, the RMC was convened 4 times, operating under a clearly defined mandate as outlined in the Report on Corporate Governance.

Our Board of Directors is dedicated to cultivating a reliable framework for risk identification

and mitigation, addressing both systemic and specific risks. In pursuit of this goal, we have adopted the Internal Capital Adequacy Assessment Process (ICAAP). This approach involves pinpointing and evaluating the key risks the company faces, implementing a stress-testing framework and determining necessary capital provisions.

Further, we undertook stress tests to evaluate our exposure to credit, liquidity and interest

rate risks. The findings from these evaluations and stress tests informed our capital requirements relative to our risk profile. The assessments revealed that our capital reserves comfortably exceed the necessities identified by the ICAAP. This process is instrumental in continually reassessing our business strategy and capital requirements, thereby guiding our strategic decisions.

ICAAP framework

Material Risk Assessment

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

Stress Testing

- Credit Risk
- Liquidity Risk
- Interest Rate Risk

Capital Requirement

- Assessment of Capital Requirement
- Availability of Capital

Monitoring and managing emerging risks

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

Early Warning Signals (EWS)

We have implemented the EWS framework which enables us to identify patterns and anomalies in customer behaviour sooner and enables us to take proactive measures to manage and maintain the credit quality of the portfolio effectively.

Stress-testing scenarios

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

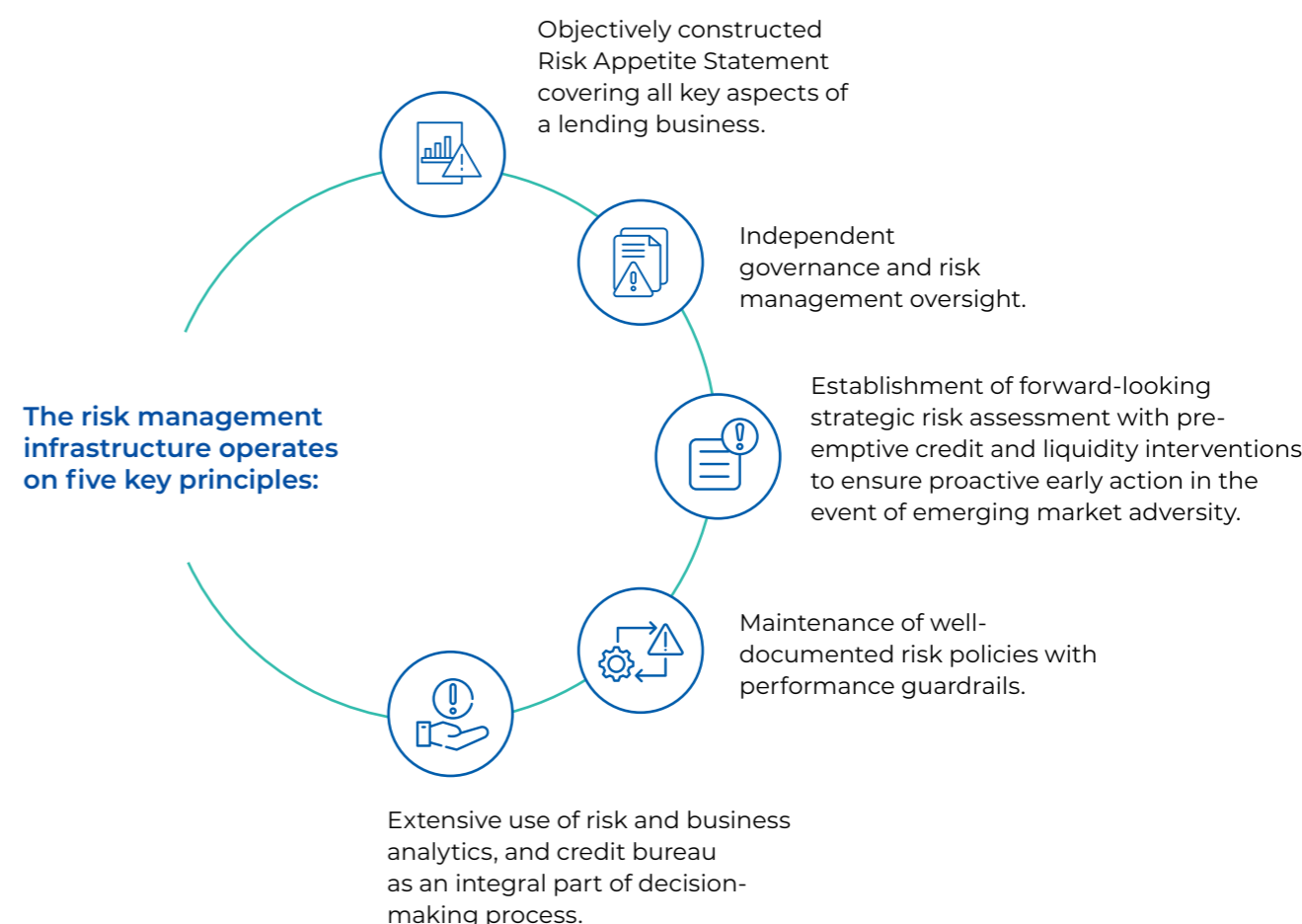
RAS and KRI framework

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






Enterprise-wide Risk Management framework








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

Risk governance and reporting



Risks mitigation

Key risks	Our mitigation	Stakeholders impacted
<p>Credit risk</p> <p>We may face credit risk where a borrower may default on their loan obligations, resulting in financial loss to the Company.</p>	<p>We have implemented active monitoring of the loan portfolio to identify trends in delinquency rates, the establishment of portfolio guardrails, and the implementation of RAS parameters, specifically related to credit risk. Additionally, we conducted retrospective credit assessments to evaluate the effectiveness of our credit function, and we consistently review and revise our credit policies as needed. We also developed the EWS framework to proactively identify signs of stress and closely monitor and review product programmes and exposure limits. By employing these mitigation strategies, we aim to effectively manage and mitigate potential credit risks.</p>	 
<p>Operational risk</p> <p>We may face operational risk such as technology, and cyber risk, compliance risk, human resources risk, and process risk.</p>	<p>We conducted Risk Control Self-Assessment (RSCA) exercises that cover major functions within the organisation, as well as Internal Financial Control (IFC) testing to ensure robust financial controls. We also monitored Key Risk Indicators (KRI) to promptly identify any potential operational risk issues. Additionally, regular branch reviews are conducted to assess operational effectiveness and identify areas for improvement. A comprehensive risk register is maintained, covering all functions of the Company, to proactively identify and manage operational risks. We established RAS parameters specifically related to operational risk to guide decision-making processes. Furthermore, workshops and training sessions are conducted to enhance awareness among our employees and promote a strong risk culture throughout the Company.</p>	  

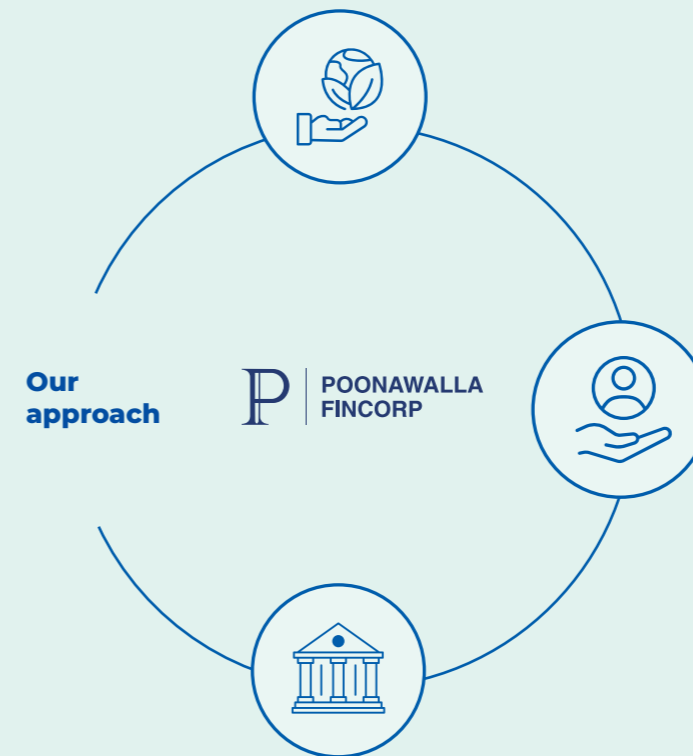
Key risks	Our mitigation	Stakeholders impacted
<p>Fraud risk</p> <p>We may face fraud risks such as loan fraud, identity theft, internal fraud, and cyber fraud. These risks pose the threat of financial loss resulting from intentional deception or misrepresentation by individuals or entities.</p>	<p>Fraud risks can damage our functioning and reputation. We have implemented a governance framework to prevent, identify, and deal with fraud. A dedicated Risk Containment Unit (RCU) monitors, investigates, detects, and prevents fraud. We maintain a zero-tolerance policy towards fraud, actively raising awareness and implementing robust controls to prevent any occurrence. Our Fraud Risk Management reports to the Chief Risk Officer and monitors all fraud risks, while our Audit Committee and Board of Directors monitor frauds specified by the regulator.</p>	  
<p>Information security risk</p> <p>We can face data breaches, cyber-attacks, and unauthorised access, leading to compromised sensitive information and potential reputational damage.</p>	<p>We implemented information classification and appropriate controls, utilising Data Leak Prevention (DLP) measures to prevent unauthorised data disclosures, maintaining a Security Operations Centre (SOC) to monitor and respond to security incidents, conducting vulnerability assessments for all infrastructure and applications, monitoring the brand for potential risks and threats, ensuring email and network security measures are in place, developing Business Continuity and Disaster Recovery plans, and establishing Risk Appetite Statement (RAS) parameters specifically related to IT systems.</p>	 
<p>Liquidity risk</p> <p>We may face the risk of financial loss resulting from factors such as sudden changes in market conditions, unexpected changes in customer demand, or disruptions in funding sources. These factors may lead to funding, market, or operational risks, which could cause financial loss to the Company.</p>	<p>To mitigate liquidity risk, we diligently monitor RAS parameters such as Liquidity Coverage Ratio (LCR), Asset Liability Management (ALM) mismatches, and lender concentration. Additionally, we conduct regular liquidity stress testing to assess our resilience in challenging liquidity scenarios. These practices enable us to proactively identify and address potential liquidity risks, maintain sufficient liquidity buffers, and ensure the ability to meet its financial obligations promptly.</p>	 

A FUTURE-READY RESPONSIBLE BUSINESS

At PFL, we have adopted a culture that prioritises responsible business practices. Our impactful Environmental, Social and Governance (ESG) initiatives form the base of our commitment to sustainability, as we strive to deliver sustainable long-term value to our stakeholders.

Environment

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



Social

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

Governance

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

DEFINING A BETTER TOMORROW

We are aware of how environmental issues can impact our business and how our business activities can impact the environment. Through the right initiatives, we aim to responsibly maintain and optimise our assets to deliver positive change.

Our key initiatives

Energy consumption and efficiency

We have implemented several energy-saving measures, such as the installation of LED bulbs, energy-efficient electrical equipment, and retrofitting LED lights in our branch offices. These initiatives have significantly reduced our electricity consumption and contributed to mitigating global warming by lowering greenhouse gas emissions.

Waste management

We have established responsible e-waste disposal mechanisms through authorised third-party vendors and have a policy in place to manage e-waste efficiently. Our device management policy ensures regular monitoring and repair, further reducing waste.

Furthermore, our efforts in reducing paper usage include digitalising processes and encouraging paperless transactions. Initiatives like online customer data recording, digital document storage, and e-learning platforms have been crucial. We also promote responsible paper use through practices such as re-using printouts and providing digital alternatives for customer communications.

Greenhouse gas emissions

We have undertaken several initiatives to reduce greenhouse gas emissions, including awareness programmes for employees on electricity conservation, installation of energy-efficient lighting, and responsible e-waste management. Our corporate office is located in a Platinum certified green building, further emphasising our commitment to sustainability.

Environmental compliance and impact

We ensure full compliance with applicable environmental laws and regulations, including the Water (Prevention and Control of Pollution) Act and the Air (Prevention and Control of Pollution) Act.

We do not have operations in ecologically sensitive areas, and no environmental impact assessments were required for our projects in the current financial year.

5575.05 GJ
Total energy consumed

0.40 tCO₂/₹
Total Scope 1 and Scope 2 emissions intensity per rupee of turnover

82.78%
Reduction in e-waste generated, as compared to FY 2022-23



STRENGTHENING COMMUNITIES

Our dedication to social responsibility is marked by positive relationships with external stakeholders, including customers, lenders, vendors, and the wider community. We wish to generate opportunities for these groups through our Corporate Social Responsibility (CSR) initiatives.

Key initiatives

Our CSR initiatives are aimed at benefiting the most vulnerable and marginalised groups in society. We place a strong emphasis on education, healthcare, and community development, ensuring that our efforts create a lasting positive impact.

Education and empowerment

One of our flagship projects, **Project M-Scholars**, has provided scholarships to 647 students, helping young minds achieve their academic aspirations and build brighter futures. Additionally, your Company has undertaken a comprehensive redevelopment programme for four Government schools in Taluka Ausa, District Latur, Maharashtra. This includes establishing modern facilities like computer labs, libraries, science labs, sports centres, smart classrooms, life skills training centres, gyms, improved sanitation, water filtration, hygiene materials, educational wall paintings, music and art centres, indigenous gardens, and rooftop solar systems. This project has been implemented in collaboration with **Creative Foundation**.

647
Students supported financially for pursuing education



Healthcare and community development

Our partnership with **Pahle India Foundation** and the **Grant Medical Foundation** represents another significant aspect of our CSR activities. These projects address critical needs in community development and healthcare, aiming to provide essential services and support to improve the overall well-being of communities, particularly in underserved areas.

Regional and national development

We have directed considerable resources towards various state and district-level projects. In Maharashtra, we have invested ₹2 Crore in Latur and ₹1.54 Crore in Pune, aiming to drive socio-economic development in these regions. Our efforts extend to Jharkhand and Chhattisgarh, where state-level projects have received ₹40 Lakh. Similarly, we have committed ₹30 Lakh in Sikkim and Haryana, and ₹30 Lakh in Bihar and Jharkhand. Furthermore, our PAN India initiatives, spanning multiple states, have been supported with an investment of ₹48 Lakh, aiming to foster inclusive growth nationally.

100%
Beneficiaries from vulnerable and marginalised groups

ALWAYS AT THE CORE OF OUR OPERATIONS

At Poonawalla Fincorp, we hold a firm belief that the strength of a company is fundamentally rooted in the calibre of its workforce. This conviction drives our focus on rigorous talent training and development, ensuring our team remains unparalleled in expertise.

A better place to work

Enhanced systems and transparent operations through employee empowerment	Structured engagement with senior leadership and management	Deep investment in effective and immersive learning	Placing wellness and emotional well-being at the forefront
Rewards to recognise and encourage excellence at work	Encouraging mobility to bridge the insecurity gap, offering wider opportunities for growth	Commitment to equality, respect, and value for everyone, with no discrimination	Impactful rewards to appreciate excellence at work



Key initiatives

Our people-centric approach guides our commitment to a holistic way of conducting business, involving our people in innovation, and driving the customer experience and growth journey of the organisation. We are dedicated to providing resources, support, and direction to a diverse array of views, thoughts, and talents, all united in achieving our vision.

100%
Employees covered by health and accident insurance



Customer centricity

We prioritise understanding and exceeding customer expectations to ensure value delivery and lasting relationships. Our dedication to continuous innovation helps us better connect and serve our customers.

Alignment and inclusion

Our workplace emphasises alignment with organisational objectives and inclusive decision-making, fostering positivity and higher engagement. We use various tools and implement initiatives including 'Shared Goals' and 'Share your Idea' to facilitate participative decision-making.

HR transformation

HR transformation at PFL is crucial in reshaping HR functions through the infusion of cutting-edge HR technology. This includes digitisation, automation, and data-driven approaches to holistically enhance HR operations.

Wellness

Wellness 360 supports the emotional, physical, psychological, financial, and social well-being of our employees. The programme is designed to support both employees and their families, aligning personal well-being with organisational goals.

Proactive intent to retain employees

Our culture focuses on retaining employees through comprehensive learning interventions, supporting underperforming employees to foster their professional and personal growth.

Building trust

We build trust among employees by prioritising transparency, integrity, and open communication. Our leaders engage authentically, sharing information freely across our Phygital connect platforms.

Equal opportunities

We champion equal opportunities for all employees, enhancing our diversity and inclusion practices throughout the talent lifecycle. This approach drives innovation and supports our long-term growth.

Talent management

Our talent management strategy is aimed at attracting and retaining high-performing individuals, developing their skills through training, coaching, and leadership development. This ensures a robust talent pipeline ready for future challenges and empowers our workforce for continued success.

PRINCIPLES IN PRACTICE

We aim to maintain governance standards that promote expansion and profitability, with a keen emphasis on financial integrity, ethical conduct, transparency, and trust. Our long-term objectives boost shareholder value and protect the interests of all stakeholders. By adhering to industry-leading practices across all operational facets, we ensure our duties to stakeholders and the broader community are met. We consistently act in accordance with our core values and principles, embedding them throughout the organisation.

Ensuring compliance

Over the year, we continued to adapt to regulatory changes while advancing our digital transformation to ensure ongoing compliance. Following the Reserve Bank of India's guidelines introduced in September 2022 on digital lending, we have maintained rigorous adherence to these

directives. Our proactive engagement with partnering platforms and co-lenders has solidified our compliance framework, ensuring that our business operations align with the latest regulatory expectations and enhance transparency in our digital lending practices.

Our efforts

- Adopted the Board-approved Policy on Common Guidelines for Digital Loans, aligning with RBI's digital lending recommendations from September 2, 2022.
- Ensured compliance with the scale-based regulatory framework across all operations.
- Fully digitised the loan processing journey for all products, adhering to RBI regulations.
- Implemented a secure, live, informed, consent-based audio-visual interaction for customer identification through V-CIP.
- Facilitated easier access to customer KYC documents from the Central KYC Registry portal, with prior customer consent.
- Adhered to CFSS norms as per the 2025 regulatory timeline.
- Enhanced data security through digital storage solutions.
- Regularly reviewed and updated policies and SOPs, ensuring current best practices.
- Integrated system-based triggers for detecting suspicious transactions.
- Conducted comprehensive training sessions on digital lending guidelines and KYC/AML protocols.
- Developed and enforced various policies and codes under prevailing laws, with a commitment to stringent corporate governance and zero tolerance towards non-compliance.

BoD framework

- As of March 31, 2024, our Board comprises 10 Directors, which includes 5 Independent Directors including 1 woman Director.
- Our Non-Executive Directors, who are distinguished professionals, bring a wealth of expertise and experience to the Company's management, enriching our strategic decisions and governance.
- We continue to operate a Stakeholders' Relationship Committee, responsible for addressing investor complaints in compliance with the Act, and the SEBI Listing Regulations.
- The ESG Committee oversees the execution of our Sustainability Strategy/Roadmap, ensuring alignment with our long-term sustainability goals and providing updates to the Board.

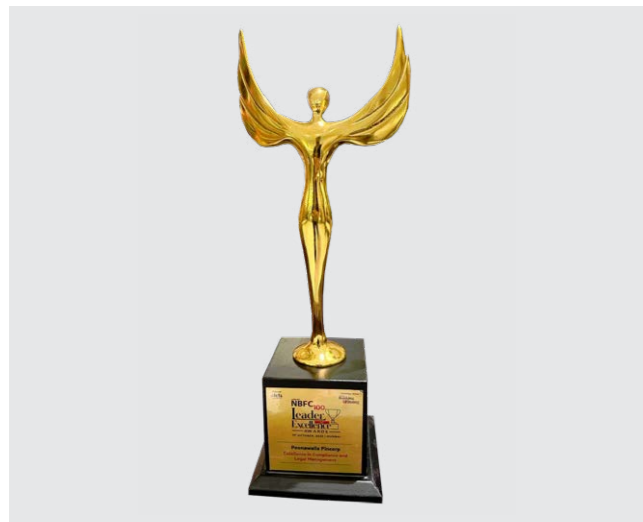
Breach of Integrity and Whistle Blower/ Vigil Mechanism Policy

Poonawalla Fincorp prioritises integrity, effectively addressing actions that question an individual's integrity. We have established a mechanism for escalating such issues, emphasising the importance of prevention to minimise integrity breaches. Recognising the serious impact of fraud, especially in financial services, we have developed a policy guideline for handling incidents involving directors, employees, channel partners, customers and service providers accused of fraudulent acts or integrity breaches. This policy supports Company's commitment to ethical behaviour, transparency, and open communication, emphasising the critical role employees and stakeholders play in upholding these standards.



CELEBRATING OUR ACHIEVEMENTS

Our pursuit of excellence touches every facet of our operations. By offering cutting-edge financial solutions and customer service, we have garnered acclaim. It is with great pride that we display the awards and accolades bestowed upon us for providing top-tier financial offerings and services to our valued customers.



Compliance and Legal

- Recognised as the **Rising Corporate Legal & Compliance Team of the Year** at the Lex Falcon Global Awards India 2024.
- Received the **Compliance and Legal Team of the Year** award at UBS Forum's 3rd edition of Future of Legal and Compliance Summit and Awards 2023.
- Honoured for **Excellence in Compliance and Legal Management** at the 15th Elets NBFC100 Tech Summit.



Human Resource

- Certified as a **Great Place to Work** from January 2024.
- Named **India's Best Workplace in Health & Wellness 2023**.
- Recognised as the **Most Preferred Workplace 2023-24** by Team Marksmen Network.
- Honoured as the **Economic Times Future Ready Organisation 2023-24** at The Economic Times Future Ready Organisations Awards.
- Received the **Healthy Workplace of the Year 2023** award by Arogya World.



Brand and Marketing

- Won the **Gold Award for Best Video Campaign** at IAMAI's 14th India Digital Awards.
- Recognised for **Best Use of Influencers and Social Media** at the DIGIES Awards.
- Received the **Best BFSI Brand 2024** award at ETNow Best BFSI Brands 2024.
- Honoured with the **ET Brand Equity's Trendies 2024 Award** for multi-platform influencer marketing campaign.



Risk Management

- Received the **Golden Peacock Award for Risk Management** at IOD India's 2023 Annual London Global Convention on Corporate Governance and Sustainability.
- Named the **Risk Management Team of the Year** at UBS Forum's CRO Summit and Leadership Awards 2023.



CSR

- Won the **Best Social Welfare Initiative of the Year** at the Indian Social Impact Awards 2024.



Customer Centricity

- Recognised for **Best Customer Experience providing NBFC** at the Qumatic India Excellence Awards 2023.



Corporate Governance

- Awarded for **Excellence in Corporate Governance** at UBS Forum's Audit and Risk Summit & Awards 2023.

Board's Report

To the Members,

Your directors have pleasure in presenting the 44th Annual Report along with the Audited Financial Statements of the Company for the financial year ended March 31, 2024.

FINANCIAL HIGHLIGHTS (STANDALONE):

Particulars	₹ in Crore)	
	FY2023-24	FY2022-23
Total income	3,151.82	2,010.03
Finance cost	955.10	595.28
Net income	2,196.72	1,414.75
Operating expenses	807.36	803.05
Pre-provisioning operating profit	1,389.36	611.70
Net loss on derecognition of financial instruments	-	10.87
Impairment on financial instruments	72.02	(144.53)
Profit before exceptional items and tax	1,317.34	745.36
Exceptional items	1,221.20	21.21
Profit before tax	2,538.54	766.57
Profit after tax	2,055.96	584.94
Retained earnings as at the beginning of the year	383.59	(55.37)
Profit after tax	2,055.96	584.94
Other comprehensive income on defined benefit plan	0.61	1.62
Retained earnings before appropriations	2,440.16	531.19
Appropriations:		
Transfer to reserve fund under Regulation 45-IC of Reserve Bank of India Act, 1934	(411.20)	(117.00)
Dividend paid	(307.41)	(30.60)
Retained earnings as at the end of the year	1,721.55	383.59

FINANCIAL PERFORMANCE AND STATE OF THE COMPANY'S AFFAIRS:

Total Income increased to ₹3,151.82 Crore in FY 2023-24 from ₹2,010.03 Crore in FY 2022-23.

Net Income on a standalone basis increased to ₹2,196.72 Crore in FY 2023-24 from ₹1,414.75 Crore in FY 2022-23.

The impairment on financial instruments increased from ₹(144.53) Crore in FY 2022-23 to ₹72.02 Crore in FY 2023-24.

The Company's Profit after tax ('PAT') on a standalone basis increased to ₹2,055.96 Crore in FY 2023-24 from ₹584.94 Crore in FY 2022-23. PAT excluding exceptional items increased to ₹1,027.37 Crore in FY 2023-24 from ₹561.28 Crore in FY 2022-23.

The Company's Net Interest Margin ('NIM') increased to 11.2% in FY 2023-24 as compared to 10.7% in FY 2022-23.

On a standalone basis, the Capital Risk Adequacy Ratio ('CRAR') as at March 31, 2024, was 33.80% against the RBI stipulated norm of 15%.

MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis, as required in terms of the Securities and Exchange Board of India

(Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), forms part of this Report.

CHANGE IN NATURE OF BUSINESS:

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

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

There are no material changes and commitments which affected the financial position of your Company, which occurred between the end of the financial year to which the financial statements relate and up to the date of this Report.

CONSOLIDATED FINANCIAL STATEMENTS:

Your Company has divested its investment in Grihum Housing Finance Limited (Formerly known as Poonawalla Housing Finance Limited) ('GHFL') on July 26, 2023 ('effective date') pursuant to approval of the Board of Directors, Shareholders of the Company and requisite regulatory approvals to Perseus SG Pte. Ltd., an entity affiliated to TPG Global LLC. Upon completion of the aforesaid divestment transaction, GHFL ceased to be a subsidiary of the Company from

the effective date and consequently, the financial accounts have been consolidated till July 25, 2023.

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

SUBSIDIARY AND JOINT VENTURE COMPANIES AND ITS PERFORMANCE HIGHLIGHTS:

The Company has one Joint Venture Company Jaguar Advisory Services Private Limited ('JASPL') and no Subsidiary as on March 31, 2024.

GHFL

Grihum Housing Finance Limited (Formerly known as Poonawalla Housing Finance Limited) ('GHFL') Subsidiary till July 25, 2023 has total income of ₹290.99 Crore and earned PAT of ₹31.55 Crore during the period ended July 25, 2023.

GHFL is in the business of mortgage financing in the affordable segment. GHFL ceased to be a Subsidiary of the Company with effect from July 26, 2023, by divestment of its entire stake to Perseus SG Pte. Ltd.

During FY 2023-24, no new Subsidiary was incorporated/acquired. The Company's Policy for Determination of Material Subsidiaries, as adopted by the Board of Directors is in conformity with Regulation 16 of the SEBI Listing Regulations, can be accessed on the Company's website at <https://poonawallafincorp.com/pfca/assets/pdf/Policy-on-Material-Subsidiary.pdf>.

The audited special purpose condensed Interim Financial Statements of GHFL for the period ended July 31, 2023 can be accessed on the Company's website at <https://poonawallafincorp.com/investor-financials.php>

JASPL

JASPL, a Joint Venture with HDI Global SE is an advisory services Company domiciled in India. JASPL is SPV of the Company. The Board of Directors and the Shareholders of the Company has approved divestment of 11,000 equity shares constituting 48.89% of the share capital held by the Company in JASPL, the said transaction is subject to requisite regulatory approvals. The Board has reaffirmed the proposal to divest its shareholding in JASPL in its

meeting held on April 29, 2024, and accordingly in line with the requirements of Ind - AS 105 'Non-current assets held for Sale, such investments have been classified as assets held for sale.

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

TRANSFER TO RESERVE:

During the year, the Company is proposing to transfer ₹411.20 Crore to Reserve as required under Regulation 45-IC of the Reserve Bank of India Act, 1934.

DIVIDEND:

To deliver sustainable value to its Shareholders, your Company has paid the interim dividend of ₹153.78 Crore (at the rate 100% i.e. ₹2/- per share) on February 13, 2024 for the FY 2023-24.

In view of the future growth of the Company, the Board of Directors has decided to conserve capital and therefore no final dividend was declared for FY 2023-24.

The Dividend Distribution Policy, in terms of Regulation 43A of the SEBI Listing Regulations and as reviewed and adopted by the Board of Directors of the Company, is available on the Company's website at <https://poonawallafincorp.com/pfca/assets/pdf/Dividend-Distribution-Policy.pdf>.

DEPOSITS:

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

EMPLOYEE STOCK OPTION SCHEMES:

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

Board's Report

The Employee Stock Option Schemes ('ESOPs') granted to the employees of the Company currently operate under the following Schemes:

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

There are no changes made to the above Schemes during the year under review.

During the year, your Company has implemented Employee Stock Option Plan – 2024 ('ESOP- 2024'), through PFL Employee Welfare Trust through secondary acquisition which was approved by the Shareholders on February 19, 2024. The Board has also approved Employee Stock Option – 2024 – Scheme II on April 08, 2024; the same was approved by the Shareholders on May 13, 2024.

The aforesaid Schemes are in compliance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ('SEBI (SBEB&SE) Regulations, 2021'), to the extent applicable.

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

During the year, the Company has granted ESOPs to the eligible employees of the Company, in accordance with the ESOP- 2021 as approved by the Nomination and Remuneration Committee.

The details of the ESOPs granted and outstanding as on March 31, 2024, along with other particulars as required by Regulation 14 of the SEBI (SBEB&SE) Regulations, 2021 is available on the website of the Company at <https://poonawallafincorp.com/investor-governance.php>. These details, along with the certificate from the Secretarial Auditor of the Company, as required under Regulation 13 of the SEBI (SBEB&SE) Regulations 2021, the ESOP Schemes have been implemented in accordance with the Regulations, would be placed and available for inspection by the Shareholders during the Annual General Meeting ('AGM').

Grant wise details of ESOPs vested, exercised, allotted and cancelled are also provided in the notes to the Standalone Financial Statements.

The Company has not issued any sweat equity shares or equity shares with differential voting rights during FY 2023-24.

CHANGES IN SHARE CAPITAL:

During the year, your Company allotted 6,603,070 equity shares arising out of the exercise of Employee Stock Options granted to eligible employees of your Company and its Subsidiary.

After the allotment of the aforesaid equity shares, the total issued, subscribed and paid-up share capital of the Company as of March 31, 2024, stood at ₹1,549,101,324/- comprising 774,550,662 equity shares of ₹2/- each. The new equity shares issued shall rank pari-passu with the existing equity shares of the Company in all respects.

Further, PFL Employee Welfare Trust is holding 4,000,000 equity shares of the Company as on March 31, 2024. The shareholding is disclosed as 'non-promotor and non-public shareholding' in the Shareholding pattern of the Company.

FINANCE:

During the year, the Company has raised fresh secured term loans of ₹4,075 Crore from banks and other financial institutions for an average tenor of 3 to 5 years. Besides public sector banks/ financial institutions incremental credit lines were received from private banks to diversify the borrowing base. The Company also raised Commercial Paper aggregating to ₹9,750 Crore and ₹500 Crore of Secured Non-Convertible Debentures was raised during the year through private placement basis. The funds raised through Commercial Papers and Non-Convertible Debentures were utilised for the purpose specified in the respective offer documents.

CREDIT RATING:

During the year under review, the long-term ratings assigned to Non-Convertible Debentures and bank facilities of the Company were upgraded to 'CRISIL AAA/ Stable' by CRISIL Ratings Limited in April 24, 2023 based on strong parentage, low leverage, improved asset quality, diversified funding mix and product offerings, and a strong senior management team. The ratings assigned to Commercial Paper were reaffirmed at 'CRISIL A1+'.

Further, in May 05, 2023, CRISIL had assigned ratings of 'CRISIL AAA/Stable' to Subordinated Debt and 'CRISIL AA+/Stable' to Perpetual Debt instruments.

In September 12, 2023, CARE Ratings reaffirmed the rating assigned to Bank Facilities and long-term debt instruments. Ratings of long-term Bank Facilities, Non-Convertible Debentures and Subordinated Debt were reaffirmed at CARE AAA; Stable and the ratings of Market Linked Debentures were reaffirmed at CARE PP-MLD AAA; Stable. Ratings of Perpetual Debt were reaffirmed at CARE AA+ Stable. The ratings assigned to Short-Term Bank facilities and Commercial Paper were reaffirmed at 'CARE A1+'.

Furthermore, in January 10, 2024, Acuite Ratings and Research Limited also upgraded the long-term rating assigned to Non-Convertible Debentures to 'ACUITE AAA/ Stable'.

In March 01, 2024, Brickwork Ratings reaffirmed the ratings for the Non-Convertible Debentures at 'BWR AA+/Stable' and withdrew the rating assigned to the Innovative Perpetual Debt Instruments (IPDI) on the request of the Company.

A summary of outstanding ratings as on March 31, 2024, is presented below:

Rating Agency	Instrument / Facility	Outstanding Rating
CARE Ratings	Non-Convertible Debentures	AAA; Stable
	Long Term Bank facilities	AAA; Stable
	Market Linked Debentures (MLD)	AAA; Stable
	Sub Debt	AAA; Stable
	Perpetual Debt	AA+; Stable
	Commercial Paper/ Short Term Bank Facilities	A1+
CRISIL	Non-Convertible Debentures	AAA / Stable
	Bank facilities	AAA / Stable
	Sub Debt	AAA / Stable
	Perpetual Debt	AA+/Stable
	Commercial Paper	A1+
Acuite	Non-Convertible Debentures	AAA / Stable
Brickwork Ratings	Non-Convertible Debentures	AA+ / Stable
	Sub Debt	AA+ / Stable

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

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

A status of ratings assigned by rating agencies and migration of ratings during the year is provided in notes 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 Act with respect to loans. Accordingly, the disclosures of the loans given as required under the aforesaid section have not been made in this Board's Report.

Particulars of loans and investments outstanding during the financial year are furnished in notes to the Standalone Financial Statements of the Company.

RISK MANAGEMENT:

The Risk Management Committee of the Board ('RMCB'), functions in line with the Reserve Bank of

India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 No. RBI/DoR/2023-24/106 dated October 19, 2023 ('RBI Scale Based Regulation') and SEBI Listing Regulations. The RMCB met four 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 develop a sound system for identification and mitigation of applicable risks viz., systemic and non-systemic. For detailed Risk Management procedure of the Company, please refer to the Management Discussion & Analysis Report.

INTERNAL FINANCIAL CONTROL:

The Company has in place adequate internal financial controls with reference to financial statements, commensurate with the size, scale, nature and complexity of its operations and regulatory requirements. A comprehensive review of the internal financial controls environment of the Company was undertaken during the year which covered testing

Board's Report

of Process, IT and Entity level controls including review of key business processes for updating risk control, matrix, etc. The risk and control matrices are annually reviewed, and control measures are tested and documented. Moreover, the Company continuously upgrades its systems and undertakes review of policies, guidelines, manuals, and authority matrix. The internal financial control is supplemented by extensive internal audits, regular reviews by the Management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements, its reporting and other data. The Audit Committee of the Board reviews internal audit reports given along with management responses. The Audit Committee also monitors the implemented suggestions. The Company has, in all material respects, adequate internal financial control over financial reporting and such controls are operating effectively. The Joint Statutory Auditors of the Company have also certified the existence and operating effectiveness of the internal financial controls relating to financial reporting as of March 31, 2024.

VIGIL MECHANISM / WHISTLE BLOWER POLICY:

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

The details of the said Policy is explained in the Corporate Governance Report and is available on the website of the Company at <https://poonawallafincorp.com/pfca/assets/pdf/Breach-of-Integrity-and-Whistle-Blower-Vigil-Mechanism-Policy.pdf>

HUMAN RESOURCES:

Your Company firmly believes that employees are its greatest asset. From orchestrating successful change management and alignment with the Company's Vision and Mission. Human Resources ('HR') has played a vital role in purposefully shaping and promoting the Company's Culture and Values. From acquiring talent to developing leaders the focus of the HR strategy is to enable the growth of the Company through talent fulfilment for growth areas, capability building in emerging technologies and building internal talent

pipeline. Your Company strives to create a conducive environment for growth and development of its employees. Training & Development initiatives are being taken for employees from time to time. More details can be found in the human resource section in the Management Discussion & Analysis Report.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE:

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a 'Policy for Prevention of Sexual Harassment' to prohibit, prevent or deter any acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment, thereby providing a safe and healthy work environment in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and the rules made thereunder ('POSH Act'). The Company has complied with the provisions relating to the constitution of the Internal Committee under the POSH Act. During the year under review, no case of sexual harassment was reported to the Internal Committee ('IC'). The composition of IC is in accordance with the POSH Act. To build awareness and appreciation of this area, we have implemented an online knowledge module leveraging our learning management system. We continue to strive harder with each passing year to ensure we succeed in bringing the best out of our people and enable the organisation to create value for its Shareholders and Employees.

INFORMATION TECHNOLOGY:

The technological advancement in your Company has resulted in multi-fold growth in the digital led business. There is a significant growth in API based end-to-end digital lending through Mobile App, Digital DSAs & Co-lending partners.

Your Company's Information Technology guiding principles are:

- Offer Best-in-Class Customer Experience across channels.
- Ensure 'Robust & Scalable' Technology Infrastructure with 24x7 availability.
- Increase Productivity & Profit using Digital First, Technology-driven approach.

Your Company's Information Technology primary focus areas include superior customer experience, technology upgrade, new products/services, innovations, productivity/process improvements, digital acquisition, and data science/analytics.

Your Company has launched a web & mobile app with various features such as instant personal loan, loan servicing etc. Customers can now avail an instant personal loan in just 5 minutes by completing the end-to-end digital process. Business processes have been re-aligned as per industry-best practices thus enabling end-to-end automation of each process. Your Company has also launched instant personal loan on WhatsApp.

There was a major reform in Business-model transition in the form of API based lending where we have launched STPL (Small Ticket Personal Loan) using standard digital lending API stack. Any Digital DSA can integrate their digital journey with our API stack quickly.

Your Company has implemented a robust digital platform and an API gateway with over 100+ APIs which can be used for various purposes like eKYC, PAN validation, Digilocker, penny drop, eSigning, eStamping, IMPS, etc.

Your Company has invested in various new technologies like Digital Experience Platform, AI based customer engagement and communications, personalisation, Digital Collections Platform, etc. Your Company has also set up an IT Command Center for 24x7 monitoring of IT Infrastructure, Applications and Digital Services. Your Company is also implementing Enterprise Data Lake platform, which will enable use of multiple AI based algorithm for generating various kinds of reports, MIS, and Dashboards. Use of analytics will enhance customer penetration through digital platform by providing various insights at data level.

CORPORATE IMAGE BUILDING & ENGAGING TARGET AUDIENCE:

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

➤ Public Relations and External Communication:

Under Public Relations your Company extensively focused on creating awareness and positive recall for the organisation. Your Company also focused on strengthening the brand image through various PR campaigns and exclusive media interactions for the management.

Through specific communication and through emails, letters, texts or otherwise your Company has reached out to its stakeholders and informed them about the constant progress and growth of the organisation. Your Company focused on

getting the best visibility for the organisation and made sure that there is an overall positive sentiment for the organisation. Leading media houses including newspapers, electronic media as well as online media covered the journey of your Company. All the leading media houses and print publications positively covered various business announcements and financial results. During some of the strategic media stories your Company successfully presented its vision as well as future plans which further fueled the growth journey. Your Company is successfully positioned as one of the fastest growing NBFCs with digital-first approach with continuous focus on USPs as well as growth story and business and performance achievements. Your Company also did extensive media outreach and PR for special days or season specific customer campaigns such as Father's Day campaign to promote its business Loan product, Credit Films to create awareness on the importance of choosing the right lender if you have good credit score, Film on personal loan around the Raksha Bandhan theme to enable the dreams of its customers. These campaigns and films gave positive recall and good visibility both in print and digital media.

Apart from press releases on various occasions your Company also did strategic media interviews with the senior management to create visibility and awareness about the leadership. Through these media interviews your Company focused on leadership and its flawless execution while growing the business. Your Company also focused on regional media as aspirations are growing in tier-2 and tier-3 markets and reaching out to them. Your Company also did media stories and received coverage in various regional language newspapers and websites. A healthy mix of English and regional media coverage has positioned your Company as a force to reckon within NBFC space.

a. Leadership profiling at various leading publications

With strategic communication and media reach out your Company covered large format interviews for its senior management with leading publications like Moneycontrol, Financial Express, Economic Times, Hindu Business Line, ET Now, CNBC TV18, etc. This gave your Company good media visibility and helped to position our leadership as an industry thought leader.

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b. Digital PR campaigns and content placements

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

c. Do It Tibara Cricket World Cup Anthem

As part of brand building and creating awareness for the Company during the most anticipated and highly viewed sporting event in the country, your Company made Cricket Anthem 'Do It Tibara', a theme song dedicated to Indian cricket team. This song was a tribute to Indian cricket and an appeal from the cricket loving nation to the Indian team to win the 50 overs world cup third time after 1983 & 2011. This song created a positive and top of the mind recall for your Company and created good visibility for the brand. This song got more than 6 million views after posting it on the Company's official YouTube channel. It also became a viral sensation on social media and more than 2000 influencers posted this song or used it in making reels for social media platforms. This song was talk of the town during the entire world cup and was trending with #DoItTibara on X (formerly Twitter) whenever India was playing its match. Apart from social media influencers, various leading A&M Media (Advertising & Marketing) organically covered the 'Do It Tibara' Cricket song in their stories around how brands/organisations are enjoying the cricket fever. Leading News channel network Republic Media also aired the cricketing song on their news channel during their prime time shows in between the breaks and their Editor-in-Chief Mr. Arnab Goswami also spoke about the song's popularity and relevance to the cricket fever in India during telecast.

➤ Employer Branding:

a. Brand management activities on social media including LinkedIn

Successfully positioned your Company as employer of choice through various interventions. Your Company has been regularly posting on Company's official social media handles about key milestones,

important awards, and recognitions as well as various employee engagement activities. Some of the LinkedIn posts on important days and festivals helped garner good engagement as well as followers for the organisation's LinkedIn profile. Your Company has also actively started posting about the joining of new team members under our 'Embark' initiative.

b. Awards & Recognitions for employer branding

The Company not only applied and was recognised in key employer branding platforms like 'Great Place to Work', but also built visibility in various forums through communication channels and leadership visibility. Your Company also received other recognitions such as 'India's Best Workplace in Health in Health & Wellness 2023' by Great Place to Work, 'Healthy Workplace 2023' by Arogya World and 'The Most Preferred Workplace 2022-23' by Team Marksmen in the premier edition of the survey etc.

➤ Branding and Internal Communication:

Prompt and effective communication about the Company and all its functions. All the important announcements and information about key initiatives, Company results, senior management communication, new products, projects, Company and functional awards, branch updates, employee reward & recognition etc. are designed and disseminated from the internal communications desk to enhance employee engagement and collaboration to work towards achieving our common goals. End to end branding for all stakeholders like customers, channel partners, digital aggregators & employees across all available touchpoints like, Corporate Office and Branch Network, DSA Premises, Events, Sales activations & Media.

➤ Events and Awards:

a. Partnership with various events

Collaborated with leading media houses for their marquee events like:

- Sakal Schoolympics- A flagship event by Sakal Media to promote sporting culture.
- TV9 Network's What India Thinks Today Conclave- Your Company was the title sponsor for this event which created good visibility for brand PFL and its leadership.

- Soldierathon Marathon- Partnership with Fitistan for first of its kind Marathon with soldiers of Indian Army where your Company's employees took part in this marathon.
- Saluting the Heroes- Flagship event with Pune Mirror to recognize the efforts of Pune Police.
- News18 Storyboard's DNPA summit and conclave- A forum to bring all the representatives from digital media publication association under one roof and honor their work in shaping digital India.
- Sushasan Mahotsav 2024- Event from Rambahu Mhalgi Prabodhinitocelebrate the models of good governance from public as well as private institutions and industry bodies.

b. Awards and Recognitions

Your Company received accolades in the following field during the year under review:

- Great Place to Work Certification
- Healthy Workplace by Arogya World
- ETNow Best BFSI Brand 2024
- ET Brand Equity Trendies Award for DO It Tibara Influencer Marketing
- Gold Award for Best Video Campaign at the IAMAI's 14th India Digital Awards
- Best Use of Influencers and Social Media for 'Do It Tibara'- At DIGIES: Digital Conference and Awards
- ET Future Ready Organisations from Economic Times
- Quantic Media - Best Customer Experience NBFC
- Marksmen Daily- Most Preferred Workplace 2023-24
- Elets Media- Excellence in Compliance and Legal Management
- Compliance and Legal Team of the year - UBS Forums
- Fastest Growing NBFC of the year by Elets Media
- Best Social Welfare Initiative of the Year- Indian Social Impact Awards 2024

- Risk Management Team of the year- Golden Peacock Award
- Rising Corporate Legal & Compliance Team of the Year- At Lex Falcon Global Awards India 2024

CORPORATE SOCIAL RESPONSIBILITY

Your Company has a comprehensive Corporate Social Responsibility ('CSR') Policy outlining programmes, projects and activities that your Company undertakes to create significant positive impact on disadvantaged section of the society especially in rural India. All these programmes fall within the purview of Section 135 read with Schedule VII of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 ('CSR Rules'). Your Company has undertaken socially impactful CSR Projects during the year under review. Your Company has partnered with implementing agencies to implement projects in the CSR focus area viz., Education, Women Empowerment, Financial Literacy and Healthcare.

During the year under review your Company was humbled to receive CSR awards for its contribution to society.

During the FY 2023-24, your Company was required to spend ₹2.33 Crore under CSR as enumerated in Section 135(5) of the Act. Your Company has spent an amount of ₹2.33 Crore on CSR activities. The Annual Report on CSR activities is annexed herewith and marked as an **Annexure-1**. Further, in terms of the amended CSR Rules, the Chief Financial Officer has certified that the funds disbursed have been utilised for the purpose and in the manner approved by the CSR Committee and the Board of Directors of your Company.

CUSTOMER RELATIONSHIP MANAGEMENT:

Your Company strives to be the most trusted financial services brand with Quality of Customer Service being one of the critical pillars for your Company. Your Company also believes in ethics, integrity, good governance, professionalism, transparency, and customer satisfaction. Special focus has been on the quality and consistency of service delivery.

Below key initiatives were undertaken to enhance the Customer Service and Experience in FY 2023-24:

- Net Promoter Score ('NPS') is the leading indicator of customer perception and brand loyalty. Your Company have been committed to gauge customer feedback as a true reflection of its service levels. Your Company have embarked on this journey since FY 2022-23. Valuable customer insights at each stage of their relationship with

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the Company has been the guiding factor to continuously improve and digitize its processes and service delivery. The NPS has significantly improved to 76 for March'24 as compared to 44 for March'23 across all moments of truth – Sales, Onboarding, Service and Exit. Customer insights and identified opportunities of process improvement are being addressed as a part of continuous improvements.

- To ensure a 360 view of customer interaction across all key stakeholders, a Customer Relationship Management ('CRM') is being customized to ensure visibility across all teams which also acts as a central data hub for customer service.
- With ever changing customer needs and ability to adapt with customer requirements and ensuring a real time customer service, self-serve channels are being enhanced with cutting edge technology coupled with AI/ML backed self-service options via IVR, WhatsApp & chatbot. Self-Service adoption was at ~70% of the overall QRGs (Query, Requests and Grievances) received through physical mode.
- Leveraged WhatsApp adoption by customers onboarded on WhatsApp for service through self-help mode.
- Segmented and proactive communication to customers for awareness of servicing capabilities leading to increase in digital servicing.

To ensure your Company treat its customers fairly, your Company has implemented the following:

Transparency

- Effective communications on confirmation of repayment mandate registration.
- Ensure recorded interactions with customers for future reference and adequate quality checks.
- Diligent and timely filing of customer credit information with bureaus.
- Proactive issuance of NOC/ NDC (No-Objection Certificate/ No-Due Certificate) to customers.
- Enabled virtual account number as a repayment mode.
- Enabled payment via QR code for branch walk in customers for real time payment updates.
- ISO level quality standards such as Daily Control Function Chart ('DCFC') & Corrective Action Preventive Action ('CAPA') are being implemented for all operational processes.

Handling Grievances effectively

- Proactive acknowledgment to customers via auto E-mail and SMS trigger upon receipt of any complaint.
- A detailed Root Cause Analysis (RCA) carried out for each complaint.
- All critical cases including regulatory escalation are reviewed by Principal Nodal Officer and Chief Compliance Officer.
- Close looping feedback mechanism ensures customers are out called at the time of closure of the Service Request for customer concurrence on the resolution being provided and upon closure in system the same is backed by an SMS trigger for customers' reference.
- All Partially/Wholly Rejected complaints (subject to exclusions as per Regulatory Circular) are reviewed by the Internal Ombudsman of the Company and the final decision is communicated to the customer within the regulatory timelines.
- Necessary governance mechanism is in place for any case of violation of code of conduct while dealing with customer (e.g. misbehaviour during collection follow-up).
- Regular trainings for frontline officials and agents are conducted for upkeep of customer experience.
- Post analysis of complaint trends and gap identification, different initiatives are taken to ensure preventive actions leading to seamless experience.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

a. Board Composition

The composition of the Board of Directors of the Company is governed by the Act and Regulation 17 of the SEBI Listing Regulations and is in conformity with the same. As on the date of this Report, the Board of Directors comprised a combination of Nine Directors viz. Mr. Adar Cyrus Poonawalla, Chairman, Non-Executive Director, Mr. Abhay Bhutada, Managing Director, Mr. Sunil Samdani, Executive Director, Mr. Amar Deshpande, Non- Executive Director and Mr. Bontha Prasada Rao, Mr. Prabhakar Dalal, Mr. Sanjay Kumar, Mr. Atul Kumar Gupta, and Ms. Kemisha Soni are Non-Executive, Independent Directors.

The Board mix provides a combination of professionalism, knowledge and experience

required in the NBFC sector. The details of skills possessed by each director have been provided in detail in the Corporate Governance report.

b. Change in composition of the Board during the year

During the year, the Board of Directors ('Board') of the Company had approved re-designation of Mr. Atul Kumar Gupta (DIN: 01052730) from Non-Executive Director to Non-Executive, Independent Director of the Company, for a period of 3 (three) years effective from August 23, 2023, thereafter the Members of the Company granted their consent by way of Postal Ballot on September 13, 2023.

The Board had also approved the appointment of Mr. Sunil Samdani (DIN: 10301175) as Whole - time Director ('Executive Director') of your Company for a period of 5 (five) years effective from October 20, 2023, thereafter the Members of the Company granted their consent by way of Postal Ballot on January 14, 2024.

Ms. Kemisha Soni (DIN: 06805708) was appointed as a Non- Executive, Independent Director for a period of 3 (three) years effective from January 30, 2024, thereafter, the Members of the Company granted their consent by way of Postal Ballot on March 07, 2024.

On March 18, 2024 and June 01, 2024 based on the recommendation of the Nomination and Remuneration Committee, the Board has approved appointment of Mr. Arvind Kapil (DIN: 10429289) as an Additional Director in the capacity of Managing Director & Chief Executive Officer and a Key Managerial Personnel of the Company, for a period of 5 (five) years effective from June 10, 2024, subject to the approval of Members of the Company. The Board has also approved early retirement of Mr. Abhay Bhutada as Managing Director of the Company effective from the close of business hours on June 09, 2024, and to continue as the Non-Executive Director on the Board of your Company with effect from June 10, 2024.

The Board of Directors on April 08, 2024 has approved re-appointment of Mr. Prabhakar Dalal (DIN:00544948) as a Non-Executive, Independent Director for a period of 3 (three) years effective from May 05, 2024, thereafter the Members of the Company approved his re-appointment.

Mr. G Jaganmohan Rao, Non-Executive, Independent Director, stepped down from

the Board with effect from August 26, 2023. Ms. Vijayalakshmi R Iyer, Non-Executive, Independent Director, completed her term as Independent Director of the Company, with effect from January 30, 2024. Mr. Sajid Fazalbhoy, Non-Executive Director, stepped down from the Board with effect from June 01, 2024. The Board of Directors of your Company placed on record their appreciation for the contribution made by Mr. G Jaganmohan Rao, Ms. Vijayalakshmi R Iyer and Mr. Sajid Fazalbhoy during their tenure as directors on the Board.

c. Retirement by Rotation:

In accordance with the provisions of Section 152 of the Act read with Articles of Association of the Company, Mr. Abhay Bhutada (DIN:03330542), Director retires by rotation at the ensuing AGM and being eligible, offers himself for re-appointment. The Board of Directors of your Company recommends the re-appointment of the Director liable to retire by rotation at the ensuing AGM. Appropriate resolution seeking your approval for the aforesaid re-appointment along with brief profile of the said director is forming part of the Notice convening the 44th AGM of your Company.

d. Key Managerial Personnel :

In terms of Section 203 of the Act, the following are the Key Managerial Personnel ('KMPs') of the Company as on the date of this report:

1. Mr. Abhay Bhutada, Managing Director;
2. Mr. Sunil Samdani, Executive Director (with effect from October 20, 2023);
3. Mr. Sanjay Miranka, Chief Financial Officer; and
4. Mrs. Shabnum Zaman, Company Secretary.

Save and except as stated above, there are no other changes in the KMPs during the FY 2023-24.

e. Declaration from Independent Directors:

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

In terms of Regulation 25(8) of the SEBI Listing Regulations, Independent Director

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

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

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

During the year under review, a separate meeting of the Independent Directors was held on January 13, 2024.

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.

f. Fit and Proper Policy:

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

All the directors of the Company have confirmed that they satisfy the 'fit and proper' criteria as prescribed in Chapter XI of RBI Scale Based Regulation and that they are not disqualified from being appointed/continuing as directors in terms of Section 164(2) of the Act. The prescribed declarations / undertakings given by the directors were placed before the Nomination and Remuneration Committee and Board for its review and noting.

g. Familiarization Programme for Independent Directors:

In compliance with the requirement of Regulation 25 of SEBI Listing Regulations, the Company has put in place a familiarization programme for the Independent Directors to familiarize 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 Director during the FY 2023-24 are explained in the Corporate Governance Report. The same is also available on the website of the Company at <https://poonawallafincorp.com/pfca/assets/pdf/PFL-Familiarization-Program-FY23-24.pdf>

h. Performance Evaluation:

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

The Board evaluated the effectiveness of its functioning and that of the Committees and of individual directors by seeking their inputs on various aspects of Board/Committee Governance through structured questionnaire. The aspects covered in the evaluation included the contribution to and monitoring of corporate governance practices, participation in the long-term strategic planning and the fulfilment of directors' obligations and fiduciary responsibilities, including but not limited to, active participation at the Board and Committee meetings. Also, the Nomination and Remuneration Committee has carried out an evaluation of every director's performance and reviewed the self-evaluation submitted by the respective directors. These meetings were intended to obtain Directors' input on effectiveness of Board/Committee processes.

The Board considered and discussed the input received from the directors. Further, the Independent Directors at their meeting reviewed the performance and role of Non-Independent Directors and the Board as a whole and Chairperson of the Company and 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 perform their duties effectively and reasonably.

i. Outcome of evaluation process:

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

j. 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 at <https://poonawallafincorp.com/pfca/assets/pdf/PFL-Remuneration-Policy.pdf>.

k. Code of Conduct for Directors and Employees:

The Company has adopted a Code of Conduct for its directors and employees including a Code of Conduct for Independent Directors which suitably incorporates the duties of Independent Directors as laid down in the Act. The said Codes can be accessed on the Company's website at <https://poonawallafincorp.com/pfca/assets/pdf/PFL-Code-of-Business-Ethics.pdf>.

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- a. that in the preparation of the annual accounts for the year ended March 31, 2024, the applicable Ind AS have been followed along with proper explanation relating to material departures, if any;
- b. that such accounting policies as mentioned in Notes to the annual accounts have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2024 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 Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual accounts have been prepared on a going concern basis;
- e. that proper internal financial controls are in place and that the financial controls are adequate and are operating effectively; and
- f. that proper systems to ensure compliance with the provisions of all applicable laws are in place and that such systems are adequate and operating effectively.

MEETINGS:

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

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

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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.

a. Audit Committee

The Audit Committee presently comprises of Mr. Atul Kumar Gupta who serves as the Chairman of the Committee and Mr. Amar Deshpande, Mr. Prabhakar Dalal and Mr. Sanjay Kumar as other members. The terms of reference for 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.

b. Nomination and Remuneration Committee

The Nomination and Remuneration Committee presently comprises of Mr. Prabhakar Dalal who serves as the Chairman of the Committee and Mr. Amar Deshpande, and Mr. Atul Kumar Gupta as other members. The terms of reference of the Nomination and Remuneration Committee have been furnished in the Corporate Governance Report.

c. Stakeholders' Relationship Committee

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

d. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee presently comprises of Mr. Abhay Bhutada who serves as the Chairman of the Committee and Mr. Sunil Samdani, Mr. Amar Deshpande, Mr. Prabhakar Dalal and Ms. Kemisha Soni, as other members.

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

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

In line with the requirements of the Act and the SEBI Listing Regulations, the Company has in place a Policy on Related Party Transactions and the same can be accessed on the Company's website at <https://poonawallafincorp.com/pfca/assets/pdf/PFL-Related-Party-Transaction-Policy.pdf>. All transactions with Related Parties are placed before the Audit Committee for approval. All related party transactions that were entered into during the financial year were on an arm's length basis and in the ordinary course of business, the particulars of such transactions are disclosed in the notes to the financial statements. Disclosures of related party transactions of the Company with the promoter/ promoter group, which holds 10% or more shareholding in the Company, if any, is given in note to the Standalone Financial Statements. The nature of related party transaction require disclosure in AOC -2, the same is attached with this Report as an **Annexure-2**.

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

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

STATUTORY AUDITORS:

Based on the recommendation of the Audit Committee and the Board, the members of the Company, at the 43rd AGM held on July 25, 2023, approved the appointment of Kirtane & Pandit LLP, Chartered Accountants, (Firm Registration No.105215W/W100057), as Joint Statutory Auditors of the Company, to hold office from the conclusion of the Forty Third AGM until the conclusion of the Forty Sixth AGM of the Company.

Pursuant to the Company's Policy on appointment of Statutory Auditors ('Policy') and the Circular No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 issued by the RBI ('RBI Circular'/ 'Guidelines'), prescribing the guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (Sas) of Commercial Banks (excluding Regional Rural Banks ('RRBs')), Urban Co-operative Bank ('UCBs') and Non-Banking Financial Companies ('NBFCs') (including Housing Financial Companies ('HFCs')) and in accordance with the requirements of Section 139 of the Act, read with Rules made thereunder, Walker Chandiook & Co LLP, Chartered Accountants, and Kirtane & Pandit LLP, Chartered Accountants, act as the Joint Statutory Auditors of the Company.

The terms of appointment of Walker Chandiook & Co LLP (Firm Registration No. 001076N/N500013) as one of the Company's Joint Statutory Auditors shall expire at the conclusion of the Forty Fourth AGM of the Company.

In view of the same, based on the recommendation of the Audit Committee, the Board at its meeting held on April 29, 2024, recommended and approved the appointment of M S K A & Associates, Chartered Accountants, (Firm Registration No. 105047W), as Joint Statutory Auditors of the Company, to hold office from the conclusion of the Forty Forth AGM until the conclusion of the Forty Seventh AGM of the Company, subject to the approval of the Members at the ensuing AGM.

M S K A & Associates established in 1978, is an Indian partnership firm registered with the Institute of Chartered Accountants of India (ICAI) and the PCAOB (US Public Company Accountancy Oversight Board) having offices across key cities in India. The Firm provides a range of services which include Audit & Assurance, Taxation and Accounting Advisory. The Firm's Audit and Assurance practice has significant experience in auditing financial services clients including large NBFCs and Banks.

As required under Regulation 33(1)(d) of the SEBI Listing Regulations, the Joint Statutory Auditors have confirmed that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India ('ICAI') and that they hold a valid certificate issued by the Peer Review Board of ICAI.

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 Act. 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.

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 SIUT & Co LLP, Company Secretaries (Firm Registration No. L2021MH011500) to conduct the Secretarial Audit for the FY 2023-24. The Secretarial Audit Report confirms that the Company has complied with the provisions of the Act, Rules, SEBI Listing Regulations and Guidelines and that the report does not contain any qualification, reservation, adverse remark, or

disclaimer. The Secretarial Audit Report for the financial year ended March 31, 2024, is annexed herewith and marked as an **Annexure-3**.

Further, the Board of Directors at its meeting held on April 29, 2024, has re-appointed SIUT & Co LLP as the Secretarial Auditor of the Company for FY 2024-25 and FY 2025-26.

COST AUDITORS:

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

SECRETARIAL STANDARDS:

Your Company is in compliance with the applicable secretarial standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Act.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT:

In the financial sector, Environment, Social and Governance Practices ('ESG') has become a critical area of focus. Your Company has constituted ESG Committee and adopted Environmental and Social Governance Policy & Governance Framework. As a responsible organisation your Company takes various measures to mitigate our impact on the environment, ensure our conduct is responsible towards our internal and external stakeholders and invest in good governance practices. Our various efforts towards responding to the stakeholder needs and concerns are addressed in the business responsibility and sustainability report ('BRSR'), covering the nine principles of National Guidelines on Responsible Business Conduct (NGRBC).

The BRSR provides an avenue for disclosing an overview of the entity's material ESG risks and opportunities, goals and targets related to sustainability and performance against them. As per Regulation 34 of the SEBI Listing Regulations, BRSR for FY 2023-24 forms part of this Report.

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 33.80% as on March 31, 2024. In line with the RBI guidelines for asset liability management ('ALM') system for NBFCs, the Company has an Asset

Board's Report

Liability Management Committee, which meets quarterly to review its ALM risks and opportunities.

The Company continues to be in compliance with the RBI Scale Based Regulation.

CORPORATE GOVERNANCE:

The Company is committed to achieving and adhering to the highest standard of Corporate Governance. It believes in and practices good corporate governance. The Company maintains transparency and also enhances corporate accountability. In terms of Regulation 34 of SEBI Listing Regulations read with Schedule V, the following forms part of this Report:

- Declaration regarding compliance to Code of Conduct by the Board Members and Senior Management Personnel;
- 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;
- Report on the Corporate Governance; and
- Practicing Company Secretaries certificate regarding compliance of conditions of Corporate Governance.

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

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

OTHER DISCLOSURES:

- During the year, there was no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) and any one-time settlement with any Bank or Financial Institution during the year under review and hence the details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof is not applicable.
- 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 Scale Based Regulation unless provided in the Board's

Report, form part of the notes to the Standalone Financial Statements;

- There was no raising of funds through Preferential Allotment, Rights Issues or Qualified Institutional Placements, etc.

ANNUAL RETURN:

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

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

The information required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is disclosed in this Report as an **Annexure 4**.

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

TRANSFER OF AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND:

Pursuant to Section 124(5) of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (as amended from time to time) ('IEPF Rules') relevant amount, which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund ('IEPF'). During the year under review, your Company has transferred ₹5,61,478/- (Rupees Five Lakh Sixty One Thousand Four Hundred and Seventy Eight only) to IEPF Authority.

Pursuant to Section 124 (6) of the Act and read with Rule 6 of IEPF Rules 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 Authority. Accordingly, during

the year under review 49,927 equity shares of face value of ₹2/- each, were transferred to IEPF Authority.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company and also the details of equity shares transferred to IEPF Authority 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, financial institutions, shareholders, regulators and other stakeholders in contributing to the results.

For and on behalf of the Board

Abhay Bhutada
Managing Director
DIN: 03330542

Sunil Samdani
Executive Director
DIN: 10301175

Pune
June 01, 2024

Annexure 1

1. BRIEF OUTLINE OF THE CSR POLICY OF THE COMPANY.

Poonawalla Fincorp Limited ('the Company') 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 Company has taken the key new CSR initiatives with a long-term view. Initiatives that are sustainable, have long-term benefits to society at large and are aligned with the business practices, but which do not result in business benefits.

Our social commitment ushers a proactive investment in talent and maintaining healthy relations with our external stakeholders, such as our customers, lenders, vendors, and communities. We also create opportunities for them through our CSR activities. The focus area of CSR initiatives at the Company is promoting education, women empowerment, financial literacy, and health care. During the year under review, the Company has undertaken following CSR projects and programmes:

EDUCATION AND WOMEN EMPOWERMENT (INCLUDING FINANCIAL AND DIGITAL LITERACY).**A) Implementing organisation: Pahle India Foundation**

Executive summary of the programmes and its impact

1. Opportunities and Challenges for Tribal Women Entrepreneurs in MSME:

This programme is committed to contribute towards empowering women and aims to understand the opportunities and challenges of tribal women entrepreneurs of Jharkhand and Chhattisgarh. This programme highlighted the opportunities and challenges for women in MSME sector and provided ways to increase the participation of women entrepreneurs in India's MSME sector.

2. Assessment of Financial Literacy Centers (FLCs):

This programme aims to survey the FLCs of Sikkim and Haryana to understand the status of the FLC, review and monitor mechanism of the FLC activities to understand the reasons behind poor state of financial literacy in Sikkim and Haryana. Based on the survey, the strengths, and weaknesses of these FLCs were highlighted and recommendations were made to improve the overall effectiveness of the FLCs of Sikkim and Haryana through improved digital financial literacy.

3. Awareness campaign and promotion of social and behavioral change on Lead Poisoning:

This awareness programme aims to increase knowledge among target populations of Bihar and Jharkhand about the sources, health effects and effective strategies for reducing lead exposure and to promote social and behavioral change on the issue of lead toxicity in Bihar and Jharkhand by working in close association with local organisations of these states working in health sector.

B) Implementing organisation: Creative Foundation

Executive summary of the project and its impact:

1. Transforming Government schools:

This project is committed to undertake redevelopment programme of four Government schools located in Taluka Ausa, District Latur, Maharashtra. This project covered setting up well-furnished computer labs with server room, internet facility, establishing libraries, setting up well-equipped science & technology lab, developing sports center equipped with indoor/ outdoor sports equipment, developing smart classrooms, setting up well-equipped vital life skills training center, developing/redeveloping toilets for boys and girls in schools, installing drinking water filters, providing materials for daily hygiene, painting school walls with different educational concepts, setting up a music center equipped with instruments, setting up an art gallery with drawing sheets, developing a beautiful garden of indigenous trees and flowers, installing rooftop solar system, etc. This project provided educational support to Government schools.

C) Implementing organisation: Creative Foundation

Executive summary of the programme and its impact:

1. Promotion of road safety:

This programme is committed towards deploying traffic wardens for maintaining Pune city traffic. It is a proactive approach taken by the Company to contribute to societal welfare. Collaborated with local authorities and deployed trained traffic wardens at critical junctions or busy areas in Pune to manage traffic flow, ensure pedestrian safety and ease congestion. This initiative aims to enhance road safety and align with our commitment to support the community, showcasing a responsible and civic minded approach beyond our business interest.

D) Implementing organisation: Direct (Ongoing Project)

Executive summary of the programmes and its impact:

1. M- Scholar:

Under this program, scholarships are offered to meritorious students from marginalized families. The flagship project, M-Scholar, plays a pivotal role in promoting holistic development within society, by providing financial support to bright students from under-privileged families to continue to live their dreams by pursuing undergraduate studies at prestigious institutes. So far around 647 students have been successfully enrolled in this scholarship scheme from various streams like Engineering, Medical, Humanities, Science, Commerce and Law and are taking education from some of India's finest institutions since 2015.

HEALTHCARE**E) Implementing organisation: Grant Medical Foundation**

Executive summary of the project and its impact:

1. Healthcare for underprivileged:

Under this program, advanced medical equipment's such as six ventilators and one laser system CO₂ Acupulse Bost was provided to Grant Medical Foundation operating a multi-disciplinary hospital, Ruby Hall Clinic in Pune. This project aims to increase accessibility and availability to healthcare facilities for the underprivileged.

2. Composition of CSR Committee:

S/N.	Name of the Directors	Category	Number of meetings held during the financial year	Number of meetings attended during the financial year
1.	Mr. Abhay Bhutada	Executive	1	1
2.	Mr. Sunil Samdani ¹	Executive	N.A.	N.A.
3.	Mr. Amar Deshpande	Non-Executive	1	1
4.	Mr. Prabhakar Dalal ²	Non-Executive, Independent	N.A.	N.A.
5.	Ms. Kemisha Soni ³	Non-Executive, Independent	N.A.	N.A.
6.	Mr. G Jaganmohan Rao ⁴	Non-Executive, Independent	1	1
7.	Mrs. Vijayalakshmi R Iyer ⁵	Non-Executive, Independent	1	Ab

¹Mr. Sunil Samdani was appointed as a member w.e.f. October 20, 2023.

²Mr. Prabhakar Dalal was appointed as a member w.e.f. August 27, 2023.

³Ms. Kemisha Soni was appointed as a member w.e.f. January 30, 2024.

⁴Mr. G. Jaganmohan Rao ceased to be member w.e.f. August 26, 2023.

⁵Mrs. Vijayalakshmi R Iyer ceased to be member w.e.f. August 27, 2023.

The Corporate Social Responsibility Committee presently comprises of Mr. Abhay Bhutada who serves as the Chairman of the Committee and Mr. Sunil Samdani, Mr. Amar Deshpande, Mr. Prabhakar Dalal and Ms. Kemisha Soni as other members of the Committee.

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

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

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

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

4. Provide the 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: Not Applicable.

5. a) Average net profit of the Company as per section 135(5): ₹116.48 Crore
- b) Two percent of average net profit of the Company as per section 135(5): ₹2.33 Crore
- c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL
- d) Amount required to be set off for the financial year, if any: NIL
- e) Total CSR obligation for the financial year (5b+5c-5d): ₹2.33 Crore
6. a. Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹5.02 Crore
- b. Amount spent in Administrative Overheads: NIL
- c. Amount spent on Impact Assessment, if applicable: NIL
- d. Total amount spent for the financial year [(a)+(b)+(c)]: ₹5.02 Crore (including ₹2.33 Crore for current financial year)
- e. CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹ Crore)	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
5.02		NA		NA	

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

Sl. No.	Particular	Amount (₹ In Crore)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	2.33
(ii)	Total amount spent for the financial year	2.33
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

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

1	2	3	4	5	6			7	8
Sl. No.	Preceding financial year(s)	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹ Crs)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹ Crs)	Amount spent in the reporting financial year (in ₹ Crs)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in the succeeding financial years (in ₹ Crs)	Deficiency, if any
					Name of the Fund	Amount (in ₹)	Date of transfer		
1	2020-21	4.77	4.77	1.34	-	-	-	3.43	N.A.
2	2021-22	NA	3.43	0.74	-	-	-	2.69	N.A.
3	2022-23	NA	2.69	2.69*	-	-	-	NIL	N.A.

* Based on the recommendation of the CSR committee, the Board of Directors of the Company discontinued 'Swayam' earmarked as ongoing project due to Covid -19 outbreak and utilised the allocated CSR amount of ₹1.31 Crore to the above-mentioned new CSR projects/programmes. Further, during the financial year 2020-21 the Company had identified, 'M-Scholar' as ongoing CSR project for extending scholarship to students from underprivileged background based on certain selection criteria and parameters for pursuing higher studies for a period of three years excluding the year of commencement of the project. During the aforesaid project duration, students enrolled for the 'M Scholar' have not availed the scholarships for pursuing further studies, and based on the recommendation of the CSR Committee the Board has re-allocated amount of ₹90 Lakh towards healthcare for underprivileged.

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

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

S/N.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Grihum Housing Finance Limited (Formerly, Poonawalla Housing Finance Limited) ('GHFL') (Ceased to be subsidiary w.e.f July 26, 2023)
b)	Nature of contracts/arrangements/transaction	Inter-Corporate Loan Limits ('ICL') of ₹300 Crore was provided to GHFL on June 01, 2023, at an Interest Rate of SBI 3M MCLR + 0.25% per annum and GHFL has re-paid the same on June 17, 2023
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any,	
e)	Date of approval by the Board if any	Board of Directors on July 27, 2022, and Shareholders of the Company on September 12, 2022
f)	Amount paid as advances, if any,	Not Applicable

For and on behalf of the Board

Abhay Bhutada
Managing Director
DIN: 03330542

Pune
April 29, 2024

Sunil Samdani
Executive Director
DIN: 10301175

Pune
April 29, 2024

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

If yes, details need to provide in below format:

Si. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent (in ₹)	Details of entity/ Authority/ beneficiary of the registered owner		
1	2	3	4	5	6	7	8
					CSR Registration Number, if applicable	Name	Registered address
1	OT Equipment (Laser System)		31.03.2024	62,17,137			
2	OT Equipment (Laser System)	411001	31.03.2024	29,82,863	CSR00004934	Grant Medical Foundation	40, Sasson Road Pune – 411001
3	Ventilators		26.10.2023	24,00,000			
4	Computers		11.01.2024	16,80,000			
5	Interactive Panel/ Smart TV + Web Cam + OPS		25.12.2023	9,73,264			Zila Parishad Prashala, Lamjana (413516)
6	Inverter & Batteries		17.01.2024	3,90,200			Zila Parishad Prashala, Borfal (413520)
7	CCTV	413516, 413520, 413607, 413521	01.02.2024	2,53,340	CSR00052513	Creative Foundation	Zila Parishad Prashala, Kasar Sirsi (413607)
8	Router		21.03.2024	38,190			Zila Parishad Prashala, Madansuri (413521)
9	Solar System		27.02.2024	12,94,000			
10	Water Filter Plant		26.02.2024	7,20,000			
11	Sanitary Pad Vending		02.02.2024	6,000			
12	Burning Machine		02.02.2024	32,000			

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

For and on behalf of the Board

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

Pune
April 29, 2024

Sunil Samdani
Executive Director
DIN: 10301175

Pune
April 29, 2024

Form No. MR-3

Annexure 3

Secretarial Audit Report

for the financial year ended March 31, 2024

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

To,
The Members,
Poonawalla Fincorp Limited

201 and 202, 2nd floor, AP81, Koregaon Park Annex,
Mundhwa, Pune, Maharashtra, India, 411036

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by POONAWALLA FINCORP LIMITED (CIN: L51504PN1978PLC209007) (**hereinafter called the Company**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances by the Company and expressing our opinion thereon.

Based on our verification of the POONAWALLA FINCORP LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2024 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 31.03.2024 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:-

- (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015;
 - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) 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; **Not applicable** to the Company during the Audit Period;
 - (e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - (f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **Not applicable** to the Company during the Audit Period;
 - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; – **Not applicable** to the Company during the Audit Period;
 - (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – **Not applicable** to the Company during the Audit Period;
- The Reserve Bank of India Act, 1934 and other circulars/directions/guidelines issued by RBI to the extent applicable.
- We have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards pursuant to Section 118 (10) of the Act issued by the Institute of Company Secretaries of India (ICSI).
 - (ii) The listing agreement entered into by the Company with National Stock Exchange of India

Limited and BSE Limited as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

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:

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.

Adequate notices are given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, shorter notice consent was taken wherever needed and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

Date: April 29, 2024
Place: Pune

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

We further report that during the audit period, following major events have taken place :

1. On July 26, 2023, Grihum Housing Finance Limited (GHFL) (Formerly known as Poonawalla Housing Finance Limited), erstwhile subsidiary of Poonawalla Fincorp Limited had ceased to be a subsidiary of the Company by divesting the entire stake in GHFL to Perseus SG Pte. Ltd.
2. Allotment of 66,03,070 Equity Shares of face value of ₹2/- each pursuant to exercise of stock options under the various schemes of Employee Stock Options of the Company.
3. Issuance and allotment of 50,000 secured, redeemable, rated, listed, Non-Convertible Debentures of face value of ₹1,00,000 aggregating to ₹500 Crores through private placement.
4. Approved the introduction and implementation of the 'Employee Stock Option Plan-2024' through the secondary acquisition of shares of the Company by an Employee Welfare Trust.

For **SIUT & Co LLP**
Company Secretaries
(Unique code: L2021MH011500)

CS I U Thakur
Partner
FCS: 2298
CP: 1402

UDIN: F002298F000263372
Peer Review Certificate No.: 5460/2024

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

Annexure

To,
The Members,
Poonawalla Fincorp Limited
201 and 202, 2nd floor, AP81, Koregaon Park Annex,
Mundhwa, Pune, Maharashtra, India, 411036

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

- Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 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.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 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.
- 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 **SIUT & Co LLP**
Company Secretaries
(Unique code: L2021MH011500)

CS I U Thakur
Partner
FCS: 2298
CP: 1402
UDIN: F002298F000263372
Peer Review Certificate No.: 5460/2024

Date: April 29, 2024
Place: Pune

Annexure 4

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 2023-24, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for FY 2023-24 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	Designation	Remuneration of Director/KMP for FY 2023-24 (₹ in Crore) [#]	% increase in Remuneration in FY 2023-24 ^{***}	Ratio of remuneration of each Director/ KMP to median remuneration of employees
1	Adar Cyrus Poonawalla ^{**}	Chairman, Non-Executive Director	0.06	20%	0.69
2	Abhay Bhutada	Managing Director	241.21	0%	57.54
3	Sunil Madhav Samdani ¹	Executive Director	2.48	Not Comparable	46.03
4	Amar Sudhakar Deshpande ^{**}	Non-Executive Director	0.37	12%	4.26
5	Sajid Moorad Fazalbhoy ^{**}	Non-Executive Director	0.09	47%	1.08
6	Bontha Prasada Rao [*]	Non-Executive, Independent Director	0.66	358%	7.64
7	Prabhakar Ramchandra Dalal [*]	Non-Executive, Independent Director	0.79	307%	9.09
8	Sanjay Kumar [*]	Non-Executive, Independent Director	0.73	201%	8.45
9	Atul Kumar Gupta [*]	Non-Executive, Independent Director	0.71	738%	8.19
10	Kemisha Soni ²	Non-Executive, Independent Director	0.09	Not Comparable	1.07
11	G Jaganmohan Rao ³	Non-Executive, Independent Director	0.15	Not Comparable	1.73
12	Vijaylakshmi R Iyer ⁴	Non-Executive, Independent Director	0.16	Not Comparable	1.84
13	Sanjay Miranka	Chief Financial Officer	11.03	9%	49.24
14	Shabnum Zaman	Company Secretary	1.45	11%	6.38

* The remuneration includes sitting fees and commission.

** The remuneration includes sitting fees only.

*** % increase over FY2023 is derived excluding perquisite value of stock options exercised, if any.

[#] Remuneration includes Fixed Pay + Variable Pay paid during the year + perquisite value as calculated under the Income Tax Act, 1961.

¹ Appointed as the Executive Director w.e.f. October 20, 2023.

² Appointed as an Independent Director w.e.f. January 30, 2024.

³ Resigned as an Independent Director w.e.f. August 26, 2023.

⁴ Ceased to be an Independent Director upon completion of her tenure w.e.f. January 30, 2024.

Note: All amounts are rounded off.

Note:

- For independent directors, remuneration is based on actuals and for others the remuneration has been taken based on annual remuneration, for calculating the 'percentage increase in Remuneration' & 'Variance with median remuneration'.
- The median remuneration of employees of the Company during the financial year was ₹0.09 Crore.
- In the financial year, there was an increase of 11% in the median remuneration of employees.
- There were 2,384 permanent employees on the rolls of Company as on March 31, 2024.
- Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2023-24 was 11% whereas the increase in the managerial remuneration for the same financial year was 128.67%.
- It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.

For and on behalf of the Board,

Abhay Bhutada
Managing Director
DIN: 03330542

Pune
April 29, 2024

Sunil Samdani
Executive Director
DIN: 10301175

Pune
April 29, 2024

Management Discussion and Analysis

ECONOMIC OVERVIEW

Global economy

In CY 2023, the global economy displayed remarkable resilience and adaptability amidst challenges of slowing growth and an increasingly divergent economic environment. A notable recovery in the US economy, coupled with the robustness of major emerging markets, had a part to play in this bounce-back.

The faster-than-anticipated decline in inflation - to 6.8% over the year - contributed to an optimistic economic outlook. This decrease was facilitated by the easing of supply-side constraints, strict monetary policies, stable crude oil prices and moderating commodity prices. Global inflation is forecast to decline steadily, from 6.8% in CY 2023 to 5.9% in CY 2024 and 4.5% in CY 2025.

Alongside this, the year was also marked by significant policy shifts and tighter money supply. Interest rates also saw an upward trajectory - a response aimed at tempering inflation. Economies worldwide demonstrated commendable flexibility, navigating through the complexities of more assertive regulations, environmental concerns, and geopolitical tensions. These factors catalysed transformations across industries, encouraging a re-evaluation of traditional business practices and fostering innovation.

The advent and embracing of digitisation - with rapid advancements in AI, digital finance, and sustainable solutions - reshaped how businesses operate and deliver value to customers. The digitisation of money and the rise of embedded finance emerged, enhancing the efficiency and accessibility of financial services. Financial institutions and businesses across the board took steps to reassess and refine their strategies, focusing on resilience and sustainability.

Outlook

According to the International Monetary Fund (IMF), global growth is estimated at 3.2% in CY 2023 and is projected to continue at the same pace in CY 2024 and CY 2025. Such projections indicate steadying of the global economy, with monetary policies beginning to find a new equilibrium.

The optimism largely stems from improved growth prospects in mature economies, such as the United States and across parts of Eastern Europe. The U.S., in particular, has seen its growth forecast for CY 2024 adjusted to 2.7% and 1.9% for CY 2025. On the front of Emerging and Developing Economies, the outlook remains steady, albeit with a slight slowdown anticipated in countries like China. However, this

deceleration is expected to be a normalisation rather than a downturn, with overall growth hovering around 4% in the next two years, aligning closely with the pre-pandemic five-year average.

Growth in Developing Asian economies is projected to accelerate. At the same time, an upturn in growth is forecasted for regions such as the Middle East, North Africa and Sub-Saharan Africa, adding a layer of positive expectations to the global outlook. The evolving global dynamics underscore the need for vigilance and adaptability in navigating economic recovery in 2024 and beyond.

Decisive monetary policy actions, as well as improved monetary policy frameworks, especially in emerging market economies, have helped anchor inflation expectations.

Source: World Economic Outlook Update, April 2024, IMF

Indian economy

Against a challenging global backdrop, India distinguishes itself as one of the fastest growing major economies - driven by robust domestic consumption, favourable demographics, and increasing disposable incomes. The government's strategic reforms, hefty investments in infrastructure - both physical and digital - and initiatives such as 'Make in India' and the Production-Linked Incentive (PLI) scheme have been pivotal in enhancing the country's growth, resilience, and self-reliance.

The Indian economy has grown faster than anticipated, at a rate of 8.2%, in FY 2023-24. This growth was marked by a broad-based recovery of industrial sectors, especially manufacturing. The financial services sector in India has also acted as a catalyst for economic momentum. As a vital enabler of capital flow and investment, this sector has witnessed innovation and growth, particularly in fintech, digital banking, and inclusive finance. With the RBI's supportive regulatory framework and initiatives aimed at promoting financial inclusion and literacy, the financial services sector showed sustained growth.

Although retail inflation came down to 4.85% by the end of FY 2023-24 and remained within the RBI's tolerance band of +/-2 percentage points, it remained above the long-term target of 4%. This facilitated a stable interest rate environment conducive to long-

term investments and spending. The government's approach included focusing on onshoring and friend-shoring production, leveraging AI to maintain competitiveness in digital services, and surpassing non-fossil fuel power generation targets.

Outlook

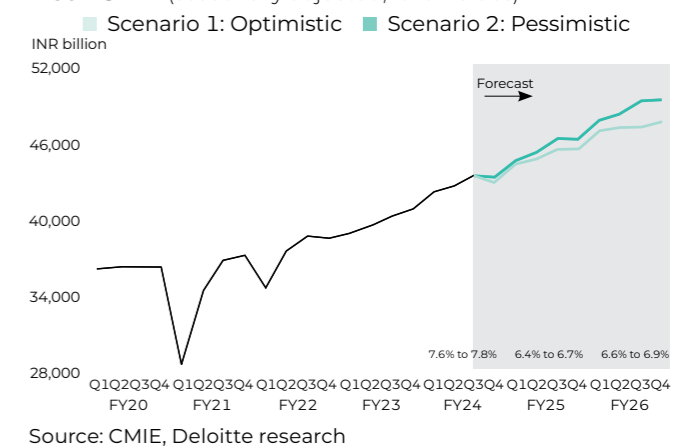
The RBI heralds a promising trajectory for India's GDP growth, expected to surpass the 7% mark. The gradual convergence of inflation to target levels by 2025 is anticipated to facilitate the adoption of more accommodating monetary policies. A focus on infrastructure, championed by public policies, is set to stimulate gross fixed capital formation. Moreover, an increase in rural demand, encouraged by government initiatives such as the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY), is expected to boost consumption.

Within these optimistic economic conditions, the rapid digitalisation of financial services will play a role in enhancing financial inclusion by extending credit facilities to unbanked segments of the economy - thereby supporting the manufacturing sector which is pivotal in building dynamic ecosystems. This facilitates job creation and income enhancement, opening up avenues for consumption and infrastructure investment. By refining policy reforms

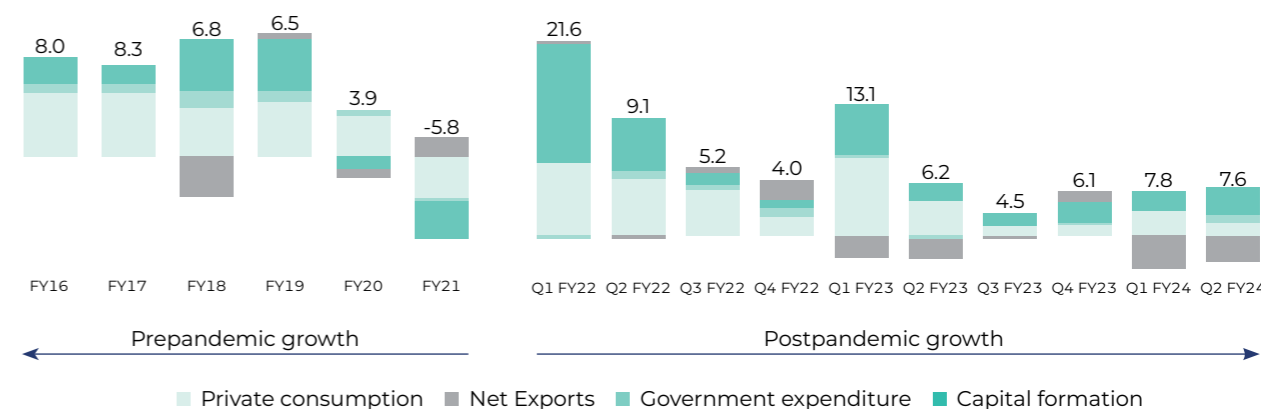
and fostering vertical markets, India is expected to elevate its participation in global value chains.

The infusion of foreign direct investment (FDI), combined with the expansion of digital infrastructure, provides a fertile ground for leading global tech and e-commerce companies to penetrate the Indian market. This is projected to revolutionise the consumer retail landscape in the next decade. With ongoing reforms in key areas like healthcare, energy security, micro, small and medium enterprises (MSMEs), India is steadfast on its path to sustained economic growth within the broader economic panorama.

Real GDP (seasonally adjusted, level values)



Contribution of growth drivers to GDP growth (%)



Notes: The graph illustrates the contributions to India's GDP growth from various drivers, contrasting pre-pandemic and post-pandemic periods. Pre-pandemic growth (FY16-FY21) was predominantly fuelled by private consumption and capital formation, with growth rates exceeding 6% until FY19. However, the onset of the pandemic led to a sharp contraction in FY21, marked by a -5.8% decline driven by negative net exports and reduced private consumption. Post-pandemic, the economy rebounded strongly in Q1 FY22 with a 21.6% growth, given a surge in private consumption and capital formation. Although growth rates moderated in subsequent quarters, they remained positive, showcasing a balanced contribution from private consumption, capital formation, and government consumption while signalling a resilient and diversified economic recovery by Q2 FY24.

Management Discussion and Analysis

INDUSTRY OVERVIEW

Non-banking financial company (NBFC) industry overview

According to ICRA, the size of the NBFC industry is estimated to be around ₹46 Trillion of which, the Retail NBFC sector (including HFC) contributes 55% - which is around ₹25.3 Trillion as of FY 2023-24. The industry is driven by digital innovation and a focus on underserved markets and has become a linchpin in the financial ecosystem - complementing the traditional banking system by channelling essential funds into diverse sectors.

The NBFC industry grew at 14-16%, while the Retail NBFC sector including HFC sector grew at 18-20% in FY 2023-24. Particularly noteworthy was the pronounced increase in credit appetite from the Micro, Small, and Medium Enterprises (MSME) sector. According to the MSME Pulse Report (February 2024), economic expansion has catalysed a surge in the need for commercial financing.

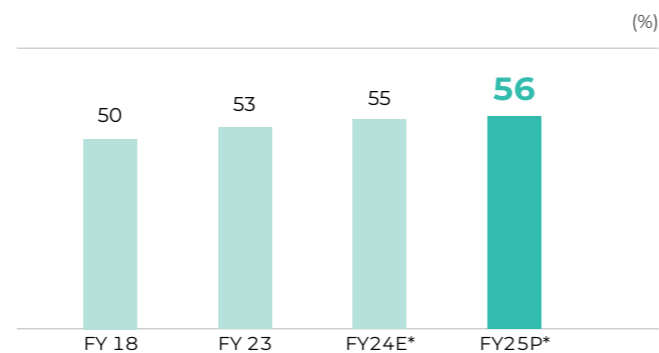
Further shaping the landscape in 2023 was a regulatory adjustment concerning the exposures of Scheduled Commercial Banks (SCBs) to NBFCs. The RBI announced an increase in risk weights on SCB exposures to NBFCs by 25 percentage points, over and above the risk weight associated with the given external rating, in all cases where the extant risk weight as per external rating of NBFCs is below 100%. The industry dynamics, marked by innovative financing and regulatory enhancements, position NBFCs as a key catalyst for India's economic growth and financial inclusion.

Outlook

ICRA has adjusted its growth outlook for Retail NBFCs - including Housing Finance Companies (HFCs) - forecasting a 16-18% increase from ₹25.3 Trillion in FY 2023-24 to ₹29.4 Trillion in FY 2024-25. This optimistic outlook is driven by robust growth across key areas. Asset quality is generally stable across most NBFCs, though unsecured and microfinance segments require vigilant monitoring for risks. The balance sheets are expected to show the effects of these trends, with increased regulatory compliance and risk management strengthening financial resilience.

The unsecured loan segment, including personal, consumption, small enterprise loans, and microfinance, is anticipated to see an expansion of 20% in FY 2024-25, growing to ₹7.8 Trillion as compared to ₹6.5 Trillion in FY 2023-24. Meanwhile, the secured segment, which includes vehicle finance, gold loans, and secured business loans, is expected to experience a growth of 16% increasing to ₹13.8 Trillion in FY 2024-25, as compared to ₹11.9 Trillion the previous year.

Share of retail credit in total NBFC credit to continue to grow



Source: ICRA

*E represents estimated. P represents projected.

OVERVIEW OF UNDERLYING SEGMENTS

Automobile

The Indian automobile industry achieved impressive results in FY 2023-24, with domestic growth reaching 12.5%, totalling 2,38,53,463 units sold compared to 2,12,04,846 units the previous year, as reported by the Society of Indian Automobile Manufacturers (SIAM). The passenger vehicle (PV) segment saw an encouraging rise of over 8% in wholesales. The two-wheeler segment performed exceptionally well, with a 13% growth, reaching 1,79,74,365 units from 1,58,62,771 units in the FY 2022-23. The three-wheeler segment experienced outstanding progress, with domestic sales soaring by 41.5% to 6,91,749 units compared to 4,88,768 units the previous year. The commercial vehicle segment, however, grew modestly at 0.6%.

The rebound in the automobile sector was fuelled by the growing middle-class income and a young population that is increasingly embracing digital credit for automobile purchases. Government initiatives, including the 'Make in India' initiative and the Vehicle Scrappage Policy aimed at phasing out older, more polluting vehicles, are driving the industry forward.

The Indian Automobile market has a forecasted CAGR of 8.10% during the period leading up to 2027, according to Mordor Intelligence. At the same time, the Indian used car market is projected to grow from \$31.62 Billion in 2024 to \$63.87 Billion by 2029, with a CAGR of 15.10% during the forecast period (2024-2029). This surge is driven by factors like a higher preference for personal mobility post-pandemic, long waiting periods for new cars due to chip shortages, and attractive financing offers. Non-metro cities are predicted to contribute 70% of total used car sales by FY 2024-25, highlighting the growing demand across the country.

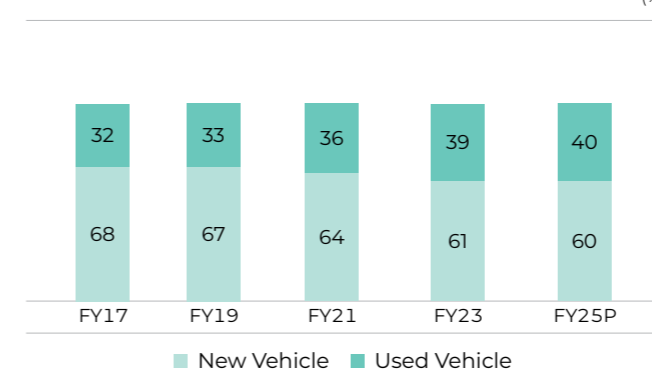
12.5%

GROWTH IN THE INDIAN AUTOMOBILE INDUSTRY

Pre-owned car loan market

Growth in India's pre-owned car financing market is driven by increased demand for used vehicles, better financing options, and the involvement of both organised and unorganised players.

Increasing share of used vehicles



According to ICRA, the finance penetration of the pre-owned car market across India is projected to reach 25-35% by FY 2024-25. This is driven by the anticipated growth in the PV market. In FY 2023-24, the NBFC AUM for new PV segment grew by 17% to ₹1.33 Trillion. Further, it is projected to grow by 15-17% in FY 2024-25. At the same time, the NBFC AUM for used PV segment grew by 36% to ₹0.7 Trillion and

anticipates a growth of 33-35% in FY 2024-25. This trend highlights a shift in consumer demand and a rise in used passenger vehicles.

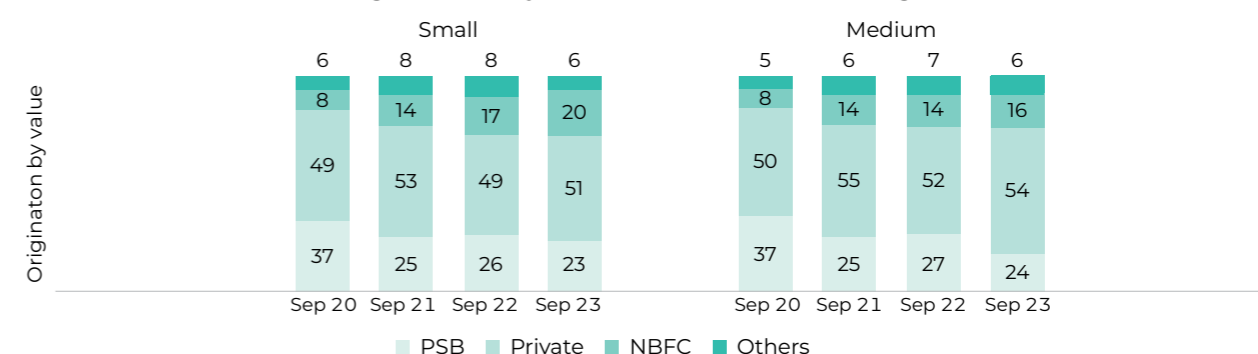
As of 2023, about 75% of people in Tier 2 and 3 cities are opting for the convenience of car financing; in Metros & Tier 1 cities it is 60% (source: ET). An increasing number of young individuals are going for car loans. This growth can be attributed to the rise in the number of used-car dealers in non-metro regions and the increased accessibility of digital platforms for purchasing pre-owned vehicles. Various factors are driving this expansion, such as increasing disposable incomes, an emerging middle class, the growing demand for personal vehicles, and the availability of convenient financing alternatives.

MSME

The MSME sector contributes about 30% to the GDP, making up 43.6% of merchandise exports, and generating nearly 123 million jobs. The sector has seen a 33% increase in loan demand in FY 2023-24. At the same time, delinquencies are decreasing, with non-performing assets improving across all types of lenders and MSME borrowers, according to Deloitte.

The Government's targeted initiatives aimed at enhancing the competitiveness and sustainability of MSMEs have further boosted the sector's growth. With a notable share in the country's export earnings, the MSME sector is vital in enhancing India's global trade footprint.

Originations by Lenders across MSME Segment



All MSME fund-based (WC-TL) Originations considered Small: Exposure between ₹ 1 cr and ₹ 10 crs; Medium: Exposure between ₹ 10 crs and ₹ 50 crs

Source: TransUnion CIBIL commercial credit database

Loan against properties (LAP), and small & medium enterprises (SME) loans

According to ICRA, the AUM in the NBFC-LAP and SME segments stood at ₹3.4 Trillion as of Q2 FY24, reflecting a 15% expansion in H1 FY24 following a strong performance in FY 2022-23. This growth highlights the continued strong credit demand in these segments. NBFCs have successfully penetrated

rural markets, expanding their borrower base by attracting new-to-credit customers as well as those transitioning from microfinance and gold loans.

ICRA estimates a healthy AUM growth of 27-29% in FY 2023-24, before moderating to 18-20% in FY 2024-25. Concurrently, the gross stage 3 assets have shown a steady decline, dropping from 5.1% in FY 2020-21 to 2.8% in Q2 FY24, aided by effective

Management Discussion and Analysis

resolution and recovery of delinquent assets, credit losses, and the write-off of pandemic-related delinquencies, particularly in unsecured SME loans. This trend indicates improving asset quality and a positive outlook for the segment.

Personal loan

The personal-consumption loans segment is valued at ₹3.3 Trillion in FY 2023-24 with growth to ₹3.9 Trillion projected in FY 2024-25, according to ICRA. The increase is going to be driven by a healthy growth momentum in banks supported by their high base. Parallely, NBFCs would also continue to display aggressive growth in their personal loan book.

Small ticket personal loan

In FY 2017-18, fintech companies were responsible for half of the small ticket personal loan volumes disbursed with a ticket size below ₹1,00,000. Their dominance in this category has increased according to the Business Standard. The small ticket personal loan portfolio size has reached an impressive ₹81,000 Crore by the end of September 2023. Among the key players in the market, NBFCs currently hold the largest market share at 34%, closely followed by fintech companies with a 33% share.

STANDALONE FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Profitability

The Company delivered a robust performance in FY 2023-24. During FY 2023-2024, the total income (before interest expenses and including fee and other income) stood at ₹3,152 Crore, registering a strong growth of 57% YoY. Net Interest Margin increased by 51 bps to reach 11.2% for FY 2023-24.

Operating expenses grew by 0.5% YoY to ₹807 Crore in FY 2023-24 from ₹803 Crore in FY 2022-23. The Cost to Net Income Ratio improved by 2000 bps to 36.8% for FY 2023-24 as compared to 56.8% for FY 2022-23. Pre-provision operating profit grew by 127% to ₹1,389 Crore as compared to ₹612 Crore in FY 2022-23. Provisions for the year FY 2023-24 remained at ₹72 Crore as compared to negative ₹134 Crore in FY 2022-23.

Profit after Tax (excluding exceptional items) for FY 2023-24 grew by 83% to ₹1,027 Crore as compared to ₹561 Crore for FY 2022-23 and Profit after Tax (including exceptional items) grew by 251% to ₹2,056 Crore as compared to ₹585 Crore for FY 2022-23. The Return on Assets (%) excluding exceptional items for FY 2023-24 grew by 100 bps YoY to 5.24% as compared to 4.24% in FY 2022-23.

Disbursements and loan assets

Total disbursements for FY 2023-24 grew 111% YoY to ₹33,289 Crore from ₹15,751 Crore in FY 2022-23. Direct Digital Programme (DDP) continued a healthy trajectory, contributing 81% of the total disbursements in Q4 FY24 compared to 80% in Q3 FY24, 81% in Q2 FY24, 86% in Q1 FY24 and 81% in Q4 FY23.

The loan assets grew 55% YoY to ₹25,003 Crore as on March 31, 2024, from ₹16,143 Crore as on March 31, 2023. The loan assets are well diversified with MSME Lending constituting 37%, pre-owned car finance constituting 15%, personal and consumer loans and loan against property constituting 23% and 16% respectively. The growth in our loan assets is above our stated guidance of 35-40% growth.

Asset quality

The Gross Stage 3 Assets ratio improved by 28 bps during the year to 1.16% as on March 31, 2024, as compared to 1.44% as on March 31, 2023. Similarly, the Net Stage 3 Assets ratio improved by 19 bps to 0.59% as on March 31, 2024, as compared to 0.78% as on March 31, 2023.

Liquidity

We maintained a strong liquidity position throughout the year. Liquidity is composed of cash/cash equivalents, available bank lines and stock of unencumbered assets. We ended the year under review with standalone liquidity of around ₹3,932 Crore comprising available cash and cash equivalent, unutilised credit limits and partially undrawn term loans.

During the year, the Company has borrowed secured term loans of ₹4,075 Crore from banks and financial institutions for an average tenor of 3 to 5 years. Besides public sector banks/financial institutions, incremental credit lines were received from private banks to diversify the borrowing base. The Company also raised commercial paper aggregating to ₹9,750 Crore and ₹500 Crore of secured non-convertible debentures were raised during the year through private placement basis.

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 securitisation remain other options of raising funds if traditional markets dry up.

During the year under review, the long-term ratings assigned to various debt instruments and bank facilities of the Company were upgraded to 'AAA; Stable' by CARE Ratings based on strong parentage, low leverage, improved asset quality, focused and

diversified product approach in retail segment and a strong senior management team. CRISIL also upgraded the long-term rating assigned to debt instruments and bank facilities to 'AAA/Stable'.

Financial highlights

Particulars	(₹ in Crore)	
	FY 2023-24	FY 2022-23
Total Income	3,151.82	2,010.03
Finance cost	955.10	595.28
Net income	2,196.72	1,414.75
Operating expenses	807.36	803.05
Pre-provisioning operating profit	1,389.36	611.70
Net loss on derecognition of financial instruments	-	10.87
Impairment on financial instruments	72.02	(144.53)
Profit before exceptional item and tax	1,317.34	745.36
Exceptional items	1,221.20	21.21
Profit before tax	2,538.54	766.57
Profit after tax	2,055.96	584.94
Other comprehensive income	0.83	1.36
Total comprehensive income	2,056.79	586.30

Details of key financial ratios on standalone basis

Ratios	FY 2023-24	FY 2022-23
Operating expenses to Net Income	36.8%	56.8%
Return on average assets (ROA)*	5.2%	4.2%
Return on average equity (ROE)*	13.4%	9.3%
Capital to risk-weightage asset ratio (CRAR)	33.80%	38.91%
of which, Tier I	32.28%	37.69%
of which, Tier II	1.52%	1.22%

*Excluding Exceptional Items

Ratios	FY 2023-24	FY 2022-23
Gross NPA	1.16%	1.44%
Net NPA	0.59%	0.78%
Debt equity ratio	1.86	1.73
Provisioning coverage ratio (PCR)	49.39%	46.19%
EPS - Basic (₹)	26.75	7.64
Diluted (₹)	26.43	7.57
EPS - Basic (₹)*	13.37	7.33
Diluted (₹)*	13.21	7.26

*Excluding Exceptional Items

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

At a standalone level, Return on Assets (ROA) excluding exceptional items increased from 4.24% in FY 2022-23 to 5.24% in FY 2023-24 and Return on Equity (ROE) excluding exceptional items increased from 9.3% in FY 2022-23 to 13.4% in FY 2023-24. Following are the key contributors for the increase:

- Shift of AUM from discontinued and legacy products to personal & consumer and MSME segment resulted in higher yield. Also, while navigating a challenging monetary environment, the Company has been able to control its cost of borrowing through rating upgrades, dynamic liability management and strong relationships with lenders, which has resulted in expansion of Net Interest Margin (NIM).

Management Discussion and Analysis

- Strategic consolidation of branches towards a digital first model, leveraging technology to automate core operations and a focus on productivity has resulted in consistent decline in operating expenses (opex). As a result, the opex to net income ratio reduced by 2000 bps to 36.8% and opex to AUM decreased by 195 bps to 4.12% in the financial year.
- Our unique choice of rejection model to choose from existing to bureau, prime and super prime customers, diversified product suite, effective risk management & robust collection mechanism has resulted in lower credit cost.

BUSINESS REVIEW

At Poonawalla Fincorp Limited, we have enhanced our digital footprint and expanded product offerings as part of our strategy for sustainable growth. A key highlight of this period is the successful launch and scaling up of the Company's mobile application – which marks a step forward in shaping the financial landscape. This advancement is particularly noteworthy for its role in facilitating instant personal loans, thereby improving customer access to financial services.

We are broadening our financial offerings by launching innovative products, including a co-branded credit card with IndusInd Bank and an EMI card. These additions aim to deepen customer engagement by offering conveniences like zero joining fees and the flexibility to convert purchases into manageable instalments. They enhance the accessibility and convenience of financial solutions in line with the requirements of modern consumers.

In addition to these developments, our operational efficiency and digital transformation efforts have yielded remarkable results. With the completion of phase-II of our digital transformation, Poonawalla Fincorp has enhanced customer service capabilities through the use of WhatsApp as a customer engagement and service channel – handling over 70% of customer service requests.

Our strategic focus remains on the core segments of consumer and MSME lending, and prime bureau tested customers while providing optimum pricing, quick turnaround times, and superior customer service. We have also furthered the principles of ESG into our business processes and constituted a ESG committee to provide oversight. As Poonawalla Fincorp advances towards Vision 2025, we are well-positioned to capitalise on the opportunities presented by India's robust economic growth and the increasing demand for credit across consumer and MSME segments.

Pre-owned cars finance (POC)

Under the secured portion, the POC segment saw an 17% annual growth in disbursement (₹2,417 Crore vs ₹2,071 Crore). Total Assets Under Management (AUM) for POC increased by 61% to ₹3,647 Crore as on March 31, 2024, from ₹2,266 Crore as of March 31, 2023.

Personal and consumer loans

Personal and Consumer loan disbursement grew by ~2.4x to ₹14,526 Crore in FY 2023-24 from ₹6,063 Crore in FY 2022-23. Total AUM increased by ~2.3x to ₹5,855 Crore as on 31st March 2024 from ₹2,578 Crore as on March 31, 2023. This segment constituted 23% of the overall Loan Assets as on March 31, 2024, as compared to 16% as on March 31, 2023.

MSME loans

MSME lending portfolio comprised secured and unsecured Business Loans (BL), Loan to Professionals (LTP) and Supply Chain Finance (SCF). The disbursement from these products grew by ~2.63x to ₹13,145 Crore in FY 2023-24 from ₹4,989 Crore in FY 2022-23.

Total AUM for MSME loans increased by 76% to ₹9,260 Crore as on March 31, 2024, from ₹5,257 Crore as on March 31, 2023. MSME loans constituted 37% of the overall loan assets as on March 31, 2024, as compared to 33% as on March 31, 2023.

Loan against property (LAP)

LAP saw consistent growth during the year. LAP closed a figure of ₹2,685 Crore of disbursement for FY 2023-24 as compared to ₹1,673 Crore for FY 2022-23. As opposed to traditional LAP lending, which struggles with manual workflows, digital adoption has helped us to scale this segment successfully.

Total AUM for LAP increased by ~2.25x to ₹4,072 Crore as on March 31, 2024, as compared to ₹1,811 Crore as on March 31, 2023.

This segment constituted 16% of the overall loan assets as on March 31, 2024, as compared to 11% as on March 31, 2023.

Focus areas for FY 2024-25

- Non-conventional and branch-lite model:** Poonawalla Fincorp continues to pioneer a distinctive digital-led and branch-lite model, setting us apart from traditional financial models. This strategy reduces operating expenses while boosting operational efficiency. Our investments span all platforms, including web, app, and app-less interfaces like WhatsApp, ensuring digital accessibility for our customers.

- Technology and innovation:** Our commitment to employing state-of-the-art technologies enables a fully digital lending process, incorporating e-Sign, e-NACH, e-KYC, and more. We leverage Business Rules Engine (BRE) and algorithm-based lending approaches, enhanced by data analytics powered by AI and ML, to streamline operations and decision-making.

- Differentiated product proposition:** Our innovative approach to lending includes offering loans without prepayment or hidden charges. We prioritise minimal documentation, lower interest rates, and flexible tenures, continually diversifying our product suite to meet evolving customer needs with innovative financial solutions.

- Strong leadership and management:** Poonawalla Fincorp benefits from the support and visionary leadership of the Cyrus Poonawalla Group. Our management team's entrepreneurial spirit and strength are instrumental in driving our strategic objectives.

- Targeting prime customer segment:** Our strategy focuses on attracting Prime and Super Prime Customers, steering clear of new-to-credit customer lending. This focus, supported by our low cost of borrowing, is crucial for maintaining superior asset quality and positioning us competitively in the market.

- Industry-leading TAT:** Leveraging advanced technology and AI, we aim to maintain the industry's fastest Turn-Around Time (TAT) for loan disbursements. This efficiency is aimed at providing swift financial solutions to our customers, enhancing their experience and satisfaction.

SWOT ANALYSIS

Strengths

Digital innovation and technology integration

In FY 2023-24, our institution championed a digital-first strategy, leveraging state-of-the-art technology to establish a digital end-to-end process. Our advanced backend infrastructure is adept at managing high volumes of transactions with speed, setting us apart in the industry. This seamless integration of digital processes has been instrumental in significantly reducing Turn-Around Time (TAT), transitioning to digital and minimal paperwork, and enhancing customer experience and value.

Exemplary capital management

Our approach to capital management has been a highlight of the year, with a Capital to Risk (Weighted) Assets Ratio (CRAR) of 33.8%, well above the regulatory mandate of 15%. Through an optimised funding mix and diversified sources, we have effectively maintained a minimal level of capital cost. Recognition of our financial stability is reflected in the upgraded ratings by CARE to 'AAA (Stable)' from 'AA+ (Stable)' and by CRISIL to 'CRISIL AAA (Stable)' from 'CRISIL AA+ (Stable)'.

Brand strength and leadership excellence

As the premier financial arm of the Cyrus Poonawalla Group, we continued to build on our shared brand identity, values, and business expertise in FY 2023-24. Our organisation's strategic and professional growth is attributed to our seasoned leadership team, which exemplifies our core values and maintains rigorous policy control.

Direct and digital-led distribution model

Our innovative and direct distribution model leverages in-house channels such as branches, call centres, social media, and other digital platforms for customer acquisition. This approach has expedited the customer acquisition process and contributed to the improvement of asset quality. Our commitment to digital adoption has fostered numerous partnerships and alliances, reinforcing our leadership in digital financing solutions in FY 2023-24.

Weaknesses

Reflecting on FY 2023-24's experiences, it becomes apparent that the scope for enhancing our focus on the continuous monitoring and performance evaluation of new offerings is significant. The need for a more rigorous and holistic approach to the introduction and oversight of new products has been identified as a crucial area for improvement.

Opportunities

Demographic momentum and digital finance adoption

India continues to stand out as one of the world's rapidly expanding economies, showcasing a robust increase in credit consumption and a growing awareness of digital finance solutions. The demographic landscape is evolving, with the younger population and mid-aged individuals becoming increasingly tech-savvy, demonstrating a greater openness towards utilising credit services. This shift presents a unique opportunity for us to broaden our reach and cater to this digitally inclined customer base in FY 2025.

Management Discussion and Analysis

Expanding into the booming consumer and MSME finance markets

The sectors of consumer and MSME financing are experiencing rapid growth, highlighting a significant opportunity for our institution to meet the diverse financial needs of these segments. With the demand for financing solutions such as pre-owned car loans, digital personal loans, loans against property, and business loans on the rise, FY2025 offers a prime opportunity for further diversification and growth in these key areas.

Embracing the new era of digital lending

In keeping with the fast-paced evolution of technology and innovative financial solutions, the forthcoming year promises to be pivotal. Our commitment to forming partnerships with fintech companies and embracing the latest technological advancements will be instrumental in maintaining our competitive edge. The continuous exploration and integration of new-age digital lending solutions will be crucial for staying at the forefront of the dynamic financial services landscape in FY 2024-25.

Threats

Adjusting to stricter monetary policies

Amidst prevailing global economic uncertainties, inflation had escalated beyond customary levels. While initial forecasts by economists leaned towards a 25 basis points hike in the repo rate from an initial 6.5% at the beginning of Q1 FY24, the Reserve Bank of India opted for maintaining the status quo. The global scenario is still uncertain with elevated inflation. This has led to US Fed adopting a policy of elevated rates for a much longer period. Any possible impact and adjustments in our monetary policy could lead to elevated borrowing costs for longer and potentially decelerate the pace of credit expansion in the short term.

Navigating through intensified market competition

The NBFC sector is witnessing the entrance of numerous fin-techs and startups, characterised by their capacity for innovation and rapid scalability. This transition from traditional banking to NBFCs and alternative lending platforms is creating opportunities for new market entrants to capture significant market share, thereby intensifying the competitive landscape.

Geopolitical instabilities and economic impact

The escalating tensions among leading global economies pose the threat of political and economic instability, with potential repercussions including financial fragmentation. Such geopolitical

uncertainties are likely to influence commodity prices adversely, leading to further inflationary pressures and upward adjustments in interest rates. This complex geopolitical environment necessitates vigilance and adaptability to mitigate the associated risks.

RISK MANAGEMENT

The company has established a robust Integrated Risk Management (IRM) policy, endorsed by the Board and subject to regular review, to oversee and manage the spectrum of risks inherent in our operations. This framework encompasses a wide range of risk categories, including but not limited to credit risk, operational risk, market risk, liquidity risk, compliance risk, reputational risk, financial risk, and people risk. Central to our approach is the identification, measurement, mitigation and reporting of risks, supported by continuous monitoring of Key Risk Indicators (KRIs) to ensure organisational objectives are met across all business units.

The implementation of our IRM framework is spearheaded by our Senior Management team, reflecting our commitment to embedding risk management practices deeply within our corporate ethos. Our risk management strategy is built upon five foundational principles:

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

The leadership of our Risk Management Department is entrusted to the Chief Risk Officer (CRO), who plays a pivotal role in guiding the organisation's risk management policies and practices. The CRO is charged with the oversight of all risk dimensions—including credit, operational, market, liquidity, reputational, compliance, financial and people risks—across all businesses, products, and processes. This structure ensures a cohesive and integrated approach to risk management, safeguarding the Company's integrity and financial health.

i) Credit risk

Our institution has established a sophisticated approach to managing credit risk, ensuring that every loan sanction and booking is governed by an independent approval process. This process is guided by nuanced product policies, stringent customer selection criteria, precise credit acceptance standards, and a thorough credit underwriting framework. Through this approach, we are able to conduct a comprehensive assessment of each customer, taking into account both financial and non-financial metrics to ensure a balanced evaluation.

Management of the risk

Credit policy framework

All credit policies within our organisation are documented and receive formal approval from the Risk Management Committee of the Board. To remain responsive to evolving macro-economic conditions, industry trends, segment-specific dynamics, and insights from credit bureau data, alongside our own internal portfolio performance, these policies are subject to regular review and updates.

Credit Risk Management Policy

We have developed a detailed Credit Risk Management Policy that articulates the various facets of credit risk and outlines our management framework. The policy encompasses exposure norms, identifies sensitive sectors, sets portfolio guardrails, and details regulatory restrictions on loans and advances, among other critical parameters.

Credit approval and administration

Our credit approval and administrative processes leverage a Credit Rule Engine, combined with the expertise of seasoned credit appraisal professionals, and an effective delegation of credit authority. This approach ensures judicious management of credit approvals.

Portfolio quality monitoring

The enhancement of portfolio quality is an ongoing endeavour. We employ continuous monitoring of our loan portfolio using a variety of indicators to promptly identify any early warning signs of stress. This approach allows us to maintain the superior quality of our portfolio credit. Additionally, we engage in hind-sighting exercises to identify and implement necessary interventions in our Credit Policy. Such measures

are aimed at further enhancing portfolio quality and minimising potential losses, ensuring our institution's resilience and financial stability.

ii) Operational risk

In FY 2023-24, our Operational Risk (OR) team played a crucial role in identifying, assessing, monitoring, and mitigating risks throughout the organisation. Through Risk and Control Self-Assessment (RCSA) exercises, Internal Finance Control (IFC) testing, KRI monitoring, and the implementation of action plans to address process gaps, we have strengthened our operational risk management.

The OR team supports senior management in risk oversight by providing quarterly operational risk updates to the Operational Risk Management Committee (ORMC) and the Risk Management Committee (RMC).

Management of the risk

Operational Risk Management Policy

We have instituted a well-documented Operational Risk Management Policy that serves as the encapsulation of our approach, providing clear guidelines and procedures for identifying, assessing, and mitigating operational risks.

Governance structure

A robust governance structure guides our operational risk management efforts, defining roles, responsibilities, and accountability across the organisation to ensure effective oversight and implementation of risk mitigation strategies.

Identification and monitoring tools

Our use of sophisticated identification and monitoring tools, including Risk and Control Self-Assessment (RCSA) and Key Risk Indicators (KRIs), facilitates ongoing vigilance and proactive management of potential risks.

Reporting and communication

Standardised reporting templates and a structured reporting frequency ensure consistent communication of operational risk information. This framework supports transparency and facilitates informed decision-making at all levels of the organization.

Culture of risk awareness

Through regular workshops and training sessions, we foster a culture of risk awareness and encourage a proactive stance towards risk

Management Discussion and Analysis

management among our employees, enhancing our overall risk culture.

'Three Lines of Defence' approach

- 1. First Line of Defence:** At the operational level, functions and verticals engage in transaction testing to evaluate compliance internally, initiating "bottom-up" process improvements. This approach fosters ownership and swift implementation of corrective actions to mitigate identified risks.
- 2. Second Line of Defence:** An independent risk management vertical collaborates with the first line to develop risk mitigation strategies and maintain oversight through continuous monitoring. Key risks are systematically reviewed by the Risk Management Committee on a quarterly basis.
- 3. Third Line of Defence:** Our Internal Audit team conducts periodic risk-based audits across all functions and processes, offering an independent evaluation and assurance to the Audit Committee regarding the effectiveness of risk management practices.

The roles and responsibility of Fraud Risk Management Unit

Component	Principal
Control Environment	<ul style="list-style-type: none"> • Fraud Risk Operating manual is developed and reviewed periodically. • All processes are being reviewed through ORM and Fraud risk to mitigate unforeseen gaps. • Cross functional training
Risk Assessment	<ul style="list-style-type: none"> • Comprehensive fraud risk assessments are done in support of ORM. • Processes are being reviewed to plug the gaps. • Learning through investigations is shared to mitigate open risks for more effective policy.
Information and communication	<ul style="list-style-type: none"> • We have established a communication process to obtain information about potential fraud through whistleblower policy and have deployed a coordinated approach to investigation and corrective action to address fraud appropriately and in a timely manner.
Monitoring	<ul style="list-style-type: none"> • All frauds are reported to the regulator and are reviewed by the Audit Committee as well as Board of Directors.

iv) Market risk

Market risk has the potential to adversely impact our financial positions due to fluctuations in market prices, - including changes in interest rates, foreign exchange rates, and equity and commodity prices. To safeguard the organisation against these uncertainties, we adhere to a Market Risk Management Policy that has been approved by our Board.

Management of the risk

To manage the liquidity of our portfolio effectively while minimising market risk, we focus our investments on fixed income securities. This strategy is primarily aimed at liquidity management, with a keen awareness of the key risks inherent to fixed income investments,

iii) Fraud risk

Fraud can undermine effective functioning and divert scarce and valuable resources of the organisation. Moreover, fraudulent and corrupt behaviour can seriously damage reputation and diminish trust to deliver results in an accountable and transparent manner.

Management of the risk

We have a dedicated Fraud Risk Management Unit (FRMU) that monitors, investigates, detects, and prevents fraud. Strengthened further during FY 2023-24, this unit is committed to preventing, identifying, and addressing all acts of fraud against our organisation with zero tolerance, whether committed by staff, other personnel, or third parties. We raise fraud risk awareness, implement preventive controls, and maintain detection procedures. As a second line of defence, the FRMU monitors compliance and reports all fraud risks to the Chief Risk Officer. All specified frauds are monitored by the Audit Committee and Board of Directors.

namely interest rate risk and default risk. Our investment approach is carefully calibrated to prioritise securities that present negligible to low default risk. Additionally, we employ strategic duration targeting to mitigate the impact of interest rate fluctuations, ensuring that our investment practices are aligned with our risk appetite and overall financial health objectives.

v) Foreign exchange risk

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

vi) Liquidity risk

Liquidity risk arises from mismatches in the maturities of our borrowed and disbursed funds,

potentially affecting our ability to fulfil obligations and achieve business goals. It is crucial to ensure minimal disparity between the tenure of borrowed funds and the assets they finance. Our efforts are geared towards maintaining an optimal asset-liability match in terms of both tenure and interest rates, thereby safeguarding our financial stability and operational fluidity.

Management of the risk

Our approach to managing liquidity risk is guided by rigorous fund management practices and a focused effort on diversifying our borrowing portfolio. This diversification strategy enhances the resilience of our funding sources and expands our lender base across various segments, including public and private sector banks, insurance companies, mutual funds, pension funds, financial institutions, corporates, and foreign portfolio investors.

In pursuit of liquidity risk mitigation, the Company has cultivated a diversified liquidity mix, characterised by a level of unutilised bank limits, partially drawn bank lines, and on-balance-sheet liquidity reserves such as fixed deposits, liquid funds, and overnight funds. These measures collectively contribute to our capability to manage liquidity risk at an optimal level efficiently.

Central to our liquidity risk management framework is the Asset Liability Management Committee (ALCO). The ALCO convenes quarterly meeting to review our asset-liability position, borrowing costs, fund costs, and the sensitivity of projected cash flows, including conducting stress testing across short and long-term horizons. Based on its assessments, the ALCO proposes corrective actions to address any identified gaps. Additionally, the ALCO remains attuned to changes in the economic landscape and financial markets, formulating recommendations for effective resource allocation. This forward-looking approach ensures continuous alignment with our financial risk management objectives, encompassing asset-liability, foreign currency, and liquidity risk management. Being a "AAA" rated company further enhances our ability to raise funds at competitive rates.

vii) People risk

Recognising that our workforce is our most invaluable asset, we prioritise fostering a work environment conducive to both the professional growth and well-being of our employees. Our

organisational policies are designed to ensure a workplace that is healthy and safe while being inclusive and free from any form of discrimination or harassment. This commitment to our employees enables us to attract, engage, and retain top talent, thereby creating enduring value for our customers and stakeholders alike.

Management of the risk

Skilled manpower availability

We actively address the challenge of sourcing candidates who possess the requisite skill set and experience while aligning with our organisational culture. This involves leveraging innovative recruitment strategies and developing partnerships with educational institutions to tap into a broader talent pool.

Productivity risk

To mitigate productivity risks associated with longer learning curves and the time-intensive nature of hiring or replacing personnel, we have instituted comprehensive onboarding and training programmes. These initiatives are designed to accelerate proficiency and ensure that new hires contribute effectively to a shorter timeframe.

Succession planning

Understanding the importance of leadership continuity for business sustainability, we have developed a structured approach to succession planning. This strategy includes identifying potential leadership gaps and nurturing a pipeline of internal candidates equipped to assume these roles when the need arises.

viii) Cybersecurity risk

We recognise cybersecurity risk as a critical concern - reflecting the potential for unauthorised data access by unethical hackers. This could lead to financial, reputational, and legal repercussions. The advent of sophisticated threats like zero-click viruses and spyware such as Pegasus shows the evolving complexity of cybersecurity challenges. To safeguard against these vulnerabilities, the Company has instituted a robust risk management framework centred on employee awareness and preventive training.

Management of the risk

Employee awareness and training

Our cybersecurity strategy is rooted in comprehensive training aimed at educating

Management Discussion and Analysis

employees about digital safety practices. The training programmes cover safe digital behaviours, awareness of phishing and vishing scams, and the importance of avoiding downloads from unverified sources. Simulated phishing exercises are conducted to test and reinforce these practices among the staff.

Executive training

Specialised training sessions are held for CXOs and senior management, focusing on high-level fraud risks and artificial intelligence tools for security enhancement. These targeted sessions equip the Company's leaders with the knowledge to navigate the cyber threat landscape effectively.

Internal Capital Adequacy Assessment Process (ICAAP)

We have adopted the ICAAP framework as enunciated in the Scale Based Regulation framework. As part of the risk assessment under ICAAP framework, we have quantified capital requirement for all material risks that the Company is exposed to and stress scenarios pertaining to these risks. The recent ICAAP exercise indicates that the Company has sufficient capital cushion available to meet its capital requirements after factoring in material risks as well as stress testing scenarios.

INTERNAL CONTROL SYSTEM

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

A well-established, independent Internal Audit function provides independent assurance on the Company's system of internal controls, risk management and governance processes. The scope and authority of the Internal Audit division is derived from the Internal Audit Charter, duly approved by the Audit Committee. To maintain the independence of Internal Audit, the Chief Internal Auditor (CIA) reports functionally to the Audit Committee. Internal Audit prepares an annual audit plan following a risk-

based audit approach, which is approved by the Audit Committee. The Audit Committee reviews the annual audit plan, the significant audit findings, and the updated status of implementation of the management action plan on a quarterly basis.

We have 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.

HUMAN RESOURCE - PEOPLE COUNT AT EVERY STEP

The Human Resources (HR) department plays a crucial role in driving organisational success. The transformational journey of HR within an organisation involves implementing best practices to ensure the development and growth of both employees and the Company. Below are some of the key aspects of HR's transformational journey that contribute to PFL's success.

Aligning HR strategy with organisation goals

One of the fundamental steps to enable the transformational journey of PFL was to align the people strategy to the organisation goals and Vision 2025. It was imperative for the human resources team to understand the organisational objectives and challenges, thereby designing appropriate strategies that would accelerate the adoption of the same. Following are a few of the strategic interventions that we undertook to enable the growth journey while staying aligned to our value framework – CREDIT.

Cultivating a culture of transparency

Given our agile growth path, maintaining transparency, and ensuring regular mechanisms to connect with our people were critical to achieving our vision. Multiple programmes were established to create an environment where employees feel empowered to voice their opinions, share feedback, and raise concerns without fear of reprisal. Continuous engagement and communication provided clarity, direction, and confidence to achieve our goals.

We have created platforms to engage all employee segments through management and leadership connect, AI-based tools, surveys, policies, and redressal forums. These interventions have strengthened our values of transparency and collaboration, driving the organisation towards its growth journey.

Productivity and performance culture

Given our diverse talent, it was vital to align our employees and enable them to meet the dynamic expectations required to achieve our vision. Evolving our performance culture by enhancing productivity and reward strategies was critical. Various interventions focused on Business Enablement and Productivity Enhancement were undertaken to boost individual and team performance and enhance market presence through structured channel engagement.

Another critical aspect was celebrating and rewarding our top performers through various recognition programmes at the individual, team, and branch levels. Structured reward and recognition programmes, along with wealth creation opportunities through our ESOP programme, have strengthened the sense of inclusion, ownership, and a healthy entrepreneurial culture.

To ensure our employees remain productive while maintaining mental, physical, and personal well-being, we conceptualised and designed the Wellness 360 platform. This platform caters to all wellness needs, supporting our employees as they work towards achieving organisational goals.

Fostering a culture of continuous learning and strengthening leadership

Continuous reskilling and upskilling were essential to enable our employees to achieve the desired organisational goals. Our learning and development strategy included various initiatives encompassing competencies, leadership, product knowledge, functional expertise, and technology skills. Significant efforts and budget have been invested in fostering an entrepreneurial and digital mindset through external and internal interventions.

While we hire talent through competency-based assessments, we also reinforce our competencies and values through diverse L&D initiatives. We designed multiple opportunities for employees to excel and advance their careers alongside driving organisational growth.

Our learning programmes addressed individual development plans for all mid-management and above, further strengthening organisational goals and driving high performance. We promote a coaching culture by facilitating coaching conversations between our CXOs and high-potential talent.

Leveraging technology for HR innovation and analytics

To strengthen the efficiency of HR and enable the function to adapt to an agile environment, we invested

extensively in HR technology and analytics. The introduction of AI-based tools to recruit and connect with our employees has provided real-time insights into our people's pulse. Our analytical capabilities have enabled us to identify critical gaps and establish stronger capacity planning mechanisms, retention strategies, learning needs, and high-potential engagement interventions.

Building a strong employer brand

By aligning our HR strategy with business goals, our HR transformational journey has involved implementing best practices that drive organisational growth and employee engagement. We believe that by cultivating a positive employer brand, PFL can position itself as a desirable employer of choice and create a competitive advantage in the talent marketplace.

As a testament to our strategic alignment with organisational goals, we were recognised as a Great Place to Work 2024, one of India's Best Workplaces in BFSI 2024, and one of India's Best Workplaces in Health and Wellness 2024 by Great Place to Work.

The number of employees as of March 31, 2024, stood at 2,384.

CAUTIONARY STATEMENT

Statements in the 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 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

Sunil Samdani
Executive Director
DIN: 10301175

Pune
April 29, 2024

Pune
April 29, 2024

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

Poonawalla Fincorp Limited (the 'Company/ 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 organization. These principles have been and will continue to be our guiding force in future. The Corporate Governance Policy adopted by the Board acts as a comprehensive framework within which the Company, Board of Directors, Board Committees may effectively operate for the benefit of its various stakeholders.

The Company is in compliance with the requirements prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as applicable, with respect to Corporate Governance.

We are presenting the Report on Corporate Governance as prescribed under above regulations as below.

2. BOARD OF DIRECTORS ('BOARD')

The Board is the focal point and custodian of corporate governance for the Company. The Board consists of eminent persons with mix of Executive Directors, Non-Executive Directors and Independent Directors having professional expertise from diverse areas viz., general corporate management, risk management, banking, finance, economics, marketing, digitization, analytics and other allied fields thus meeting the requirements of the Board diversity. The Independent Directors possess experience and expertise in the financial services industry. They provide independent judgement, external perspective and objectivity on the issues which are placed before them. The Board has the requisite expertise across multiple domains aligned to the growth vision of the Company. The Board is responsible for providing strategic guidance to the business and overall affairs of the Company, ensuring effective monitoring of management, and avoiding potential conflicts of interest. The Board has constituted Committees to deal with matters as may be prescribed under applicable laws or directed by the Board from time to time.

a. Composition and category of directors:

The Board of your Company comprises of 10 (Ten) directors as on March 31, 2024, and as on date of this Report.

The said information as on March 31, 2024, is presented as below:

Sr. No.	Name of Director	Category	Date of Appointment	DIN
1.	Mr. Adar Cyrus Poonawalla	Non – Executive Chairman (Promoter)	01.06.2021	00044815
2.	Mr. Abhay Bhutada	Managing Director	12.02.2022	03330542
3.	Mr. Sunil Samdani ¹	Executive Director	20.10.2023	10301175
4.	Mr. Amar Deshpande	Non- Executive Director	03.06.2021	07425556
5.	Mr. Sajid Fazalbhoj	Non- Executive Director	04.02.2022	00022760
6.	Mr. Bontha Prasada Rao	Non-Executive, Independent Director	10.12.2019	01705080
7.	Mr. Prabhakar Dalal	Non- Executive, Independent Director	05.05.2021	00544948
8.	Mr. Sanjay Kumar	Non- Executive, Independent Director	15.01.2022	09466542
9.	Mr. Atul Kumar Gupta ²	Non- Executive, Independent Director	23.08.2023	01052730
10.	Ms. Kemisha Soni ³	Non- Executive, Independent Director	30.01.2024	06805708

¹Mr. Sunil Samdani has been appointed as the Executive Director (Whole-Time Director) of the Company for a period of 5 (Five) years w.e.f. October 20, 2023, till October 19, 2028 (both dates inclusive) and the same was approved by the Shareholders on January 14, 2024.

²Mr. Atul Kumar Gupta has been re-designated as an Independent Director of the Company for a period of 3 (Three) years w.e.f. August 23, 2023, till August 22, 2026 (both dates inclusive) and the same was approved by the Shareholders on October 13, 2023.

³Ms. Kemisha Soni has been appointed as an Independent Director of the Company for a period of 3 (Three) years w.e.f. January 30, 2024, till January 29, 2027 (both dates inclusive) and the same was approved by the Shareholders on March 07, 2024.

The Board has a mix of Executive, Non-Executive and Independent Directors. The Chairman is a Non-Executive Director and half of the Board comprises of Independent Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 and Section 152 of the Companies Act, 2013 ('Act').

There are no directors who have attained the age of 75 years or more and for which approval of Shareholders/Members was required through special resolution in terms of Regulation 17 (1A) of the SEBI Listing Regulations.

All the Independent Directors of the Company have been appointed as per the provisions of the Act, SEBI Listing Regulations and RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company-Scale Based Regulation) Directions, 2023 ('RBI Scale Based Regulation'). The Independent Directors have been appointed for a fixed tenure of 3 (three) years from their respective dates of appointment/re-appointment.

The profiles of directors can be accessed on the Company's website at <https://poonawallafincorp.com/board-of-directors.php>

Resignation of Independent Director:

During the year under review, Mr. G Jaganmohan Rao, Independent Director, resigned w.e.f. August 26, 2023, due to personal reasons and to avoid conflict

of interest in future pursuant to his directorship in debt listed entity. The director also confirmed that there are no material reasons for resignation other than those mentioned in his resignation letter. The letter which has been furnished to stock exchanges can be accessed at <https://poonawallafincorp.com/pfca/assets/pdf/PFL-Intimation-Resignation-of-ID-26-August-2023.pdf>

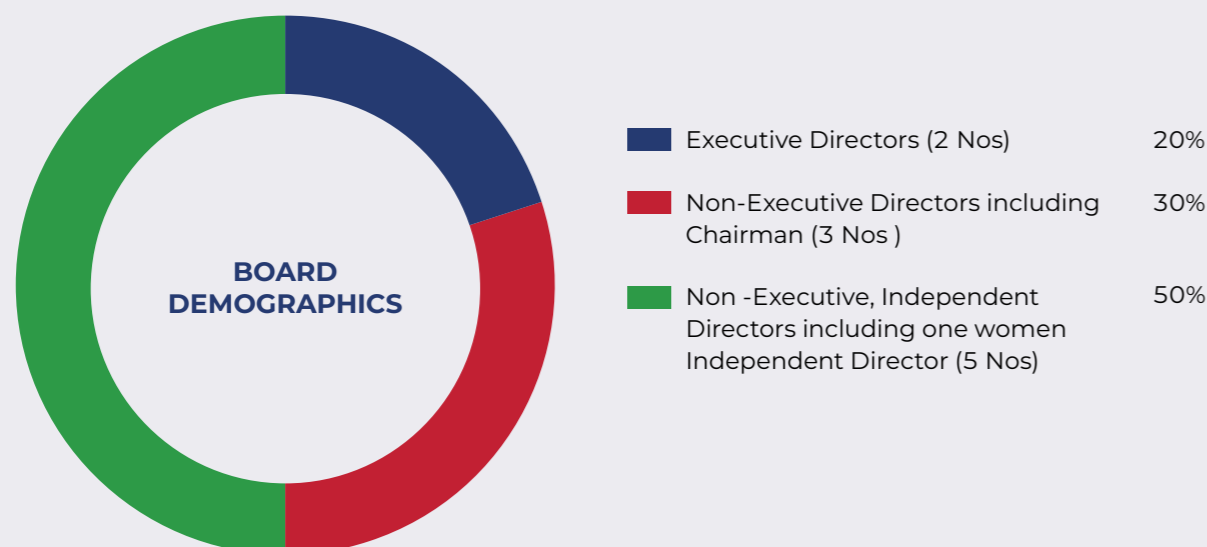
Completion of tenure of Independent Director:

Mrs. Vijayalakshmi R Iyer ceased to be an Independent Director upon completion of her tenure w.e.f. January 30, 2024.

Board Confirmation regarding Independence of the Independent Directors:

The Board has received declarations from all the Independent Directors. The Independent Directors have confirmed that they meet the criteria of independence as mentioned in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations. In terms of Regulation 25(8) of the SEBI Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstances or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. In the opinion of the Board, all the existing Independent Directors, fulfil the conditions specified in SEBI Listing Regulations and are independent of the management.

Board Composition:



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Further, the Board after taking these declarations/disclosures on record and acknowledging the veracity of the same, concluded that the Independent Directors are persons of integrity and possess the relevant expertise and experience to qualify as Independent Directors of the Company and are Independent of the Management.

Necessary disclosures regarding Committee positions in other public companies as on March 31, 2024, have been made by the directors.

b. Number of Board Meetings held and attendance of each director at Board Meeting and last Annual General Meeting (AGM):

The Board of Directors met 7(Seven) times during the financial year ended March 31, 2024.

The gap between any two meetings did not exceed 120 days. Generally, all these Board Meetings were held in video conferencing / other audio-visual mode as allowed under applicable law. The Board Meeting held on April 26, 2023, was convened in physical mode. The requisite quorum was present at all meetings.

The attendance of directors in Board Meeting for the financial year 2023 – 24 and 43rd AGM are tabulated below:

Sr. No.	Name of Director	Attendance of Board Meetings							Meetings held during the year in which Directors were entitled to attend	Attended	% of attendance of a Director	AGM (43 rd) 25/07/2023
		10/04/2023	26/04/2023	24/07/2023	31/08/2023	20/10/2023	18/01/2024	18/03/2024				
1.	Mr. Adar Cyrus Poonawalla	√	√	√	.	√	√	√	7	6	85.71%	√
2.	Mr. Abhay Bhutada	√	√	√	√	√	√	√	7	7	100	√
3.	Mr. Sunil Samdani ¹	-	-	-	-	√	√	√	3	3	100	-
4.	Mr. Amar Deshpande	√	√	√	√	√	√	√	7	7	100	√
5.	Mr. Sajid Fazalbhoy	√	√	√	√	√	√	√	7	7	100	√
6.	Mr. Bontha Prasada Rao	√	√	√	√	√	√	√	7	7	100	√
7.	Mr. Prabhakar Dalal	√	√	√	√	√	√	√	7	7	100	√
8.	Mr. Sanjay Kumar	√	√	√	√	√	√	√	7	7	100	√
9.	Mr. Atul Kumar Gupta	√	√	√	√	√	√	√	7	7	100	√
10.	Ms. Kemisha Soni ²	-	-	-	-	-	-	√	1	1	100	-
11.	Mr. G Jaganmohan Rao ³	√	√	√	-	-	-	-	3	3	100	√
12.	Mrs. Vijayalakshmi R Iyer ⁴	√	√	√	√	√	√	-	6	6	100	√

√ Present, . Absent, - Not Applicable

¹Appointed as the Executive Director w.e.f. October 20, 2023.

²Appointed as an Independent Director w.e.f. January 30, 2024.

³Resigned as an Independent Director w.e.f. August 26, 2023.

⁴Ceased to be an Independent Director upon completion of her tenure w.e.f. January 30, 2024.

c. Board Procedure:

Being the apex body constituted by the Shareholders for overseeing the functioning of the Company, the Board evaluates all the strategic decisions on a collective consensus basis amongst the directors. The Board provides leadership, strategic guidance, an objective and independent view to the Company's Management while discharging its fiduciary

responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure. The Company has a well-established framework for the Meetings of the Board and its Committees which seeks to systematise the decision-making process at the Board and Committee meetings in an informed and efficient manner.

Meetings, Agenda and participation thereat:

The Board/Committee meetings are pre-scheduled and a tentative calendar of the Board and Committee meetings is circulated to the directors well in advance to help them plan their schedule and ensure meaningful participation in the meetings. The Board Meetings are convened by giving appropriate notice after obtaining approval of the Chairperson and Managing Director of the Company. The Company Secretary, in consultation with Managing Director, Executive Director, Chief Compliance Officer and Chief Financial Officer, prepares the agenda for meetings. Agenda, notes on the agenda and other pre-read materials are circulated among the directors in advance, in a structured format. All the agenda items are supported by relevant information, documents and presentations to enable the Board to take informed decisions. Additional items on the agenda are permitted with the permission and consent of the Chairperson and the consent of the majority of the directors present at the meeting. The Company also provides video conferencing facilities to facilitate directors travelling or present at other locations, to participate in meetings. Only in case of urgent business, if the need arises, the Board's/ Committee's approval is taken by passing resolutions through circulation or by calling Board/Committee meetings at shorter notice, as permitted under the Act and Secretarial Standards ('SS') issued by the Institute of Company Secretaries of India.

The draft minutes of the meetings of the Board and its Committees are sent to the Board/Committee members for their comments in accordance with the Secretarial Standard on meetings of the Board of Directors ('SS-1'), issued by the Institute of Company Secretaries of India. Suggestions, if any, received from the Board/Committee members are suitably incorporated in the draft minutes, in consultation with the Chairman of the Board/Committee. Thereafter, the minutes are entered in the minutes book within the prescribed time limit.

The outstanding attendance record and participation of the directors in Board/Committee meetings indicates their commitment and ability to devote adequate time to their responsibilities as Board/Committee members.

Paperless Board Meetings: The Board/Committee Meetings agenda and notes are hosted on the Digital Meeting, secured web-based portal. The directors receive the agenda

notes in electronic form through this portal, which is accessible through iPad/laptop. The application meets high standards of security that are essential for storage and transmission of sensitive information in electronic form.

Post meeting follow-up mechanism: The Company has an effective post Board/Committee meeting follow-up procedure. The important decisions taken at Board/Committee meetings are communicated to the concerned departments promptly. An action taken/status report on the decisions of the previous meeting(s) is placed at the next meeting of the Board/Committees for information and further recommended action(s), if any.

Knowledge sharing: Board members are kept informed about any material development/business update through various modes viz. e-mails, con-call etc. from time to time.

The Board is presented with important information on the operations of the Company as well as that which requires deliberation at the highest level. Such Information includes minimum information required to be placed before the Board as per applicable law, which inter alia include:

1. Annual operating plans of business and budgets and any updates thereof;
2. Capital expenditure and updates;
3. Quarterly results for the Company and its operating divisions or business segments;
4. Minutes of meetings of the Committees of the Board of Directors;
5. The information on recruitment and remuneration of senior officers just below the Board level;
6. Show cause, demand, prosecution notices and penalty notices, which are materially important;
7. Details of incidence of frauds, and corrective action taken thereon;
8. Status of compliance with Act, SEBI Regulations, RBI Regulations and shareholder related matters;
9. Changes in regulatory landscape including impact and Company's preparedness;
10. Review of various policies framed by Company from time to time;
11. Functioning of customer grievance redressal mechanism;

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12. Any material default in financial obligations to and by the listed entity;
13. Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business;
14. Non-compliance of any regulatory, statutory or listing requirements and shareholders and service such as non-payment of dividend, delay in share transfer (if any), among others.

d. Separate meeting of the Independent Directors:

As stipulated by the provisions of Section 149(8) read with Schedule IV of the Act and Regulation 25(3) & 25(4) of the SEBI Listing Regulations

e. Number of other directorships and Chairmanships/Memberships of Committees of each director in various Companies as on March 31, 2024:

Sr. No.	Name of Director	Category	Materially significant, pecuniary or business relationship with the Company	No. of Directorships in other Companies incorporated in India (*)	Outside Committee Positions Held (**)		Names of the other listed entities where the Director is a Director (including debt listed)
					Chairman	Member	
1.	Mr. Adar Cyrus Poonawalla (DIN: 00044815)	Non-Executive Chairman	Chairman, Promoter Director	11	Nil	Nil	Nil
2.	Mr. Abhay Bhutada (DIN: 03330542)	Executive Director	Managing Director	Nil	Nil	Nil	Nil
3.	Mr. Sunil Samdani (DIN: 10301175)	Executive Director	Whole-time Director	Nil	Nil	Nil	Nil
4.	Mr. Amar Deshpande (DIN: 07425556)	Non-Executive Director	N.A	Nil	Nil	Nil	Nil
5.	Mr. Sajid Fazalbhoy (DIN: 00022760)	Non-Executive Director	N.A	5	Nil	Nil	Nil
6.	Mr. Bontha Prasada Rao (DIN:01705080)	Non-Executive, Independent Director	N.A	3	Nil	2	- Havells India Limited - Titagarh Rail Systems Limited
7.	Mr. Prabhakar Dalal (DIN: 00544948)	Non-Executive, Independent Director	N.A	2	1	2	- Ajanta Pharma Limited - Carysil Limited
8.	Mr. Sanjay Kumar (DIN: 09466542)	Non-Executive, Independent Director	N.A	Nil	Nil	Nil	Nil
9.	Mr. Atul Kumar Gupta (DIN: 01052730)	Non-Executive, Independent Director	N.A	Nil	Nil	Nil	Nil
10.	Ms. Kemisha Soni (DIN: 06805708)	Non-Executive, Independent Director	N.A	5	2	Nil	Nil

*Excludes directorships in the Company, Foreign Companies and Companies under Section 8 of the Act.

**Includes only Audit Committee and Stakeholders' Relationship Committee in all Indian public limited companies as per Regulation 26 of SEBI Listing Regulations and the memberships also includes chairmanship in those committees, if any.

and Code of Independent Directors, a separate meeting of Independent Directors of the Company was held on January 13, 2024, which was chaired by Mr. Prabhakar Dalal, to review the performance of Non-Independent Directors and the Board as a whole after taking into account the views of Executive and Non-Executive Directors. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees, which is necessary to perform and discharge their duties effectively and reasonably.

None of the director hold Directorship in more than 7 (Seven) listed companies. Further, none of the Independent Directors of the Company served as an Independent Director in more than 7 (Seven) listed companies. None of the Independent Director serving as a Whole-Time Director/Managing Director in any listed entity serves as an Independent Director of more than 3 (Three) listed entities. None of the directors hold 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 (Ten) Committees or acts as chairperson of more than 5 (Five) Committees (being Audit Committee and Stakeholders Relationship Committee), as per Regulation 26(1) of the SEBI Listing Regulations across all the public limited companies in which he/she is a director. The necessary disclosures regarding Committee positions have been made by the directors. None of the Independent Directors of the Company are on the Board of any other Company as Non-Independent Director where the Non-Independent Director of the Company is an Independent Director. Further, there are no inter-se relationships between our Board Members.

The Independent Directors also confirmed that they are not on the Board of more than 3 (Three) NBFCs [NBFC-Middle Layer ('NBFC-ML') or NBFC-Upper Layer ('NBFC-UL') at the same time in line with RBI Scale Based Regulation.

Pursuant to RBI Scale Based Regulation, Key Managerial Personnel does not hold any office (including directorships) in any other NBFC-ML or NBFC-UL.

f. Shareholding of directors as on March 31, 2024, in the Company:

Sr. No.	Name of Director	Number of Shares and convertible instrument held in the Company
1.	Mr. Adar Cyrus Poonawalla	NIL
2.	Mr. Abhay Bhutada*	76,00,000
3.	Mr. Sunil Samdani	NIL
4.	Mr. Amar Deshpande	NIL
5.	Mr. Sajid Fazalbhoy	NIL
6.	Mr. Bontha Prasada Rao	NIL
7.	Mr. Prabhakar Dalal	NIL
8.	Mr. Sanjay Kumar	NIL
9.	Mr. Atul Kumar Gupta	NIL
10.	Ms. Kemisha Soni	NIL

*Equity Shares were allotted pursuant to exercise of awards under Restricted Stock Option Plan - 2014 of the Company.

The Company has not issued any convertible instruments.

g. Familiarization programme:

Pursuant to the provisions of the Act and Regulation 25(7) of the SEBI Listing Regulations, the Company has in place a mechanism to familiarize its Independent Directors about the Company, its products, the industry and business structure of the Company and its subsidiary.

All Board members of the Company are accorded every opportunity to familiarize themselves with the Company, its management, its operations and above all, the industry perspective and issues. They are made to interact with senior management personnel and proactively shared 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.

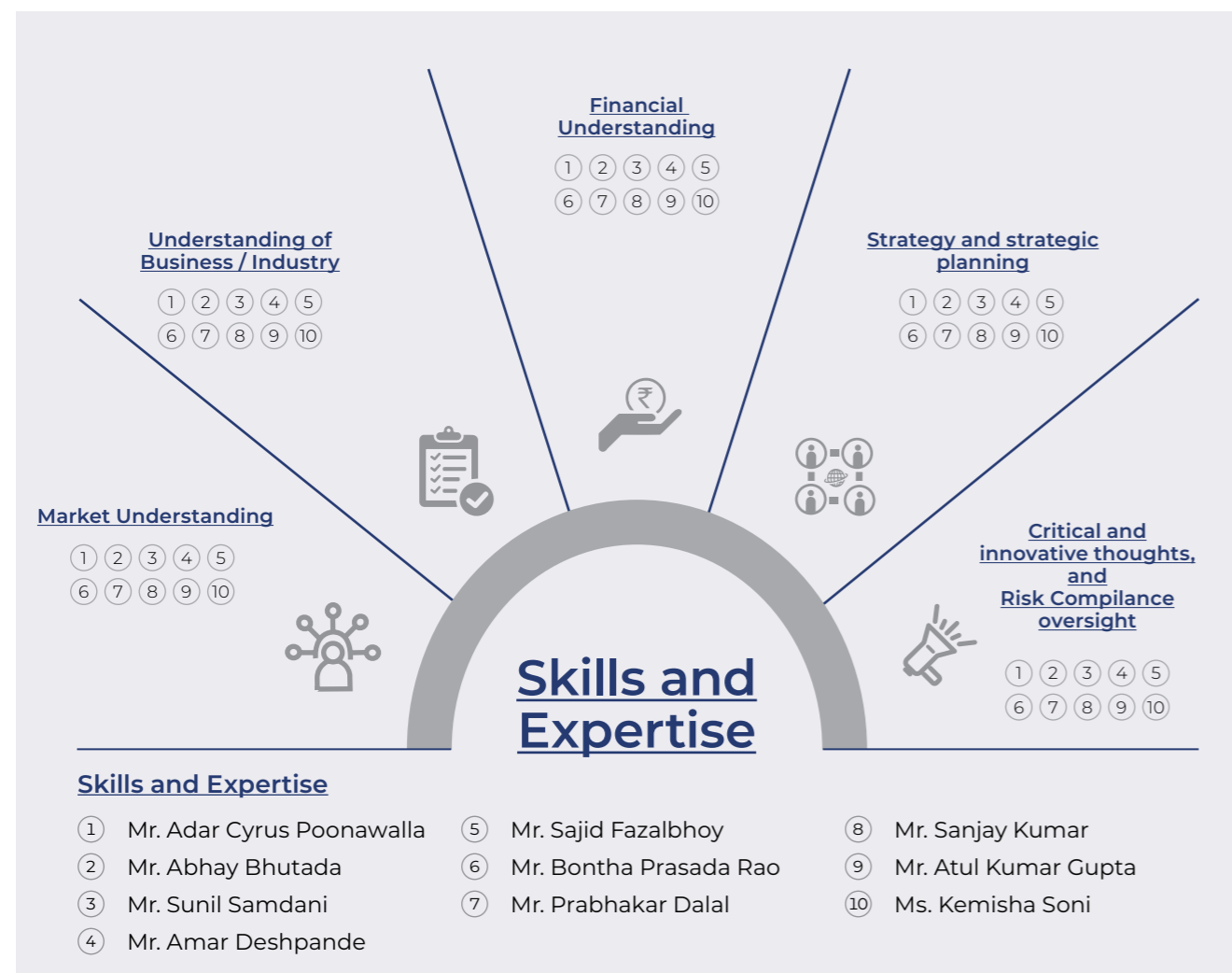
The Company also undertakes various initiatives to update the Independent Directors about the ongoing events and developments relating to the Company, significant changes in regulatory environment and implications on the Industry/ Company. To familiarize the new directors with the business and operations 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, 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 2023-24, 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 Financial Companies. Program for Non-Executive Directors on the Boards of Banks, Financial Institutions and NBFCs was organised by the Centre for Advanced Financial Research and Learning ('CAFRL'). 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/pfca/assets/pdf/PFL-Familiarization-Program-FY23-24.pdf>

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h. Skills/Expertise/Competence of the Board of Directors:

List of core skills / expertise / competencies required by the Board (as identified by the Board) for efficient functioning of the Company in the present business environment and those skills/expertise/competence actually available with the current Board are as follows:-

**i. Selection of New director and Board Membership Criteria:**

The Nomination and Remuneration Committee works with the Board to determine the appropriate qualifications, positive attributes, characteristics, skills and experience required for the Board as a whole and its individual members with the objective of having a Board with diverse background and experiences in business.

The Policy also sets out the guiding principles for the compensation to be paid to the directors, Key Managerial Personnel ('KMP') and Senior Management Personnel ('SMP') and undertakes effective implementation of board familiarisation, diversity, evaluation and succession planning for cohesive leadership management.

The potential Independent Director is also assessed on the basis of independence criteria defined in Section 149(6) of the Act read with rules framed thereunder and Regulation 16(1) (b) of the SEBI Listing Regulations. If the Board approves, the person will be appointed as an Additional Director whose appointment is subject to the approval of the Shareholders 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/pfca/assets/pdf/Remuneration-Policy.pdf>

j. Code of Conduct:

The Board of Directors has laid down a Code of Conduct for all the Board Members and Senior Executive Management of the Company including a Code of Conduct for Independent Directors pursuant to Section 149(8) read with Schedule IV of the Act, which is a guide to professional conduct for Independent Directors of the Company. All the Board Members and Senior Management have confirmed compliance with the Code. A declaration by Managing Director affirming the compliance with the Code is annexed at the end of this Report as **Annexure-A**. The Code for Independent Directors may be referred to at the website of the Company i.e., <https://poonawallafincorp.com/pfca/assets/pdf/PFL-Code-for-Independent-Directors.pdf> and Code of Business Ethics may be referred to at <https://poonawallafincorp.com/pfca/assets/pdf/PFL-Code-of-Business-Ethics.pdf>

Further, pursuant to SEBI Listing Regulations, all members of Senior Management of the Company have affirmed that they have not entered into any material, financial and commercial transactions during the year in which they had personal interest, that may have potential conflict of interest with the Company.

k. Directors and Officers liability insurance ('D&O policy'):

The Company has in place a D&O policy which is renewed every year. It covers directors (including Independent Directors) of the Company.

l. Certificate on qualification of directors:

A certificate from a Company Secretary in practice pursuant to Regulation 34(3) read with Clause 10 (i) of Paragraph C of Schedule V of the SEBI Listing Regulations certifying that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India, or any such Statutory Authority is provided as **Annexure B** to this report.

m. Formal letter of appointment to Independent Directors:

A letter of appointment encompassing the terms and conditions of appointment, roles, duties and liabilities is issued to the Independent Directors at the time of their appointment. The main terms of appointment can be accessed on our website

at the web-link: <https://poonawallafincorp.com/pfca/assets/pdf/Draft-Appointment-Letter-Independent-Director.pdf>

n. Maximum tenure of Independent Directors:

Independent Directors shall hold office for a term of up to 3 (Three) consecutive years on the Board of a Company but shall be eligible for re-appointment on passing of a special resolution by the company and disclosure of such appointment in the Board's Report. The tenure of the Independent Directors is in accordance with the provisions of the Act.

3. BOARD COMMITTEES:

The Board Committees play a crucial role in the governance structure of the Company and the Committees constituted by the Board focus on specific areas and take informed decisions within the framework designed by the Board and make specific recommendations to the Board on matters in their areas or purview. All decisions and recommendations of the Committees are placed before the Board for information or for approval, as required. To enable better and more focused attention on the affairs of the Company, the Board has delegated particular matters to the Committees of the Board set up for the purpose. As on March 31, 2024, the Company has 9 (Nine) Committees of the Board: -

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders Relationship Committee;
4. Corporate Social Responsibility Committee;
5. Risk Management Committee;
6. Asset Liability Management Committee;
7. IT Strategy Committee;
8. Review Committee and
9. Management Committee

3.1 Audit Committee:**a. Terms of reference:**

The terms of reference of the Audit Committee are in accordance with the provisions of Section 177 of the Act, SEBI Listing Regulations and RBI Scale Based Regulation. 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;

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- Recommend the appointment, replacement or removal, remuneration and terms of appointment of auditors of the Company;
- Approve rendering of services by the Statutory Auditors other than those expressly barred under Section 144 of Act and remuneration for the same;
- Reviewing and examination, with the management, the annual financial statements and auditor's report thereon and the CEO & CFO Certificate as per Regulation 33 of SEBI Listing Regulations before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Section 134(3)(c) of the Act;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgement 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 CEO and CFO in terms of Regulation 33(2)(a) of SEBI Listing Regulations;
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and examination of quarterly statement of deviation(s) including report of monitoring agency, if applicable and annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice;
- Reviewing and monitoring independence and performance of statutory and Internal Auditors, effectiveness of audit process and adequacy of the internal control systems; any concerns in this regard may be flagged by the Audit Committee to the Board of Directors and concerned Senior Supervisory Manager (SSM)/Regional Office (RO) of RBI;
- Approve the appointment, removal and terms of remuneration of Chief Internal Auditor and reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing, and seniority of the official heading the department, reporting structure coverage and frequency, scope, functioning and methodology of internal audit;
- Discussion with Internal Auditors and the Management of any significant findings, status of previous audit recommendations and follow up there on;
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Review the functioning of the Whistle Blower/ Vigil Mechanism;
- Approval of appointment of CFO (i.e., the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;
- Review the utilization of loans and/ or advances from/investment by the Company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
- Review management discussion and analysis of financial condition and results of operations;
- Review Management letters/letters of internal control weakness issued by the Statutory Auditors;
- Review the Internal Audit Report relating to internal control weakness;
- Carry out such other business as may be required by applicable law or considered appropriate in view of the general terms of reference and the purpose of the Audit Committee;
- Approve and review related party transactions of the Company in accordance with the Related Party Transactions Policy of the Company;
- Approve a related party transaction to which the subsidiary of the Company is a party but the Company is not a party, provided if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;
- Grant omnibus approval for entering into related party transactions in accordance with applicable laws and as per the policy adopted by the Board;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Investigate into any matter in relation to the items within the purview of this Charter or referred to it by the Board or auditor of the Company and for this purpose, shall have full access to information contained in the books, records, facilities, personnel of the Company and External professional consultants and their advice, if necessary;
- Comply with the going concern assumptions;
- Compliance with accounting standards;
- Appoint registered valuers;
- Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;
- Review of statement of deviation(s) or variation;
- Review and take note of the statement indicating deviation/ variation report with respect to utilization of issue proceeds of listed non-convertible securities on quarterly basis;
- Ensuring information system audit of the internal systems and processes are conducted every year to assess operational risk faced by the NBFCs;
- Ageing analysis of entries pending reconciliation with outsourced vendors shall be placed before the Committee;
- Monitoring system of internal audit of all outsourced activities;
- Any adjustments to the Expected Credit Loss model output (i.e. a management overlay) should be approved by the Audit Committee and its rationale and basis should be clearly documented;
- Reviewing, approving and monitoring the code of ethics of the Company for senior management/directors;
- Reviewing of the compliance under SEBI (Prohibition of Insider Trading) Regulations, 2015 including any amendments thereto and verify the adequacy of internal control systems under the said Regulations on an annual basis;
- Any other matter as delegated by the Board of Directors of the Company from time to time.

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b. Composition:

The Audit Committee comprises of 1 (One) Non-Executive Director and 3 (Three) Non-Executive, Independent Directors. The composition of the Audit Committee during the financial year 2023 -24 was as follows:

Sr. No.	Name of the Members	Committee Designation	Category
1.	Mr. Atul Kumar Gupta ¹	Chairman	Non-Executive, Independent
2.	Mr. Amar Deshpande	Member	Non-Executive
3.	Mr. Prabhakar Dalal ²	Member	Non-Executive, Independent
4.	Mr. Sanjay Kumar	Member	Non-Executive, Independent
5.	Mr. G. Jaganmohan Rao ³	Member	Non-Executive, Independent
6.	Mrs. Vijayalakshmi R Iyer ⁴	Member	Non-Executive, Independent

¹Appointed as the Chairman w.e.f. August 27, 2023.

²Ceased to be the Chairman w.e.f. August 27, 2023.

³Ceased to be a member w.e.f. August 26, 2023.

⁴Ceased to be a member w.e.f. January 30, 2024

All members are financially literate and bring expertise in the fields of finance, accounting, development and strategy.

Mr. Prabhakar Dalal, earlier Chairman of the Committee, was present at the Annual General Meeting of the Company held on July 25, 2023.

c. Meetings and attendance:

Sr. No.	Name of Members	Attendance of Audit Committee Members						
		10/04/2023	26/04/2023	29/06/2023	24/07/2023	20/10/2023	18/01/2024	09/03/2024
1.	Mr. Atul Kumar Gupta	-	-	-	-	√	√	√
2.	Mr. Amar Deshpande	√	√	√	√	√	√	√
3.	Mr. Prabhakar Dalal	√	√	√	√	√	√	√
4.	Mr. Sanjay Kumar	√	√	√	√	√	√	√
5.	Mr. G. Jaganmohan Rao	√	√	√	√	-	-	-
6.	Mrs. Vijayalakshmi R Iyer	√	√	-	√	√	√	-

√ Present, - Absent, - Not Applicable

The Chief Financial Officer assists the Committee in the discharge of its responsibilities. The Committee invites such employees or advisors as it considers appropriate to attend. The Chief Financial Officer, Head of Internal Audit and Statutory Auditors are generally invited to attend meetings unless the Committee considers otherwise.

Separate discussions are held with the Chief Internal Auditor to focus on compliance issues and to conduct detailed reviews of the processes and internal controls in the Company.

The members of the Audit Committee meet the Statutory Auditors of the Company independently at least once a year.

All the recommendations made by the Audit Committee during the year under review were accepted by the Board.

3.2 Nomination and Remuneration Committee:

a. Terms of reference:

The terms of reference of the Nomination and Remuneration Committee are in accordance with the provisions of Section 178 of the Act, SEBI Listing Regulations and RBI Scale Based Regulation. The terms of reference broadly include:

Review of matters by the Committee:

- Carry out evaluation of performance of all the directors of the Company;
- Review overall compensation philosophy and framework of the Company;
- Review outcome of the annual performance appraisal of the employees of the Company;

- Conduct annual review of the Committee's performance and effectiveness at the Board level;
- Examine and ensure 'fit and proper' status of the directors of the Company;
- To ensure that the Committee works in close co-ordination with Risk Management Committee of the Company to achieve effective alignment between compensation and risks;
- The Committee shall ensure that there is no conflict of interest specifically for Independent Directors being on the Board of another NBFC at the same time;
- To ensure that compensation levels are supported by the need to retain earnings of the Company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP);
- Stock options: Approve grant and allotment of shares to the eligible employees of the Company and its subsidiaries under the shareholders approved stock option Schemes and authorize any official of the Company to offer ESOPs and RSO to the new joinees in the Company in accordance with the authority matrix approved by the Committee from time to time;
- 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:

- 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;
 - Recommend the remuneration payable to Senior Management Personnel to the Board for their approval including the structure, design and target setting for short and long term incentives / bonus;
 - Identifying, evaluating and recommending to the Board:
 - 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;
 - Extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
 - Appointment of Senior Management Personnel in accordance with the criteria laid down;
 - Removal of directors and Senior Management Personnel.
 - Determining processes for evaluating the skill, knowledge, experience, effectiveness and performance of individual directors as well as the Board as a whole;
- Approval of matters by the Committee:**
- Formulate criteria for:
 - Determining qualifications, positive attributes and independence of a director;
 - Evaluation of Independent Directors and the Board;
 - Evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - Use the services of external agencies, if required;
 - Consider candidate from wide range of backgrounds, having due regard to diversity; and
 - Consider the time commitments of the candidate.
 - Based on the Policy approve framework and broad policy in respect of all Employees for increments.

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- Recommend to the Board a Policy on remuneration including any compensation related payments of the directors, key managerial personnel and other employees;
- 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.
- Recommend & Review succession plans for all Key Managerial Personnel and Senior Managerial Personnel.

b. Composition:

The Nomination and Remuneration Committee comprises of 1 (One) Non-Executive Director and 2 (Two) Non-Executive, Independent Directors. The composition of the Nomination and Remuneration Committee during the financial year 2023 -24 was as follows:

Sr. No.	Name of the Members	Committee Designation	Category
1.	Mr. Prabhakar Dalal	Chairman	Non-Executive, Independent
2.	Mr. Amar Deshpande	Member	Non-Executive
3.	Mr. Atul Kumar Gupta ¹	Member	Non-Executive, Independent
4.	Mr. G. Jaganmohan Rao ²	Member	Non-Executive, Independent

¹Appointed as a member w.e.f. August 27, 2023.

²Ceased to be a member w.e.f. August 26, 2023.

Mr. Prabhakar Dalal, Chairman of the Committee, attended the last Annual General Meeting held on July 25, 2023.

c. Meetings and attendance:

Sr. No.	Name of Members	Attendance of Nomination and Remuneration Committee Members												
		25/04/2023	25/05/2023	19/06/2023	06/07/2023	22/08/2023	31/08/2023	19/10/2023	08/11/2023	29/11/2023	16/01/2024	29/01/2024	15/03/2024	18/03/2024
1.	Mr. Prabhakar Dalal	√	√	√	√	√	√	√	√	√	√	√	√	√
2.	Mr. Amar Deshpande	√	√	√	√	√	√	√	√	√	√	√	√	√
3.	Mr. Atul Kumar Gupta	-	-	-	-	-	√	√	√	√	√	√	√	√
4.	Mr. G. Jaganmohan Rao	√	√	√	√	√	-	-	-	-	-	-	-	-

√ Present, • Absent, - Not Applicable

d. Evaluation Process:

Performance Evaluation of the Board of Directors:

- Pursuant to the provisions of the Act and Regulation 17(10) of SEBI Listing Regulations, the Company has adopted the Remuneration Policy with the comprehensive procedure on performance evaluation. The Board has carried out the annual evaluation of its own performance, Board Committees, individual directors and the Chairperson. Also, the Nomination and Remuneration Committee has carried out evaluation of every director's performance and reviewed the self-evaluation submitted by the respective directors. The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the director being evaluated.
- The detailed process of Performance Evaluation is given in the Board's Report. Separate Independent Directors Meeting was held on January 13, 2024.

- The appraisal of the Board, as a collective body and the directors, individually, shall be based on pre-identified and agreed parameters.
- Such performance evaluation shall be undertaken at a reasonably regular interval 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.
- Chairman of the Nomination and Remuneration Committee may conduct a one-to-one session with each director to understand their point of view on the parameters for performance evaluation each such director would be subjected to.
- 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.
- Independent Directors shall hold at least one meeting every financial year without the participation of other Non-Independent Directors and/or members of management, to undertake the following agenda at the minimum:
 - i. Review of performance of Non-Independent Directors and the Board as a whole;
 - ii. Review the performance of the Chairperson of the company, taking into account the views of Executive Directors and Non-Executive Directors;
 - iii. Assess the quality, quantity and timeliness of flow of information between the company management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.

Evaluation of performance of Board, as a collective body, shall be done by the Independent Directors at an exclusive meeting of Independent Directors (as stated hereinbefore), apart from evaluation of performance of individual director.

3.3 Stakeholders Relationship Committee:

a. Terms of reference:

The terms of reference of the Stakeholder Relationship Committee are in accordance with the provisions of Act and SEBI Listing Regulations. The terms of the reference broadly include:

- Redress and resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates or allotment letters, general meetings, etc;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
- Review the internal audit report submitted by Registrar and Transfer Agent (RTA) of the Company pursuant to SEBI Circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, on 'strengthening the Guidelines and Raising Industry standards for RTA, Issuer Companies and Banker to an issue' including any amendments thereto.
- Effect Dematerialisation and Rematerialisation of shares of the Company;
- Such other matters as per the directions of the Board of Directors of the Company which may be considered necessary in relation to shareholders and investors of the Company.

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b. Composition:

The Stakeholders Relationship Committee comprises of 2 (Two) Executive Directors, 1 (One) Non-Executive Director and 2 (Two) Non-Executive Independent Directors. The Composition of the Stakeholder Relationship Committee during the financial year 2023-24 was as follows:

Sr.No.	Name of the Members	Committee Designation	Category
1.	Mr. Prabhakar Dalal	Chairman	Non-Executive, Independent
2.	Mr. Abhay Bhutada ¹	Member	Executive
3.	Mr. Sunil Samdani ²	Member	Executive
4.	Mr. Amar Deshpande ³	Member	Non-Executive
5.	Mr. Sajid Fazalbhoy	Member	Non-Executive
6.	Mr. Sanjay Kumar	Member	Non-Executive, Independent

¹Appointed as a member w.e.f. August 27, 2023.

²Appointed as a member w.e.f. October 20, 2023.

³Ceased to be member w.e.f. August 27, 2023.

Mr. Prabhakar Dalal, Chairman of the Committee, attended the last Annual General Meeting of the Company held on July 25, 2023.

c. Meetings and attendance:

Sr. No.	Name of Members	Attendance of Stakeholder Relationship Committee Members			
		18/04/2023	20/07/2023	19/10/2023	16/01/2024
1.	Mr. Prabhakar Dalal	√	√	√	√
2.	Mr. Abhay Bhutada	-	-	√	√
3.	Mr. Sunil Samdani	-	-	-	√
4.	Mr. Amar Deshpande	√	√	-	-
5.	Mr. Sajid Fazalbhoy	√	√	√	√
6.	Mr. Sanjay Kumar	√	√	√	√

√ Present, • Absent, - Not Applicable

d. Registrar and Share Transfer Agent Information:

Link Intime India Private Limited is the Registrar and Share Transfer Agent both for physical as well as electronic mode for securities. KFin Technologies Limited continues to act as Registrar and Transfer Agent for the retail debentures.

e. Compliance Officer:

Ms. Shabnum Zaman, Company Secretary, acts as the Compliance Officer and the Board has appointed Ms. Shabnum Zaman as the Nodal Officer for the purpose of IEPF Rules, the details of which is available at the weblink: <https://poonawallafincorp.com/investor-info.php>

f. Shareholder's / Debenture holder's complaint status:

The table below gives the number of complaints received and resolved during the financial year ended March 31, 2024:

Sr.No.	Nature of Security	No. of complaints received during the year	No. of complaints not resolved to the satisfaction of the shareholders/ debenture holders during the year	No. of complaints resolved to the satisfaction of the shareholders/ debenture holders during the year	No. of complaints pending as on March 31, 2024
1	Equity Shares	5	0	5	0
2	Non- Convertible Debentures	1	0	1	0

3.4 Corporate Social Responsibility (CSR) Committee:**a. Terms of reference:**

The terms of reference of the Corporate Social Responsibility Committee are in accordance with the provisions of Section 135 of the Act. The terms of the reference broadly include:

- Formulation and ensuring compliance of CSR Policy;
- Approve and recommend annual action plan, and any modifications thereof, to the Board comprising of following information:
 - i. the list of CSR Programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act, 2013;
 - ii. the manner of execution of such projects or programmes;
 - iii. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - iv. monitoring and reporting mechanism for the projects or programmes; and
 - v. details of need and impact assessment, if any, for the projects undertaken by the Company;

- Approve specific projects, either new or ongoing, in pursuance of the focus areas outlined in CSR Policy, either for undertaking such projects by the Company itself, directly or through its holding, for inclusion in the annual action plan;
- Recommend the amount of CSR Spend in the activities to be undertaken to the Board for approval of the annual CSR Budget and the amount to be transferred in case of ongoing projects and unspent amounts;
- Monitor the CSR Policy and closely monitor the spending on a 'project basis' regularly;
- Review and recommend to the Board, the Annual Report on CSR activities to be included in Board's Report and certificate submitted by the Chief Financial Officer;
- Review and recommend to the Board, the impact assessment report obtained by the Company from time to time, wherever applicable;
- Undertake such activities and carry out such functions as may be provided under section 135 of the Act and the Rules.
- Such other acts as may be delegated by the Board from time to time.

b. Composition:

The CSR Committee comprises of 2(Two) Executive Directors, 1 (One) Non-Executive Director and 2 (Two) Non-Executive Independent Directors. The composition of the CSR Committee during the financial year 2023-24 was as follows:

Sr.No.	Name of the Members	Committee Designation	Category
1.	Mr. Abhay Bhutada	Chairman	Executive
2.	Mr. Sunil Samdani ¹	Member	Executive
3.	Mr. Amar Deshpande	Member	Non-Executive
4.	Mr. Prabhakar Dalal ²	Member	Non-Executive, Independent
5.	Ms. Kemisha Soni ³	Member	Non-Executive, Independent
6.	Mr. G. Jaganmohan Rao ⁴	Member	Non-Executive, Independent
7.	Mrs. Vijayalakshmi R Iyer ⁵	Member	Non-Executive, Independent

¹Appointed as a member w.e.f. October 20, 2023.

²Appointed as a member w.e.f. August 27, 2023.

³Appointed as a member w.e.f. January 30, 2024.

⁴Ceased to be a member w.e.f. August 26, 2023.

⁵Ceased to be a member w.e.f. August 27, 2023.

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c. Meeting and attendance:

Sr.No.	Name of the Members	Attendance of Corporate Social Responsibility Committee Members held on 22/08/2023
1.	Mr. Abhay Bhutada	√
2.	Mr. Sunil Samdani	-
3.	Mr. Amar Deshpande	√
4.	Mr. Prabhakar Dalal	-
5.	Ms. Kemisha Soni	-
6.	Mr. G Jaganmohan Rao	√
7.	Mrs. Vijayalakshmi R. Iyer	.

√ Present, . Absent, - Not Applicable

3.5 Risk Management Committee:

a. Terms of reference:

The terms of reference of the Risk Management Committee are in accordance with the provisions of SEBI Listing Regulations and RBI Scale Based Regulation. The terms of reference broadly include:

- Setting policies and guidelines for risk identification, measurement, management, monitoring and reporting;
- Ensuring that risk management processes (including people, systems, operations, limits, controls and governance) satisfy the company's policy and compliance with regulatory guidelines;
- Reviewing and approving risk limits, strategies and risk appetite;
- Ensuring robustness of financial or scoring models, and the effectiveness of all systems used to calculate Pillar 1 and Pillar 2 risks;
- Recommend to the Board for its approval / review, risk related policies, strategy and risk appetite;
- Review any major development, internal and external, and their impact on the portfolio and as a whole on the company;
- Ensuring compliance with applicable regulatory requirements methodology, systems and data;
- Review of non-compliance w.r.t. internal process and regulatory guidelines, limit breaches, audit / regulatory findings, indicators, and policy exceptions with respect to Pillar 1 and Pillar 2 risks;
- Reviewing the results of and progress in implementation of the decisions made in previous meetings;
- Administering the material outsourcing and adherence thereof with the outsourcing policy and seek reports on the implementation or exceptions to the same;
- Laying down appropriate approval authorities and limits for outsourcing depending on risks and materiality;
- To review outsourcing strategies and arrangements for their continued relevance, central record of all material outsourcing activities and review/assessment reports of such activities on half yearly basis and safety and soundness and identify new material outsourcing risks as they arise;
- To review and measure risks emanating from Information Technology and cyber threats, due to increased adoption of technology and digitization;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
- The Committee shall meet the Chief Risk Officer without the presence of the Managing Director at least on a quarterly basis;
- Approve exceptions/deviations from Risk Management Policy;
- To review the outcome of the risk assessment exercise carried out by the risk management team for Money Laundering and Terrorist Financing in terms of RBI KYC Directions, 2016;
- To work in close coordination with Nomination and Remuneration Committee of the Company to achieve effective alignment between compensation and risks;
- To carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable;

b. Composition:

The Risk Management Committee comprises of 2 (Two) Executive Directors, 1 (One) Non-Executive Director and Two (2) Non-Executive, Independent Directors. The composition of the Risk Management Committee during the financial year 2023-24 is given below:

Sr.No.	Name of the Members	Committee designation	Category
1.	Mr. Bontha Prasada Rao ¹	Chairman	Non-Executive, Independent
2.	Mr. Abhay Bhutada	Member	Executive
3.	Mr. Sunil Samdani ²	Member	Executive
4.	Mr. Amar Deshpande	Member	Non-Executive
5.	Mr. Sanjay Kumar	Member	Non-Executive, Independent
6.	Mr. G Jaganmohan Rao ³	Chairman	Non-Executive, Independent
7.	Mrs. Vijayalakshmi R Iyer ⁴	Member	Non-Executive, Independent

¹Appointed as the Chairman w.e.f. August 27, 2023.²Appointed as a member w.e.f. October 20, 2023.³Ceased to be Chairman w.e.f. August 26, 2023.⁴Ceased to be member w.e.f. January 30, 2024.

c. Meetings and attendance:

Sr. No.	Name of Members	Attendance of Risk Management Committee Members			
		25/04/2023	22/07/2023	20/10/2023	17/01/2024
1.	Mr. Bontha Prasada Rao	-	-	√	√
2.	Mr. Abhay Bhutada	√	√	√	√
3.	Mr. Sunil Samdani	-	-	-	√
4.	Mr. Amar Deshpande	√	√	√	√
5.	Mr. Sanjay Kumar	√	√	√	√
6.	Mr. G Jaganmohan Rao	√	√	-	-
7.	Mrs. Vijayalakshmi R Iyer	√	√	√	√

√ Present, . Absent, - Not Applicable

3.6 Asset Liability Management Committee:

a. Terms of reference:

The terms of reference of the Asset Liability Management Committee is in accordance with the RBI Scale Based Regulation. The terms of reference broadly include:

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

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b. Composition:

The Asset Liability Management Committee comprises of 2 (Two) Executive Directors, 1 (One) Non-Executive Director and 2 (Two) Non-Executive Independent Directors. The composition of the Asset Liability Management Committee during the financial year 2023-24 was as follows:

Sr.No.	Name of the Members	Committee designation	Category
1.	Mr. Abhay Bhutada	Chairman	Executive
2.	Mr. Sunil Samdani ¹	Member	Executive
3.	Mr. Amar Deshpande	Member	Non-executive
4.	Mr. Bontha Prasada Rao	Member	Non-Executive, Independent
5.	Mr. Sanjay Kumar	Member	Non-Executive, Independent
6.	Mr. Sanjay Miranka ²	Member	Chief Financial officer

¹Appointed as a member w.e.f. October 20, 2023.

²Ceased to be a member w.e.f. January 18, 2024.

c. Meetings and attendance:

Sr. No.	Name of Members	Attendance of Asset Liability Management Committee Members			
		18/04/2023	20/07/2023	17/10/2023	16/01/2024
1.	Mr. Abhay Bhutada	√	√	√	√
2.	Mr. Sunil Samdani	-	-	-	√
3.	Mr. Amar Deshpande	√	√	√	√
4.	Mr. Bontha Prasada Rao	√	√	√	√
5.	Mr. Sanjay Kumar	√	√	√	√
6.	Mr. Sanjay Miranka	√	√	√	√

√ Present, · Absent, - Not Applicable

3.7 IT Strategy Committee:

a. Terms of Reference:

The terms of reference of the IT Strategy Committee is in accordance with the RBI Master Directions on Information Technology Governance, Risk, Controls and Assurance Practices ('ITGRCA Directions'). The terms of 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;
- Monitoring the method that management uses to determine the IT resources needed

to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;

- Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls;
- Formulating periodic assessment of the IT training requirements to ensure availability of sufficient, competent and capable human resources;
- Ensuring the IT Risk Assessment exercise is executed fully at least on a yearly basis. Specific responsibilities include the following activities:
 - i) Review & Approve the IT Risk Register annually.
 - ii) Guide management on how to prioritize IT Risks.
 - iii) Review & approve the Risk mitigation plans provided by IT

- Periodically reviewing the process for development, approval and modification of the Company's IT strategy and strategic plan in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance;
- Review the key issues, options and external developments impacting the Company's IT strategy including acquisition and development of Information Systems (New Application Software) and Change Management;
- Monitor enterprise risks assigned to the Committee by the Board under the Company's Enterprise Risk Management program and report thereon to the Audit Committee of the Board;
- Review the Information System (IS) audit report. The periodicity of IS audit should be at least once in a year;
- Ongoing review of third party / outsourcing arrangements including onboarding, commercial/key terms and conditions and risk associated therewith;
- Review of the IT Policies of the Company;
- Approving Information Security strategy, Information Security Policies, Information Security budget and Information Security resources;
- Review the proceedings/activities of the meetings of IT Steering Committee, Information Security Committee and its recommendations;
- Ensure that the Company has put an effective IT strategic planning process in place;
- Guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the Company towards accomplishment of its business objectives;
- Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organisation;
- Ensure that the Company has put in place processes for assessing and managing IT and cybersecurity risks;
- Ensure that the budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the Company's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives;
- Assess IT capacity requirements and measures taken to address the issues;
- Review cyber security risks/ arrangements/ preparedness of the Company;
- Review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the Company;
- Any other matter as delegated by the Board of Directors of the Company from time to time.

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b. Composition:

The IT Strategy Committee comprises of 2 (Two) Executive Directors, 1 (One) Non-Executive Director, 2 (Two) Non-Executive Independent Directors and Senior Officers of the Company. Chief Information Security Officer of the Company shall be the permanent invitee to the IT Strategy meeting.

The composition of the IT Strategy Committee during the financial year 2023-24 was as follows:

Sr.No.	Name of the Members	Committee designation	Category
1.	Mr. Bontha Prasada Rao ¹	Chairman	Non-Executive, Independent
2.	Mr. Abhay Bhutada	Member	Executive
3.	Mr. Sunil Samdani ²	Member	Executive
4.	Mr. Amar Deshpande ³	Member	Non-Executive
5.	Mr. Sajid Fazalbhoy	Member	Non-Executive
6.	Mr. Atul Kumar Gupta ⁴	Member	Non-Executive, Independent
7.	Mr. G Jaganmohan Rao ⁵	Chairman	Non-Executive, Independent
8.	Mr. Ashish Mehta ⁶	Member	Chief of Staff
9.	Mr. Atul Garg ⁷	Member	Chief Information Officer
10.	Mr. Dhiraj Saxena ⁸	Member	Chief Technology Officer
11.	Mr. Kandarp Kant ⁹	Member	Chief Technology Officer

¹Appointed as the Chairman w.e.f. January 18, 2024.

²Appointed as a member w.e.f. October 20, 2023.

³Ceased to be a member w.e.f. August 27, 2023.

⁴Appointed as the Chairman w.e.f. August 27, 2023 and was re-designated as a member w.e.f. January 18, 2024.

⁵Ceased to be the Chairman w.e.f. August 26, 2023.

⁶Appointed as a member w.e.f. August 27, 2023.

⁷Ceased to be a member w.e.f. January 18, 2024.

⁸Appointed as a member w.e.f. July 07, 2023, and was re-designated as Chief Technology Officer w.e.f. March 24, 2024.

⁹Ceased to be a member w.e.f. March 23, 2024.

The constitution of the Committee is in accordance with the ITGRCA Directions.

c. Meetings and attendance:

Sr. No.	Name of Members	Attendance of IT Strategy Committee Members	
		18/04/2023	17/10/2023
1.	Mr. Bontha Prasada Rao	√	√
2.	Mr. Abhay Bhutada	√	√
3.	Mr. Sunil Samdani	-	-
4.	Mr. Sajid Fazalbhoy	√	√
5.	Mr. Amar Deshpande	√	-
6.	Mr. Atul Kumar Gupta	√	√
7.	Mr. G Jaganmohan Rao	√	-
8.	Mr. Ashish Mehta	-	√
9.	Mr. Atul Garg	√	√
10.	Mr. Dhiraj Saxena	-	√
11.	Mr. Kandarp Kant	√	√

√ Present, · Absent, - Not Applicable

3.8 Review Committee:

a. Terms of reference:

The terms of reference of the Review Committee is in accordance with the RBI Circular on Non – cooperative borrowers. The terms of reference broadly include:

- Review the order passed by the Credit Committee of the Company w.r.t. classification of non co-operative borrowers;
- Seek necessary information from the Credit Committee;

- Give the non co-operative borrower, opportunity of being heard, where it deems fit;
- Pass the final order, as to whether to classify a borrower as non co-operative or not, after due consideration of all the facts of the case. The order so passed shall be treated binding on the borrower and the Chairman of the Committee will report to the Board after each Committee meeting and circulate the minutes of the Committee.

b. Composition:

The constitution and composition of the Review Committee is in accordance with the criteria specified by RBI vide its circular. The Review Committee comprises of 2 (Two) Executive Directors, 1 (One) Non-Executive Director and 3 (Three) Non-Executive Independent Directors. The composition of the Review Committee during the financial year 2023-2024 was as follows:

Sr.No.	Name of the Members	Committee designation	Category
1.	Mr. Abhay Bhutada	Chairman	Executive
2.	Mr. Sunil Samdani ¹	Member	Executive
3.	Mr. Amar Deshpande	Member	Non-Executive
4.	Mr. Bontha Prasada Rao	Member	Non-Executive, Independent
5.	Mr. Sanjay Kumar	Member	Non-Executive, Independent
6.	Mr. Atul Kumar Gupta	Member	Non-Executive, Independent

¹Appointed as a member w.e.f. October 20, 2023.

c. Meetings and attendance:

During the year, no meeting of the Review Committee was required to be held.

3.9 Management Committee:

a. Terms of reference:

The Management Committee constituted by the Board of Directors is to execute Board's directions and facilitate operational matters and to perform its executive role on matters which are within the purview of delegated powers by the Board from time to time subject to the provisions of

the Act. Such authorizations inter-alia includes to decide on matters w.r.t direct assignment deal, acceptance of term loans, credit facilities of any type, other borrowings etc., opening and closing of current/cash credit account and inclusion and deletion of the authorized signatories to the said current/cash credit account opened in the name of the Company.

b. Composition:

The Management Committee comprises of 2 (Two) Executive Directors, 1 (One) Non-Executive Director and 2 (Two) Non-Executive, Independent Directors. The composition of the Management Committee during the financial year 2023-24 was as follows:

Sr. No.	Name of the Members	Committee designation	Category
1.	Mr. Abhay Bhutada	Chairman	Executive
2.	Mr. Sunil Samdani ¹	Member	Executive
3.	Mr. Amar Deshpande	Member	Non-Executive
4.	Mr. Bontha Prasada Rao ²	Member	Non-Executive, Independent
5.	Mr. Prabhakar Dalal ³	Member	Non-Executive, Independent
6.	Mr. Atul Kumar Gupta ⁴	Member	Non-Executive, Independent
7.	Ms. Kemisha Soni ⁵	Member	Non-Executive, Independent

¹Appointed as a member w.e.f. October 20, 2023.

²Ceased to be a member w.e.f. January 30, 2024.

³Appointed as a member w.e.f. August 27, 2023.

⁴Ceased to be member w.e.f. August 27, 2023.

⁵Appointed as a member w.e.f. January 30, 2024.

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c. Meetings and attendance:

Sr. No.	Name of Members	Attendance of Management Committee Members							
		14/04/2023	28/06/2023	27/09/2023	05/12/2023	22/12/2023	24/02/2024	21/03/2024	29/03/2024
1.	Mr. Abhay Bhutada	√	√	√	√	√	√	√	·
2.	Mr. Sunil Samdani	-	-	-	√	√	√	√	√
3.	Mr. Amar Deshpande	√	√	√	√	√	√	√	√
4.	Mr. Bontha Prasada Rao	√	√	√	·	√	-	-	-
5.	Mr. Prabhakar Dalal	-	-	√	√	√	√	√	√
6.	Mr. Atul Kumar Gupta	√	√	-	-	-	-	-	-
7.	Ms. Kemisha Soni	-	-	-	-	-	√	√	√

√ Present, · Absent, - Not Applicable

Other Committees of the Company:

In addition to the above stated 9 (Nine) committees, the Company has following committees which have been constituted as a part of good corporate governance practices and the same are in compliance with the requirements of the relevant provisions of applicable laws:

- Environmental and Social Governance Committee;
- Information Security Committee;
- IT Steering Committee; and
- Customer Service 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. The role and composition including the number of meetings are given below. Ms. Shabnum Zaman, Company Secretary, acts as the Secretary to the Committees.

3.10 Environmental and Social Governance Committee:**a. Terms of Reference:**

The terms of reference of the Environmental and Social Governance Committee are in accordance with the SEBI Listing Regulations. The terms of the reference broadly include:

- Reviewing the implementation of the Sustainability Strategy/ Roadmap and reporting to the Board on this implementation;
- Providing a forum for those implementing the Sustainability Strategy/ Roadmap to test

ideas and support them in change needed to deliver the Sustainability Strategy;

- Reviewing the organization's performance against its sustainability targets and ambitions on a regular basis;
- Receiving and reviewing regular business updates and reports across the organization on performance against the Sustainability Strategy / Roadmap;
- Ensuring that the Committee and the Board are kept up to date of any regulatory changes in relation to sustainability which impact the business of the organization and its Sustainability Strategy / Roadmap or implementation of this strategy;
- While overseeing the implementation of the sustainability, the Committee will engage with the various departments to expand the scope of the Sustainability Strategy / Roadmap;
- Reviewing the Company's public sustainability reporting prior to its release;
- Reviewing the extent and effectiveness of the organization's external reporting of sustainability performance and participation in relevant external benchmarking indices as assessed by third party ratings agencies;
- Understanding and regularly reviewing the concerns and material risks/ topics to the business as perceived by key external stakeholders such as investors, universities and customers, and the effectiveness of the Sustainability Strategy/ Roadmap in addressing these.

b. Composition and Meetings:

As on March 31, 2024, the Environmental and Social Governance Committee comprises of Mr. Abhay Bhutada, Managing Director who serves as the Chairman of the Committee, Mr. Sunil Samdani, Executive Director and other representatives of senior management viz. Chief of Staff, Chief Compliance Officer, Chief Risk Officer, Chief Financial Officer, Head HR as other members.

During the year, 1 (One) meeting of the Environmental and Social Governance Committee was held on January 10, 2024.

3.11 Information Security Committee:**a. Terms of Reference:**

The Information Security Committee was constituted on January 18, 2024. The composition and terms of reference of the Committee is in accordance with the RBI Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices. The terms of the reference broadly include:

- Development of information/cyber security policies, implementation of policies, standards and procedures to ensure that all identified risks are managed within the Regulated Entity's risk appetite;
- Approving and monitoring information security projects and security awareness initiatives;
- Reviewing cyber incidents, information systems audit observations, monitoring and mitigation activities;
- Updating IT Strategy Committee and Managing Director/Chief Executive Officer periodically on the activities of Information Security Committee.

b. Composition and Meetings:

As on March 31, 2024, the Information Security Committee comprises of Chief Risk Officer, who serves as the Chairman of the Committee, and other representatives of senior management viz. Chief Information Security Officer, Head of Retail Assets, Chief Technology Officer, Chief of Staff, Chief Compliance Officer, as other members.

The Committee shall meet on a quarterly basis. The first meeting of Information Security Committee Meeting was held on April 12, 2024.

3.12 IT Steering Committee:**a. Terms of Reference:**

The IT Steering Committee was re-constituted on January 18, 2024. The composition and terms of reference of the Committee is in accordance with ITGRCA Directions. The terms of the reference broadly include:

- Assist the IT Strategic Committee in strategic IT planning, oversight of IT performance, and aligning IT activities with business needs;
- Oversee the processes put in place for business continuity and disaster recovery;
- Ensure implementation of a robust IT architecture meeting statutory and regulatory compliance; and
- Update IT Strategy Committee and Managing Director/Chief Executive Officer periodically on the activities of IT Steering Committee.

b. Composition and Meetings:

As on March 31, 2024, the IT Steering Committee comprises of Mr. Abhay Bhutada, Managing Director who serves as the Chairman of the Committee, Mr. Sunil Samdani, Executive Director and other representatives of senior management viz. Chief Technology Officer, Chief Financial Officer, Head of Retail Assets, Chief Internal Auditor, Chief Marketing Officer, Chief of Staff, Chief Compliance Officer, Chief Risk Officer, as other members. Chief Information Security Officer of the Company shall be the permanent invitee to the IT Steering Committee meeting.

During the year, meeting of IT Steering Committee was held October 16, 2023.

The Committee shall meet on a quarterly basis w.e.f April 01, 2024.

3.13 Customer Service Committee:**a. Terms of Reference:**

The Customer Service Committee was constituted by the Board on January 18, 2024. The composition and terms of reference of the Committee is in accordance with Master Direction-Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023. The terms of the reference broadly include:

- Review of periodic reports (including the analysis of complaints) on quarterly basis;

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- Review of cases where the decision of Internal Ombudsman has been rejected by the Company;
- Approve and review of SOP of Customer Service processes; and
- Review the terms and conditions of appointment of Internal Ombudsman and recommend the same to the Board for approval.

Non-Executive Director who serves as the Chairman of the Committee, Mr. Sunil Samdani, Executive Director and representative of senior management viz. Chief Compliance Officer, as the member. Principal and Nodal Officer and Internal Ombudsman of the Company shall be the permanent invitees to the Customer Service Committee.

The Committee shall meet on a quarterly basis. The first meeting of Customer Service Committee Meeting was held on April 26, 2024.

b. Composition and Meetings:

As on March 31, 2024, the Customer Service Committee comprises of Mr. Amar Deshpande,

4. PARTICULARS OF SENIOR MANAGEMENT INCLUDING THE CHANGES THEREIN SINCE THE CLOSE OF THE PREVIOUS FINANCIAL YEAR:

During the year under review, following are the changes in the senior management:

Sr.No.	Name of the Senior Management Personnel	Designation	Date of Appointment	Date of cessation	Reason of cessation
1.	Mr. Kumar Gaurav	Chief Marketing Officer	14/08/2023	N.A.	N.A.
2.	Mr. Mahender Bagrodia	Head-Collections	NA	12/10/2023	Early retirement
3.	Mr. Digvijoy Singh	National Credit Manager -Secured Loans	04/12/2023	N.A.	N.A.
4.	Mr. Atul Garg	Chief Information Officer	24/01/2023	07/11/2023	In view of change in structure and reporting matrix
5.	Mr. Kandarp Kant	Lead Special Projects	24/03/2024	23/04/2024	Change in Designation from Chief Technology Officer to Lead Special projects.
6.	Mr. Dhiraj Saxena	Chief Technology Officer	24/03/2024	N.A.	Re-designation from Chief Transformation Officer to Chief Technology Officer.

As on March 31, 2024, the Senior Management Personnel comprises of Mr. Sanjay Miranka, Chief Financial Officer, Ms. Shabnum Zaman, Company Secretary, Mr. Anup Agarwal, Chief Internal Auditor, Mr. Manoj Kutty Gujran, Chief Compliance Officer, Mr. Rajendra Tathare, Chief Risk Officer, Mr. Dhiraj Saxena, Chief Technology Officer, Mr. Ashish Mehta, Chief of Staff, Ms. Smita Mitra, Head HR, Mr. Manish Chaudhari, Head of Retail Assets, Mr. Hiren Shah, Head Investor Relations & Strategy BIU, Mr. Kumar Gaurav, Chief Marketing Officer, Mr. Kirti Vyas, National Credit Manager-Unsecured Products and Mr. Digvijoy Singh, National Credit Manager-Secured Loans.

5. REMUNERATION OF DIRECTORS:

- a. Executive Directors: Remuneration payable to the Executive Directors is in line with the Act, SEBI Listing Regulations and RBI Scale Based Regulation and Remuneration Policy for remunerating directors/KMPs. Remuneration of Executive Directors includes fixed salary, perquisites, variable pay in the form of commission, other benefits, and allowances and certain retiral benefits. The remuneration to Executive Directors 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.

- b. Non-Executive Directors: Remuneration to Non-Executive Directors is paid by the way of Sitting Fees/Commission. The criteria for payment of remuneration to Non-Executive Directors is in consonance with the Remuneration Policy of the Company which is available on our website i.e. <https://poonawallafincorp.com/pfca/assets/pdf/Remuneration-Policy.pdf>

The details of the remuneration paid to the directors for the financial year ended March 31, 2024, is as follows:

(₹ In Crores)						
Sr.No.	Directors	Salary and allowances	Commission (variable)	Share Based Payment	Sitting fees	Total
1.	Mr. Adar Cyrus Poonawalla	-	-	-	0.06	0.06
2.	Mr. Abhay Bhutada	5.00	-	236.21	-	241.21
3.	Mr. Sunil Samdani ¹	2.48	-	-	-	2.48
4.	Mr. Amar Deshpande	-	-	-	0.37	0.37
5.	Mr. Sajid Fazalbhoy	-	-	-	0.09	0.09
6.	Mr. Bontha Prasada Rao	-	0.50	-	0.16	0.66
7.	Mr. Prabhakar Dalal	-	0.50	-	0.29	0.79
8.	Mr. Sanjay Kumar	-	0.50	-	0.23	0.73
9.	Mr. Atul Kumar Gupta	-	0.50	-	0.21	0.71
10.	Ms. Kemisha Soni ²	-	0.08	-	0.01	0.09
11.	Mr. G Jaganmohan Rao ³	-	-	-	0.15	0.15
12.	Mrs. Vijayalakshmi R Iyer ⁴	-	-	-	0.16	0.16
Total		7.48	2.08	236.21	1.74	247.51

¹Appointed as the Executive Director years w.e.f. October 20, 2023.

²Appointed as an Independent Director w.e.f. January 30, 2024.

³Resigned as an Independent Director w.e.f. August 26, 2023.

⁴Ceased to be an Independent Director w.e.f. January 30, 2024.

(A) Salient features of the agreement executed with the Managing Director:

- Period of appointment: 5 (Five) years
- Remuneration: ₹5,00,00,007/- (Rupees Five Crores and Seven only) per annum
- 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.
- A. Basic Salary: ₹16,66,667/- per month
B. Benefits, perquisites and allowances:
 - Housing Rent Allowance @ 40% of Basic Salary – ₹666,667/- per month
 - Special Allowance – ₹17,53,205/- per month
 - Gratuity: Gratuity payable shall not exceed half a month's salary for each completed year of service.
- Notice period: Three months prior written notice to the Company.
- Severance fees: There is no separate provision for payment of severance fees.

- ESOP/RSO: Eligible to participate in the Company's RSO/ ESOP Plan. The Nomination and Remuneration Committee granted 76 Lakh awards under Restricted Stock Option Plan-2014 at an exercise price of ₹2/- each.

(B) Salient features of the Agreement executed with Executive Director:

- Period of appointment: 5 (Five) years
- Remuneration: ₹3,30,00,000/- (Rupees Three Crores Thirty Lacs only) per annum
- A. Basic Salary: ₹1,32,00,000/- per annum
B. Benefits, perquisites and allowances:
 - Housing Rent Allowance : ₹52,80,000/- per annum.
 - Special Allowance: ₹1,23,01,080/- per annum
 - Gratuity: Gratuity payable shall not exceed half a month's salary for each completed year of service.
- Notice period: Three months prior written notice to the Company.

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5. Severance fees: There is no separate provision for payment of severance fees.
6. Annual Performance Bonus: ₹70,00,000/- (Rupees Seventy Lacs only).
7. ESOP: Eligible to participate in the Company's ESOP Scheme(s). The Nomination and Remuneration Committee granted 10 lakhs stock options under Employee Stock Option Plan- 2021 at an exercise price of ₹300.26/- each.
8. ¹One-time joining bonus: ₹1,00,00,000/- (Rupees One Crore only).
¹Claw back clause – In case of resignation on or before 36 months of completion of service, 100% joining bonus will be clawed back.

a. Pecuniary relationship or transactions:

There were no pecuniary relationship or transactions of the Non-Executive Directors vis-a-vis the Company during the year other than receipt of sitting fees for the meetings of Board and its Committees, commission and their shareholding, if any, in the Company.

b. Remuneration Policy:

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has adopted a Remuneration Policy which, inter alia, deals with the manner of selection of Board of Directors and Executive Directors and their remuneration. The Remuneration Policy is in consonance with the industry practice. The Policy of the Company is available on our website i.e. <https://poonawallafincorp.com/pfca/assets/pdf/Remuneration-Policy.pdf>

c. Selection criteria for Directors, Senior Management Personnel ('SMP') and Key Managerial Personnel ('KMP'):

- Selection of Executive Director/s shall be on the line of selection criteria laid down for Independent Directors, insofar as those criteria are not inconsistent with the nature of appointment and in accordance with the provisions of Articles of Association; Committee is responsible for identification, shortlisting and recommendation of the candidature of person for the position of Managing Director or any other director to the Board of Directors or appointed in the senior management of the Company;
- Nominee Directors shall be taken on Board, as and when nominated by the investor/s to

protect such investor/s interests and such appointments shall usually be governed by the investment/ subscription agreement/s the Company has/will have with such investor/s;

- Independent Directors will be selected on the basis of identification of industry/subject leaders with strong experience. The advisory area and therefore the role, may be defined for each Independent Director;
- SMP shall usually comprises the function and business heads who directly report to Chief Executive Officer/Managing Director /Whole-time Director and the Company Secretary and Chief Financial Officer;
- For any SMP 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 Head- HR, CEO, MD and/or identified members of the Nomination and Remuneration Committee ('NRC') and Board, on the basis of which the candidature will be finalised;
 - 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.

d. Independence test for the Independent Directors to be appointed:

- 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;
- 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;
- For the purpose of identifying suitable candidates, the NRC may:

- i) use the services of an external agency, if required;
- ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and
- iii) consider the time commitments of the candidates.

- At the time of selection, Board shall review the candidature on skill, experience and knowledge to ensure an overall balance in the Board so as to enable the Board to discharge its functions and duties effectively;
- Any appointment of the Independent Director shall be approved at the meeting of the shareholders by way of special resolution, at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier;
- Director's Independence test shall be conducted as per the conditions specified in the Act and the rules thereunder;
- Board's expectation from each Independent Director shall be clearly mentioned in the appointment letter;
- The Independent Director shall confirm having read and complied with the Company's Code of Conduct. They shall also need to confirm and sign the Independence Test;
- The remuneration of the directors shall be established on the reasonability and sufficiency of level in order to attract, retain and motivate the directors; and
- Company Secretary shall be involved in the familiarisation/ induction process for the Independent Director/s.

e. Remuneration policy for the Directors (including Independent Directors), Key Managerial Personnel ('KMP') and Senior Management Personnel ('SMP'):

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

- Directors shall be reimbursed any travel or other expenses, incurred by them, for attending the Board and Committee meetings;
- Additionally, the Independent Directors be paid remuneration by way of commission for each financial year:
 - 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 Act, 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 SMP and/or other Board members, towards providing inputs, insights and guidance on various matters of importance from time to time.
- The remuneration paid to Managing Director / 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 Act and the rules made thereunder;
- For KMP and SMP, 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

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in the market value of the job and the skills, experience, and performance of the employee. Fixed compensation will include basic salary, HRA, special allowance, contribution to provident fund, gratuity etc;

KMP and SMP may also be eligible for Long Term Incentive Plan in the form of stock options or any other equivalent instrument.

6. SUBSIDIARY COMPANY:

Regulation 16(1)(c) of the SEBI Listing Regulations defines a 'material subsidiary' to mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

On July 26, 2023, Grihum Housing Finance Limited (GHFL) (formerly known as Poonawalla Housing Finance Limited), subsidiary of Poonawalla Fincorp Limited had ceased to be a subsidiary of the Company by divesting the entire stake in GHFL to Perseus SG Pte. Ltd.

The Company has also complied with the other provisions of Regulation 24 of the SEBI Listing Regulations with regard to Corporate Governance requirements for subsidiary Company.

The Policy for determining Material Subsidiaries as approved by the Board may be referred to, at the website of the Company at its weblink i.e., <https://poonawallafincorp.com/pfca/assets/pdf/Policy-on-Material-Subsidiary.pdf>

7. CODE FOR PREVENTION OF INSIDER-TRADING PRACTICES:

As per the SEBI (Prohibition of Insider Trading) Regulations 2015, the Compliance Officer is responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of price-sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities under the overall supervision of the Board.

The Company has in place Board approved Code of Conduct to Regulate, Monitor and Report and Trading by Designated Persons as well as a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information 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 Code of Fair Disclosure may be referred to, at the website of the Company at its weblink i.e. <https://poonawallafincorp.com/pfca/assets/pdf/Code-of-Fair-Disclosure.pdf>

8. MEANS OF COMMUNICATION WITH SHAREHOLDERS

a. Quarterly, Half Yearly and Annual Results:

The quarterly/half yearly/un-audited/audited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board of Directors. These results are simultaneously posted on the website of the Company at www.poonawallafincorp.com pursuant to Regulation 47 of SEBI Listing Regulations.

Quarterly, half-yearly and annual financial results of the Company are published in widely circulated national newspapers, as per the details given below:

1. *The Financial Express (English language)*
2. *Loksatta (Marathi language)*

b. Annual Reports and Annual General Meetings:

The Annual Reports are emailed/posted to Shareholder 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 April 8, 2020, April 13, 2020 and September 25, 2023 and SEBI Circulars dated May 13, 2022 and October 07, 2023, the Notice of the AGM along with the Annual Report 2022-23 was sent only through electronic mode to those Shareholders whose e-mail addresses were registered.

c. Website:

Comprehensive information about the Company, its business and operations, press releases and investor information can be viewed at the Company's website at www.poonawallafincorp.com. The website contains a complete overview of the Company. The Company's Annual Report, financial results, details of its business, shareholding pattern, investors' presentation, compliance with Corporate Governance, contact information of the designated officials of the

Company who are responsible for assisting and handling investor grievances, the distribution schedule, credit ratings and Code of Conduct are uploaded on the website.

d. Presentations to institutional investors / analysts:

Official news releases, detailed presentations made to media, analysts, institutional investors, etc. are displayed on the Company's website at www.poonawallafincorp.com. During the financial year 2023-24, Analyst Conference Calls were conducted on April 26, 2023, July 24, 2023, October 21, 2023 and January 18, 2024. Presentations to Institutional Investor/ Analysts are uploaded on the Company's website <https://poonawallafincorp.com/investor-financials.php> under 'Investors' section. Transcript and audio recordings are also uploaded on our website.

e. Press releases:

Press reports are given on important occasions. They are sent to Stock Exchanges and also placed on the Company's website at www.poonawallafincorp.com

f. NSE Electronic Application Processing System ('NEAPS'):

NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

g. BSE Listing Centre ('Listing Centre'):

BSE's Listing Centre is a web-based application designed by BSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

h. eXtensible Business Reporting Language ('XBRL'):

XBRL is a standardized and structured way of communicating business and financial data in an electronic form. XBRL provides a language containing various definitions (tags) which uniquely represent the contents of each piece of financial statements or other kinds of compliance and business reports. BSE and NSE provide XBRL based compliance reporting featuring identical and homogeneous compliance data structures between Stock Exchanges and Ministry of

Corporate Affairs. The XBRL filings are done on the NEAPS portal as well as the BSE online portal.

i. (a) 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.

(b) Online Resolution of Disputes in the Indian Securities Market through Online Dispute Resolution ('ODR') Portal:

- I. Securities and Exchange Board of India ('SEBI') vide circular no. SEBI/HO/OIAE/OIAE_IAD- 1/P/CIR/2023/131 dated July 31, 2023 issued guidelines for online resolution of disputes in the Indian securities market through establishment of a common ODR Portal which harnesses online conciliation and online arbitration for resolution of disputes arising between investors/clients and listed companies (including their RTA's) or specified intermediaries/regulated entities in the securities market.
- II. SEBI vide circular no. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated August 04, 2023, has further clarified that the investor shall first take up his/her/their grievance with the Market Participant (Listed Companies, specified intermediaries, regulated entities) by lodging a complaint directly with the concerned Market Participant. If the grievance is not redressed satisfactorily, the investor may, escalate the same through the SCORES Portal <https://scores.sebi.gov.in/> in accordance with the process laid out. After exhausting the above options for resolution of the grievance, if the investor is still not satisfied with the outcome, he/she/they can initiate dispute resolution through the ODR Portal.
- III. The SMART ODR Portal can be accessed at: <https://smartodr.in/login>.

j. Reminder to investors:

Communications to claim unclaimed/unencashed dividend on shares were sent to the concerned Shareholders through speed post.

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9. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Management's Discussion & Analysis Report, giving an overview of the financial services industry, its business and its financials, forms part of this Report.

10. GENERAL BODY MEETINGS:**a. Location and time of the last three Annual General Meetings:**

Financial Year ended	Venue	Day and date	Time	Particulars of Special Resolutions passed
2022-23	Meeting was conducted through Video Conferencing ('VC')/ Other Audio Visual Means ('OAVM') and deemed venue was Registered Office of the Company at '201 & 202, 2 nd Floor, AP81, Koregoan Park Annex, Mundhwa, Pune – 411036, Maharashtra.	Tuesday, July 25, 2023	02:00 P.M.	No special resolution was passed.
2021-22	Meeting was conducted through Video Conferencing ('VC')/ Other Audio Visual Means ('OAVM') and deemed venue was Registered Office of the Company at ' 601, 6 th floor, Zero One IT Park, Survey No. 79/1, Chorpadi, Mundhwa Road, Pune- 411036, Maharashtra	Friday, July 29, 2022	02:00 P.M.	No special resolution was passed.
2020-21	Meeting was conducted through Video Conferencing ('VC')/ Other Audio Visual Means ('OAVM') and deemed venue was Registered Office of the Company at 'Development House', 24, Park Street, Kolkata-700016.	Saturday, August 28 2021	02:00 P.M.	6(Six) Special resolutions mentioned below was passed with requisite majority: 1. Appointment of Mr. Sajid Fazalbhoj (DIN: 00022760) as an Independent Director of the Company 2. Appointment of Mr. Prabhakar Dalal (DIN: 00544948) as an Independent Director of the Company. 3. Appointment of Mr. Abhay Bhutada (DIN: 03330542) as Managing Director of the Company 4. Appointment of Mr. Sanjay Chamria (DIN: 00009894) as Whole-time Director of the Company designated as Executive Vice Chairman 5. Payment of existing remuneration to Mr. Sanjay Chamria (DIN: 00009894), Whole-time Director of the Company presently designated as Executive Vice Chairman of the Company for the financial year 2020- 21 6. Payment of existing remuneration to Mr. Mayank Poddar (DIN:00009409), erstwhile Whole-time Director of the Company for the period April 1, 2020 to November 7, 2020

Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 ('Management Rules'), as amended from time to time and the provisions of Regulation 44 of the SEBI Listing Regulations, the Company has been providing remote e-voting facility to its members to enable them to cast their votes by electronic means on all resolutions.

b. Location and time of the Extra Ordinary General Meetings ('EOGM'):

During the year under review, Extra Ordinary General Meeting was not conducted.

c. Postal Ballot:

During the year under review, Company sought the approval of the Members by means of 4 (Four) Postal Ballots 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
October 13, 2023	Special	Re-designation of Mr. Atul Kumar Gupta (DIN: 01052730) as an Independent Director of the Company for a period of 3 (Three) years.	90.9808	9.0192
January 14, 2024	Special	Appointment of Mr. Sunil Samdani (DIN: 10301175) as a Whole-time Director (Executive Director) of the Company.	99.3417	0.6583
February 19, 2024	Special	Approval for the Employees Stock Option Plan – 2024 through an employee welfare trust.	90.5258	9.4742
		Approval for secondary acquisition of shares of the Company by an employee welfare trust for the purpose of implementation of Employee Stock Option Plan – 2024.	90.5258	9.4742
		Extension of the Employee Stock Option Plan – 2024 to the employees of the holding company and subsidiary company(ies) (if any, in future) of the Company.	90.5252	9.4748
		Grant of employee stock options equal to or exceeding 1% of the issued share capital of the Company to identified employees of the Company.	90.5252	9.4748
March 07, 2024	Special	Grant of employee stock options equal to or exceeding 1% of the issued share capital of the Company to identified employees of the holding and subsidiary(ies) companies of the Company.	90.5249	9.4751
		Provision of money by the Company for purchase of its own shares by the employee welfare trust for the benefit of its Employees under Employee Stock Option Plan 2024	90.5257	9.4743
		Appointment of Ms. Kemisha Soni (DIN:06805708) as a Non-Executive Independent Director of the Company for a period of 3 years.	99.9986	0.0014

d. Special Resolutions proposed to be conducted through Postal Ballot:

- Approval of Employee Stock Option Plan - 2024 – Scheme - II.
- Extension of the Employee Stock Option Plan - 2024 to the employees of the holding company and subsidiary company(ies) (if any, in future) of the Company.
- Grant of employee stock options equal to or exceeding 1% of the issued share capital of the Company to identified employees of the Company.
- Re-appointment of Mr. Prabhakar Dalal (DIN: 00544948) as an Independent Director of the Company for a second term of 3 (Three) years.

e. Procedure followed for Postal Ballot:

In compliance with the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Management Rules, Regulation 44 of the SEBI Listing Regulations and the MCA Circulars, Members can vote only through the remote e-voting. Accordingly, the Company provided remote e-voting facility to all its Members to cast their votes electronically and engaged the services of National Securities and Depository Limited ('NSDL') for facilitating the e-voting process.

Mr. Girish Bhatia (FCS: 3295 CP: 13792), Practising Company Secretary, acted as the Scrutinizer, for conducting the aforesaid Postal Ballot process, in a fair and transparent manner.

Report on Corporate Governance

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 (RTAs) as on a cut-off date. Voting rights were reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members desiring to exercise their votes by electronic mode were requested to vote before close of business hours on the last date of e-Voting. The scrutinizer, after the completion of scrutiny, submitted his report.

The consolidated results of the voting by postal ballot and e-Voting were then announced and the results were also displayed at the Registered Office of the Company and on the Company's website besides being communicated to BSE Limited, National Stock Exchange of India Limited and NSDL.

11. GENERAL SHAREHOLDERS' INFORMATION:

The Shareholders are kept informed by way of mailing of Annual Reports, notices of Annual General Meetings, Extra Ordinary General Meetings, Postal Ballots and other compliances under the Act and SEBI Listing Regulations. The Company also issues press releases and publishes quarterly results and Business Updates.

a) AGM details

Date : Tuesday, July 23, 2024
 Venue : Venue: Video Conferencing (VC) or through other audio-visual means (OAVM).
 Deemed Venue: Registered Office
 Time : 02:00 PM IST

b) Financial Year : The financial year covers the period from April 01 to March 31.

c) Dividend payment date and rate : Interim Dividend on Equity Shares @ 100 % i.e. ₹2/- per Equity Share of the face value of ₹2/- each was declared by the Company and paid to the shareholders on February 13, 2024, whose names appeared in the Register of Members/beneficial owners as on the cut-off date i.e January 31, 2024.

d) Listing of shares:

The Equity Shares of the Company are listed on –

Name of Stock Exchanges:

National Stock Exchange of India Limited (NSE)

5, Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai – 400 051.

Stock code: POONAWALLA

ISIN: INE511C01022

BSE Limited (BSE)

Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001.

Stock code: 524000

ISIN: INE511C01022

e) Payment of Listing Fees:

Annual listing fees has been paid by the Company to BSE and NSE for FY 2023-24 as well as for FY 2024-25.

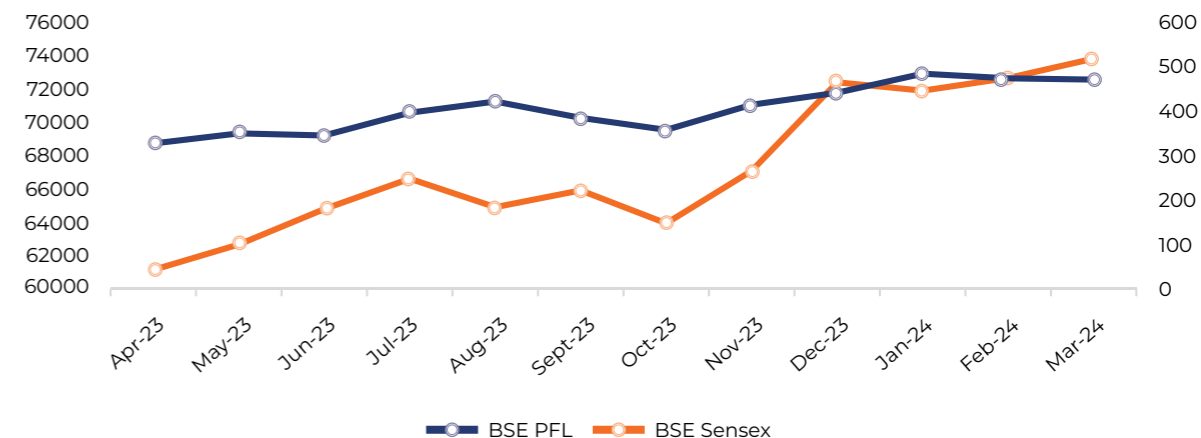
f) Market price data:

Monthly high and low quotation during April 01, 2023, to March 31, 2024 is given in the table below:

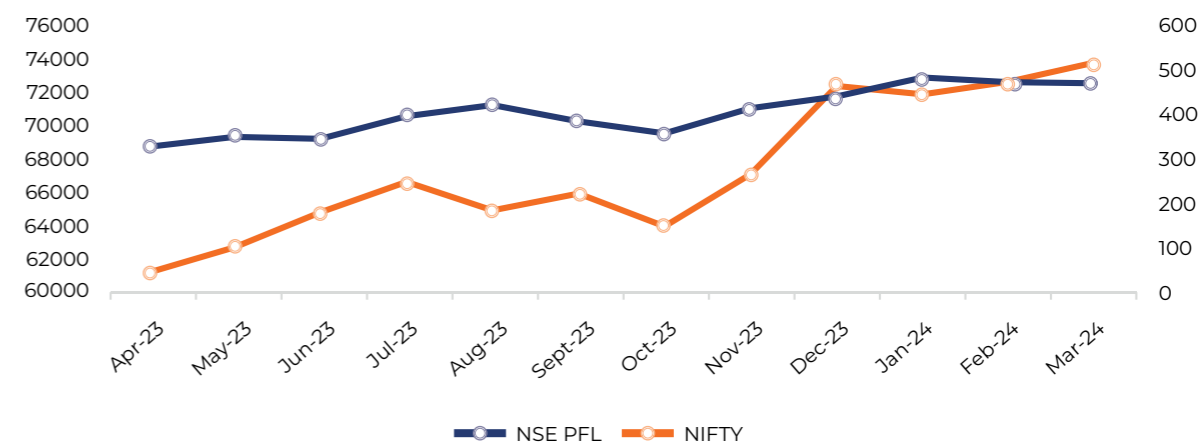
Month	BSE Limited			National Stock Exchange of India Limited		
	High (₹)	Low (₹)	Volume (Nos.)	High (₹)	Low (₹)	Volume (Nos.)
April, 2023	327.70	285.40	26,97,649	327.70	285.25	56,626,711
May, 2023	354.75	318.35	23,42,931	354.60	318.55	53,147,260
June, 2023	366.20	332.20	15,19,013	366.15	332.10	34,795,450
July, 2023	393.70	338.50	29,07,992	393.60	338.55	54,501,050
August, 2023	451.80	383.00	26,85,685	451.50	383.00	56,001,652
September, 2023	415.65	367.70	25,87,125	417.00	367.90	41,229,004
October, 2023	392.25	343.05	17,15,528	392.30	343.00	34,988,677
November, 2023	411.40	336.35	36,41,605	411.75	336.30	80,438,580
December, 2023	452.40	401.55	24,01,247	452.35	401.70	67,862,226
January, 2024	519.95	429.05	39,79,311	519.70	429.10	60,370,214
February, 2024	500.00	448.00	17,68,516	499.85	447.75	27,424,820
March, 2024	489.65	431.05	26,25,645	489.00	431.20	47,639,085

g) Poonawalla Fincorp Share Performance in comparison to broad based indices

Share price performance in BSE as compared to Sensex



Share price performance in NSE as compared to NIFTY



Report on Corporate Governance

h) None of the Company's securities have been suspended from trading.

i) Registrar and Share Transfer Agents:

i) Physical and Demat Mode (Securities)
 Link Intime India Private Limited
 C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai, 400083, Maharashtra
 Tel No.: + 022 49186060
 Website: www.linkintime.co.in
 To raise an email query following is the link:
https://liiplweb.linkintime.co.in/rnthelpdesk/Service_Request.html

ii) Demat Mode (Retail Non-Convertible Debentures)

K - Fin Technologies Limited
 'Selenium Tower - B',
 Plot No. 31-32, Financial District, Nanakramguda, Serilingampally, Hyderabad -Rangareddy, Telangana - 500032.
 Tel: + 040 6716 2222
 E-mail: einward.ris@kfintech.com
 Website: www.kfintech.com

j) Share Transfer System

As per the requirement of Regulation 40(9) of the SEBI Listing Regulations, the Company has obtained the annual certificate from the Company Secretary in practice, confirming compliance with the said provisions.

Trading of shares to be in compulsorily dematerialised form:

The equity shares of the Company can be traded only in dematerialised form. The dematerialisation facility is available with National Securities Depository Limited and Central Depository Services (India) Limited. Pursuant to the amendment to Regulation 40 of the SEBI Listing Regulations, transfer of shares held in physical form cannot be processed and hence, the equity shares are to be compulsorily traded in electronic form by all shareholders. Shareholders holding shares in physical form are advised to dematerialize their existing holdings.

Mandatory dematerialization:

Pursuant to the amendment to the SEBI Listing Regulations on January 24, 2022, the Company shall (i) effect issuance of certificates in dematerialised form only, for any requests received for subdivision, split, consolidation, renewal, exchanges, endorsements or issuance of duplicate certificates; and (ii) execute requests

for transmission and transposition of securities, held in physical or dematerialised form, in dematerialised form only.

Process for dematerialisation of shares is available at the website of the Company at weblink i.e. <https://poonawallafincorp.com/investor-info.php>

Simplified Norms for processing Investor Service Request:

Mandatory update of PAN, KYC and Nomination details and linking of PAN and Aadhaar by holders of physical shares:

SEBI vide its Circular dated March 16, 2023, November 03, 2021 read with December 14, 2021 has made it mandatory for the shareholders holding shares in physical form to furnish PAN, KYC details and Nomination in the prescribed forms to the RTA of the Company.

Further, SEBI directive vide e-mail to RTA dated January 23, 2024, mandated all physical shareholders to update their KYC i.e. PAN, Address with PIN code, Mobile Number, Bank Account details, Specimen Signature and nomination.

A) In case of non-updation of PAN or Choice of Nomination or Contact Details or Mobile Number or Bank Account Details or Specimen Signature in respect of physical folios, dividend/interest etc. shall be paid only through electronic mode with effect from April 01, 2024 upon furnishing all the aforesaid details in entirety.

B) If a security holder updates the PAN, Choice of Nomination, Contact Details including Mobile Number, Bank Account Details and Specimen Signature after April 01, 2024, then the security holder would receive all the dividends/interest etc. declared during that period (from April 01, 2024 till date of updation) pertaining to the securities held after the said updation automatically.

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

In compliance with the above stated SEBI Circular and SEBI directive vide e-mail to RTA, the Company has sent individual communication to its shareholders holding shares in the physical form requesting them to update their PAN, KYC details and Nomination.

Members are requested to furnish details in the prescribed form as mentioned in the aforesaid SEBI Circular along with the supporting documents, wherever required, to our RTA, Link Intime India Pvt. Ltd. for immediate action.

To raise an email query following is the link:

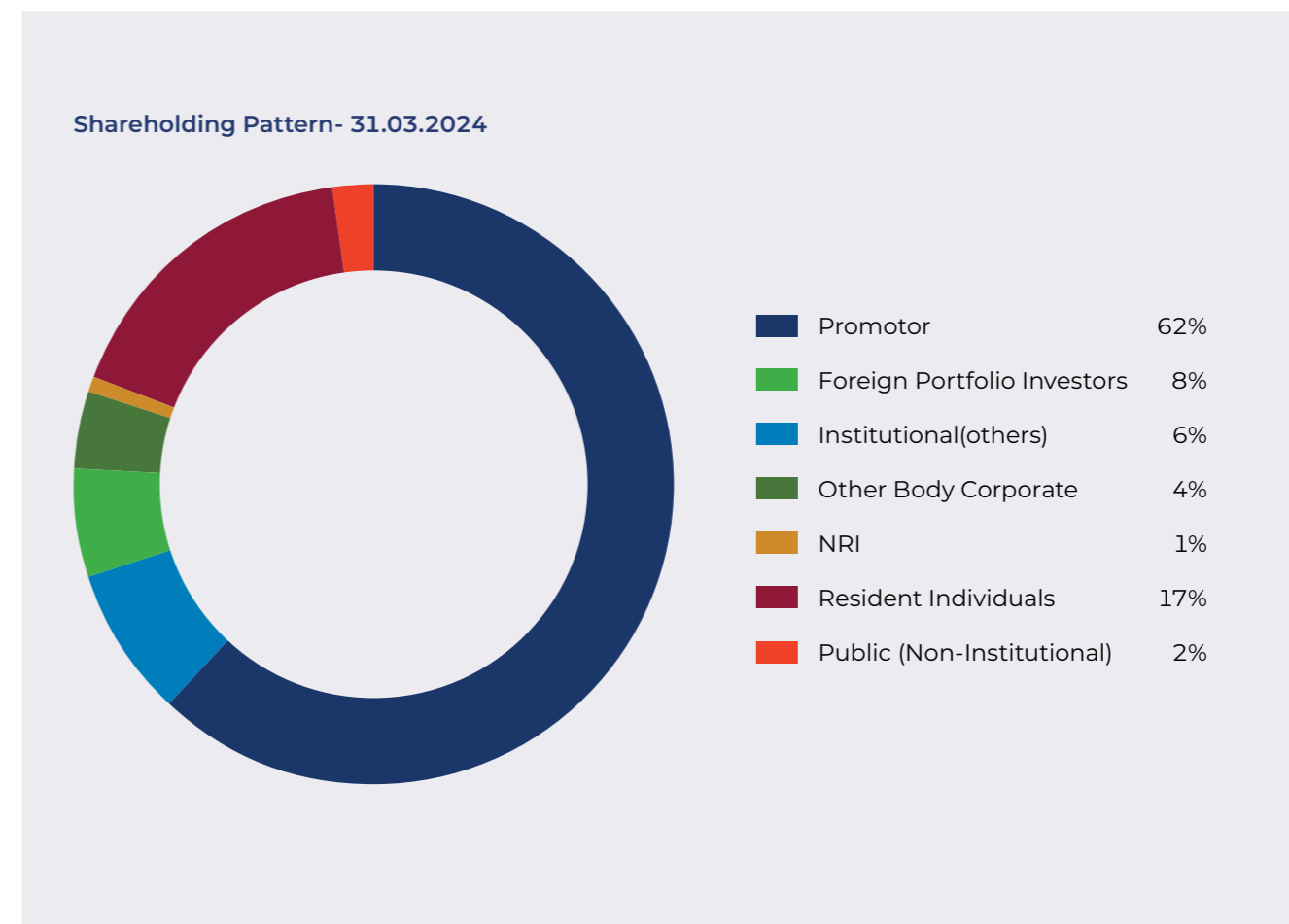
https://liiplweb.linkintime.co.in/rnthelpdesk/Service_Request.html

A copy of such forms can be downloaded from the website of the Company at www.poonawallafincorp.com or from the website of our RTA at <https://linkintime.co.in/> → Resources → Downloads → KYC → Formats for KYC.

k) Distribution of shareholding as on March 31, 2024

Sr. No.	Shareholding of Shares	Number of Shareholders	% to total shareholders	Shares	% to total capital
1.	1 to 500	1,85,093	88.97	1,70,38,486	2.20
2.	501 to 1000	10,817	5.20	86,23,446	1.11
3.	1001 to 2000	5,574	2.68	85,07,745	1.10
4.	2001 to 3000	2,036	0.98	52,29,548	0.67
5.	3001 to 4000	942	0.45	33,91,747	0.43
6.	4001 to 5000	818	0.39	38,72,273	0.50
7.	5001 to 10000	1,304	0.63	97,64,772	1.26
8.	10001 and above	1,459	0.70	7,18,12,2645	92.71
	TOTAL	2,08,043	100.00	7,74,55,0662	100.00

l) Shareholding Pattern as on March 31, 2024:



Report on Corporate Governance

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 77,45,50,662 Equity Shares of ₹2/- each.

As on March 31, 2024, 77,44,05,807 Equity Shares constituting 99.98% Equity Shares of the total holding were held in demat mode.

Members still holding physical share certificates are requested to dematerialize their shares by approaching any of the Depository Participants registered with the Securities and Exchange Board of India (SEBI).

n) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

As on March 31, 2024, there are no Outstanding GDRs/ADRs/Warrants or any Convertible instruments.

o) Commodity Price Risk or Foreign Exchange Risk and Hedging activities:

Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk. Accordingly, the disclosure pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018 is not required to be furnished by the Company.

p) Plant locations:

In view of the nature of business activities carried on by the Company, the Company operates from various offices in India and does not have any manufacturing plant.

q) Address for correspondence for Shares/ Debentures and related matters:

Ms. Shabnum Zaman
Company Secretary

201 and 202, 2nd Floor, AP 81, Koregaon Park Annex, Mundhwa, Pune- 411 036, Maharashtra

Email Id: secretarial@poonawallafincorp.com

r) List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad:

Instrument	Ratings	Rating Agency
Rating Under Basel Guidelines		
Commercial Paper/ Short Term Bank Facilities	A1+	CARE/ CRISIL
Secured Non-Convertible Debentures	AAA; Stable / AA+;Stable	CARE, CRISIL, ACUITE/ BRICKWORK
Unsecured Sub-debt	AAA;Stable / AA+;Stable	CARE, CRISIL, ACUITE/ BRICKWORK
Perpetual Debt Instruments	AA+;Stable	CARE / CRISIL
Long Term Banking Facilities	AAA;Stable	CARE / CRISIL

s) Company's registered office:

201 and 202, 2nd Floor, AP 81, Koregaon Park Annex, Mundhwa, Pune- 411036, Maharashtra.

t) Book Closure date:

The register of members and share transfer books of the Company will remain closed from Wednesday, July 17, 2024, to Tuesday, July 23, 2024 (both days inclusive).

u) Financial calendar (tentative):

Financial reporting for the quarter ending

01st quarter ending June 30, 2024

End of the subsequent month from the end of the quarter.

02nd quarter ending September 30, 2024

End of the subsequent month from the end of the quarter.

03rd quarter ending December 31, 2024

End of the subsequent month from the end of the quarter.

04th quarter ending March 31, 2025

End of the subsequent month from the end of the quarter.

Annual General Meeting for the year ending March 31, 2025

The Annual General Meeting to consider such annual accounts is held in the second quarter of the financial year

v) Contact person for clarification on Financial Statements:

For clarification on Financial Statements, kindly contact:

Mr. Sanjay Miranka
Chief Financial Officer
Email: secretarial@poonawallafincorp.com

w) Nomination facility:

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

x) Requirement of PAN:

Members who hold shares in the physical form are advised that in terms of the SEBI Listing Regulations, for transmissions of shares etc., a copy of the PAN card along with other necessary documents shall be submitted to the RTA.

y) Rights of Members:

The following are some of the important rights of the members:

1. Receive notices of General Meetings, Annual Report, etc.
2. Attend and vote at the General Meetings and appoint proxy in their stead.
3. Request an Extraordinary General Meeting along with other members who collectively hold not less than 1/10th of the total paid up share capital of the Company carrying voting rights.

4. Receive dividends and other corporate benefits like rights, bonus shares etc., when declared / announced.
5. Inspect minutes book of General Meetings.
6. Inspect Register of Members.
7. Nominate a person to whom his/her shares shall vest in the event of death.
8. Seek relief in case of oppression and mismanagement in the manner given under Section 241 of the Act.
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 Act.

z) Debt Securities Listing:

The Wholesale Debt Market (WDM) Segment of BSE and NSE

aa) Debenture Trustees

Pursuant to Regulation 53 of the SEBI Listing Regulations the name and contact details of the Debenture Trustee for the privately placed NCDs and retail NCDs are given below:

(i) IDBI Trusteeship Services Limited

Universal Insurance Building,
Ground Floor, Sir P.M. Road, Fort, Mumbai –
400001, 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

'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

The Company does not have any shares in demat/ unclaimed suspense account.

Report on Corporate Governance

cc) Disclosure of certain types of agreements binding listed entities

During the year under review, the Company has not disclosed any information under clause 5A of paragraph A of Part A of Schedule III of SEBI Listing Regulations. Hence the same is not applicable.

12. OTHER DISCLOSURES:**1. Disclosures on materially significant related party transactions:**

All related party transactions that were entered into during the financial year were on an arm's length basis and were usually in the ordinary course of business. There have been no material significant related party transactions between the Company and its directors, their relatives or associates except the transactions disclosed in form AOC-2. All Related Party Transactions are placed before the Audit Committee. Disclosure of transactions with related parties is provided in notes to the financial statements, forming part of the Annual Report.

2. Details of non-compliance, penalties, strictures imposed by Stock Exchange, if any:

The Company has complied with all applicable rules and regulations as prescribed by the Stock Exchanges, Securities and Exchange Board of India ('SEBI') or any statutory authority relating to capital markets during the last 3 (three) years. There has been no instance of non-compliance with any legal requirements particularly with any requirement of the Corporate Governance Report, and no penalties and / or strictures have been imposed on the Company in this regard during the year under review. The Stock Exchanges waived the fine, which was paid by the Company to Stock Exchanges for operational delay in reporting record date of non-convertible debentures under SEBI Listing Regulations during the financial year 2022-2023.

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 said 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/pfca/assets/pdf/Breach-of-Integrity-and-Whistle-Blower-Vigil-Mechanism-Policy.pdf>

4. Disclosure on Large Corporates ('LC'):

SEBI vide its circular dated October 19, 2023 has revised the framework for raising funds through NCDs by Large Corporates (LCs) effective from April 01, 2024. In accordance with the new framework, the Company needs to provide one time explanation in its annual report if the company doesn't meet the requirement of 25% of incremental borrowing through NCDs till March 31, 2024.

Keeping in view the overall interest rate scenario and dynamic liquidity management, the Company has opted for higher proportion of borrowings from other financial instruments rather than NCDs, and hence the Company has not met the requirement of raising 25% of incremental borrowings done during FY 2022, FY 2023 and FY 2024.

5. Adoption of mandatory and non-mandatory requirements of Regulation 27(1) of SEBI Listing Regulations and Schedule V.

The Company has adopted all the non-mandatory requirements as stated under Part E of Schedule II to the SEBI Listing Regulations and reproduced herein below:

A. The Board:

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

B. Shareholder rights:

Since the quarterly, half yearly and annual financial results of the Company are published in newspapers on all India basis and are also posted on the Company's website, these are not sent individually to the Shareholders of the Company. Further, significant events are informed to the Stock Exchanges from time to time and then the same is also posted on the website of the Company under the 'Investors' section. The complete Annual Report is sent to every Shareholder of the Company through electronic mode at email ids registered with the RTA/ Depository Participants (DPs).

C. Modified opinion(s) in audit report:

It is always the Company's endeavour to present unmodified Financial Statements.

D. Separate posts of Chairman and MD:

As on the date of this Report, the Chairman of the Board is a Non-Executive Director, and his position is separate from that of the Managing Director.

E. Reporting of Internal Auditor:

The Chief Internal Auditor reports functionally to the Audit Committee and administratively to the Managing Director.

F. Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large.:

During the year under review, the Company has not entered with any materially significant related

party transactions that may have potential conflict with the interests of listed entity at large.

6. 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/pfca/assets/pdf/Policy-on-Material-Subsidiary.pdf>

7. 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/pfca/assets/pdf/PFL-Related-Party-Transaction-Policy.pdf>

8. Commodity Price Risk or Foreign Exchange Risk and Hedging activities:

Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk. Accordingly, the disclosure pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018, is not required to be furnished by the Company.

9. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of SEBI Listing Regulations:

During the year under review, your Company has not raised funds through any Preferential Allotment or Qualified Institutions Placement. Therefore, there are no details to be disclosed as per Regulation 32(7A) of SEBI Listing Regulations.

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 Chandiook & Co LLP and Kirtane & Pandit LLP, Joint Statutory Auditors by the Company and its subsidiary, are given below:

Particulars	Walker Chandiook & Co LLP		
	By the Company	By the Subsidiary	Total Amount
Statutory Audit (including Limited review)	1.04	-	1.04
Other Services	0.35	-	0.35
Out-of-pocket expenses	0.06	-	0.06
Total	1.45	-	1.45

(₹ In Crores)

Report on Corporate Governance

Particulars	(₹ In Crores)		
	Kirtane & Pandit LLP		
	By the Company	By the Subsidiary	Total Amount
Statutory Audit (including Limited review)	0.38	-	0.38
Other Services	0	-	-
Out-of-pocket expenses	0.04	-	0.04
Total	0.42	-	0.42

Note : The above fees are exclusive of applicable tax.

12. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has zero tolerance towards sexual harassment at 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 financial year 2023-24, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder:

- number of complaints pending at the beginning of the financial year: Nil
- number of complaints filed during the financial year: Nil
- number of complaints disposed off during the financial year: Nil
- number of complaints pending as on end of the financial year: Nil

13. During the year under review, no loans and advances was granted to firm/companies in which directors are interested by Company and its subsidiary besides as disclosed in the financial statements.

14. All the amounts raised by the Company through private placement of Non-Convertible Debentures during FY 2023-24 have been fully utilised towards the purposes for which these amounts were raised and there has been 'no deviation' in utilisation of the proceeds raised.

15. The Company has complied with all the requirements of Corporate Governance

Report as stated under sub paras (2) to (10) of section I of Schedule V to the SEBI Listing Regulations. The Company has complied with all the requirements of corporate governance as specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations.

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. Details of Material Subsidiary:

Date and place of Incorporation: New Delhi, April 21, 2004.

Name and date of Appointment of Auditors: M/s. G D Apte & Co. w.e.f. conclusion of the 17th AGM held on August 18, 2021.

On July 26, 2023, Grihum Housing Finance Limited (GHFL) (formerly known as Poonawalla Housing Finance Limited), subsidiary of Poonawalla Fincorp Limited had ceased to be a subsidiary of the Company by divesting the entire stake in GHFL to Perseus SG Pte. Ltd. Hence, there is no material subsidiary in the Company as on March 31, 2024.

19. 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.

20. Other Shareholders information:

A) 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 Authority, maintained by the Central Government. In pursuance of this, the dividend remaining unclaimed in respect of dividends declared upto the financial year ended March 31, 2016, have been transferred to the IEPF. The details of the unclaimed dividends so transferred are available on the Company's website at www.poonawallafincorp.com and on the website of the Ministry of Corporate Affairs at www.mca.gov.in.

In accordance with Section 124(6) of the Act, read with the IEPF Rules, all the shares in respect of which dividend has remained unclaimed or unpaid for seven consecutive years or more from the date of transfer to the unpaid dividend account are required to be transferred to the demat Account of the IEPF Authority. Accordingly, all the shares in respect of which dividends were declared upto the financial years ended March 31, 2016, and remained unclaimed are transferred to the IEPF Authority. 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 2023-24. The details of such shares transferred have been uploaded in the Company's website at www.poonawallafincorp.com.

For and on behalf of the Board

Abhay Bhutada
Managing Director
DIN: 03330542

Pune
April 29, 2024

The details of unclaimed dividends and Equity shares transferred to IEPF during the financial year 2023-24 are as follows:

Amount of unclaimed dividend transferred	Number of Equity shares transferred
₹5,61,478/-	49,927

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.

B) 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.

21. Practising Company Secretaries' Certificate on Corporate Governance:

As required under Regulation 34 of the SEBI Listing Regulations, the Practising Company Secretaries' certificate on Corporate Governance is annexed as **Annexure C** to this Report.

22. CEO and CFO Certification:

The certificate required under Regulation 17(8) of the SEBI Listing Regulations, duly signed by the Managing Director and Chief Financial Officer of the Company was placed before the Board. The same is provided as **Annexure D** to this report.

Sunil Samdani
Executive Director
DIN: 10301175

Report on Corporate Governance

Annexure A

Date: April 29, 2024

The Board of Directors
Poonawalla Fincorp Limited
 201 and 202, 2nd Floor, AP 81,
 Koregaon Park Annex, Mundhwa
 Pune- 411 036.

I, Abhay Bhutada, Managing Director of Poonawalla Fincorp Limited hereby confirm that all Board Members and Senior Management Team have affirmed compliance with the 'Code of Conduct for Directors and Senior Executives of the Company', as applicable to them for the year ended March 31, 2024.

Thanking You,
 Yours sincerely,

For **Poonawalla Fincorp Limited**

Abhay Bhutada
 Managing Director
 (DIN: 03330542)

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V para C clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015)

Annexure B

To,

**The Members of,
 Poonawalla Fincorp Limited**

201 and 202, 2nd floor, AP81, Koregaon Park Annex,
 Mundhwa, Pune, Maharashtra, India, 411036

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **POONAWALLA FINCORP LIMITED** ('the Company') having (CIN : L51504PN1978PLC209007) and having registered office at 201 and 202, 2nd floor, AP81, Koregaon Park Annex, Mundhwa, Pune, Maharashtra, India, 411036 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with the Regulation 34 (3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015 ('the Listing Regulations').

In our opinion and to the best of our information and according to the verifications (including Director 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 hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on March 31st, 2024 have been debarred or disqualified from being appointed or continuing as Director of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. NO.	NAME OF DIRECTOR	DIN	DATE OF APPOINTMENT AT CURRENT DESIGNATION IN COMPANY
1	Mr. ADAR CYRUS POONAWALLA	00044815	01/06/2021
2	Mr. ABHAY SURESHKUMAR BHUTADA	03330542	12/02/2022
3	Mr. SUNIL MADHAV SAMDANI	10301175	20/10/2023
4	Mr. AMAR SUDHAKAR DESHPANDE	07425556	03/06/2021
5	Mr. SAJID MOORAD FAZALBHOY	00022760	04/02/2022
6	Mr. ATUL KUMAR GUPTA	01052730	23/08/2023
7	Mr. PRASADA RAO BONTHA	01705080	10/12/2019
8	Mr. PRABHAKAR RAMCHANDRA DALAL	00544948	05/05/2021
9	Mrs. KEMISHA SONI	06805708	30/01/2024
10	Mr. SANJAY KUMAR	09466542	15/01/2022

Ensuring the eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **SIUT & Co LLP**
 Company Secretaries
 (Unique code: L2021MH011500)

CS I U Thakur

Partner

FCS: 2298

CP: 1402

UDIN: F002298F000263394

Peer Review Certificate No.: 5460/2024

Date: April 29, 2024

Place: Pune

Certificate on Corporate Governance

Annexure C

To,
The Members of
Poonawalla Fincorp Limited
 201 and 202, 2nd floor, AP81, Koregaon Park Annex,
 Mundhwa, Pune, Maharashtra, India, 411036

We have examined the compliance with conditions of Corporate Governance by POONAWALLA FINCORP LIMITED ('the Company'), for the year ended on March 31st, 2024, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and Para C and D of Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations'), as amended.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to the review of the procedures and implementation thereof, as adopted by the Company for ensuring the 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 information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforementioned Listing Regulations.

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

For **SIUT & Co LLP**
 Company Secretaries
 (Unique code: L2021MH011500)

CS I U Thakur
 Partner
 FCS: 2298
 CP: 1402
 UDIN: F002298F000263394
 Peer Review Certificate No.: 5460/2024

Date: April 29, 2024
 Place: Pune

Certification In Terms Of Regulation 17(8) Of Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015

Annexure D

Date: April 29, 2024
 The Board of Directors
Poonawalla Fincorp Limited
 201 and 202, 2nd Floor, AP 81,
 Koregaon Park Annex, Mundhwa
 Pune- 411 036.

We, the undersigned in our respective capacities as Managing Director and Chief Financial Officer of Poonawalla Fincorp Limited, 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 31st March 2024.

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**

Abhay Bhutada
 Managing Director
 (DIN: 03330542)

For **Poonawalla Fincorp Limited**

Sanjay Miranka
 Chief Financial Officer

Business Responsibility & Sustainability Reporting (BRSR)

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Listed Entity	L51504PN1978PLC209007
2. Name of the Listed Entity	Poonawalla Fincorp Limited ('the Company')
3. Year of incorporation	December 18, 1978
4. Registered office address	201 and 202, 2 nd floor, AP81, Koregaon Park Annex, Mundhwa, Pune – 411036, Maharashtra, India
5. Corporate address	201 and 202, 2 nd floor, AP81, Koregaon Park Annex, Mundhwa, Pune - 411036, Maharashtra, India
6. E-mail	secretarial@poonawallafincorp.com
7. Telephone	020- 67808090
8. Website	www.poonawallafincorp.com
9. Financial year for which reporting is being done	01-04-2023 to 31-03-2024
10. Name of the Stock Exchange(s) where shares are listed	BSE Limited National Stock Exchange of India Limited
11. Paid-up Capital	₹1,549,101,324/-
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Shabnum Zaman Company Secretary Telephone - 020- 67808090 Email address – secretarial@poonawallafincorp.com
13. Reporting boundary	Standalone basis
	Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).
14. Name of the assurance provider	-
15. Type of the assurance provider	-

II. Products/services

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

S. no.	Description of main activity	Description of business activity	% of turnover of the entity (FY2023-24)
1	Financial and insurance Service	Financial and Credit leasing activities	100

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

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

Key products and services of the Company: Financing for Pre-owned Car, Loan Against Property and Small and Medium Enterprises Financing

III. Operations

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

Location	Number of plants	Number of offices	Total
National	102 (Branches)	1 (Corporate office)	103
International	0	0	0

19. Markets served by the entity:

a. Number of locations.

Locations	Number
National (No. of States)	20 states
International (No. of Countries)	None

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

The Company does not export any products/services. Thus, this question is not applicable.

c. A brief on types of customers:

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

Our diversified products and services include the following:

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

IV. Employees

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
Employees						
1.	Permanent (D)	2384	2065	86.62%	319	13.38%
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total employees (D + E)	2384	2065	86.62%	319	13.38%
Workers						
4.	Permanent (F)					
5.	Other than Permanent (G)					
6.	Total workers (F + G)					

Not Applicable

b. Differently-abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
Differently abled employees*						
1.	Permanent (D)					
2.	Other than Permanent (E)			0		
3.	Total differently-abled employees (D + E)					
Differently abled workers						
4.	Permanent (F)					
5.	Other than Permanent (G)			Not Applicable		
6.	Total differently-abled workers (F + G)					

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

21. Participation/Inclusion/Representation of women:

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	10	1	10%
*Key Management Personnel	4	1	25%

*The Company has 4 KMPs of which 2 are Directors.

22. Turnover rate for permanent employees and workers:

	FY 2023-24			FY 2022-23			FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	10%	1%	11%	22%	2%	24%	31%	2%	33%
Permanent Workers	Not applicable								

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

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

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	*Rising Sun Holdings Pvt Ltd	Holding	NA	
2	**Jaguar Advisory Services Private Limited	Joint venture	48.89%	No

* Rising Sun Holdings Pvt Ltd holds 62.13% shares in the Company as on March 31, 2024

**Refer note no 17 of the standalone financial statement.

Grihum Housing Finance Limited ('GHFL') (formerly, Poonawalla Housing Finance Limited), Subsidiary till July 26, 2023, refer note no. 17 of the standalone financial statements.

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) - Yes
 (ii) Turnover (₹ in Crores) - ₹3,151.82 Crores
 (iii) Net worth (₹ in Crores) – ₹8,116.40 Crores

VII. Transparency and Disclosures Compliances

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

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes E-mail at csr@poonawallafincorp.com (https://poonawallafincorp.com/contact-us.php)	0	0	Community grievances are received through Implementing agencies	0	0	
Investors (other than shareholders)	Yes (https://poonawallafincorp.com/investor-info.php)	1	0	None	2	0	None
Shareholder	Yes (https://poonawallafincorp.com/investor-info.php)	5	0	None	3	0	None
Employees and workers	Yes (https://poonawallafincorp.com/pfca/assets/pdf/PFL-Posh-Policy.pdf)	0	0	None	1	0	None
Customers	Yes https://poonawallafincorp.com/pdf/Grievance-Redressal-Policy.pdf	3571	57	None	1717	37	None
Value Chain Partners	No	0	0	Vendors route their grievances through the business team that they engage with, there have been no substantial grievances reported in this reporting period. SPOC details and dispute resolutions clause is available in the master service agreement.	0	0	
Other (please specify)	Not Applicable						

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

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

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Customer Privacy & Data Security	Risk	The company's technology infrastructure plays a big role in its operations. Most transactions are completed digitally, which raises the risk for cyber and information security. Further, the personal details required for financial transactions are available with the Company and thereby ensuring the data security is of prime importance	The Company has a Cyber Security Policy and Privacy policy in place. The Company ensures the policies are implemented at an organizational level. Various awareness sessions and internal newsletters, mock drills are conducted to avoid any instances of breach of customer privacy and data security. Further a Consumer Awareness section- Cyber Threats and Frauds is also available on the website as a cautionary notice.	Negative Incidents of data breaches or leakages may cause reputational damage. Instances of loss of customer data may lead to potential financial losses. There may be litigation cases filed by customer due to instances of data leakage.
2	Customer Experience	Opportunity	Any business's continued expansion depends on providing an outstanding customer experience. Loyalty, customer retention, and brand advocacy are all aided by providing a positive customer experience.	-	Positive Good customer experience can bring more customers through word of mouth and improve the Company's reputation.
		Risk	The Company offers financial products and services to millions of customers, any bad customer experience could result in customer loss or even damage to the company's reputation.	The Company has a Fair Practice Code and Grievance Redressal Policy which helps customers to raise grievances. The Company is using an integrated approach that is technology driven to enhance customer experience. Maps and monitors the turnaround time of complaints and accordingly trains the frontline staff to address the customer grievances. Continuous call quality monitoring has been implemented to enable analysis of repeat calls and avoid delays in grievance redressal.	Negative Loss of reputation can lead to customer attrition which can thereby affect the business

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
3	Digital Innovation and Disruption/ Digitalization	Opportunity	The interest and acknowledgement of digital exchanges are expanding in India. Digital innovation to improvise organizational practices and improve customer services is at the core of the Company's business. Customers across age groups are steadily appreciating digitalization and therefore the Company is further focusing on implementing technology and digital led product transformation for faster service delivery, increased efficiency of existing processes and optimal resource utilization.	-	Positive Reputation of Company due to improved digital experience of customers and low complaints strengthened processes and systems internally

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

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

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

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
c. Web Link of the Policies, if available	It has been the Company's practice to upload all policies on the internal portal for the information and implementation by the internal stakeholders and some of these policies are also available at the following website. Policies Investor relations (Company Policies, Committee Details and Other Governance Details of PFL (poonawallafincorp.com))								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes, When acting on behalf of the company, third parties like consultants and agents are required to abide by the Code of Business Ethics as well as the Code of Conduct for Direct Selling Agents (DSAs), Direct Marketing Agents (DMAs) and Debt Recovery Agents (DRAs).								
4. Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) mapped to each principle.	-								
Principle 1 to 9	-								

5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	We aspire to have women represent at least 16% of our workforce by FY25. Our organisation acknowledges the significance of establishing targets to assess advancement towards achieving all the principles of the National Guidelines on Responsible Business Conduct (NGRBC). Considering that we are in our initial years of ESG journey, we intend to specify our objectives and targets in the upcoming reporting period.
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6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	-
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Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

We are pleased to share an overview of the environmental, social, and governance (ESG) achievements we have made as an organization. We recognize the importance of transparency and accountability in our ESG journey and Governance remains a pillar of our ESG strategy. We have implemented robust governance frameworks, enhanced board oversight, strengthened risk management practices and effectively embraced digital transformation while upholding compliance standards. We have made strides in minimizing our environmental impact by adopting waste minimization measures and creating awareness among our stakeholders regarding judicious use of water and energy. On the social front, we have recognized the need to foster diversity, equality, and inclusion within our organization. We have implemented inclusive policies and training programs to ensure equal opportunities for all employees. We have also adopted various initiatives to drive customer centricity. Furthermore, we actively participate in corporate social responsibility (CSR) initiatives to make positive contributions to the communities where we operate. In conclusion, as we continue to embrace new challenges and opportunities, we remain committed to transparent reporting, active stakeholder engagement, and continuous improvement in our ESG performance. I extend my gratitude to all our employees, customers, partners, and stakeholders for their invaluable support and contributions in our ESG journey. Together, we can build a sustainable future that respects our planet, empowers communities, and delivers long-term prosperity.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy/policies	Abhay Bhutada Managing Director DIN: 03330542
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9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes Corporate Social Responsibility Committee and Environmental Social Governance Committee
--	--

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee	Frequency (Annually/ Half yearly/ Quarterly/ Any other - please specify)
	P1 P2 P3 P4 P5 P6 P7 P8 P9	P1 P2 P3 P4 P5 P6 P7 P8 P9
Performance against above policies and follow up action	Yes (Principle 1,2,3,4,5,6,7,8,9) Committees of the Board	Annually or on need basis
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Yes Committees of the Board The Company is in compliance with the regulations, as applicable.	Annually or on need basis

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

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

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

The Company works closely with collective trade and industry associations as and when required.

Sr. No	Principle No. and Definition	List of Policies
1	Principle 1: Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable	Code of Business Ethics, Code of Conduct and Discipline Rules, Code of Practices and Procedures of Fair Disclosure; Code of Internal Procedure and Conduct for Prohibition of Insider Trading; Code of Independent Director, Compliance Policy; KYC and Anti-Money Laundering (AML) Policy, Policy for Determination of Materiality of Events or Information; Policy on Dealing with Related Party Transactions; Breach of Integrity and Whistle Blower/Vigil Mechanism Policy; Remuneration Policy, Corporate governance policy, Fair Practice Code, Grievance Redressal Policy, Outsourcing Policy, Investor Grievance Policy, Environmental and Social Governance Policy & Governance framework, Code of Conduct for Direct Selling Agents (DSAs) / Direct Marketing Agents (DMAs)/ Debt Recovery Agents (DRAs)
2	Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe	Cyber Security Policy, Information Security Policy, Information Technology Management Policy, Risk Management Policy, Policy on process for disposal of E-Waste Items, Business Continuity Policy, Environmental and Social Governance Policy & Governance framework
3	Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chain	Breach of Integrity and Whistle Blower/Vigil Mechanism Policy, Policy on Prevention and Redressal of Sexual Harassment, Rewards and Recognition Policy, Leave Policy, Diversity and Inclusion Policy, Learning and Development Policy, Employee Education Policy, Code of Business Ethics
4	Principle 4: Businesses should respect the interests of and be responsive towards all its stakeholders	Corporate Social Responsibility Policy, Environmental and Social Governance Policy & Governance framework, Grievance Redressal Policy, Investor Grievance Policy
5	Principle 5: Businesses should respect and promote human rights	Diversity and Inclusion Policy, Policy on prevention and Redressal of Sexual Harassment, Code of Business Ethics, Code of Conduct for Direct Selling Agents (DSAs) / Direct Marketing Agents (DMAs)/ Debt Recovery Agents (DRAs)
6	Principle 6: Businesses should respect, protect and make efforts to restore the environment	Environmental and Social Governance Policy & Governance framework, Risk Management Policy, Policy on Process for Disposal of E-Waste Items
7	Principle 7: Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent	Environmental and Social Governance Policy & Governance framework, Compliance Policy
8	Principle 8: Businesses should promote inclusive growth and equitable development	Corporate Social Responsibility Policy, Environmental and Social Governance Policy & Governance framework
9	Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner	Interest and Penal Charge Policy, Fair Practice Code, Information Security Policy, Cyber Security Policy, Information Technology Management, Grievance Redressal Policy, Environmental and Social Governance Policy & Governance framework

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

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

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

Essential Indicators

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

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness Programmes
Board of Directors	6 Refer weblink: PFL-Familiarization-Program-FY23-24.pdf (poonawallafincorp.com)	Sessions on business and performance, regulatory updates and compliance, Corporate Social Responsibility were conducted. Also, sessions were conducted on below mentioned topics: i. Governance for Directors on Boards of Banks, FIs and NBFCs: The program was designed to provide insight on Strategic aspects of Assurance functions –Risk Management, Compliance & Audit, Corporate Governance Framework in Banks/FIs/NBFCs, Governance challenges in use of Advanced Technologies, Corporate Governance & Ethics, KYC and AML measures Regulatory expectations, Cyber Security & Resilience. ii. Know Your Customer (KYC) and Anti Money Laundering (AML): The program dealt with KYC & AML Risk Management, KYC & AML Regulatory Framework, Supervisory Observations and Expectations on KYC and AML Compliance, Key aspects of Transaction Monitoring, Central KYC Registry and Compliance, KYC & AML Compliance: International Perspective. Impact: Several critical insights into regulatory perspectives.	100%
Key Managerial Personnel	5	Digital Data Protection Act, 2023, Corporate Governance, Road to Compliance: KYC, AML, INFOSEC, Data Leakage Prevention, POSH, Understanding of Prohibition of Insider Trading, Cyber Security, KYC Awareness, Regulatory Update, POSH Awareness, Breach of Integrity and Whistle Blower Vigil Mechanism, Code of Conduct. Impact: The programs have ensured strategic alignment to the larger organization goals and critical insights on changing regulations and the need to adopt with changing customer needs like data privacy and security.	100%
Employees other than BoD and KMPs	10	Road to Compliance: KYC, AML, INFOSEC, Data Leakage Prevention, POSH, Understanding of Prohibition of Insider Trading, Cyber Security, KYC Awareness, Regulatory Update, Digital Data Protection Act, 2023, POSH Awareness, Breach of Integrity and Whistle Blower Vigil Mechanism, Code of Conduct, functional skills and knowledge program, program pertaining to skill upgradation. Impact: Functional skilling and upskilling programs have resulted in new joiners quickly adapting and being ready to deliver business results. Function specific programs have impacted areas like productivity, improved TAT and customer satisfaction score and reduction in process lapse/errors.	99.8%
Workers	Not applicable		

Presentations were delivered at the Board and Committee meetings throughout FY 2023-24. The Board of Directors received information on a variety of subjects related to topics on economic, or regulatory changes in their capacity as members of various committees of the Board. The new directors must go through induction and familiarization programme which is mandatory as per SEBI Listing Regulations. The familiarization program also includes explaining to the independent directors about the ongoing events of the company, business structure, codes and policies, duties, liabilities etc. The same is available on the website at [PFL-Familiarization-Program-FY23-24.pdf](#) ([poonawallafincorp.com](#))

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

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

	Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine					
Settlement			Nil		
Compounding fee					
	Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/ No)	
Imprisonment					
Punishment			Nil		

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

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Not applicable as there has been no such cases.	

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

Yes. The Company has Code of Business Ethics, the coverage of this code includes aspects related to Conflict of Interest, customer relations, business interest, gifts to an individual or relatives or associates or third parties or political donations. Please find further details at [Code of Business Ethics](#) ([poonawallafincorp.com](#)).

The Company also has a defined Code of Conduct & Discipline Rules to deter wrongdoings and to foster and maintain the standard of business conduct for employees, trust and confidence in the professionalism and the integrity of the employees. This code is applicable to all employees across functions, geographies and grades. The abovementioned code aims to maintain the standard of business conduct and ethics and serve as guideline to report fraud, unethical or illegal practice.

The Company has also adopted Breach of Integrity and Whistle Blower/Vigil Mechanism Policy, please find further detail at <https://poonawallafincorp.com/pfca/assets/pdf/Breach-of-Integrity-and-Whistle-Blower-Vigil-Mechanism-Policy.pdf>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption.

	FY 2023-24	FY 2022-23
	Current Financial Year	Previous Financial Year
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Not applicable	

6. Details of complaints with regard to conflict of interest:

	FY 2023-24		FY 2022-23	
	Current Financial Year		Previous Financial Year	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0		0	
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0		0	

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

As there have been no cases, this is not applicable. Further, we have defined processes to ensure compliance with corruption and conflict of interest.

8. Number of days of accounts payables (Accounts payable *365/Cost of goods/services procured) in the following format:

	FY 2023-24	FY 2022-23
	Current Financial Year	Previous Financial Year
Number of days of accounts payable	1.49	3.25

9. Open-ness of business:

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameters	Metrics	FY 2023-24	FY 2022-23
		Current Financial Year	Previous Financial Year
Concentration of Purchases	Purchases from trading houses as % of total purchases		
	Number of trading houses where purchases are made from		-
Concentration of Sales	Purchases from top 10 trading houses as % of total sales		
	a. Sales to dealers/distributors as % of total sales		
	Number of dealers/distributors to whom sales are made	As we are a non-banking financial company, this is not applicable.	
Shares of RPTs in	Sales to top 10 dealers / distributors as % of total sales to dealers/distributors		
	Purchases (Purchases with related parties/Total Purchases)		
	Sales (Sales to related parties/Total Sales)		-
	Loans and Advances (Loans and Advances to related parties/Total Loans and Advances)		
	Investments (Investments in related parties/Total Investments made)	0.002%	61.640%

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes.
-	-	-

The number of awareness programmes are not monitored currently but the clauses regarding ethical, transparent are part of vendor agreements. Regular discussions are organized with the direct selling agents (DSAs) and value chain partners to ensure compliances to the clauses mentioned in the agreements and code of conduct.

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes, we have implemented processes to avoid/manage conflict of interests involving members of the Board. The details are mentioned below:

- Every Director on the Board is required to make disclosure of his/her interest or concern in other entities (under Section 184 of the Companies Act, 2013 ('Act') as also the parties to which such Director is related to (as under Section 2(76) of the Act and other applicable laws). Such disclosure is required to be made as and when a Director attends first Board Meeting after his/her appointment on the Board and thereafter at every first Board Meeting held in a financial year as well as within thirty days from any change in the disclosure previously given by such director.
- Director, if interested or concerned in any transaction(s) or arrangement(s) to be entered into by the Company, does not participate in the discussion and passing of the resolution thereon.
- We have also put in place necessary mechanisms and have formulated a Policy on Related Party Transactions, keeping in view the requirements under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and the provisions of the Act. This Policy provides a framework to ensure proper identification, approval and reporting of Related Party Transactions.
- All transactions with Related Parties of the Company are previously approved by the Audit Committee of the Company. The Audit Committee also grants Omnibus Approval for Related Party Transactions of a recurring nature. Related Party Transactions, if not in the ordinary course or not at arm's length, are placed before the Board based on the Audit Committee's recommendation for its consideration and approval. If such transactions (which are placed before the Board of Directors) breach the threshold limits prescribed under Section 188 of the Act or if any transaction with a Related Party is material in nature as prescribed under Regulation 23 of the SEBI Listing Regulations, such transactions are also put up before the shareholders for their consideration and approval.
- At the Audit Committee, only the Independent Directors who are members of the Audit Committee, consider and approve the transactions with related parties. At the Board, only those Directors who are not parties to the transaction(s) or arrangement(s) in subject or those who are not interested or concerned therein, participate to consider them. The interested Directors neither participate nor do they vote on the resolution of Related Party Transaction. While seeking Shareholders' approval, no Related Party of the Company, whether party to a particular transaction or not, votes to approve such transaction.
- The Company 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.

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

- 1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year	Details of improvements in environmental and social impacts
R&D	As we are a non-banking financial company, capital expenditure and research and development expenses are not directed towards technologies that improve environmental and social impacts. We have successfully completed digital transformation & Phase 2 of technology transformation enabling Digital First products, processes & entire customer journey and now we are evaluating opportunities to finance products that may have impact on the environment and communities. We have also implemented AI based solution for automated calling to customers for their EMI's, Multiple Reminders etc.		
Capex			

- 2. Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

Yes

b. If yes, what percentage of inputs were sourced sustainably?

Being a non-banking financial company, our direct consumption of consumable and input materials is limited. The primary resource consumption of the Company is printing paper. The Company entered into vendor agreements for procurement of paper and tracks consumption of resources to reduce their wastage.

Above all, the Company also emphasized on integrating sustainable practices within the value chain (suppliers and customers) through acceptance of payments through automated clearing house (ACH)/ Auto Debit/Digital/online mode which in turn helped the customers in paper less transaction. To avoid further usage of paper, the customer documents are stored digitally.

The corporate office is a Platinum certified Green Building. Certified green buildings focus on the use of recycled materials instead of virgin materials. Such materials are certified, have lower carbon footprint and are sourced and used in a sustainable manner with minimal or no adverse effects to the environment. The Company is not tracking the percentage of inputs sourced sustainably.

- 3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

The Company's primary waste products comprise paper waste and electronic waste.

Paper Waste: The Company has minimized paper usage through digital technologies and process optimization. As a non-banking financial company, paper is a major resource consumed. To promote sustainable service delivery, the Company encourages paperless transactions and implements a paper recycling initiative for old printouts. Payments are accepted through electronic modes, reducing the need for paper. Vendor payments are made electronically as well. Various initiatives are in place to reduce paper usage, such as online lead generation, digital customer transactions, an e-learning platform for employees, and SMS updates during loan processing. System-generated reports are no longer printed, and files are processed digitally whenever possible. The Company prioritizes digital storage of documents and communicates with customers primarily via email, SMS, and inbound calls.

Encouraging usage of green chemicals for corporate office and branches to reduce harmful effect on the users and the environment.

Efforts are being made to reduce the usage of paper cups by introducing reusable glasses and cups made up by organic material like rice husk. Tissue papers are replaced with recycled/recyclable paper rolls to curb the usage and wastage.

Enhanced awareness about sustainability among employees through frequent e-mailers, digital content display across the offices and awareness workshops.

During closure/relocation of the branches, scrap is being disposed off through Govt certified green vendors.

E waste: The Company has put in place mechanisms for responsible disposal of waste through authorized third-party vendors. The Company has in place a Policy on process for disposal of E-Waste Items. Further, the device management policy of the Company helps to monitor and repair devices as required.

- 4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No).**

Being a non- banking financial company, extended producer responsibility is not applicable to our activities.

If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Not applicable

Leadership Indicators

- 1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

NIC Code	Name of Product /Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
Not applicable					

- 2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Name of Product / Service	Description of the risk / concern	Action Taken
Not applicable		

- 3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Not applicable		

- 4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed of.**

	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)						
E-waste						
Hazardous waste	Not applicable					
Other Waste						

- 5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Not applicable	

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees.

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	2065	2065	100	2065	100	0	0	2065	100	0	0
Female	319	319	100	319	100	319	100	0	0	319	100
Total	2384	2384	100	2384	100	319	13.38	2065	86.62	319	13.38
Other than Permanent employees											
Male	Not Applicable										
Female	Not Applicable										
Total	Not Applicable										

b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	Not applicable										
Female	Not applicable										
Total	Not applicable										
Other than Permanent workers											
Male	Not applicable										
Female	Not applicable										
Total	Not applicable										

d. Spending on measures towards well being of employees and workers (including permanent and other than permanent) in the following format-

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Cost incurred on well-being measures as a % of total revenue of the Company	0.21%	0.41%

2. Details of retirement benefits, for Current FY and Previous Financial Year

Benefits	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
Provident Funds	100%	Not applicable	Y	100%	Not applicable	Y
Gratuity	100%	Not applicable	Not applicable	100%	Not applicable	Not applicable
Others – please specify	0	Not applicable	0	0	Not applicable	0

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes (corporate office)

- Currently the Company does not have any differently abled employees. The Company welcomes equal opportunity and diversity and thus no discrimination is observed during the hiring process. Therefore, to ensure the workplace is inclusive of differently abled, the Company's corporate office building is made accessible to prospective differently abled employees with ramps and elevators. This will help to create an environment that is safe and eliminate the barriers of belongingness.
- Dedicated rest rooms are provided in the office.
- Onsite Nursing and Physician consultation for employees.
- Creche and medical room facility are also available in the office.
- Braille and voice enabled elevators are provided in the office.

The Company is an Equal Opportunity employer and has zero tolerance towards discrimination, the same is articulated in the Equal Opportunity Policy. Corporate office is disabled friendly.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes. The Company has an Equal Opportunity Policy which is internal to the Company and is communicated to all the permanent employees. Equal employment opportunity is also articulated in the <https://poonawallafincorp.com/pfca/assets/pdf/PFL-Code-of-Business-Ethics.pdf>

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100	100	Not applicable	Not applicable
Female	100	86	Not applicable	Not applicable
Total	100	92	Not applicable	Not applicable

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief : Yes

	(If Yes, then give details of the mechanism in brief)
Permanent Workers	Not applicable
Other than Permanent Workers	Not applicable
Permanent Employees	The Company enables employees to work without fear of prejudice, gender discrimination and harassment. The Company has zero tolerance towards any non-compliance of these principles. 'Prevention of Sexual Harassment' Policy serving as grievance mechanisms for its employees to report or raise their concerns confidentially and anonymously, and without fear of any retaliation. Employees can raise grievances/concern at dedicated email id as mentioned in the policy. Further details can be obtained at https://poonawallafincorp.com/pfca/assets/pdf/Posh-Policy.pdf The Company has 'Breach of Integrity and Whistle Blower/Vigil Mechanism Policy. Whistleblower Policy explains the mode of communication for alleged wrongful conduct. Mode of Communication: Email to whistleblower@poonawallafincorp.com or send a complaint at a mentioned postal address. Communicate to the employee or senior management team who can then forward the same to Head-HR. The same must then be forwarded to Ethics & Disciplinary Committee. Further details can be obtained at (Breach-of-Integrity-and-Whistle-Blower-Vigil-Mechanism-Policy.pdf (poonawallafincorp.com)) Employees can report with Multiple Channels – Email HR monthly drives are conducted so that employees can reach out to the HR for any concerns. Engagement with Business HR team on a monthly basis to focus on the closure of open queries and resolution of challenges
Other than Permanent Employees	Not applicable

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Total employees /workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees						
- Male						Not applicable
- Female						
Total Permanent Workers						
- Male						Not applicable
- Female						

8. Details of training given to employees and workers:

Category	FY 2023-24 Current Financial Year					FY 2022-23 Previous Financial Year				
	Total	On Health and safety measures		On Skill upgradation		Total	On Health and safety measures		On Skill upgradation	
	(A)	No. (B)	% (B/A)	No. (C)	% (C/A)	(A)	No. (B)	% (B/A)	No. (C)	% (C/A)
	Employees									
Male	2065	1176	57	1843	89	2211	690	31.21	1857	83.99
Female	319	189	59	275	86	241	131	54.36	217	90.04
Total	2384	1365	57	2118	89	2452	821	33.48	2074	84.58
	Workers									
Male										
Female										Not applicable
Total										

The Company re-skilled its employees and provided career growth opportunities, micro-learning, on-boarding cum integration, succession planning, talent management and access to real time dashboards.

9. Details of performance and career development reviews of employees and worker:

Category	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Total (A)	No. (B)	% (B/A)	Total (A)	No. (B)	% (B/A)
	Employees					
Male	2065	2065	100	2211	2211	100
Female	319	319	100	241	241	100
Total	2384	2384	100	2452	2452	100
	Workers					
Male						
Female						Not applicable
Total						

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, what is the coverage of such a system?

Yes, Employees are key to the growth of any organization. Therefore, their health and wellbeing is also equally important.

- All the offices are provided with fire extinguishers and kept in working condition.
- At corporate office -
 - o Fire detection and firefighting system is in place integrated with the building management system.
 - o An emergency response team (ERT) has been formed to guide the employees in the panic situations if any.
 - o Fire evacuation drills are being conducted periodically. Training is also provided by external consultant/ party on how to deal with such scenarios.
 - o Public announcement (PA) system is in place for any emergency situations.
 - o Fire alarm systems are installed at the qualified branches as per norms.
 - o Creche and medical room facility are also available.
 - o Onsite Nursing and Physician consultation for employees.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Being non-banking financial company and considering the nature of business, this is not directly applicable to the Company.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.

Not applicable

d. Do the employees/ workers of the entity have access to non-occupational medical and healthcare services?

Yes, all employees of the Company are covered under the company's health insurance policy. Employees and their families are covered for hospitalization through Medclaim cover and annual health check-up is also facilitated for employees. Further, first aid boxes and ambulances are also available for employees.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	Not Applicable	Not Applicable
Total recordable work-related injuries	Employees	0	0
	Workers	Not Applicable	Not Applicable
No. of fatalities	Employees	0	0
	Workers	Not Applicable	Not Applicable
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	Not Applicable	Not Applicable

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Some key initiatives taken by the Company to prioritize employee wellness includes:

- Onsite Nursing and Physician consultation for employees.
- In the domain of health and wellness, your company conducted a wellness session on nutrition. Onsite Nutritionist for counselling at Corporate Office.
- Covering both health and wellness and engagement, your Company conducted indoor and outdoor activities like Cricket, Football, Chess and Carrom tournaments at regular intervals.
- Employees are regularly sensitized for doing regular health check-up by organizing free and subsidized onsite camps in partnering with Dr Lal Path, Doc Online.
- Conducted Free health checkup, Dental, Skin and Hair and eye checkup camps in partnering with Insurance broker and local hospital network.
- Workplace stress management sessions are conducted.
- Fun and Fitness activities are conducted.
- Conducted sessions on Parenting.
- Conducted the Ekal run half Marathon where the employee and their kids participated for the social cause to contribute towards the education of children from remote, rural & tribal education.
- Conducted the Fitisthan Marathon where the employee and their kids participated for the social cause to contribute towards the Indian Army.
- Guilt Free workshop conducted for healthy cooking.
- Employees are regularly sensitized to the hazards of smoking through our weekly communication.
- A special series of communication on 'Healthy eating habits' is sent on regular basis.
- Launched a BMI contest '#PFL FIT' for all employees.
- PFL launched 'EB360 – Employee Benefits 360', an initiative that offered multiple benefits to cater to the physical, mental, and financial health of employees. We partnered with renowned doctors to provide our employees with the benefit of having on-call assistance.

13. Number of complaints on the following made by employees and workers

	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	-	0	0	-
Health & Safety	0	0	-	0	0	-

14. Assessments for the year

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	We have not undertaken separate assessment by third party.
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Not applicable

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes. The Company extends the Group Medical Coverage, Group Personal Accident Coverage and Group Term Insurance to all the permanent employees. The coverage for the employees varies according to the employee grade.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

We communicate our expectation to our business partners and vendors through our service agreements which outlines the need to be in compliance with all relevant regulations.

3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Employees	0	0	0	0
Workers	Not applicable			

Note- Response to E11 is 0 and therefore this is not applicable

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

Yes. The Company has a retirement policy that honors the accomplishments and contributions of departing employees. The experience gained by the retiring employees in the different fields helps them in their post-retirement professional engagement. The Company also has an internal job policy to nurture the organization's multi-skilled resources.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety conditions	We have not undertaken an assessment of value-chain partners.
Working conditions	

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not applicable

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders.

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

The various functional teams identify the stakeholder groups relevant to the work and discussions are conducted at senior management levels to include the groups. For example, across the value chain, some of the key stakeholders identified are customers, communities, NGO partners, suppliers and third parties etc.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Government and regulatory authorities	No	- Regulatory filings - Newspaper advertisements/ publications for various regulatory matters. - Meetings - Letters - E-mails	- Quarterly - Need based	- Compliance with filing and other regulatory compliance. - Keep various regulatory authorities informed and up to date about the various developments going on in the organization to fulfill the compliance requirement.
NGOs and local community	No	- Meetings - Proposal and request for new CSR initiatives.	- Need based	- Community development need, focus area viz., education, women empowerment, financial literacy and health care.
Employees	Yes	- Induction programs (Embark 2.0 (Including AI Connect) - E-mails (Internal Communications), Newsletter, Website, Notice Board - Rewards and recognition programs - People engagement initiatives - Synergy (Dept. Townhall), - Accelerate (Cross Functional Leadership Connect) - My Branch My Pride	- New joiner Day1 till 180 days of joining. - Quarterly - Half yearly - Need based	- It helps us in educating all our employees on various policies and procedures. - Keep our employees up to date on various initiatives of the organization - Training and career development of employee - The leadership connects helps building trust, prioritize transparency, integrity & promote open communication.
Customers	Not applicable	- Call center - Customer grievance cell - Customer helpline - Customer satisfaction survey - Branch office - Smartphone - E-mail - Website - Social media channels	- Ongoing - Need based	- Needs of customer - Customer experience and service quality - New products and policies, any revision in existing policies/ guidelines for products, queries & services.
Suppliers	Yes	- E-mail, - Phone calls - Virtual meetings - One on one meetings	- Ongoing - Need based	- Contract, commercial and terms and condition.
Investors	No	- Website - Emails - Letters - Media - Meetings/ Investor Calls - Analyst Presentations	- Annual and Quarterly - Need based	- Financial Result - Providing relevant information, progress of the company, various initiatives, and roadmap.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders	No	- Website - E-mails - Letters - Newspaper publication - Shareholder meetings	- Annual and Quarterly - Need based	- Financial Result - Shareholders return and dividend - Key business development
Media	No	- Newspaper - Pamphlets - Social media channels - Website - Press Meet - Media Events - Management Interviews - Industry stories.	- Need based	- Latest developments and initiatives of the company about business expansion, financial results, leadership interviews, posts on social media regarding various products as well as occasions/festivals, media events and sponsorships, etc.

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The Company actively engages with stakeholders to enhance performance and create value for the ecosystem and its own operations. The methods of consultation vary depending on the stakeholder group.

For shareholders and investors, the Company utilizes earnings calls, conferences, quarterly meetings, annual general meetings, and grievance channels. While sustainability discussions have emerged recently, the focus remains on strategy and performance.

Customer consultations take place through surveys and social media, covering topics such as customer service, complaints, new products, community involvement, and more.

Employee engagement is a top priority, with various platforms and communication channels utilized. This includes addressing complaints and concerns, providing feedback and evaluations, sharing news through internal newsletters and emails, conducting town hall meetings, and organizing awareness programs. Feedback received is recorded as meeting minutes and discussed by function heads and senior management for possible implementation. For dissemination of organization-level information to the employees, the employee connect framework was modified. Through this the mechanism to connect the branch heads with the HR team, conduct townhalls with the Functional Heads were practiced. This process allowed the Company to acknowledge the challenges faced by the employees, provide resolutions and allows discussion with the senior members of the organization. As a forward looking step, the Company launched an initiative My Branch, My Pride through which the Senior leaders have been assigned select branches to ensure engagement with employees, understand their challenges and provide appropriate resolutions. This was also initiated to set an example of approachable leadership for the employees and ensuring the aspect of inclusiveness for all.

The business HR team conducts monthly consultation with the employees by focusing on open queries and putting efforts to resolve them. To further strengthen the employee connects, the Company has partnered with third party to provide an AI based platform through which the employees can stay connected.

The feedback received from the stakeholders is discussed and suitable actions were taken towards enhancing our practices.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, the engagement with communities and beneficiaries is mostly in the form of focused group discussions and their feedback on the CSR programs are considered and implemented as appropriate. We have instituted ESG policy that outline our commitment for each of the focus area identified by us.

The discussion of employees with HR and team leads has also helped the Company to incorporate activities such as employee wellbeing programs, taking cognizance of environmental initiatives (saving electricity, water etc.). We have instituted Equal Opportunity policy and other employee related policies and practices to promote a fair workplace.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

To avoid spreading false information about the organization, whenever journalists or media outlets ask questions or have queries, the Company immediately reviews them and responds. The Company also engages with the media to keep stakeholders updated about the Company. The Company thinks that the unbanked and underbanked people in urban India are less likely to integrate into India's mainstream economy, which makes them vulnerable to socioeconomic exploitation. Through its CSR initiative, the Company aims to improve the lives of underprivileged individuals and all the CSR projects aims to address the concerns of marginalized stakeholder groups and promote society's holistic development. For further details on our CSR programmes please refer annual CSR report.

Principle 5: Businesses should respect and promote human rights.

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (A)	No. of employees / workers covered (B)	% (B/A)
Employees						
Permanent	2384	2384	100	2452	2452	100
Other than permanent			Not applicable			
Total employees	2384	2384	100	2452	2452	100
Workers						
Permanent						
Other than permanent			Not applicable			
Total workers						

2. Details of minimum wages paid to employees and workers, in the following format

Category	FY 2023-24				FY 2022-23					
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% E/D)	No. (F)	% (F/D)
Employees										
Permanent	2384	NA	NA	2384	100	2452	NA	NA	2452	100
Male	2065	NA	NA	2065	100	2211	NA	NA	2211	100
Female	319	NA	NA	319	100	241	NA	NA	241	100

Category	FY 2023-24				FY 2022-23					
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% E/D)	No. (F)	% (F/D)
Other than permanent										
Male										
Female										
Workers										
Permanent										
Male										
Female										
Other than permanent										
Male										
Female										

3. Details of remuneration/salary/wages, in the following format:

A. Median remuneration / wages:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (₹ in Crore)	Number	Median remuneration/ salary/ wages of respective category (₹ in Crore)
Board of Directors (BoD)*	7	0.66	1	0.09
Key Managerial Personnel	3	4.97	1	0.75
Employees other than BoD and KMP	2063	0.09	317	0.07
Workers				Not applicable

* The Company has four KMPs of which 2 are Directors.

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2023-24	FY 2022-23
Gross wages paid to females as % of total wages	8.92%	6.69%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. The Company has formed an Ethics and Disciplinary Committee which oversees every aspect of regulatory and employee disciplinary matters. The committee also oversees among other things, any allegations of human rights violations within the Company.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company has a defined 'Whistleblower' mechanism to ensure that any violations to its Code of Conduct and Code of Business Ethics (including violation of human rights) are raised in a systematic, fair manner and without any fear of consequence. Further, any other concerns or grievances on discrimination, harassment, unethical behavior or dealings can be reported by the employees in accordance with the process explained in Whistleblower Policy, human resource manual and the code of conduct.

The complaints of sexual harassment are dealt with by the Internal Committee ('IC'). Complainant may submit a complaint in writing and inform any IC member. In case of a complaint against any member of the IC, the complaint can be made to the IC and the alleged member would be replaced by another member appointed by the IC for the investigation period. Any of the IC members at the workplace must receive a detailed complaint from the complainant, along with any available documentary evidence or witness names.

The Ethics and Disciplinary Committee is the final authority to make decisions based on the Company's Code of Conduct and Discipline Rules in the event of a Protected Disclosure regarding disciplinary or workplace harassment concerns.

6. Number of Complaints on the following made by employees and workers:

	FY 2023-24 Current Financial Year		Remarks	FY 2022-23 Previous Financial Year		Remarks
	Filed during the year	Pending resolution at the end of year		Filed during the year	Pending resolution at the end of year	
Sexual Harassment	0	0		1	0	
Discrimination at workplace	0	0		0	0	
Child Labour	0	0		0	0	
Forced Labour/ Involuntary Labour	0	0		0	0	
Wages	0	0		0	0	
Other human rights related issues	0	0		0	0	

7. Complaints filed under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Total Complaints reported under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	1
Complaints on POSH as a % of female employees/workers	0	Not measurable
Complaints on POSH upheld	0	1

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

A formal grievance mechanism is available to all employees to report or raise their concerns confidentially and anonymously, without fear of retaliation.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, vendor contracts and agreements include clauses with respect to compliance of labour laws by the Service Provider towards its employees.

10. Assessments of the year

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	
Forced/involuntary labour	
Sexual harassment	Being a non-banking financial company, we undertake proactive measures to safeguard human rights, we have however not undertaken a dedicated human rights assessment.
Discrimination at workplace	
Wages	
Others – please specify	

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Not applicable

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

We respect the human rights of all our stakeholders and ensure adherence with applicable laws. There have not been any significant complaints or grievances regarding human rights that merit the addition or modification of business procedures.

2. Details of the scope and coverage of any Human rights due diligence conducted.

We have not conducted any human rights due diligence.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, the Company welcomes differently abled visitors and makes no discrimination in their reception. To ensure the differently abled visitors also feel safe and comfortable, the corporate office is made accessible by providing ramps for wheelchairs. Additionally, separate washroom, Braille enabled, and voice assisted elevators are also provided for easy access. The Company may also have differently abled employees in the near future and therefore infrastructure has been designed accordingly.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	
Discrimination at workplace	
Child labour	
Forced/involuntary labour	We have not undertaken assessment of value chain partner
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not applicable

Principle 6: Businesses should respect and make efforts to protect and restore the environment.

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2023-24 (Current Financial Year)*	FY 2022-23 (Previous Financial Year)*
From Renewable Sources		
Total electricity consumption (A)	-	-
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from Renewable Sources (A+B+C)	-	-
From Non-Renewable Sources		
Total electricity consumption (D)	5555.61 GJ	4381 GJ
Total fuel consumption (E)	19.44 GJ	44.7 GJ
Energy consumption through other sources (F)	-	-
Total energy consumed from Non-Renewable Sources (D+E+F)	5575.05 GJ	4425.7 GJ
Total energy consumed (A+B+C+D+E+F)	5575.05 GJ	4425.7 GJ
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/ Revenue from Operations)	1.77 GJ/ INR Cr	2.20 GJ/ INR
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/Revenue from Operations adjusted for PPP)	39.62 GJ/ USD	49.32 GJ/ USD
Energy intensity in terms of physical output	-	-
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

*Data for corporate office has only been considered.

Intensity data for FY2023 has been updated as revised method of calculation.

For PPP, 22.4 National currency units/US dollar has been used. Source: IMF (2024), Purchasing power parities (PPP) (indicator). (Accessed on May 29, 2024)

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

We have not undertaken independent assessment.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

This is not applicable to us as we do not have sites or facilities identified as designated consumers.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	10,046.05	-
(iii) Third party water (Municipal water supplies)	5,221.37	-
(iv) Seawater / desalinated water	-	-
(v) Others	215.94	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	15,483.36	-
Total volume of water consumption (in kilolitres)	15,483.36	-
Water intensity per rupee of turnover (Total Water consumption / Revenue from Operations)	4.91 KL/ INR Cr	-
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Water consumption / Revenue from Operations adjusted for PPP)	110.04 KL/ USD Cr	-
Water Intensity in terms of physical output	-	-
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

For PPP, 22.4 National currency units/US dollar has been used. Source: IMF (2024), Purchasing power parities (PPP) (indicator). (Accessed on May 29, 2024)

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Even though the nature of business—being a non-banking financial company has little effect on the environment, the company constantly strives to reduce its environmental impact by figuring out how to maximize resource consumption in its operations. Additionally, the water is only used for basic consumption and there is currently no system in place to track it.

4. Provide the following details related to water discharged

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface Water		
-No treatment	-	-
-With treatment – please specify level of treatment	-	-
(ii) To Groundwater		
-No treatment	-	-
-With treatment – please specify level of treatment	-	-
(iii) To seawater		
-No treatment	-	-
-With treatment – please specify level of treatment	-	-

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
(iv) Sent to third parties		
-No treatment	-	-
-With treatment-please specify level of treatment	-	-
(v) Others		
-No treatment	-	-
-With treatment-please specify level of treatment	-	-
Total Water discharged (in kilolitres)	-	-

Note: Indicate if any independent assessment /evaluation/assurance has been carried out by an external agency (Y/N) If yes , name of the external agency.

Not applicable.

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

We do not have a mechanism for zero liquid discharge.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
NOx	-		
SOx	-		
Particulate matter (PM)	-		
Persistent organic pollutants (POP)	-	Not applicable	Not applicable
Volatile organic compounds (VOC)	-		
Hazardous air pollutants (HAP)	-		
Others – Ozone Depleting Substances (HCFC - 22 or R-22)	-		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Not applicable

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2023-24 (Current Financial Year)*	FY 2022-23 (Previous Financial Year)*
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	tCO ₂	14.73	0.14
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	tCO ₂	1251.93	961
Total Scope 1 and Scope 2 emissions intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG Emissions /Revenue from Operations)	tCO ₂ /INR	0.40	0.47
Total Scope 1 and Scope 2 emissions intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG Emissions /Revenue from Operations adjusted for PPP)	tCO ₂ /USD	9.00	10.71
Total Scope 1 and Scope 2 emission intensity in terms of physical output	-	-	-
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	-	-	-

*Data for corporate office has only been considered

For PPP, 22.4 National currency units/US dollar has been used. Source: IMF (2024), Purchasing power parities (PPP) (indicator). (Accessed on May 29, 2024)

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

We have not undertaken any independent assessment.

8. Does the entity have any project related to reducing GreenHouse Gas emission? If Yes, then provide details.

Yes

The Company has taken the following initiatives to reduce the greenhouse gas emissions:

- Awareness generation among the employees to conserve and responsibly use electricity.
- Reduction of usage of energy (through installation of LED bulbs, energy efficient electrical equipment and retrofitting LED lights in branch offices.)
- E-waste management and handling, distribution of sapling and paper conservation (e.g. both side printing, re-use of papers, PIN based controlled printing) and paper waste recycling.
- The corporate office is in a Platinum certified green building.
- The Company has managed all the electrical equipment in a manner so that they help to conserve energy. The Company has initiated installation of LED lights in new and upcoming branches wherever possible. The Company is also in the process of replacing existing lights with LED lights in a phased manner.
- Energy consumption would reduce as a result of these initiatives, either directly or indirectly. Energy conservation would significantly contribute to the mitigation of global warming in our nation due to the predominant use of fossil fuels for energy production, which results in greenhouse gas emissions and climate change.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	0.147	-
E-waste (B)	3.615	21.0
Bio-medical waste (C)	0.651	-
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	-	-
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	0.627	-
Total (A+B + C + D + E + F + G + H)	5.04 MT	21.0 MT
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)	0.02 MT/ INR Cr	0.01 MT/ INR Cr
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)	0.03 MT/ USD	0.23 MT/ USD
Waste intensity in terms of physical output	-	-
Waste intensity (optional) – the relevant metric may be selected by the entity	-	-

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

Category of waste		
(i) Recycled	-	-
(ii) Re-used	0.396	-
(iii) Other recovery operations	-	-
Total	0.396	-

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

Category of waste		
(i) Incineration	0.651	-
(ii) Landfilling	-	-
(iii) Other disposal operations	3.993	-
Total	4.644	-

For PPP, 22.4 National currency units/US dollar has been used. Source: IMF (2024), Purchasing power parities (PPP) (indicator). (Accessed on May 29, 2024)

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

We have not undertaken independent assessment, being a non-banking financial company and considering the nature of business, this has little effect on the environment, the Company constantly strives to reduce its environmental impact by reducing waste.

10. Briefly describe the waste management practices adopted in your establishments.

Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Paper and e waste are the predominant categories of waste generated from the operations of the Company and the Company has adopted various management practices to ensure the quantum of waste generated is reduced gradually and awareness is also created within the organization to manage the wastes in an efficient manner.

Paper Waste: The Company has reduced the use of paper by optimizing its processes through digital technologies and process excellence. Because of the nature of its services, the major resource consumed at the Company is paper. The Company contributes towards sustainable service delivery through paperless transaction. The Company has a paper recycling initiative in terms of re-usage of old printouts which are no longer required and also monitor consumption of paper. Above all, the Company accepts payments through ACH/Auto Debit/Digital/online mode which in turn helps the customers in paper less transaction. All payments to vendors are through NEFT/RTGS mode thereby reducing the usage of paper. The Company ensures reduction of paper usage through various initiatives viz. leads are generated online with customer related data, online system to record customer related transactions, e-learning platform for knowledge sharing / enhancement of employees, customers are updated through SMS during loan processing at every stage till sanction. Other important initiatives launched in previous year is discontinuation of printing of system generated reports and facility for uploading system generated reports which helped in restricting usages of paper, ink cartridges, fuel for transportation. Business units are working towards paper-less processing of loan files and avoid taking paper printouts as much as possible. We are promoting storage of documents digitally. The Company is conscious about usage of paper and saving trees. Statements & Reports, Welcome Letter, Statement of Account, Foreclosure, No Objection Certificate etc. is primarily sent to customers via e-mail. Loan details and related information is provided to customers via email / Inbound Call, Regular proactive communication through SMS, Whatsapp and email.

E waste: The Company has put in place mechanisms for responsible disposal of waste through authorized third-party vendors. The Company has in place a policy and process for disposal of E-Waste Items. Further, the device management policy of the Company helps to monitor and repair devices as required.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
We do not have any operations/offices in/around ecologically sensitive areas.			

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
We did not undertake any project that required EIA.					

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format: Yes

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
We are in compliances with the current set of guidelines established by the government.				

Leadership Indicators

1) Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

(i) **Name of the area:** Not applicable

(ii) **Nature of operations:** Not applicable

(iii) **Water withdrawal, consumption and discharge in the following format:** As we are a non-banking financial company, this is not applicable to our activities.

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	Not applicable	Not applicable
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kilolitres)		
Total volume of water consumption (in kilolitres)		
Water intensity per rupee of turnover (Water consumed / turnover)		
Water intensity (optional) – the relevant metric may be selected by the entity		

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water	Not applicable	Not applicable
- No treatment		
- With treatment – please specify level of treatment		
(ii) Into Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) Into Seawater		
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Not Applicable

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)			
Total Scope 3 emissions per rupee of turnover			
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

We have not undertaken Independent assessment.

3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not applicable

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	Installation of LED bulbs, energy efficient electrical equipment and also retrofitting LED lights in branch offices	Please refer point no. 8 of Principle 6	This has reduced electricity consumption of the Company

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes. The Company has implemented a comprehensive Business Continuity Management System (BCMS) as outlined in its Business Continuity Management Policy. This system ensures the recovery of critical business processes and services in the event of disruptions that may impact stakeholders and customers. Contingency measures have been established to protect essential resources such as people, technical infrastructure, facilities, and vital records.

The BCMS Policy governs the Company's emergency response, resumption, recovery, and restoration procedures during a disaster. It outlines the overall Business Continuity practice, including individual and functional responsibilities necessary to ensure business continuity and minimize financial and non-financial impacts in the event of a critical service disruption.

The BCMS at the Company covers departments located at the corporate office, Branch Locations. Business Continuity for Infrastructure-as-a-Service (IaaS) / Software-as-a-Service (SaaS) Applications / Platform-as-a-Service (PaaS) is managed either by the IaaS / SaaS / PaaS Vendor or as per contractual agreements. Critical application identification and annual testing for Business Continuity are conducted to maintain the effectiveness of the BCMS.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

Not applicable

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Not applicable

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations-4
- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such a body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	The Associated Chambers of Commerce & Industry of India	National
2	Confederation of Indian Industry (CII)	National
3	Finance Industry Development Council (FIDC)	National
4	The Federation of Indian Chambers of Commerce and Industry (FICCI)	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken

There have been no action or issues related to anti-competitive conduct and no adverse orders from any authority during the FY 2023-24.

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in the public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others - please specify)	Web Link, if available
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The Company has taken annual membership of FICCI, FIDC, CII and ASSOCHAM but has not been associated in formulating any such policies, strategies, etc. at any level. PFL as NBFC may have given its comments or recommendations on certain draft policies, circulars, etc. as and when asked by RBI from all NBFCs wherever applicable.

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Currently, the same is not applicable					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
The company has not undertaken which requires Rehabilitation and Resettlement (R&R)						

3. Describe the mechanisms to receive and redress grievances of the community.

The Company is dedicated to making a positive impact through its Corporate Social Responsibility (CSR) initiatives. These initiatives are focused on improving the lives of underprivileged individuals and fostering their overall well-being. To ensure effective implementation, the Company's CSR team actively engages with communities, an important stakeholder group. This engagement serves as a platform for open communication, allowing the team to understand the concerns and gather feedback from the community. This feedback helps in shaping and refining the projects that address social and environmental issues, ensuring their relevance and effectiveness in creating a meaningful impact.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Directly sourced from MSMEs/ small producers	24.46%	4.85%
Sourced directly from within the district and neighboring districts	99.73%	99.71%

5. Job Locations in small towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent /on contractual basis) in following locations, as % of total wages cost.

Location	FY 2023-24 Current Financial Year	FY 2022-23 Previous Financial Year
Rural	-	-
Semi-Urban	4.46%	6.70%
Urban	16.81%	25.67%
Metropolitan	78.72%	67.63%

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Nil	Nil

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District*	Amount spent (in lakh)
1.	Maharashtra	-	200.00
2.	Maharashtra	-	154.00
3.	Jharkhand and Chhattisgarh	-	40.00
4.	Sikkim and Haryana	-	30.00
5.	Bihar and Jharkhand	-	30.00
6.	Andhra Pradesh, Bihar, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, West Bengal	Birbhum, Kadapa, Gaya, Karauli, Khammam, Murshidabad, Muzaffarpur, Nawada, Purbi Singhbhum, Rajgarh, Visakhapatnam	48.0 (out of this Rs 5.37 lakh expenses is towards aspirational district)

* The CSR projects are state level and PAN India project and not categorized as per Aspirational District

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

Being a non-banking financial company, we do not require substantial input material for our business.

(b) From which marginalized /vulnerable groups do you procure?

Not applicable

(c) What percentage of total procurement (by value) does it constitute?

Not applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
				Not applicable

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
		Not applicable

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1.	Project M-Scholars Scholarship to students	647	100%
2.	Creative Foundation	25,000#	
3.	Pahle India Foundation	-	100%
4.	Grant Medical Foundation	-	

Students

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

a) Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

We have in place a grievance redressal policy consisting of robust customer grievance redressal mechanism. The Company employs various strategies to effectively address customer complaints and enhance their satisfaction:

Efficient Processes: By leveraging data analytics and technology-driven solutions, the Company streamlines complaint resolution processes. It focuses on resolving complaints within agreed Service Level Agreements (SLAs), classifying them based on case type and subtype. This ensures timely and targeted actions for effective resolution.

Continuous Improvement: The Company conducts regular forums, such as the Complaints RCA Forum, to identify and address key process gaps. It proactively monitors call quality, conducts repeat call analysis, and empowers frontline teams to efficiently handle customer requirements. Through rigorous training programs, the Company ensures high service quality standards and promotes a proactive approach to identify and resolve potential escalations or grievances.

Enhancing Customer Experience: The Company is committed to delivering a differentiated customer experience by implementing the following measures:

Digital Engagement: Leveraging digital channels, the Company proactively connects with customers throughout their lifecycle journey. Approximately 75% of customer queries and requests are serviced digitally, allowing for swift and smooth resolution of concerns. This digital connect helps in timely communication and enhances overall customer experience.

Robust Internal Systems: The Company continuously enhances its internal systems through system upgrades, process re-engineering to ensure a competitive edge and provides seamless Experience to customers. The implementation of a Fair Practice Code facilitates setting of proper guardrails to ensure fair lending practices giving proper and enhanced visibility to end customers from loan initiation till closure, further building consumer trust on the brand.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	-
Safe and responsible usage	-
Recycling and/or safe disposal	Not applicable

3. Number of consumer complaints in respect of the following:

	FY 2023-24 (Current Financial Year)		Remarks	FY 2022-23 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Cyber-security	-	-	-	-	-	-
Delivery of essential services	-	-	-	-	-	-
Restrictive Trade Practices	-	-	-	-	-	-
Unfair Trade Practices	-	-	-	-	-	-
Other	-	-	-	-	-	-

The complaint categories are predefined internally and we currently do not have specific categories for advertising, Restrictive Trade Practices and Unfair Trade Practices. The total number of all customer complaints is mentioned under section A of the BRSR disclosure.

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls		
Forced recalls		Not applicable

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, the Company has a board approved Cyber Security Policy in place at organization level. The Company also has a [Privacy policy](#), Information Security Policy, IT Management Policy, Information & IT Risk Management Policy, and Cloud Adoption Policy.

Consumer Awareness - Cyber Threats and Frauds

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Not applicable, no breaches reported during the year under review.

7. Provide the following information relating to data breaches:

- a. Number of instances of data breaches: 0
- b. Percentage of data breaches involving personally identifiable information of customers: 0
- c. Impact if any of the data breaches: Not applicable

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

Poonawalla Fincorp is an omnipresent financial organization which allows both current and prospects to interact, do business, and receive services from online and offline mode. In the online mode the products and services are available through the website(www.poonawallafincorp.com) and in offline world through our branch network. Apart from these various other channels which are available for finding information about our products and services are Toll Free contact center, chatbot services on the website, WhatsApp and e-mail channel.

These platforms can be used to apply for loan products, request for services or raise queries. The digital channels make the services accessible 24*7 and provides instant response to the customers.

The products and services of the Company can be accessed [here](#).

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

The important terms and conditions provides extensive information and ensures transparency on lending products. Further the [customer education webpage](#) on the Company website also provides information related to special mention accounts (SMA)/non performing asset (NPA) as prescribed by the regulations. The Blogs page and [Fraud Awareness page](#) on the website is a major step taken by the Company to educate the customers about the meaning and definitions of various financial terms in simple language. Such [Blogs](#) are published under the various category of products and services that are offered by the Company so that it also becomes relatable to the customers.

3 Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Customers are notified via SMS in advance of planned maintenance tasks. Customers are notified via text message in the event of an unanticipated disruption, and all the offices are also informed via an internal mechanism that directs customers who approach the offices.

4 Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief.

Not applicable

Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Yes

The NPS score serves as a reliable measure of customer loyalty. This survey is conducted monthly by the Company.

Customer feedback is obtained at four crucial touchpoints: sales, onboarding, service, and exit. The results of the NPS survey guides to enhance the customer experience through process reengineering. Additionally, customer demand is assessed to develop personalized offers for clients with a strong payment history, using algorithm-based approaches.

For and on behalf of the Board

Abhay Bhutada
Managing Director
DIN: 03330542

Pune
April 29, 2024

Sunil Samdani
Executive Director
DIN: 10301175

Pune
April 29, 2024

Independent Auditor's Report

To the Members of

POONAWALLA FINCORP LIMITED

Report on the Audit of the Standalone Financial Statements

OPINION

- We have audited the accompanying standalone financial statements of **Poonawalla Fincorp Limited ('the Company')**, which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including material accounting policy information and other explanatory information.
- 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 audit report of the PFL Employee Welfare Trust ('the Welfare Trust') as referred to in paragraph 15 below the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Key audit matter

Expected credit losses on loan assets

Refer Note 2(h)(VI) of material accounting policies, Note 6 for the details of provision and Note 50(ii) for credit risk disclosures. Also, refer Note 40 for exceptional items.

As at March 31, 2024, the Company has reported gross financial assets (loans) aggregating to ₹ 23,045.38 crores against which provision for expected credit loss of ₹ 998.97 crores has been recorded as at reporting date in accordance with Ind AS 109 – Financial Instruments ('Ind AS 109'). The Company has written off ₹ 1,194.90 crores during the current year.

The calculation of expected credit loss on loans and write-offs is complex and requires significant management judgement and the use of different modelling techniques and assumptions which could have a material impact on reported profits.

The Company has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows:

BASIS FOR OPINION

- 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 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 auditors of the Welfare Trust, in terms of their audit report referred to in paragraph 15 of the Other Matters section below is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

How our audit addressed the key audit matter

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;
- Tested the design and operating effectiveness of key controls over completeness and accuracy of the key inputs and assumptions considered for calculations, validation of data and monitoring of impairment loss recognised based on historical and external data. This also included testing performed by IT Specialists to test the data flows from source systems to spreadsheet-based models to test their completeness and accuracy.

Key audit matter

- If the loan is not credit-impaired on initial recognition, then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Company i.e., the default in repayment is within 1 month.
- If a significant increase in credit risk since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e., the default in repayment is within the range of 2 to 3 months.
- If the loan is credit-impaired, it is then moved to 'Stage 3' i.e., the default in repayment is more than 3 months.

The Expected Credit Loss ("ECL") is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets.

Calculation of ECL involves estimation of probability of default (PD) on loan portfolio over their life, loss given default (LGD) and exposure at default for each of the stages of loan portfolio. The management has calculated the PD and LGD as follows:

- For new products launched from time to time and where the Company does not have sufficient historical data to estimate PD, the Company has engaged external leading credit bureau and accordingly based on industry data sourced such information from the aforesaid credit bureau.
- For the remaining portfolio, the Company has continued to use their existing internally developed modelling techniques using historical observable data and inputs to estimate PD and LGD.

Significant management judgement and assumptions are involved in measuring ECL which also includes management overlays especially while calculating the PD and LGD and involves the following critical factors which are applied to such modelling techniques:

- Segmentation of loan book
- Determination of exposure at default
- Loan staging criteria
- Consideration of probability weighted scenarios and forward looking macro-economic factors
- Criteria for a significant increase in credit risk
- Past experience and forecast data on customer behavior on repayments
- Estimation of realizable value of underlying collaterals

Considering the significance of the above matter to the standalone financial statements, significant level of estimates and judgements involved in determination of ECL and write offs, this matter required our significant attention. Therefore, we have identified this as a key audit matter for current year audit.

How our audit addressed the key audit matter

- Tested the modelling assumptions and inputs which are based on industry experience (new products) as collated by external credit bureau by benchmarking independently such inputs with data of other comparable companies to assess reasonability of such assumptions. While for remaining loan portfolio, since modelling assumptions and parameters are based on historical data, assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios;
- Considered the Company's accounting policies for estimation of expected credit loss on loans and assessing compliance with the policies in terms of Ind AS 109;
- Tested the assumptions underlying the impairment identification and quantification including the forecast of future cash flows by corroborating it with the agreed repayment schedules of the borrowers;
- Further, challenged the aforesaid assumptions through our understanding of the risk profile of the customers of the Company and other publicly available relevant macro-economic factors used with the models;
- We have also examined, on a sample basis, data inputs to the discounted cash flow models, including the latest collateral valuations in supporting the estimation of future cash flows and present value;
- Evaluated the appropriateness of the Company's determination of significant increase in credit risk in accordance with the applicable accounting standards and the basis for classification of various exposures into various stages. For a sample of exposures, also tested the appropriateness of the Company's categorization across various stages;
- Assessed the critical assumptions and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, PD or LGD;
- 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 50 "Financial risk management" disclosed in the accompanying standalone financial statements in accordance with the applicable accounting standards and related RBI circulars.

Key audit matter**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 IT systems for accounting and the preparation and presentation of the standalone financial statements.

The Company uses loan management system (LMS) for sourcing, processing, recording and management of loan database which is fully integrated with the financial accounting and reporting system. The Company has implemented necessary preventive and detective controls across critical IT applications and infrastructure, which are most relevant from the perspective of financial reporting. Our audit approach relies on the effectiveness of automated controls and controls around interface of different systems.

Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment.

Further, we focused on key automated controls relevant for financial reporting.

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 IT systems for accounting and financial reporting as a key audit matter for current year audit.

How our audit addressed the key audit matter

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 IT systems, IT General Controls and automated IT controls and conducted risk assessment for identified IT applications, data bases and operating systems that are relevant to our audit;
- Obtained an understanding of the changes/modifications that were made to the identified IT applications during the audit period and tested those changes that had a significant impact on financial reporting including management's process for monitoring and authorisation of such changes/modifications
- Evaluated the appropriateness of controls for security governance to protect systems and data from unauthorised use, including logging of security events and procedures to identify vulnerabilities;
- Tested segregations of duties controls around program maintenance, security administration and key business processes;
- Tested IT General Controls particularly, logical access, change management and aspects of IT operational controls. Tested that request for access to systems were appropriately reviewed and authorized; tested 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;
- 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.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available 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.

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors is 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing, 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
 - Obtain sufficient appropriate audit evidence regarding the financial information/financial statements of the Company and its Welfare Trust or the business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of the Company, of which we are the independent auditors. For the Welfare Trust included in the financial statements, which have been audited by other auditor, such auditor remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current

period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

15. We did not audit the financial statements of the Welfare Trust included in the standalone financial statements of the Company whose financial statements reflects total assets of ₹ 199.33 crores as at March 31, 2024, total revenues of ₹ 0.01 crores, total net loss after tax of ₹ 0.86 crores, total comprehensive loss of ₹ 0.86 crores, and net cash inflows of ₹ 0.97 crores respectively for the year ended on that date, as considered in the standalone financial statements. These financial statements have been audited by another auditor whose report have been furnished to us by the management. Further, the aforementioned financial statements of this trust have been prepared in conformity with the Accounting Standards specified under section 133 of the Act, read with the Companies (Accounting Standards) Rules, 2021. The Company's management has converted these financial statements of this trust to the accounting principles enunciated under the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as applicable to the Company. We have audited these conversion adjustments made by the Company's management. Our opinion on the standalone financial statements, in so far as it relates to the amounts and disclosures included in respect of the Welfare Trust, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid Welfare Trust, is based solely on the report of such other auditors and the conversion adjustments prepared by the management of the Company which have been audited by us.

Our opinion above on the standalone financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the work done by and the report of the other auditors.

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, and on the consideration of the report of the Welfare Trust as referred to in paragraph 15 above, 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 except for the matters stated in paragraph 18(g)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);
 - c) The standalone financial statements dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 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 March 31, 2024 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 and based on the consideration of the audit report of the Welfare Trust as referred to in paragraph 15 above:
- i. The Company, as detailed in Note 47 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at March 31, 2024;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2024;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2024;
 - iv.
 - a. The management has represented that, to the best of its knowledge and belief, as disclosed in Note 55(f) 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 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 Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The management has represented that, to the best of its knowledge and belief, as disclosed in Note 55(g) to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the

ANNEXURE A REFERRED TO IN PARAGRAPH 17 OF THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF POONAWALLA FINCORP LIMITED ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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, investment property and relevant details of right-of-use assets.
 - (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The property, plant and equipment, investment property and right-of-use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification programme adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties including investment properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in Note 11 to the standalone financial statements, are held in the name of the Company, except for the following properties:

Description of property	Gross carrying value (₹)	Held in name of	Whether promoter, director or their relative or employee	Period held	Reason for not being held in name of company
Investment Property	0.09 crores	Gouri Shankar Rajgarhia and Om Prakash Rajgarhia	No	Since July 15, 2004	Disputed

- (d) The Company has not revalued its property, plant and equipment including right-of-use assets or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii) (a) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) As disclosed in Note 20 to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of ₹ 5 crores by banks based on the security of current assets during the year. The quarterly returns/statements, in respect of the working capital limits have been filed by the Company with such banks and financial institutions and such returns/statements are in agreement with the books of account of the Company for the respective periods, which were subject to review.
- (iii) (a) The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.
- (b) In our opinion, and according to the information and explanations given to us, the investments made, guarantees provided, security given and terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are, prima facie, not prejudicial to the interest of the Company.
- (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

Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. a) The interim dividend declared and paid by the Company during the year ended March 31, 2024 and until the date of this audit report is in compliance with section 123 of the Act.

b) The final dividend paid by the Company during the year ended March 31, 2024 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

- vi. As stated in Note 55(k) to the financial statements and based on our examination which included test checks, except for instances mentioned below, the Company, in respect of financial year commencing on April 1, 2023, has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with other than the consequential impact of the exception given below:

Nature of exception noted	Details of Exception
Instances of accounting software for maintaining books of account for which the feature of recording audit trail (edit log) facility was not operated throughout the year for all relevant transactions recorded in the software	1) The audit trail feature was not enabled at the database level for accounting software Finmechanics from implementation date June 01, 2023 to March 20, 2024 to log any direct data changes, used for maintenance of borrowing records by the Company. 2) The audit trail feature was not enabled at the database level for accounting software CCA to log any direct data changes, used for maintenance of loan records by the Company.
Instances of accounting software maintained by a third party where we are unable to comment on the audit trail feature	The accounting software Finnone, used for maintenance of books of account of the Company is operated by a third party software service provider. In absence of the 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with SAE 3402, Assurance Reports on Controls at a Service Organisation), we are unable to comment on whether audit trail feature of the said software was enabled at the database level and operated throughout the year for all relevant transactions recorded in the respective software.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 042423
UDIN: 24042423BKMMQ1185

Place: Pune
Date: April 29, 2024

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm's Registration No.:105215W/W100057

Sandeep D. Welling
Partner
Membership No.: 044576
UDIN: 24044576BKAUBH2295

Place: Pune
Date: April 29, 2024

repayment of principal and payment of interest has been stipulated and the repayments/ receipts of principal and interest are regular except for instances as below:

Particulars - Days Past Due	Aggregate amount outstanding for overdue loans as at March 31, 2024 (₹ In crores)	No. of Cases
SMA 0 (upto 30 days)	73.88	1,44,344
SMA 1 (31-60 days)	86.12	84,913
SMA 2 (61- 90 days)	59.56	54,047
More than 90 days	123.65	48,765

Having regard to the nature of business of the Company and volume of the transactions, it is impractical to furnish the item-wise listing for the above-mentioned cases of delay in repayment of principal and interest.

- (d) According to the information and explanations given to us, the total amount which is overdue for 90 days or more in respect of loans and advances in the nature of loans given in the course of the business operations of the Company aggregates to ₹123.65 crores as at March 31, 2024 in respect of 48,765 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.
- (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 186 of the Act in respect of investments made and loans granted as applicable. Further, the Company has not entered into any transaction covered under section 185 and section 186 of the Act in respect of guarantees and security.
- (v) The provisions of the sections 73 to 76 and any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended), are not applicable to the Company being a non-banking financial company registered with the Reserve Bank of India ('the RBI'), and also the Company has not accepted any deposits from public or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act. Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act only 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, undisputed provident fund which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (₹ in Crore)	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
Employees Provident Fund Act	Provident Fund	0.01	April 2022 to November 2022	15 th of next month respectively	Unpaid	

- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹ in crores)	Amount paid under Protest (₹ in crores)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961	Income tax	0.01	0.01	2009-10	Commissioner of Income Tax (Appeals)	
	Income tax	0.02	0.00	2012-13	Commissioner of Income Tax (Appeals)	
	Income tax	0.99	0.99	2014-15 to 2016-17	Commissioner of Income Tax (Appeals)	
	Income tax	0.21	0.21	2017-18	Commissioner of Income Tax (Appeals)	
	Income tax	0.16	0.16	2018-19	Commissioner of Income Tax (Appeals)	
	Income tax	0.89	0.89	2019-20	Commissioner of Income Tax (Appeals)	
Finance Act, 1994	Income tax	0.11	0.11	2020-21	Commissioner of Income Tax (Appeals)	
	Service tax	10.22	4.04	2002-03 to 2006-07	High Court, Kolkata	
	Service tax	1.85	Nil	2010-11 to 2013-14	High Court, Kolkata	
Jharkhand Value Added Tax Act, 2005	VAT	0.11	0.04	2006-07 to 2009-10	Sales Tax Tribunal, Jharkhand, Ranchi	
Madhya Pradesh Value Added Tax Act, 2002	VAT	1.34	Nil	2008-09 to 2009-10	Madhya Pradesh High Court, Jabalpur	
Orissa Value Added Tax, 2004	VAT	0.69	0.11	2007-08 to September 30, 2012	Sales Tax Tribunal, Orissa	
Haryana VAT Act	VAT	4.36	Nil	2013-14	Punjab and Haryana High Court	
Delhi Value Added Tax Act, 2004	VAT	0.02	0.00	2014-15, 2016-17 and 2017-18	Assessing Officer, Department of Trade and Taxes, Delhi	
West Bengal GST Act	GST	0.61	0.10	2017-18	High Court, Kolkata	
West Bengal GST Act	GST	0.01	0.00	2017-18	CGST & CX Commissionerate, Kolkata	
Telangana GST Act	GST	0.30	0.03	2018-19 and 2019-20	GST Commissionerate, Hyderabad	

- (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 previously 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 confirmations received from banks/ financial institution and other lenders and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained, though idle funds which were not required for immediate utilisation have been invested in readily realisable liquid investments.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary or joint venture.
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiary or joint venture.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (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 which is commensurate with the size and nature of its business as required under the provisions of section 138 of the Act.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.
- (b) According to the information and explanations given to us, the Company has conducted Non-Banking Financial activities during the year under a valid Certificate of Registration (CoR) from the RBI as per the Reserve Bank of India Act, 1934.
- (c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.
- (xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information in the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) (a) According to the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility pertaining to other than ongoing projects as at end of the current financial year. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility pertaining to any ongoing project as at end of the current financial year. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable to the Company.
- (xxi) The reporting under clause 3(xxi) of the Order 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: 24042423BKCMQ1185

Place: Pune
Date: April 29, 2024

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm's Registration No.: 105215W/W100057

Sandeep D. Welling
Partner
Membership No.: 044576
UDIN: 24044576BKAUBH2295

Place: Pune
Date: April 29, 2024

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF POONAWALLA FINCORP LIMITED ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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 ('the Company')** as at and for the year ended March 31, 2024, 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 Institute of Chartered Accountants of India ('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 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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 042423
UDIN: 24042423BKCMQ1185

Place: Pune
Date: April 29, 2024

statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at March 31, 2024, 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 **Kirtane & Pandit LLP**
Chartered Accountants
Firm's Registration No.: 105215W/W100057

Sandeep D. Welling
Partner
Membership No.: 044576
UDIN: 24044576BKAUBH2295

Place: Pune
Date: April 29, 2024

Balance Sheet

as at March 31, 2024

(All amounts are in ₹ Crores unless otherwise stated)

	Note	As at March 31, 2024	As at March 31, 2023
ASSETS			
1. Financial assets			
Cash and cash equivalents	3	255.18	601.38
Bank balances other than cash and cash equivalents	4	13.36	56.05
Receivables	5		
(i) Trade receivables		22.39	18.64
(ii) Other receivables		6.27	2.03
Loans	6	22,046.41	15,229.45
Investments	7	878.33	510.14
Other financial assets	8	257.81	372.05
		23,479.75	16,789.74
2. Non-financial assets			
Current tax assets (net)	9	171.70	114.39
Deferred tax assets (net)	10	163.42	45.88
Investment property	11	0.07	0.08
Property, plant and equipment	12	59.78	117.83
Intangible assets under development	13	0.26	4.56
Other intangible assets	14	17.00	14.25
Right of use assets	15	117.35	75.05
Other non-financial assets	16	26.87	40.31
		556.45	412.35
3. Assets held for sale			
Total Assets	17	0.02	819.73
		24,036.22	18,021.82
LIABILITIES AND EQUITY			
LIABILITIES			
1. Financial liabilities			
Payables	18		
(i) Trade Payables			
- total outstanding dues of micro enterprises and small enterprises		0.02	0.05
- total outstanding dues of creditors other than micro enterprises and small enterprises		1.22	1.97
(ii) Other Payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		2.13	-
Debt securities	19	1,227.09	950.24
Borrowings (other than debt securities)	20	13,616.13	9,804.07
Subordinated liabilities	21	236.91	365.27
Lease liabilities	22	135.59	89.58
Other financial liabilities	23	597.26	287.86
		15,816.35	11,499.04
2. Non-financial liabilities			
Current tax liabilities (net)	24	0.01	0.34
Provisions	25	8.53	8.26
Other non-financial liabilities	26	94.93	89.48
		103.47	98.08
EQUITY			
Equity share capital	27	154.11	153.59
Other equity	28	7,962.29	6,271.11
		8,116.40	6,424.70
Total liabilities and equity		24,036.22	18,021.82
Summary of material accounting policies	2		
Notes 1 to 56 forms an integral part of these standalone financial statements			

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

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No:001076N/
N500013

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No:105215W/
W100057

Amar Deshpande
Director
(DIN : 07425556)

Abhay Bhutada
Managing Director
(DIN : 03330542)

Khushroo B. Panthaky
Partner
Membership No: 042423

Sandeep D. Welling
Partner
Membership No: 044576

Shabnum Zaman
Company Secretary
Membership No: 13918

Sanjay Miranka
Chief Financial Officer

Place: Pune
Date: April 29, 2024

Place: Pune
Date: April 29, 2024

Place: Pune
Date: April 29, 2024

Place: Pune
Date: April 29, 2024

Statement of Profit and Loss

for the year ended March 31, 2024

(All amounts are in ₹ Crores unless otherwise stated)

	Note	Year ended March 31, 2024	Year ended March 31, 2023
Revenue from operations			
Interest income	29	2,904.05	1,816.94
Rental income	30	25.54	27.72
Fees and commission income	31	73.22	61.54
Net gain on fair value changes	32	2.15	4.45
Net gain on derecognition of financial instruments	33a	108.54	29.68
Total revenue from operations		3,113.50	1,940.33
Other income	34	38.32	69.70
Total income		3,151.82	2,010.03
Expenses			
Finance costs	35	955.10	595.28
Net loss on derecognition of financial instruments	33b	-	10.87
Impairment on financial instruments	36	72.02	(144.53)
Employee benefits expenses	37	444.42	514.80
Depreciation and amortisation expense	38	59.31	61.41
Other expenses	39	303.63	226.84
Total expenses		1,834.48	1,264.67
Profit before exceptional items and tax		1,317.34	745.36
Exceptional items	40	1,221.20	21.21
Profit before tax		2,538.54	766.57
Tax expense	10		
Current tax		610.13	24.18
Tax expense for earlier years		(9.73)	-
Deferred tax		(117.82)	157.45
Total tax expense		482.58	181.63
Profit for the year		2,055.96	584.94
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
(i) Remeasurement of the defined benefit plans		0.82	2.17
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.21)	(0.55)
		0.61	1.62
B. Items that will be reclassified to profit or loss			
(i) Financial instruments through other comprehensive income		0.29	(0.35)
(ii) Income tax relating to items that will be reclassified to profit or loss		(0.07)	0.09
		0.22	(0.26)
Other comprehensive income (A + B)		0.83	1.36
Total comprehensive income for the year		2,056.79	586.30
Earnings per equity share (Face value of ₹ 2/- each)			
Basic (₹)	44	26.75	7.64
Diluted (₹)		26.43	7.57
Summary of material accounting policies	2		
Notes 1 to 56 forms an integral part of these standalone financial statements			

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

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No:001076N/
N500013

For **Kirtane & Pandit LLP**
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(DIN : 03330542)

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Membership No: 042423

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Partner
Membership No: 044576

Shabnum Zaman
Company Secretary
Membership No: 13918

Sanjay Miranka
Chief Financial Officer

Place: Pune
Date: April 29, 2024

Place: Pune
Date: April 29, 2024

Place: Pune
Date: April 29, 2024

Place: Pune
Date: April 29, 2024

Statement of Changes in Equity

for the year ended March 31, 2024

(All amounts are in ₹ Crores unless otherwise stated)

A. EQUITY SHARE CAPITAL

As at March 31, 2024

Balance as at April 1, 2023	Changes in equity share capital during the year	Balance as at March 31, 2024*
153.59	0.52	154.11

*Net of adjustment of shares held by the PFL Employee Welfare Trust (PFL EWT) / 'Welfare Trust' refer note no. 27

As at March 31, 2023

Balance as at April 1, 2022	Changes in equity share capital during the year	Balance as at March 31, 2023
152.98	0.61	153.59

B. OTHER EQUITY

As at March 31, 2024

Particulars	Reserves and Surplus						Other comprehensive income	Total		
	Capital Reserve	Securities Premium	Statutory Reserves	Capital Redemption reserve	Share option Outstanding account	Treasury Shares			Trust Reserve	Retained Earnings
Balance as at April 1, 2023	4.80	5,247.67	515.30	14.22	105.79	-	-	383.59	(0.26)	6,271.11
Profit for the year	-	-	-	-	-	-	-	2,055.96	-	2,055.96
Other comprehensive income for the year*	-	-	-	-	-	-	-	0.61	0.22	0.83
Total comprehensive income for the year	-	-	-	-	-	-	-	2,056.57	0.22	2,056.79
Dividend paid	-	-	-	-	-	-	-	(307.41)	-	(307.41)
Transfer to/(from) retained earnings	-	-	411.20	-	-	-	-	(411.20)	-	-
Share based payment to employees	-	170.86	-	-	(42.26)	-	-	-	-	128.60
Net income/(loss) of PFL EWT for the year	-	-	-	-	-	-	-	(0.75)	-	(0.75)
Purchase of shares by PFL EWT during the year	-	-	-	-	-	-	-	(186.05)	-	(186.05)
Balance as at March 31, 2024	4.80	5,418.53	926.50	14.22	63.53	(186.05)	(0.75)	1,721.55	(0.04)	7,962.29

*Amount of other comprehensive income/(loss) transferred to retained earnings pertains to remeasurement of defined plans

Statement of Changes in Equity

for the year ended March 31, 2024

(All amounts are in ₹ Crores unless otherwise stated)

B. OTHER EQUITY (Contd)

As at March 31, 2023

Particulars	Reserve and Surplus						Other comprehensive income	Total		
	Capital Reserve	Securities Premium	Statutory Reserves	Capital Redemption reserve	Share option Outstanding account	Treasury Shares			Trust Reserve	Retained Earnings
Balance as at April 1, 2022	4.80	5,179.84	398.30	14.22	19.73	-	-	(55.37)	-	5,561.52
Profit for the year	-	-	-	-	-	-	-	584.94	-	584.94
Other comprehensive income for the year*	-	-	-	-	-	-	-	1.62	(0.26)	1.36
Total comprehensive income for the year	-	-	-	-	-	-	-	586.56	(0.26)	586.30
Dividend paid	-	-	-	-	-	-	-	(30.60)	-	(30.60)
Transfer to/(from) retained earnings	-	-	117.00	-	-	-	-	(117.00)	-	-
Share based payment to employees	-	67.83	-	-	86.06	-	-	-	-	153.89
Net income/(loss) of PFL EWT for the year	-	-	-	-	-	-	-	-	-	-
Purchase of shares by PFL EWT during the year	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2023	4.80	5,247.67	515.30	14.22	105.79	-	-	383.59	(0.26)	6,271.11

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 56 forms an integral part of these standalone financial statements

This is the Statement of Changes in Equity referred to in our report of even date

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited

For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No:001076N/N500013

Khushroo B. Panthaky
Partner
Membership No: 042423
Place : Pune
Date : April 29, 2024

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No:105215W/W100057

Sandeep D. Welling
Partner
Membership No: 044576
Place : Pune
Date : April 29, 2024

Amar Deshpande
Director
(DIN : 07425556)

Shabnum Zaman
Company Secretary
Membership No: 13918
Place : Pune
Date : April 29, 2024

Abhay Bhutada
Managing Director
(DIN : 03330542)

Sanjay Miranka
Chief Financial Officer
Place : Pune
Date : April 29, 2024

Statement of Cash Flow

for the year ended March 31, 2024

(All amounts are in ₹ Crores unless otherwise stated)

	Year ended March 31, 2024	Year ended March 31, 2023
A. Cash flow from operating activities		
Profit for the year	2,538.54	766.57
Adjustments for :		
Depreciation and amortisation expenses	59.31	68.66
Impairment on financial instruments including exceptional items	1,545.28	79.22
Net gain on sale of investment in subsidiary/joint venture (classified as asset held for sale)	(2,713.65)	(252.69)
Net gain on fair value changes	(2.15)	(3.97)
Net gain on derecognition of lease	(0.83)	(3.23)
Net loss on derecognition of property, plant and equipment	12.48	0.61
Net gain on derecognition of financial instruments	(108.54)	(18.81)
Expense on employee stock option scheme	99.63	150.63
Interest on lease liabilities	12.50	8.63
Liabilities written back	(15.19)	(34.42)
Operating cash flow before working capital changes	1,427.38	761.20
Movement in working capital:		
Adjustments for (increase) / decrease in assets:		
Bank balances other than cash and cash equivalents	42.69	145.91
Receivables	(20.49)	(6.64)
Loans	(8,349.22)	(4,641.31)
Other financial assets	222.26	(220.89)
Other non financial assets	13.44	(17.11)
Adjustments for increase / (decrease) in liabilities:		
Payables	1.39	(10.69)
Other financial liabilities	328.16	96.44
Provisions	1.09	0.69
Other non financial liabilities	5.45	25.57
Net cash (used in) operating activities before taxes	(6,327.85)	(3,866.83)
Income taxes paid (net of refunds)	(658.04)	(33.18)
Net cash (used in) operating activities (A)	(6,985.89)	(3,900.01)
B. Cash flow from investing activities		
Purchase of property, plant and equipment	(7.02)	(53.41)
Proceeds from sale of property, plant and equipment	25.93	12.42
Purchase of intangible assets	(5.64)	(14.22)
Net proceeds from sale of investment in subsidiary (classified as held for sale as at March 31, 2023)	3,533.36	-
Investment by PFL Employee Welfare Trust (treasury shares)	(186.85)	-
Net cash outflow from PFL Employee Welfare Trust activities	(1.10)	-
Purchase of investments	(83,426.39)	(713.93)
Proceeds from sale of investments	83,060.63	591.82
Net cash generated from/(used in) investing activities (B)	2,992.92	(177.32)
C. Cash flow from financing activities		
Proceeds from issue of debt securities and subordinated liabilities	500.00	500.00
Redemption of debt securities and subordinated liabilities	(337.50)	(336.24)
Proceeds from borrowings - term loans	8,220.00	4,600.00
Repayment of borrowings - term loans	(6,659.56)	(1,470.04)

Statement of Cash Flow (Contd)

for the year ended March 31, 2024

(All amounts are in ₹ Crores unless otherwise stated)

	Year ended March 31, 2024	Year ended March 31, 2023
Repayment of borrowings - pass through certificate	(109.96)	(488.95)
Proceeds from borrowings by PFL Employee Welfare Trust	175.00	-
Loans repayable on demand (including commercial papers) (net)	2,169.27	1,579.84
Interest on lease liabilities	(12.50)	(8.63)
Principal payment of lease liabilities	(20.93)	(5.76)
Proceeds from issue of equity shares including securities premium	30.29	3.89
Dividend paid	(307.34)	(30.60)
Net cash generated from financing activities (C)	3,646.77	4,343.51
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(346.20)	266.18
Cash and cash equivalents at the beginning of the year	601.38	335.20
Cash and cash equivalents at the end of the year	255.18	601.38
The above Statement of Cash Flow has been prepared under the 'Indirect Method' as set out in Ind AS-7 on 'Statement of Cash Flows'.		
Notes 1 to 56 forms an integral part of these standalone financial statements		

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

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm Registration No:001076N/
N500013

For **Kirtane & Pandit LLP**
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Partner
Membership No: 042423
Place: Pune
Date: April 29, 2024

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Membership No: 044576
Place: Pune
Date: April 29, 2024

Shabnum Zaman
Company Secretary
Membership No: 13918
Place: Pune
Date: April 29, 2024

Sanjay Miranka
Chief Financial Officer
Place: Pune
Date: April 29, 2024

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024

(All amounts are in ₹ Crores unless otherwise stated)

1. COMPANY OVERVIEW

Background

Poonawalla 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 non-deposit taking NBFC as defined under Section 45-IA of the Reserve Bank of India (RBI) Act, 1934. The Company is also registered as a corporate agent under Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015. Its equity shares are listed on National Stock Exchange and Bombay Stock Exchange.

Effective October 01, 2022, the Company has been categorized as NBFC-ML under the RBI Scale Based Regulation dated October 22, 2021.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS:

a) Statement of compliance and basis of preparation

The financial statements for the year ended March 31, 2024 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 (as amended) 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 NBFCs in accordance with the RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated March 13, 2020. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

The financial statements are prepared and presented in the format prescribed in the Division III of Schedule III of the Act.

A summary of the material accounting policy information and other explanatory information is in accordance with the Companies (Indian

Accounting Standards) Rules, 2015 (as amended) 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 April 29, 2024.

b) Functional and Presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All amounts have been denominated in crores and rounded off to the nearest two decimal, except when otherwise indicated.

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).

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

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 50** - impairment of financial instruments: determining inputs into the Expected Credit Loss (ECL) model, including incorporation of forward-looking information and assumptions used in estimating recoverable cash flows
- **Note 49** - determination of the fair value of financial instruments with significant unobservable inputs
- **Note 42** - measurement of defined benefit obligations: key actuarial assumptions
- **Note 10** - recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used

Judgements:

Information about judgements made in applying policies that have the most significant effects on the amount 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 sale, held for sale 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.

- 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 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.
- V) 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.
- VI) Overdue interest and other charges are treated to accrue on realization, due to uncertainty of realization and is accounted for accordingly.
- VII) For revenue recognition from leasing transactions of the Company, refer Note 43 on Leases.
- VIII) Income from collection and support services is recognized over time as the services are rendered as per the terms of the contract.
- IX) Fair value changes from financial instrument measured at FVTPL are recognized in revenue from operations basis their fair valuation and provision.
- X) Dividend is recognized when the right to receive the dividend is established.
- XI) The Company recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

'Revenue from contracts with customers'. Revenue is measured at the transaction price allocated to the performance obligation in accordance with Ind AS 115. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognizes revenue only on satisfactory completion of performance obligations.

Other income

- I) 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.
- II) All other items of income are accounted for on accrual basis.

g) Finance Costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortized cost. Financial instruments include 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.

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.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

- 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. The Company accounts for its investments in subsidiaries, associates and joint ventures at cost less accumulated impairment, if any.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at 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.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

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

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 Statement of 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 50.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

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 50.

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) Non-Current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset is recognized at the date of de-recognition.

Non-current assets are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

j) Leases

l) 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.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

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:

- the contract involves the use of an identified asset;
- the Company has substantially all the economic benefits from use of the asset through the period of the lease; and
- 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.

k) 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.

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.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

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.

V) Treasury Shares

The Company has created an ESOP Trust (the 'Trust') for providing share-based payment to its employees. The Company uses the Trust as a vehicle for distributing shares to employees under the Employee Stock Option Scheme. The Trust purchase shares of the Company from the market, for giving shares to employees. The Company treats Trust as its extension and the standalone financial statements includes the financial statements of Trust. The shares held by the Trust are treated as treasury shares.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

Own equity instruments that are re-acquired (treasury shares) are recognized at cost and deducted from other equity. No gain or loss is recognized in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Share options exercised during the reporting period are settled with treasury shares.

I) 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.

m) Property, plant and equipment and Investment property

Recognition and measurement

Property, plant and equipment (PPE) held for use or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. The cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. PPE is 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.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

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	Windmills	22
3	Furniture and Fixtures	10
4	Electrical Installations and Equipment	10
5	Vehicles	8
6	Office Equipment	5
7	Server	6
8	Network	6
9	Printer	3
10	Tablet	3

Freehold land is not depreciated.

Depreciation on vehicles given on operating lease is provided on straight line method at rates based on tenure of the underlying lease contracts not exceeding 8 years.

For the following class of assets, based on internal assessment, the management believes that the useful lives as given below best represent the period over which management expects to use these assets. Hence the useful life for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Act:

Desktop, scanner and UPS	6 years
Laptops / Handheld Device	4 years
Leasehold improvements	10 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When significant parts of an item of PPE have different useful lives, they are accounted for as separate items (major components) of PPE.

De-recognition

An item of PPE or investment property is de-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.

Individual assets costing less than or equal to ₹ 5,000/- are depreciated in full in the month of acquisition.

n) 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.

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 recognized on a straight-line basis over a period of 6 years, which is the Management's estimate of its useful life. 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.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

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."

o) Impairment of non-financial assets

The Company's non – financial assets including deferred tax is assessed at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is 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.

p) Foreign Currency Transactions

Transactions in currencies other than Company's operational currency are recorded on initial recognition using the exchange rates prevailing on the date of the transaction. The foreign currency borrowing being a monetary liability is restated to INR (being the functional currency of the Company) at the prevailing rates of exchange at the end of every reporting period with the corresponding exchange gain/ loss being recognized in statement of profit or loss. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each balance sheet date at the closing spot rate are recognized in the statement of profit and loss in the period in which they arise.

q) Provisions and contingencies related to claims, litigation, etc.

A provision is 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.

l) 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.

ll) 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.

r) Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

Contingent assets are disclosed in the financial statements where an inflow of economic benefits is probable.

s) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

t) Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash future, any deferrals or accruals of past or future operating cash receipts or payments and item of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

u) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. Refer note 53 for details on segment information presented.

v) Earnings per equity share

Basic earnings per equity share has been computed by dividing net income attributable to

ordinary equity holders by the weighted average number of shares outstanding during the year. Partly paid-up equity share, if any, is included as fully paid equivalent according to the fraction paid up.

Diluted earnings per equity share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

w) Dividend

Interim dividend declared to equity shareholders, if any, is 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 other equity.

x) Subsequent events

The Company evaluates all transactions and events that occur after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the financial statements, except as disclosed.

y) Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards not yet effective and applicable to the Company.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

3. CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	0.28	1.96
Balances with banks :		
In current accounts	254.90	599.33
In deposits with original maturity of less than 3 months	-	0.09
Total	255.18	601.38

4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2024	As at March 31, 2023
Bank balances other than cash and cash equivalents		
In deposits with original maturity of more than 3 months	5.80	3.20
Earmarked balances with banks		
Unclaimed dividend on equity shares	0.30	0.23
Towards bank guarantees and others	7.26	11.33
Towards cash collateral - securitisation	-	41.29
Total	13.36	56.05

5. RECEIVABLES

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Trade receivables		
Considered good - Unsecured	34.89	18.64
Less: Impairment loss allowance	(12.50)	-
	22.39	18.64
(ii) Other receivables		
Considered good - Unsecured	6.27	2.03
Less: Impairment loss allowance	-	-
	6.27	2.03
Total	28.66	20.67

There are no dues by directors or other officers of the Company or any firms or private Companies in which any director is a partner, a director or a member.

Trade receivables ageing schedule as at March 31, 2024

Particulars	Undisputed Trade receivables – considered good	Disputed Trade Receivables – considered good	Total
Less than 6 months	17.76	-	17.76
6 months - 1 year	17.13	-	17.13
1-2 years	-	-	-
2- 3 years	-	-	-
More than 3 years	-	-	-
Total	34.89	-	34.89
Less: Impairment loss allowance	(12.50)	-	(12.50)
Total Trade receivables	22.39	-	22.39

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

5. RECEIVABLES (CONTD.)

Trade receivables ageing schedule as at March 31, 2023

Particulars	Undisputed Trade receivables – considered good	Disputed Trade Receivables – considered good	Total
Less than 6 months	18.31	-	18.31
6 months - 1 year	0.32	-	0.32
1-2 years	0.01	-	0.01
2- 3 years	-	-	-
More than 3 years	-	-	-
Total	18.64	-	18.64
Less: Impairment loss allowance	-	-	-
Total Trade receivables	18.64	-	18.64

6. LOANS (AT AMORTISED COST)

Particulars	As at March 31, 2024	As at March 31, 2023
(A) (i) Term loans	22,881.95	15,253.16
(ii) Leasing	163.43	257.46
Total (A) - Gross	23,045.38	15,510.62
Less: Impairment loss allowance	998.97	281.17
Total (A) - Net	22,046.41	15,229.45
(B) (i) Secured by tangible assets ^	11,129.55	7,167.74
(ii) Covered by bank/government guarantees #	93.38	461.87
(iii) Unsecured	11,822.45	7,881.01
Total (B) - Gross	23,045.38	15,510.62
Less: Impairment loss allowance	998.97	281.17
Total (B) - Net	22,046.41	15,229.45
(C) Loans in India		
(i) Public sector	-	-
(ii) Others	23,045.38	15,510.62
Total (C) - Gross	23,045.38	15,510.62
Less: Impairment loss allowance	998.97	281.17
Total (C) - Net	22,046.41	15,229.45

^ Secured by underlying assets financed

1) Loans amounting to ₹ 67.89 crores are covered under Emergency Credit Line Guarantee Scheme for NBFCs administered by NCGTC under aegis of SIDBI for credit facilities extended to eligible borrowers in Micro and Small Industries. (March 31, 2023: ₹ 179.53 crores)

2) Loans amounting to ₹ 25.49 crores are covered under Credit Guarantee Scheme for NBFCs administered by CGTMSE under aegis of SIDBI for credit facilities extended to eligible borrowers in Micro and Small Industries. (March 31, 2023: ₹ 282.34 crores)

Refer Note 50, for movement in the gross carrying amount in respect of loans and corresponding ECL allowances.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

7 INVESTMENTS

As at March 31, 2024

Particulars	Amortised Cost	At Fair Value through Other comprehensive income	At Fair Value through profit and loss	Total
A) Investments in :				
Government Securities #	350.27	303.78	-	654.05
Others (PTC securities)	16.30	-	-	16.30
Security receipts	-	-	207.98	207.98
Total – Gross (I)	366.57	303.78	207.98	878.33
Less: Allowance for impairment loss (II)	-	-	-	-
Total – Net (I)-(II)	366.57	303.78	207.98	878.33
B) Other details :				
Investments in India	366.57	303.78	207.98	878.33
Investments outside India	-	-	-	-
Total – Gross (I)	366.57	303.78	207.98	878.33
Less: Allowance for impairment loss (II)	-	-	-	-
Total – Net (I)-(II)	366.57	303.78	207.98	878.33

As at March 31, 2023

Particulars	Amortised Cost	At Fair Value through Other comprehensive income	At Fair Value through profit and loss	Total
A) Investments in :				
Government Securities#	-	268.37	-	268.37
Others (PTC securities)	42.54	-	-	42.54
Security receipts	-	-	199.23	199.23
Total – Gross (I)	42.54	268.37	199.23	510.14
Less: Allowance for impairment loss (II)	-	-	-	-
Total – Net (I)-(II)	42.54	268.37	199.23	510.14
B) Other details :				
Investments in India	42.54	268.37	199.23	510.14
Investments outside India	-	-	-	-
Total – Gross (I)	42.54	268.37	199.23	510.14
Less: Allowance for impairment loss (II)	-	-	-	-
Total – Net (I)-(II)	42.54	268.37	199.23	510.14

Investment in Government Securities includes ₹ 160.91 crores in T-bill and ₹ 350.27 crores in Repo instruments. (March 31, 2023 : ₹ 268.37 crores in T-bill)

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

8 OTHER FINANCIAL ASSETS

Particulars	As at March 31, 2024	As at March 31, 2023
Accrued interest	4.28	3.50
Advances recoverable	68.97	251.56
Receivable on assigned loans	110.51	30.63
Security deposits	9.55	8.79
Advances to related parties #	7.21	6.55
Others	58.06	71.27
Total (Gross)	258.58	372.30
Less: Impairment loss allowance	(0.77)	(0.25)
	257.81	372.05

Refer Note 46 related party disclosure for detailed information.

9. CURRENT TAX ASSETS (NET)

Particulars	As at March 31, 2024	As at March 31, 2023
Advance tax (net)	171.70	114.39
	171.70	114.39

10. INCOME TAX

A. Income tax recognised in statement of profit or loss

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current tax		
Current tax	610.13	24.18
Tax expense for earlier years	(9.73)	-
	600.40	24.18
Deferred tax		
Origination of temporary differences	(117.82)	157.45
	(117.82)	157.45
Tax expense	482.58	181.63

B. Income tax recognised in other comprehensive income

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Remeasurements of the defined benefit plans	0.21	(0.55)
Debt instruments fair value through other comprehensive income	0.07	0.09
	0.28	(0.46)

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

10. INCOME TAX (CONTD.)

C. Reconciliation of effective tax rate

Particulars	Year ended March 31, 2024		Year ended March 31, 2023	
	%	Amount	%	Amount
Profit before tax		2,538.54		766.57
Profit on which Company's domestic tax rate would be applied	25.17%	(175.11)	25.17%	514.36
Profit on which Company's special tax rate would be applied	22.88%	2,713.65	22.88%	252.21
Tax as per above		576.81		187.16
Effect of:				
Non taxable income / tax incentives / disallowable expenses	(3.33)%	(84.50)	(0.72)%	(5.53)
Effective tax rate	19.39%	492.31	23.69%	181.63
Provisions relating to earlier years	(0.38)%	(9.73)	-	-
Income tax expense recognised in the statement of profit and loss	19.01%	482.58	23.69%	181.63

D. Deferred tax assets (net)

Particulars	As at April 1, 2023	Recognised in profit or loss during the year	Recognised in OCI during the year	As at March 31, 2024
Deferred tax assets:				
Impairment loss allowance	74.19	183.17	-	257.36
Application of effective interest rate method on financial assets and financial liabilities	34.52	16.79	-	51.31
Provision for employee benefits	1.84	0.07	-	1.91
Others (primarily other financial liability)	3.66	0.93	-	4.59
	114.21	200.96	-	315.17
Deferred tax liabilities:				
On written down value of property, plant and equipment	3.02	(5.61)	-	(2.59)
Loans	3.87	(3.87)	-	-
EIS receivable	7.71	20.10	-	27.81
Investments	0.01	-	-	0.01
On financial assets and financial liabilities	50.01	71.25	-	121.26
Gratuity (excess of plan assets over obligation)	0.43	0.32	0.21	0.96
Others (primarily other financial assets)	3.28	0.95	0.07	4.30
	68.33	83.14	0.28	151.75
Net deferred tax assets	45.88	117.82	(0.28)	163.42

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

10. INCOME TAX (CONTD.)

Particulars	As at April 01, 2022	Recognised in profit or loss during the year	Recognised in OCI during the year	As at March 31, 2023
Deferred tax assets:				
Impairment loss allowance	149.57	(75.38)	-	74.19
Application of effective interest rate method on financial assets and financial liabilities	15.93	18.59	-	34.52
Provision for employee benefits	1.85	(0.01)	-	1.84
Unabsorbed depreciation	52.40	(52.40)	-	-
Business loss	25.12	(25.12)	-	-
Others (primarily other financial liability)	1.34	2.32	-	3.66
	246.21	(132.00)	-	114.21
Deferred tax liabilities:				
On written down value of property, plant and equipment	3.62	(0.60)	-	3.02
Loans	3.87	0.00	-	3.87
EIS receivable	6.41	1.30	-	7.71
Investments	(6.40)	6.41	-	0.01
On financial assets and financial liabilities	32.00	18.01	-	50.01
Gratuity (excess of plan assets over obligation)	0.92	(1.04)	0.55	0.43
Others (primarily other financial assets)	2.00	1.37	(0.09)	3.28
	42.42	25.45	0.46	68.33
Net deferred tax assets	203.79	(157.45)	(0.46)	45.88

E. Unused tax losses on which deferred tax is not created

Particulars	As at March 31, 2024		As at March 31, 2023	
	Amount	Expiry on	Amount	Expiry on
Long term capital loss Assessment Year 2022-2023	-	NA	48.74	Assessment Year 2030-2031

F. Uncertain tax positions

Refer Note 47 on contingent liabilities and commitment relating to income tax matter under dispute.

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

11 INVESTMENT PROPERTY

Particulars	Gross carrying amount		Depreciation		Net carrying amount	
	As at April 01, 2023	As at March 31, 2024	As at April 01, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024
Investment property*	0.09	-	0.01	0.01	0.07	0.08
Particulars	As at April 01, 2022	As at March 31, 2023	As at April 01, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023
Investment property*	0.09	-	0.01	0.00	0.08	0.08

Amounts recognised in statement of profit and loss for investment property

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Rental Income	0.03	0.03
Depreciation	0.01	0.00

* 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 Company
Investment property	0.09	Gouri Shankar Rajgharia and Om Prakash Rajgharia	No	July 15, 2004	Disputed

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

12 PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross carrying amount		Depreciation		Net carrying amount	
	As at April 01, 2023	As at March 31, 2024	As at April 01, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024
Owned Assets[^]						
Land	0.30	-	-	-	-	0.30
Buildings	2.83	2.83	0.37	0.06	2.40	2.46
Wind mills	51.08	-	24.56	1.47	26.03	26.52
Furniture and fixtures	7.06	0.29	5.00	0.44	3.12	2.06
Vehicles	1.35	-	0.69	0.11	0.46	0.66
Office equipment	15.92	5.93	12.19	1.73	9.50	3.73
Leasehold improvements	10.50	0.01	8.29	0.36	5.76	2.21
Computers	29.85	0.79	16.07	5.84	3.76	13.78
Assets under Lease						
Vehicles	96.03	-	29.92	18.38	14.29	66.11
Total	214.92	7.02	97.09	28.39	62.92	117.83

Particulars	Gross carrying amount		Depreciation		Net carrying amount	
	As at April 01, 2022	As at March 31, 2023	As at April 01, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023
Owned Assets[^]						
Land	0.30	-	-	-	-	0.30
Buildings	2.83	2.83	0.31	0.06	2.46	2.52
Wind mills	51.08	-	20.47	4.09	24.56	30.61
Furniture and fixtures	12.00	0.44	7.84	1.63	4.47	4.16
Vehicles	1.67	-	0.65	0.19	0.69	1.02
Office equipment	24.32	1.55	17.80	3.19	8.80	6.52
Leasehold improvements	15.35	0.59	11.02	2.67	5.40	4.33
Computers	30.95	1.36	11.80	6.57	2.30	13.78
Assets under Lease						
Vehicles	77.71	49.76	31.01	19.75	20.84	46.70
Total	216.21	53.70	100.90	38.15	41.96	115.31

[^] For details of movable / immovable property, plant and equipment hypothecated against borrowings, refer Note 19.

For details on contractual commitment, refer note 47

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

13 INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at		Additions	Deletions/ Write off	As at		Deletions/ Write off	As at
	April 01, 2022	April 01, 2023			March 31, 2023	March 31, 2024		
Intangible assets under development	0.46	0.46	4.56	0.46	4.56	1.39	5.69	0.26

Intangible assets under development ageing schedule as at March 31, 2024

Particulars	Less than 1 year	1-2 years	2-3 years	Total
Projects in progress	0.26	-	-	0.26
				0.26

Intangible assets under development ageing schedule as at March 31, 2023

Particulars	Less than 1 year	1-2 years	2-3 years	Total
Projects in progress	4.56	-	-	4.56
				4.56

Refer note 47 (d) for capital commitment

14 OTHER INTANGIBLE ASSETS

Particulars	Gross carrying amount			Depreciation			Net carrying amount	
	As at April 01, 2023	As at Additions March 31, 2023	As at Deletions / adjustments March 31, 2024	As at Additions	Deletions / adjustments	As at March 31, 2024	As at March 31, 2023	As at March 31, 2023
Computer software	34.76	9.94	19.27	20.51	17.54	8.43	17.00	14.25
Total	34.76	9.94	19.27	20.51	17.54	8.43	17.00	14.25

Particulars	Gross carrying amount			Depreciation			Net carrying amount	
	As at April 01, 2022	As at Additions March 31, 2023	As at Deletions / adjustments March 31, 2023	As at Additions	Deletions / adjustments	As at March 31, 2023	As at March 31, 2022	As at March 31, 2022
Computer software	39.86	10.12	15.22	23.17	15.22	20.51	14.25	16.69
Total	39.86	10.12	15.22	23.17	15.22	20.51	14.25	16.69

During the year March 31, 2023, intangible assets having book value of ₹ 7.25 crores which have been replaced with a new system, were written off. Refer note 40 - Exceptional items.

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

15 RIGHT OF USE ASSETS

Particulars	As at March 31, 2024	As at March 31, 2023
Gross Block		
Opening Balance	99.99	63.93
Additions	86.96	71.76
Deletions	(34.60)	(35.70)
Adjustments	(1.06)	-
Closing Balance	151.29	99.99
Accumulated amortisation		
Opening Balance	24.94	21.46
Amortisation charge for the year	25.46	18.24
Deletions	(16.46)	(14.76)
Closing Balance	33.94	24.94
Right of use assets*	117.35	75.05

* Refer Note 43 for disclosure related to leases.

16 OTHER NON-FINANCIAL ASSETS

Particulars	As at March 31, 2024	As at March 31, 2023
Other advances		
- Prepaid expenses	15.43	8.90
- Balances with government authorities	7.02	29.59
- Gratuity* (excess of plan assets over obligation)	3.78	1.67
Capital advances	0.64	0.15
	26.87	40.31

* Refer Note 42 for disclosure related to provisions for employee benefits.

17 ASSETS HELD FOR SALE

Particulars	As at March 31, 2024	As at March 31, 2023
Investment in subsidiary	-	819.71
Investment in joint ventures	0.02	0.02
	0.02	819.73

The Board of Directors and Shareholders of the Company in their respective meetings had approved sale of its shareholding in joint venture Jaguar Advisory Services Private Limited ('JASPL') held on November 2, 2021 and December 13, 2021. The Board has reaffirmed plan to sell its shareholding in JASPL in its meeting held on April 29, 2024. 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 investment has been classified as assets held for sale.

The Company has sold its investment in Grihum Housing Finance Limited ('GHFL') (Formerly known as Poonawalla Housing Finance Limited) on July 26, 2023 (effective date) with the requisite regulatory approvals pursuant to execution of a definitive share purchase agreement with Perseus SG Pte. Ltd., an entity affiliated to TPG Global LLC on December 14, 2022, approval of Board of Directors in their meeting held on December 14, 2022, approval of shareholders on January 22, 2023 and approval of RBI vide its letter dated May 30, 2023.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

18 PAYABLES

Particulars	As at March 31, 2024	As at March 31, 2023
I) Trade payables		
i) total outstanding dues of micro enterprises and small enterprises*	0.02	0.05
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1.22	1.97
II) Other payables		
i) total outstanding dues of micro enterprises and small enterprises*	-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	2.13	-
	3.37	2.02

* 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.

Particulars	As at March 31, 2024	As at March 31, 2023
a) Dues remaining unpaid to any supplier at the year end		
- Principal	0.02	0.05
- Interest on the above	-	-
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of Section 16 of the MSMED Act	-	-
c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
d) Amount of interest accrued and remaining unpaid	-	-
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-

Trade payables ageing schedule as at March 31, 2024

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues - MSME	0.02	-	-	-	0.02
Undisputed dues - Others	1.22	-	-	-	1.22
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	1.24	-	-	-	1.24

Trade payables ageing schedule as at March 31, 2023

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues - MSME	0.00	-	0.00	-	0.00
Undisputed dues - Others	1.96	0.01	0.00	0.00	1.97
Disputed dues - MSME	-	0.05	-	-	0.05
Disputed dues - Others	-	-	-	-	-
	1.96	0.06	0.00	0.00	2.02

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

19 DEBT SECURITIES

(Measured at amortised cost - Secured)

Particulars	As at March 31, 2024	As at March 31, 2023
(A) Redeemable non-convertible debentures (refer note (a) and (b) below)	1,227.09	950.24
Total	1,227.09	950.24
(B) Debt securities in India	1,227.09	950.24
Total	1,227.09	950.24

(a) Nature of security

Debentures issued under private placement are secured by first *pari passu* charge on the loan receivables of the Company except;

- 500 units allotted in April, 2017 issued are secured by mortgage of Company's immovable property situated at Rajarhat, Kolkata in the state of West Bengal and are also secured against designated Loans assets;
- 3,500 units allotted in December, 2019 are only secured by hypothecated loan assets.

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 *

Number of Debentures	Face Value (in ₹)	Month of Allotment	Month of Redemption	Interest rate	As at March 31, 2024	As at March 31, 2023
500	1,000,000	Feb-17	Feb-24	9.00%	-	49.77
500	1,000,000	Apr-17	Apr-24	9.00%	50.00	49.82
61,717	1,000	May-19	May-24	10.04%	6.16	6.15
778,150	1,000	May-19	May-24	10.50%	77.79	77.53
11,949	1,000	May-19	May-24	Zero coupon	1.19	1.19
2,500	1,000,000	Jul-22	Jul-24	7.60%	250.00	249.98
500	1,000,000	Sep-22	Oct-24	Zero coupon	49.99	49.98
3,500	1,000,000	Dec-19	Dec-24	9.20%	87.35	261.22
10,000	100,000	Jan-23	Jan-26	Zero coupon	100.00	100.00
10,000	100,000	Feb-23	Feb-26	8.10%	100.00	100.00
25,000	100,000	Feb-24	Feb-26	8.38%	249.99	-
25,000	100,000	Feb-24	May-26	8.38%	249.99	-
26,735	1,000	May-19	May-29	10.27%	2.63	2.61
20,323	1,000	May-19	May-29	10.75%	2.00	1.99
					1,227.09	950.24

* As per contractual tenure

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

20 BORROWINGS (OTHER THAN DEBT SECURITIES)

(Measured at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
(A) a) Term loans - secured		
- from banks	5,834.43	5,356.75
- from other parties	1,673.47	572.97
b) Loans repayable on demand (cash credit facilities and working capital demand loans) - secured		
- from banks	3,560.57	3,469.68
c) Other loans		
- Liability against securitisation - secured	-	109.96
- Commercial paper - unsecured [^]	2,373.01	294.71
- Loan from Poonawalla Finance Private Limited (taken by PFL EWT) - unsecured #	174.65	-
Total	13,616.13	9,804.07
(B) Borrowings in India	13,616.13	9,804.07
Total	13,616.13	9,804.07

(a) Nature of security

- Term Loans, Cash Credit facilities and Working Capital Demand Loans are secured by way of first *pari passu* charge on the loan receivables of the company under Security Trustee Arrangement.
- 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 109 - Financial Instruments.

(b) Terms of repayment of term loans (secured) *

Maturity schedule	Interest rate range (p.a.)		Amount (₹ in crores)	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Half yearly installments				
0 - 1 Year	6.70% - 8.55%	6.70% - 8.10%	453.90	177.71
1 - 3 Years	7.56% - 8.55%	6.70% - 8.10%	1,201.13	465.17
3 - 5 Years	8.10% - 8.55%	7.75% - 8.10%	837.43	194.40
≥ 5 Years	8.10%	7.75%	20.82	62.49
			2,513.28	899.77
Quarterly installments				
0 - 1 Year	7.60% - 8.65%	7.60% - 8.65%	1,059.24	1,233.26
1 - 3 Years	7.60% - 8.65%	7.60% - 8.37%	2,445.81	2,214.64
3 - 5 Years	7.60% - 8.30%	7.60% - 8.20%	1,341.71	1,276.94
≥ 5 Years	8.12% - 8.30%	7.80% - 8.00%	147.81	177.68
			4,994.57	4,902.52
Monthly installments				
0 - 1 Year	12.00%	6.15% - 12.00%	0.04	127.31
1 - 3 Years	12.00%	12.00%	0.01	0.12
			0.05	127.43
			7,507.90	5,929.72

[^] Commercial papers are repayable within 12 months and issued at a discount rate of 7.13% p.a. - 8.78% p.a. (March 31, 2023: 7.97% p.a.)

Loan taken by PFL EWT has a maturity of 4 years and borrowed at a rate of 9% p.a. (March 31, 2023: NIL)

* As per contractual tenure

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

20 BORROWINGS (OTHER THAN DEBT SECURITIES) (CONTD.)

Terms of repayment for Loan against securitisation *

Maturity schedule	Interest rate range (p.a.)		Amount (₹ in crores)	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
0 - 1 Year	-	6.00% - 10.00%	-	93.31
1 - 3 Years	-	6.00% - 8.80 %	-	16.65
			-	109.96

* 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 8.15% to 9.10% (March 31, 2023: from 7.40% p.a. to 8.50 % p.a.). Working capital demand loans are repayable on demand and carry interest rates ranging from 7.23 % to 8.60 % (March 31, 2023: from 6.86 % p.a. to 8.05 % p.a.). As per the prevalent practice, cash credit facilities and working capital demand loans are renewed on a year to year basis and therefore, are revolving in nature.

- The 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 March 31, 2024	As at March 31, 2023
(A) Perpetual debt instruments (Tier I capital) to the extent that do not qualify as equity	28.38	78.74
Others (Tier II capital) :		
From banks (subordinated debts)	99.71	116.18
Redeemable subordinate debt instruments to the extent that do not qualify as equity	108.82	170.35
Total	236.91	365.27
(B) Subordinated liabilities in India	236.91	365.27
Total	236.91	365.27

(a) Terms of maturity of perpetual debt debentures (Tier I capital) *

Number of Debentures	Face Value (In ₹)	Month of Allotment	Month of Redemption	Interest rate	As at March 31, 2024	As at March 31, 2023
510	500,000	May-13	May-23	12.10%	-	25.50
500	500,000	Sep-13	Sep-23	12.00%	-	24.97
40	500,000	Sep-15	Sep-25	12.10%	1.99	1.98
100	500,000	Oct-15	Oct-25	12.10%	4.97	4.95
60	500,000	Jun-16	Jun-26	12.10%	2.99	2.98
34	500,000	Jul-16	Jul-26	12.10%	1.69	1.69
100	1,000,000	Aug-16	Jul-26	12.10%	9.91	9.87
30	1,000,000	Sep-16	Sep-26	12.10%	2.97	2.96
19	1,000,000	Feb-17	Feb-27	11.50%	1.88	1.88
10	1,000,000	Mar-17	Mar-27	11.50%	0.99	0.98
10	1,000,000	Aug-17	Aug-27	11.00%	0.99	0.98
					28.38	78.74

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

21 SUBORDINATED LIABILITIES (CONTD.)

Terms of repayment of subordinated instruments from banks (Tier II capital) *

Maturity schedule	Interest rate range (p.a.)		Amount (₹ in crores)	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
0 - 1 Year	10.20%	10.20%	-	16.61
1 - 3 Years	12.50%	12.50%	99.71	99.57
			99.71	116.18

Terms of maturity of redeemable subordinated debt instruments (Tier II capital) *

Number of Debentures	Face Value (in ₹)	Month of Allotment	Month of Redemption	Interest rate	As at March 31, 2024	As at March 31, 2023
480	1,000,000	Apr-13	Apr-23	10.70%	-	47.99
140	1,000,000	Sep-13	Sep-23	10.90%	-	13.97
50	1,000,000	Mar-18	Jun-25	10.20%	4.99	4.99
350	1,000,000	Dec-16	Dec-26	10.40%	34.44	34.24
400	1,000,000	Jan-17	Jan-27	10.40%	39.52	39.33
150	1,000,000	Mar-17	Mar-27	10.25%	14.95	14.93
100	1,000,000	May-17	May-27	10.10%	9.96	9.94
50	1,000,000	Mar-18	Mar-28	10.00%	4.96	4.96
					108.82	170.35

The Company has made all payments of principal and interest as per the scheduled date.

*As per contractual tenure

22 LEASE LIABILITIES*

Particulars	As at March 31, 2024	As at March 31, 2023
Lease Liabilities	135.59	89.58

* Refer Note 43 for disclosure related to leases.

Terms of maturity of Lease liabilities

	As at March 31, 2024	As at March 31, 2023
0 - 1 Years	23.94	15.95
1 - 3 Years	53.28	37.98
3 - 5 Years	26.54	23.16
> 5 Years	31.83	12.49
	135.59	89.58

23 OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2024	As at March 31, 2023
Interest accrued	68.36	55.19
Unclaimed dividend*	0.30	0.23
Pending remittance on assignment	167.34	71.30
Employee dues	25.18	25.23
Liability for expenses	268.24	79.82
Other payables	67.84	56.09
	597.26	287.86

* 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 March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

24 CURRENT TAX LIABILITIES (NET)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for tax (net of advance tax)	0.01	0.34
	0.01	0.34

25 PROVISIONS

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits	7.59	7.32
Provision - others	0.94	0.94
	8.53	8.26

26 OTHER NON-FINANCIAL LIABILITIES

Particulars	As at March 31, 2024	As at March 31, 2023
Revenue received in advance	1.62	2.51
Advances and deposits from customers	18.62	74.32
Statutory dues	74.69	12.65
	94.93	89.48

27 EQUITY

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised		
1,265,000,000 (March 31, 2023: 1,265,000,000) Equity shares of ₹ 2/- each	253.00	253.00
58,300,000 (March 31, 2023: 58,300,000) Preference shares of ₹ 100/- each	583.00	583.00
	836.00	836.00
Issued, subscribed and fully paid-up		
Equity share capital		
774,550,662 (March 31, 2023: 767,947,592) Equity shares of ₹ 2/- each, fully paid up	154.91	153.59
Less: 4,000,000 equity shares (March 31, 2023: NIL) of ₹ 2/- each held by the PFL EWT	(0.80)	-
	154.11	153.59

(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the beginning of the year	767,947,592	153.59	764,923,539	152.98
Issued during the year	-	-	-	-
Issued against employee stock option	6,603,070	1.32	3,024,053	0.61
Shares held by the PFL EWT	(4,000,000)	(0.80)	-	-
	770,550,662	154.11	767,947,592	153.59

(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 are subject to approval by the Shareholders in the Annual General meeting is paid in Indian rupees.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

27 EQUITY (CONTD.)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year, the Company has allotted equity shares of face value of ₹ 2/- each to the eligible employees of the Company under Employee Stock Option Plan 2007 / Restricted Stock Option Plan 2014 / Employee Stock Option Plan 2021 pursuant to the ESOP Guidelines, as amended from time to time. Refer note no 45 for disclosures related to share based payments.

The Board of Directors at its meeting held on January 18, 2024 has declared an interim dividend of ₹ 2/- per equity share of face value of ₹ 2/- each.

(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

The Company has not bought back any of its securities during the five year period immediately preceding the reporting date.

(e) Details of Shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2024		As at March 31, 2023	
	%	No. of shares	%	No. of shares
Equity shares				
Rising Sun Holdings Private Limited*	62.13%	481,217,690	62.14%	477,184,690

(f) Shareholding of Promoters

Shares held by promoters as at March 31, 2024			% Change during the year
Name of promoter	No of shares	% of total shares	
Rising Sun Holdings Private Limited	481,217,690	62.13%	(0.01)%

Shareholding of Promoters

Shares held by promoters as at March 31, 2023			% Change during the year
Name of promoter	No of shares	% of total shares	
Rising Sun Holdings Private Limited	477,184,690	62.14%	1.05%

* Holding Company

(g) For equity shares reserved for issue under options, please refer note 45.

28 OTHER EQUITY *

Particulars	As at March 31, 2024	As at March 31, 2023
Capital reserve	4.80	4.80
Securities premium	5,418.53	5,247.67
Statutory reserves	926.50	515.30
Capital redemption reserve	14.22	14.22
Share option outstanding account	63.53	105.79
Treasury Shares	(186.05)	-
Trust Reserves	(0.75)	-
Retained earnings	1,721.55	383.59
Other comprehensive income	(0.04)	(0.26)
	7,962.29	6,271.11

*Refer Statement of Changes in Equity for movement in reserves

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

28 OTHER EQUITY* (CONTD.)

Nature and purpose of reserves :

Capital redemption reserve

Capital redemption reserve is created to keep the capital intact when preference shares are redeemed or equity shares are bought back. It is utilised in accordance with the provisions of the Companies Act, 2013.

Share option outstanding account

The Company instituted the Employee Stock Option Plan (ESOP) in 2007, Restricted Stock Option Plan 2014 (RSOP) in 2014 and Employee Stock Option Plan 2021 in 2021 which were approved by the Board of Directors and the shareholders of the Company. The share option outstanding reserve is used to recognise the grant date fair value of option issued under aforesaid plans.

Treasury shares

The reserve for shares of the Company held by the PFL EWT. Company has issued employees stock option scheme for its employees. The equity shares of the Company have been purchased and held by PFL EWT. PFL EWT to transfer these shares in the name of employees at the time of exercise of option by employees.

Trust Reserve

This represents net of income over expenditure of PFL EWT.

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

Securities premium represents premium received on issue of shares. This amount can be utilised in accordance with the provisions of the Companies Act, 2013.

Capital reserve

Capital reserve has been created to set aside gains of capital nature from amalgamation and merger. It is utilised in accordance with the provisions of the Companies Act, 2013.

Financial instruments through other comprehensive income

This comprises changes in the fair value of debt instruments recognised in other comprehensive income. The company transfers amounts from such component of equity to retained earnings when the relevant debt instruments are derecognised.

Retained earnings

Retained earnings represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves. It also includes impact of remeasurement of defined benefit plans.

29 INTEREST INCOME

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest on loans (measured at amortised cost)	2,856.40	1,784.17
Interest on Investments	45.61	23.25
Interest on deposits with banks	1.58	8.86
Other interest income		
- On loans and margins	-	0.01
- On security deposit	0.46	0.65
Total	2,904.05	1,816.94

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

30 RENTAL INCOME

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Income from lease rentals		
- on operating lease assets	25.51	27.69
- on investment property	0.03	0.03
Total	25.54	27.72

31 FEES AND COMMISSION INCOME

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Collection and support services	6.39	7.05
Foreclosure income	31.72	26.19
Insurance commission income	1.79	3.41
Fees on value added services and products	14.10	-
Others (cheque bouncing charges, valuation charges etc)	19.22	24.89
Total	73.22	61.54

32 NET GAIN ON FAIR VALUE CHANGES*

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(A) Others		
- On investment	2.15	4.45
Total Net gain on fair value changes (A)	2.15	4.45
(B) Fair Value changes:		
Realised	1.98	3.39
Unrealised	0.17	1.06
Total Net gain on fair value changes (B)	2.15	4.45

* Fair value changes in this schedule are other than those arising on account of interest income/expense.

33A NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Gain from derecognition on account of direct assignment transactions	88.05	29.68
Gain on sale of non performing assets (net of reversal of provision of ₹ 44.86 crores)	20.49	-
Net gain on derecognition of financial instruments	108.54	29.68

33B NET LOSS ON DERECOGNITION OF FINANCIAL INSTRUMENTS

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Loss on sale of non performing assets (net of reversal of provision of ₹ 82.89 crores)	-	10.87
Net loss on derecognition of financial instruments	-	10.87

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

34 OTHER INCOME

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Sale of power	3.69	8.71
Net Gain on derecognition of lease	0.83	3.23
Liabilities no longer required	15.19	34.42
Miscellaneous income	18.61	23.34
Total	38.32	69.70

35 FINANCE COST (MEASURED AT AMORTISED COST)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest on borrowings other than debt securities	827.36	461.84
Interest on debt securities	80.72	64.21
Interest on subordinated liabilities	18.47	49.68
Interest expense on lease liabilities *	12.50	8.63
Other borrowing costs (Includes non EIR borrowing expenses)	15.09	10.11
Interest on security deposits	0.96	0.81
Total	955.10	595.28

* Refer Note 43 for disclosure related to leases.

36 IMPAIRMENT ON FINANCIAL INSTRUMENTS (MEASURED AT AMORTISED COST)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Loans	(535.65)	(439.31)
Other assets	13.02	(0.13)
Bad debts written-off (Includes settlement losses and net of recoveries) *	594.65	294.91
Total	72.02	(144.53)

*Includes consideration received on sale of written-off assets ₹ 44.31 crores (March 31, 2023 : ₹153.33 crores).

37 EMPLOYEE BENEFITS EXPENSES*^

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Salaries and wages	315.39	331.53
Contribution to provident and other funds	18.06	21.11
Share based payments to employees	99.63	150.63
Staff welfare expenses	11.34	11.53
Total	444.42	514.80

* Refer Note 46 for related party disclosure

^ Refer Note 42 for disclosure related to provisions for employee benefits.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

38 DEPRECIATION AND AMORTISATION EXPENSE

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Depreciation on property, plant and equipment (including investment property)	28.39	38.15
Depreciation on right of use assets (refer note 43)*	25.46	17.95
Amortisation of intangible assets	5.46	5.31
Total	59.31	61.41

* Gross amount before allocable expenses is NIL (March 31, 2023: ₹ 18.24 crores).

39 OTHERS EXPENSES

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Rent	1.93	1.51
Rates and taxes	1.28	0.26
Net loss on derecognition of property, plant and equipment	3.12	0.61
Electricity charges	5.89	7.03
Repairs and maintenance		
- Machinery	0.84	5.51
- Others	1.02	1.45
Information technology expenses	69.00	41.17
Communication expenses	7.38	9.70
Printing and stationery	3.05	2.67
Advertisement and publicity	45.94	29.40
Director Fees	4.17	1.66
Legal charges	17.09	9.12
Professional fees*	30.10	34.90
Insurance	0.57	0.64
Travelling and conveyance	10.56	13.95
CSR expenditure**	2.33	-
Outsource collection charges	23.78	5.77
Outsourced manpower cost	62.26	44.71
Credit guarantee fees	0.45	3.51
Miscellaneous expenses	12.87	13.27
	303.63	226.84

* Payments to auditors

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Statutory audit including limited reviews	1.42	1.12
Other services	0.35	0.18
Reimbursement of expenses	0.10	0.01
Total	1.87	1.31

** 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.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

39 OTHERS EXPENSES (CONTD.)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(a) Gross Amount required to be spent by the Company during the year	2.33	-
(b) Amount spent during the year		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	2.33	-
(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) Various CSR Programs viz., Promoting Education, Women and Empowerment, Financial Literacy and Healthcare for under privileged.		

(g) In case of section 135(6): Details of ongoing project

Particulars	Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
	With Company	In separate CSR unspent a/c		From Company's Bank A/c	From separate CSR unspent a/c	With Company	In separate CSR unspent a/c
As at March 31, 2024	-	2.69	2.33	2.33	2.69	-	-
As at March 31, 2023	-	2.69	-	-	-	-	2.69

40 EXCEPTIONAL ITEMS

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Gain on disposal of shares of Joint Venture	-	252.21
Gain on disposal of shares of Subsidiary	2,713.65	-
Exceptional provision for loan portfolio	(1,298.31)	(223.75)
Exceptional Write off	(174.95)	-
Intangible assets written off	-	(7.25)
Loss on sale of Windmills	(9.36)	-
One time settlement of outstanding litigations	(9.83)	-
	1,221.20	21.21

During the current year, the Company has sold its investment in Grihum Housing Finance Limited ('GHFL') (Formerly known as Poonawalla Housing Finance Limited). Due to aforesaid sale transaction, GHFL ceased to be a subsidiary of the Company from the effective date (July 26, 2023). The resultant gain of ₹ 2,713.65 crores (net of expenses incurred towards the sale of subsidiary) has been classified and presented as an exceptional item in accordance with Ind AS 1 "Presentation of Financial Statements".

The Company sold its tangible asset "windmills" for consideration of ₹ 16 crores resulting in loss of ₹ 9.36 crores.

The Company had created a one-time provision of ₹ 1,298.31 crores on discontinued/legacy loan portfolio.

The Company did one-time additional write-off amounting ₹ 174.95 crores out of discontinued/legacy loan portfolio.

The Company did one time settlement of old legal cases pertaining to discontinued and legacy loan portfolio amounting to ₹ 9.83 crores.

During the previous year, the Company had sold its shareholding in its Joint Venture (JV) namely Magma HDI General Insurance Company Limited (Magma HDI) based on requisite regulatory approvals received on May 27, 2022. Accordingly, the resultant gain of ₹ 252.21 crores was classified and presented as an exceptional item in line with Ind AS 1 "Presentation of Financial Statements". The Company had created an exceptional

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

40 EXCEPTIONAL ITEMS (CONTD.)

provision of ₹ 223.75 crores in respect of existing loan portfolio on account of further anticipated slippages in future due to discontinuance of further loans in this segment. Further, intangible assets having book value of ₹ 7.25 crores which were replaced with a new system, were written off. The above items are presented as exceptional items on a net basis.

41 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	255.18	-	255.18	601.38	-	601.38
Bank balances other than cash and cash equivalents	13.32	0.04	13.36	54.04	2.01	56.05
Receivables	28.66	-	28.66	20.67	-	20.67
Loans	10,223.60	11,822.81	22,046.41	7,119.92	8,109.53	15,229.45
Investments	766.37	111.96	878.33	415.55	94.59	510.14
Other financial assets	195.14	62.67	257.81	328.46	43.59	372.05
	11,482.27	11,997.48	23,479.75	8,540.02	8,249.72	16,789.74
Non-financial assets						
Current tax assets (net)	-	171.70	171.70	-	114.39	114.39
Deferred tax assets (net)	-	163.42	163.42	-	45.88	45.88
Investment property	-	0.07	0.07	-	0.08	0.08
Property, plant and equipment	-	59.78	59.78	-	117.83	117.83
Intangible assets under development	-	0.26	0.26	-	4.56	4.56
Other intangible assets	-	17.00	17.00	-	14.25	14.25
Right of use assets	25.94	91.41	117.35	17.58	57.47	75.05
Other non-financial assets	7.02	19.85	26.87	29.59	10.72	40.31
	32.96	523.49	556.45	47.17	365.18	412.35
Assets held for sale	0.02	-	0.02	819.73	-	819.73
	11,515.25	12,520.97	24,036.22	9,406.92	8,614.90	18,021.82
LIABILITIES						
Financial liabilities						
Payables	3.37	-	3.37	2.02	-	2.02
Debt securities	522.46	704.63	1,227.09	223.79	726.45	950.24
Borrowings (other than debt securities)	7,446.69	6,169.44	13,616.13	5,395.98	4,408.09	9,804.07
Subordinated liabilities	-	236.91	236.91	128.74	236.53	365.27
Lease liabilities	23.94	111.65	135.59	15.95	73.63	89.58
Other financial liabilities	587.29	9.97	597.26	283.67	4.19	287.86
	8,583.75	7,232.60	15,816.35	6,050.15	5,448.89	11,499.04
Non-financial liabilities						
Current tax liabilities (net)	0.01	-	0.01	0.34	-	0.34
Provisions	0.66	7.87	8.53	0.64	7.62	8.26
Other non-financial liabilities	74.69	20.24	94.93	12.65	76.83	89.48
	75.36	28.11	103.47	13.63	84.45	98.08
	8,659.11	7,260.71	15,919.82	6,063.78	5,533.34	11,597.12

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

42 EMPLOYEE BENEFITS

The Company operates the following post-employment plans -

i. Defined contribution plan

The contribution made to various statutory funds is recognized as expenses and included in Note 37 'Employee benefits expenses' under 'Contribution to provident and other funds' in Statement of Profit and Loss. The detail is as follows :

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Provident and Other Funds	14.97	16.84

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) & Kotak Mahindra Life Insurance Company Limited . This defined benefit plan expose the Company to actuarial risks, such as regulatory risk, credit risk, liquidity risk, etc as defined below.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2024. The present value of the defined benefit obligations and the related current service cost and past service cost, are 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:

Particulars	As at March 31, 2024	As at March 31, 2023
Net defined benefit asset	3.78	1.67

A. Funding

The scheme is fully funded with Life Insurance Corporation of India (LIC) and Kotak Mahindra Life Insurance Co. Ltd. (Kotak Life). 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.

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:

Particulars	As at March 31, 2024			As at March 31, 2023		
	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	17.42	19.09	(1.67)	21.19	24.90	(3.71)
Included in statement of profit or loss						
Current service cost	3.28	-	3.28	4.60	-	4.60
Interest cost (income)	1.22	(1.41)	(0.19)	1.48	(1.81)	(0.33)

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

42 EMPLOYEE BENEFITS (CONTD.)

Particulars	As at March 31, 2024			As at March 31, 2023		
	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
	4.50	(1.41)	3.09	6.08	(1.81)	4.27
Included in other comprehensive income						
Remeasurements loss (gain)						
- Actuarial loss (gain) arising from:						
- demographic assumptions	-	-	-	0.19	-	0.19
- financial assumptions	0.20	-	0.20	(0.12)	-	(0.12)
- experience adjustment	0.32	-	0.32	(2.56)	-	(2.56)
- on plan assets	-	(1.34)	(1.34)	-	0.32	0.32
	0.52	(1.34)	(0.82)	(2.49)	0.32	(2.17)
Other						
Contributions paid by the employer	-	4.37	(4.37)	-	0.05	(0.05)
Benefits paid	(6.20)	(6.19)	(0.01)	(7.36)	(7.35)	(0.01)
	(6.20)	(1.82)	(4.38)	(7.36)	(7.30)	(0.06)
Balance at the end of the year	16.24	20.02	(3.78)	17.42	19.09	(1.67)

C. Plan assets

Particulars	As at March 31, 2024	As at March 31, 2023
Funds managed by:		
Life insurance Corporation of India (LIC)	90%	100%
Kotak Mahindra Life Insurance Co. Ltd. (Kotak Life)	10%	-
	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):

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate (per annum)	7.19%	7.39%
Salary increase rate (per annum)	5.00%	5.00%
Withdrawal rate:		
Below 40 years (per annum)	18.00%	18.00%
40 years to 54 years (per annum)	7.00%	7.00%
Above 54 years (per annum)	2.00%	2.00%
Expected rate of return on plan assets (per annum)	7.39%	7.28%
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate

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.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

42 EMPLOYEE BENEFITS (CONTD.)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (0.25% movement)	15.99	16.51	17.16	17.70
Salary increase rate (0.5% movement)	16.83	15.69	18.04	16.84
Withdrawal rate (2% movement)	16.24	16.26	17.43	17.43
Mortality rate (1% movement)	16.25	16.25	17.43	17.43

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

Particulars	As at March 31, 2024	As at March 31, 2023
1 year	1.26	1.76
Between 2-5 years	7.87	7.72
Between 6-10 years	7.93	9.06
Over 10 years	5.88	6.77
Total	22.94	25.31

As at March 31, 2024, the weighted-average duration of the defined benefit obligation was 7.35 years (March 31, 2023: 7.56 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.

Attrition/Withdrawal Risk: If actual withdrawal rates are higher than assumed withdrawal rates, the benefits will be paid earlier than expected. Similarly if the actual withdrawal rates are lower than assumed, the benefits will be paid later than expected. The impact of this will depend on the demography of the company and the financials assumptions.

Regulatory Risk: Any changes to the current Regulations by the Government, will increase (in most cases) or decrease the obligation which is not anticipated. Sometimes, the increase is many fold which will impact the financials quite significantly.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

42 EMPLOYEE BENEFITS (CONTD.)

iii. Other long-term benefits

The Company provides compensated absences benefits to the employees of the Company which can be carried forward to future years. Amount recognised in the statement of profit and loss for compensated absences is as under-

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Amount recognised in statement of profit and loss		
Compensated absences	4.24	2.87

43 LEASES

As a lessee the Company classified property leases as operating leases under Ind AS 116. Right-of-use assets and lease liabilities are presented separately on the face of the balance sheet.

A. Lease in the capacity of Lessee

a) Nature : Leases considered here are taken for office use and guesthouse.

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
b) Amount recognised in statement of profit or loss		
1. Depreciation on right of use assets (gross)	25.46	18.24
2. Interest expense on lease liability	12.50	8.63
3. Rent paid for leases which are not considered under Ind AS 116	1.40	0.62
Other disclosures		
4. Total cash outflow for leases	33.43	14.38
5. Additions to right of use assets	86.96	71.76
6. Carrying amount of right of use assets (refer note 15)	117.35	75.05
c) Bifurcation of rent paid during the year		
- Principal	20.93	5.76
- Interest	12.50	8.63

d) Movement in the carrying value of the right of use asset

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	75.05	42.32
Depreciation charge for the year	(25.46)	(18.24)
Additions during the year	86.96	71.76
Adjustment/deletion	(19.20)	(20.79)
Closing balance	117.35	75.05

e) Movement in the carrying value of the lease liability

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	89.58	47.61
Interest expense	12.50	8.63
Lease payments	(33.43)	(14.38)
Additions during the year	86.96	71.42
Adjustment/deletion	(20.02)	(23.70)
Closing balance	135.59	89.58

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

43 LEASES (CONTD.)

f) Maturity analysis of lease liability

Particulars	As at March 31, 2024	As at March 31, 2023
Within 12 months	23.94	15.95
After 12 months	111.65	73.63
	135.59	89.58

B. Lease in the capacity of Lessor

- a) Nature : Operating and finance lease of vehicles primarily to Corporate clients
- b) Company manages the risk associated with any rights it retains in underlying assets as per the terms of the respective lease contracts. There is a dedicated team which manages this portfolio.
- c) Future lease payments

At year end, the future lease receivables under finance leases are as follows:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
1 st Year	83.74	114.01
2 nd Year	66.55	93.43
3 rd Year	32.55	72.23
4 th Year	6.07	34.66
5 th Year	-	6.42
	188.91	320.75

At year end, the future lease receivables under operating leases are as follows:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
1 st Year	22.33	30.28
2 nd Year	16.04	24.79
3 rd Year	8.13	17.84
4 th Year	3.26	8.83
5 th Year	-	3.62
	49.76	85.36

d) Reconciliation - Finance lease

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net investment in lease (carrying amount of Finance lease)	163.43	264.41
Unearned finance income	25.48	56.34
Total lease payments	188.91	320.75

44 EARNINGS PER EQUITY SHARE (EPS)

Particulars	Units	Year ended March 31, 2024	Year ended March 31, 2023
a) Net profit after tax	₹ in crores	2,055.96	584.94
b) (i) Weighted average number of equity shares for basic EPS	Nos	768,641,528	765,343,568
(ii) Effect of potential ordinary equity shares on employee stock options	Nos	9,180,774	7,678,953
(iii) Weighted average number of equity shares for diluted EPS	Nos	777,822,302	773,022,521
c) (i) Earnings per share (Face value of ₹ 2 per share) – basic	₹	26.75	7.64
(ii) Earnings per share (Face value of ₹ 2 per share) – diluted	₹	26.43	7.57

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

45 SHARE-BASED PAYMENTS

A Description of share-based payment arrangements

The company instituted the Employee Stock Option Plan (ESOP) in 2007, Restricted Stock Option Plan 2014 (RSOP) in 2014, Employee Stock Option Plan (ESOP) in 2021 and Employee Stock Option Plan (ESOP) in 2024 which were approved by the Board of Directors and the shareholders of the Company.

ESOP, 2007

Under ESOP 2007, the Company provided for the creation and issue of 1,000,000 options, that would eventually convert into equity shares of ₹ 10/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Nomination and Remuneration Committee of the Company. The options generally vest in a graded manner and are exercisable within 3/4 years from the date of vesting. Following the sub-division of one equity share of the face value of ₹ 10/- each into five equity shares of the face value of ₹ 2/- each during the financial year ended March 31, 2011, the number of options increased from 1,000,000 to 5,000,000.

During the year, 8,800 options were lapsed/forfeited. The Nomination and Remuneration Committee of the Company has allotted 45,560 options under ESOP 2007 to the eligible employees of the Company (each options entitles the option holder to 1 equity share of ₹ 2/- each).

RSOP, 2014

Under RSOP 2014, the Company provided for the creation and issue of 5,000,000 awards, that would eventually convert into equity shares of ₹ 2/- each in the hands of the Company's employees. The awards are to be granted to the eligible employees at the discretion of the Nomination and Remuneration Committee of the Company and at the exercise price of the face value of ₹ 2/- each. The awards generally will vest in a graded manner and are exercisable within 3 years from the date of vesting. The shareholders of the Company on July 24, 2021 had amended the RSOP 2014 by increasing existing plan pool from 5,000,000 equity shares having face value of ₹ 2 per equity share to 10,000,000 Equity Shares.

During the year, 38,496 awards were lapsed/forfeited and added in the pool. The Nomination and Remuneration Committee of the Company has allotted 5,194,665 awards under RSOP 2014 to the eligible employees of the Company (each award entitles the award holder to 1 equity share of ₹ 2/- each).

ESOP, 2021

The shareholders of the Company on July 24, 2021 had instituted ESOP Plan 2021 wherein the Company provided for the creation and issue of 15,000,000 options, that would eventually convert into equity shares of ₹ 2/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of the Nomination and Remuneration Committee of the Company and at the fair market value. The options generally will vest in a graded manner and are exercisable within 36 months from the date of vesting.

During the year 3,064,998 options were lapsed/forfeited and added in the pool. The Nomination and Remuneration Committee of the Company has allotted 1,362,845 options under ESOP 2021 to the eligible employees of the Company (each award entitles the award holder to 1 equity share of ₹ 2/- each).

During the year, the Nomination and Remuneration Committee of the Company has granted 3,542,500 options under ESOP 2021 to the eligible employees of the Company (each options entitles the option holder to 1 equity share of ₹ 2/- each).

ESOP - 2024

The shareholders of the Company on February 19, 2024 had instituted ESOP -2024 through an Employee Welfare Trust. In this regard, the Company had set up Trust named as – PFL Employee Welfare Trust to acquire, purchase, hold and deal in fully paid-up Equity Shares by way of secondary acquisition for the purpose of implementation of the ESOP-2024. The maximum aggregate number of Options that may be granted and thereby transfer of Shares by the Trust under ESOP -2024 shall not exceed 15,000,000 Shares. The options are to be granted to the eligible employees at the discretion of the Nomination and Remuneration Committee of the Company. The options generally will vest in a graded manner and are exercisable within 36 months from the date of vesting.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

45 SHARE-BASED PAYMENTS (CONTD.)

B Measurement of Fair values

The fair value of employee share options has been measured using Black-Scholes model. The weighted average fair value of each option of Poonawalla Fincorp Limited was ₹ 134.16 (March 31, 2023: ₹ 161.39).

The fair value of the options granted during the year 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	Year ended	
		March 31, 2024	March 31, 2023
Fair value at grant date	₹	128.68 - 193.49	123.11 - 178.04
Share price at grant date	₹	315.10 - 501.55	240.75 - 324.70
Exercise price	₹	297.83 - 498.80	229.29 - 307.89
Expected volatility (weighted average volatility)	%	43.63 - 52.82	52.42 - 53.67
Expected life (expected weighted average life)	years	3.04	3.04 - 5.01
Expected dividend Yield	%	0.10 - 0.63	0.12 - 0.17
Risk-free interest rate (based on government bonds)	%	6.79 - 7.24	6.96 - 7.24

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behavior.

C Reconciliation of outstanding share options

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

ESOP, 2007

Particulars	Year ended March 31, 2024		Year ended March 31, 2023	
	Number of share options	Wtd. Avg. price	Number of share options	Wtd. Avg. price
Outstanding options at the beginning of the year	57,560	13.16	318,697	27.49
Add: Granted during the year	-	-	-	-
Less: Exercised during the year	45,560	16.11	235,568	31.15
Less: Lapsed/forfeited during the year	8,800	2.00	25,569	25.98
Outstanding options at the end of the year	3,200	2.00	57,560	13.16
Options vested and exercisable at the end of the year	3,200	2.00	37,560	19.11

The options outstanding at March 31, 2024 have an exercise price of ₹ 2 (March 31, 2023: ₹ 2 to ₹ 39.45) and a weighted average remaining contractual life of Nil years (March 31, 2023: 0.09 years).

The weighted average share price at the date of exercise for share options exercised in 2023-24 was ₹ 371.16 (2022-23: ₹ 274.93).

RSOP 2014

Particulars	Year ended March 31, 2024		Year ended March 31, 2023	
	Number of share options	Wtd. Avg. price	Number of share options	Wtd. Avg. price
Outstanding options at the beginning of the year	5,233,161	2.98	7,948,724	3.59
Add: Granted during the year	-	-	-	-
Less: Exercised during the year	5,194,665	2.72	2,669,485	4.19
Less: Lapsed/forfeited during the year	38,496	38.21	46,078	38.21
Outstanding options at the end of the year	-	-	5,233,161	2.98
Options vested and exercisable at the end of the year	-	-	24,274	38.21

The options outstanding at March 31, 2024 have an exercise price in the range of ₹ Nil (March 31, 2023: ₹ 2 to ₹ 38.21) and a weighted average remaining contractual life of Nil years (March 31, 2023: 1.85 years).

The weighted average share price at the date of exercise for share options exercised in 2023-24 was ₹ 464.30 (2022-23: ₹ 288.08).

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

45 SHARE-BASED PAYMENTS (CONTD.)

ESOP 2021

Particulars	Year ended March 31, 2024		Year ended March 31, 2023	
	Number of share options	Wtd. Avg. price	Number of share options	Wtd. Avg. price
Outstanding options at the beginning of the year	10,991,975	234.71	5,938,800	193.78
Add: Granted during the year	3,542,500	321.91	7,463,650	260.10
Less: Exercised during the year	1,362,845	211.33	119,000	169.30
Less: Lapsed/forfeited during the year	3,064,998	255.89	2,291,475	214.71
Outstanding options at the end of the year	10,106,632	262.00	10,991,975	234.71
Options vested and exercisable at the end of the year	376,752	242.28	481,615	211.74

The options outstanding at March 31, 2024 have an exercise price in the range of ₹ 164.42 to ₹ 498.80 (March 31, 2023: ₹ 164.42 to ₹ 307.89) and a weighted average remaining contractual life of 2.48 years (March 31, 2023: 3.05 years).

The weighted average share price at the date of exercise for share options exercised in 2023-24 was ₹ 402.48 (2022-23: ₹ 300.67).

D Equity shares reserved for issue under options

Particulars	No. of options granted	Exercise price (₹)	Year ended March 31, 2024		Year ended March 31, 2023	
			No. of options	Amount	No. of options	Amount
Under ESOP 2007:						
Tranche XXV	1,001,711	39.45	-	-	17,160	0.00
Tranche XXVI	102,000	2.00	-	-	19,200	0.00
Tranche XXVII	92,000	2.00	3,200	0.00	21,200	0.00
Under RSOP 2014:						
Tranche II	1,263,495	38.21	-	-	141,161	0.03
Tranche V (A) & (B)	5,000,000	2.00	-	-	3,350,000	0.67
Tranche VI (A) & (B)	2,600,000	2.00	-	-	1,742,000	0.35
Under ESOP 2021:						
Tranche I	1,500,000	175.48	350,000	0.07	478,000	0.10
Tranche II	4,325,750	164.42	1,164,630	0.23	2,110,975	0.42
Tranche III	170,000	256.03	-	-	100,000	0.02
Tranche IV	2,092,050	238.55	1,426,935	0.29	1,926,600	0.39
Tranche V	3,941,400	251.28	1,645,492	0.33	3,045,650	0.61
Tranche VI	1,361,500	230.45	1,097,350	0.22	1,277,000	0.26
Tranche VII	311,250	229.29	270,125	0.05	311,250	0.06
Tranche VIII	1,437,000	307.89	603,100	0.12	1,330,000	0.27
Tranche IX	412,500	298.95	364,000	0.07	412,500	0.08
Tranche X	567,500	297.83	265,000	0.05	-	-
Tranche XI	330,000	311.78	330,000	0.07	-	-
Tranche XII	300,000	307.06	300,000	0.06	-	-
Tranche XIII	640,000	329.90	590,000	0.12	-	-
Tranche XIV	200,000	391.82	200,000	0.04	-	-
Tranche XV	80,000	379.06	75,000	0.02	-	-
Tranche XVI	40,000	377.00	40,000	0.01	-	-
Tranche XVII	1,000,000	300.26	1,000,000	0.20	-	-
Tranche XVIII	200,000	321.19	200,000	0.04	-	-
Tranche XIX	20,000	370.80	20,000	0.00	-	-
Tranche XX	100,000	376.36	100,000	0.02	-	-
Tranche XXI	50,000	498.80	50,000	0.01	-	-
Tranche XXII	15,000	462.30	15,000	0.00	-	-

Amount recognised in statement of profit and loss

Year ended March 31, 2024: ₹ 99.63 crores

Year ended March 31, 2023: ₹ 150.63 crores

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

46 RELATED PARTIES

(i) Name of related parties and description of relationship:

A Holding Company

Rising Sun Holdings Private Limited

B Subsidiary ^

Grihum Housing Finance Limited ('GHFL') (Formerly known as Poonawalla Housing Finance Limited) (ceases to be subsidiary company w.e.f July 26, 2023)

C Fellow Subsidiary

Poonawalla Finance Private Limited

D Member of Promoter group

Magma HDI General Insurance Company Limited

Sanoti Properties LLP

E Joint Venture

Jaguar Advisory Services Private Limited

F Key Managerial Personnel ('KMP')

Nature of Relationship

Mr. Abhay Bhutada

Managing Director

Mr. Sunil Samdani

Whole - Time Director (Appointed w.e.f. October 20, 2023)

Mr. Sanjay Miranka

Chief Financial Officer

Mrs. Shabnum Zaman

Company Secretary

G Directors

Mr. Adar Cyrus Poonawalla

Chairman & Non Executive Director

Mr. Amar Sudhakar Deshpande

Non Executive Director

Mr. Sajid Fazalbhoy

Non Executive Director

Mr. Prabhakar Dalal

Independent Non Executive Director

Mr. Atul Kumar Gupta

Independent Non Executive Director (w.e.f January 27, 2022 and redesignated as Independent Director w.e.f August 23, 2023)

Mr. G Jaganmohan Rao

Independent Non Executive Director (ceased to be Director w.e.f August 26, 2023)

Mr. Sanjay Kumar

Independent Non Executive Director

Mrs. Vijayalakshmi R Iyer

Independent Non Executive Director (ceased to be Director w.e.f January 30, 2024)

Mr. Bontha Prasada Rao

Independent Non Executive Director

Ms. Kemisha Soni

Independent Non Executive Director (W.e.f. January 30, 2024)

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

46 RELATED PARTIES (CONTD.)

(ii) Related party transactions during the year and balance receivable from and payable to related parties as at the balance sheet date:

Name of related party	Nature of transaction	Transaction value for the year ended March 31, 2024	Outstanding amount as at March 31, 2024	Transaction value for the year ended March 31, 2023	Outstanding amount as at March 31, 2023
A) Holding Company					
Rising Sun Holdings Private Limited	Dividend paid	191.68	-	18.82	-
B) Subsidiary					
Grihum Housing Finance Limited ('GHFL') (Formerly known as Poonawalla Housing Finance Limited)	Cost allocation made*	-	-	5.47	-
	Investment in equity shares	-	-	-	819.71
	Inter corporate loan given	300.00	-	-	-
	Inter corporate loan refunded	300.00	-	-	-
	Direct assignment servicing fees paid	0.04	-	0.21	0.01
	Interest income on on inter corporate loan given	4.80	-	-	-
	Sale of fixed assets	0.08	-	-	-
C) Fellow Subsidiary					
Poonawalla Finance Private Limited	Purchase of property plant and equipment	3.76	-	0.24	-
	Leave and license agreement:				
	Rent paid	18.55	-	-	-
	Electricity expenses	0.09	-	0.55	-
	Office maintenance charges	-	-	0.46	-
	Security deposit paid	-	3.63	3.63	3.63
	Loan given to PFL employee welfare trust	175.00	175.00	-	-
	Interest on loan given to PFL employee welfare trust	0.86	-	-	-
D) Member of Promoter group					
1. Magma HDI General Insurance Company Limited	Short-term loans and advances given	11.73	1.05	35.66	1.34
	Refund / adjustment of short-term loans and advances given	12.02	-	39.79	-
	Claims received	0.01	-	0.09	-
	Insurance commission income	1.79	0.21	4.03	0.08
	Insurance premium paid	5.14	-	5.51	-
	Advance for mediclaim policy	6.08	6.17	5.02	5.21
	Subscription to public issue of NCD	-	75.00	-	75.00
	Interest accrued but not due on NCD	7.12	7.12	7.88	7.12
	Interest Paid on NCD	7.88	-	7.88	-
2. Sanoti Properties LLP	Sale of stake in MHDl	-	-	361.39	-
E) Joint venture					
1. Jaguar Advisory Services Private Limited	Investment in equity shares	-	0.02	-	0.02
F) Key Managerial Personnel					
1. Mr. Abhay Bhutada	Director's remuneration	5.00	-	5.00	-
	Share based payments	236.21	-	73.07	-
	Share Capital	1.02	-	0.50	-
	Dividend paid	1.00	-	-	-
2. Mr. Sunil Samdani	Salary	2.48	-	-	-

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

46 RELATED PARTIES (CONTD.)

Name of related party	Nature of transaction	Transaction value for the year ended March 31, 2024	Outstanding amount as at March 31, 2024	Transaction value for the year ended March 31, 2023	Outstanding amount as at March 31, 2023
3. Mr. Sanjay Miranka	Salary	4.97	-	2.92	-
	Share based payments	6.06	-	0.25	-
	Share Capital	0.07	-	0.00	-
	Share Premium	5.90	-	0.38	-
	Dividend paid	0.07	-	-	-
4. Mrs. Shabnum Zaman	Salary	0.75	-	0.51	-
	Share based payments	0.70	-	0.19	-
	Share Capital	0.00	-	0.00	-
	Share Premium	0.45	-	-	-
	Dividend paid	0.00	-	0.00	-
G) Directors #					
1. Mr. Adar Cyrus Poonawalla	Sitting fees	0.06	-	0.05	-
2. Mr. Prabhakar Dalal	Sitting fees	0.29	-	0.19	-
	Commission	0.50	0.50	-	-
3. Mr. Amar Sudhakar Deshpande	Sitting fees	0.37	-	0.33	-
4. Mr. Sajid Fazalbhoy	Sitting fees	0.09	-	0.06	-
5. Mr. Atul Kumar Gupta	Sitting fees	0.21	-	0.09	-
	Commission	0.50	0.50	-	-
6. Mr. G Jaganmohan Rao	Sitting fees	0.15	-	0.27	-
7. Mr. Sanjay Kumar	Sitting fees	0.23	-	0.24	-
	Commission	0.50	0.50	-	-
8. Mrs. Vijayalakshmi R lyer	Sitting fees	0.16	-	0.14	-
9. Mr. Bontha Prasada Rao	Sitting fees	0.16	-	0.15	-
	Commission	0.50	0.50	-	-
10. Ms. Kemisha Soni	Sitting fees	0.01	-	-	-
	Commission	0.08	0.08	-	-

Notes :

Related parties identified includes related parties as per section 2(76) of the Companies Act, 2013.

^ The Company has sold its stake in Grihum Housing Finance Limited (Formerly known as Poonawalla Housing Finance Limited) on July 26, 2023 and it ceased to be a related party from July 26, 2023. Accordingly, transactions for the period ended July 25, 2023 are reported.

* Represents expenses recovered towards infrastructural support, operational assistance and other services.

Sitting fees values are excluding of GST.

(iii) Compensation of key managerial personnel

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Short-term employee benefits	12.77	8.13
Post-employment defined benefit*	0.43	0.30
Share-based payments	242.97	73.51
	256.17	81.94

* 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.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

47 CONTINGENT LIABILITIES

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

a) Contingent liabilities

	As at March 31, 2024	As at March 31, 2023
Claims against the Company not acknowledged as debt		
i) Income tax matters under dispute	4.01	3.94
ii) VAT and GST matters under dispute	6.65	8.20
iii) Service tax matters under dispute	8.03	10.20
iv) Legal cases against the Company*	0.90	2.78

*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) 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.

c) The Company has certain litigations pending with income tax authorities, service tax authorities and other litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements.

d) Commitments

	As at March 31, 2024	As at March 31, 2023
Estimated amount of contracts remaining to be executed on capital account and not provided for	3.01	2.11
Bank Guarantees provided	0.30	-

e) 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.

48 TRANSFERS OF FINANCIAL ASSETS

In the ordinary course of business, the Company enters into transactions that result in the transfer of financial assets. In accordance with the accounting policy set out in Note 2, the transferred financial assets continue to be recognised or derecognised as per the conditions specified in Ind AS 109 - Financial Instruments.

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 March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

48 TRANSFERS OF FINANCIAL ASSETS (CONTD.)

	As at March 31, 2024	As at March 31, 2023
Assets		
Securitisation	-	131.81
Carrying amount of assets	-	131.81

	As at March 31, 2024	As at March 31, 2023
Associated liabilities		
Loans from PTC Investors	-	109.96
Carrying amount of associated liabilities	-	109.96

	As at March 31, 2024	As at March 31, 2023
For those liabilities that have recourse only to the transferred financial assets		
Assets		
Securitisation	-	131.81
Fair value of assets	-	131.81

	As at March 31, 2024	As at March 31, 2023
Associated liabilities		
Loans from PTC Investors	-	110.09
Fair value of associated liabilities	-	110.09

49 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

A. Financial instruments by category

The following table shows the carrying amounts of financial assets and financial liabilities.

Particulars	As at March 31, 2024			
	Amortised cost	FVTPL	FVTOCI	Total
Financial assets:				
Cash and cash equivalents	255.18	-	-	255.18
Bank balances other than cash and cash equivalents	13.36	-	-	13.36
Receivables	28.66	-	-	28.66
Loans	22,046.41	-	-	22,046.41
Investments*	366.57	207.98	303.78	878.33
Other financial assets	257.81	-	-	257.81
	22,967.99	207.98	303.78	23,479.75
Financial liabilities:				
Payables	3.37	-	-	3.37
Debt securities	1,227.09	-	-	1,227.09
Borrowings (other than debt securities)	13,616.13	-	-	13,616.13
Subordinated liabilities	236.91	-	-	236.91
Lease liabilities	135.59	-	-	135.59
Other financial liabilities	597.26	-	-	597.26
	15,816.35	-	-	15,816.35

*Investment in joint venture has been reclassified as assets held for sale as on March 31, 2024.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

49 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTD.)

The following table shows the carrying amounts of financial assets and financial liabilities.

Particulars	As at March 31, 2023			Total
	Amortised cost	FVTPL	FVTOCI	
Financial assets:				
Cash and cash equivalents	601.38	-	-	601.38
Bank balances other than cash and cash equivalents	56.05	-	-	56.05
Receivables	20.67	-	-	20.67
Loans	15,229.45	-	-	15,229.45
Investments**	42.54	199.23	268.37	510.14
Other financial assets	372.05	-	-	372.05
	16,322.14	199.23	268.37	16,789.74
Financial liabilities:				
Payables	2.02	-	-	2.02
Debt securities	950.24	-	-	950.24
Borrowings (other than debt securities)	9,804.07	-	-	9,804.07
Subordinated liabilities	365.27	-	-	365.27
Lease liabilities	89.58	-	-	89.58
Other financial liabilities	287.86	-	-	287.86
	11,499.04	-	-	11,499.04

**Investment in subsidiary and joint venture has been reclassified as assets held for sale as on March 31, 2023

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

- recognised and measured at fair value and
- measured at amortised cost / other and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2024	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments	303.78	207.98	-	511.76

Assets and liabilities which are measured at amortised cost / others for which fair values are disclosed

As at March 31, 2024	Amortised cost	Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	255.18	255.18	255.18	-	-
Bank balances other than cash and cash equivalents	13.36	13.36	13.36	-	-
Receivables	28.66	28.66	-	-	28.66
Loans	22,046.41	22,010.85	-	-	22,010.85
Other investment	366.57	366.57	350.27	16.30	-
Other financial assets	257.81	257.81	-	-	257.81
	22,967.99	22,932.43	618.81	16.30	22,297.32
Financial liabilities:					
Payables	3.37	3.37	-	-	3.37
Debt securities	1,227.09	1,231.74	-	1,231.74	-
Borrowings (other than debt securities)	13,616.13	13,616.13	-	13,616.13	-
Subordinated liabilities	236.91	252.97	-	252.97	-
Lease liabilities	135.59	135.59	-	-	135.59
Other financial liabilities	597.26	597.26	-	-	597.26
	15,816.35	15,837.06	-	15,100.84	736.22

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

49 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTD.)

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2023	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments	268.37	199.23	-	467.60

Assets and liabilities which are measured at amortised cost / others for which fair values are disclosed

As at March 31, 2023	Amortised cost	Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	601.38	601.38	601.38	-	-
Bank balances other than cash and cash equivalents	56.05	56.05	56.05	-	-
Receivables	20.67	20.67	-	-	20.67
Loans	15,229.45	15,166.92	-	-	15,166.92
Investments	42.54	42.54	-	42.54	-
Other financial assets	372.05	372.05	-	-	372.05
	16,322.14	16,259.61	657.43	42.54	15,559.64
Financial liabilities:					
Payables	2.02	2.02	-	-	2.02
Debt securities	950.24	957.61	-	957.61	-
Borrowings (other than debt securities)	9,804.07	9,804.60	-	9,804.60	-
Subordinated liabilities	365.27	389.97	-	389.97	-
Lease liabilities	89.58	89.58	-	-	89.58
Other financial liabilities	287.86	287.86	-	-	287.86
	11,499.04	11,531.64	-	11,152.18	379.46

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 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.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

49 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTD.)

Financial instruments measured at fair value and fair value of financial instruments carried at amortised cost

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value and sensitivity
Financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	Not applicable	Not applicable
Financial assets and liabilities measured at FVOCI	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	The discount rate is the average lending rate at which the loans are disbursed.	There is an inverse correlation. Higher the discount rate i.e average lending rate for the disbursed loans, lower the fair value of the assets.
Financial assets measured at FVTPL	NAV based method.	Not applicable	Not applicable
Investment	NAV based method.	Not applicable	Not applicable

50 FINANCIAL RISK MANAGEMENT

The Company assumes credit risk, market risk, operational risk, liquidity risk, interest rate risk, compliance risk, and reputational risk in the normal course of its business. This exposes the Company to a substantial level of inherent financial risk.

i Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

Risk management involves identifying, measuring, monitoring and managing 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.

ii Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's asset on finance.

The carrying amounts of financial assets represent the maximum credit risk exposure.

a) Credit risk management

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- A breach of contract such as a default or past due event
- When a borrower becomes more than 90 days past due in its contractual payments

The Risk Management Committee has established credit policies for various lending products under which each new customer is analyzed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes background verification, financial statements, income tax returns, GST details, credit bureau information, industry information, etc (as applicable).

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

50 FINANCIAL RISK MANAGEMENT (CONTD.)

b) Probability of default (PD)

Analysis of historical data regarding days past due (DPD) or delinquency of loans is the primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by type of product or borrower as well as by DPD. The Company employs statistical methods to analyse the data collected and generate estimates of the PD of exposures.

In case of newly launched products, where the Company does not have sufficient historical data to estimate PD, it uses industry level aggregate data obtained from credit bureaus, or third-party data providers or performance of an existing product which closely resembles the new product.

Expected loss has been calculated as an unbiased and probability-weighted amount for multiple scenarios. The probability of default has been calculated for 3 scenarios: upside (16% probability), downside (16%) and base (68%). These weightages have been decided on best practices and expert judgement.

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 90 DPD from its contractual payments or has been classified as NPA as per regulatory classification. The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk (SICR) on an ongoing basis throughout each reporting period. To assess whether there is SICR the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. Following indicators are incorporated:

- DPD analysis as on each reporting date
- significant increase in credit risk on other financial instruments of same borrower

d) Exposure at default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation;

To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

e) Loss given default (LGD)

Loss given default (LGD) represents estimated financial loss the Company is likely to suffer in respect of default account and it is used to calculate provision requirement on EAD along with PD. The Company uses collection details on previously defaulted cases for calculating LGD including estimated direct cost of collection from default cases. Appropriate discounting rates are applied to calculate present value of future estimated collection net of direct collection cost. LGD thus calculated is used for all stages, i.e. Stage 1, Stage 2 and Stage 3.

For newly launched products, where historical collection data is not available or insufficient, the Company either uses the collection performance of an existing product which closely resembles the new product or industry level aggregate data obtained from credit bureaus/third-party data providers, or regulatory guidance available if any.

f) Discounting

ECL is computed by estimating timing of expected credit shortfalls associated with defaults and discounting them using effective interest rate.

g) Significant increase in credit risk

The 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 lifetime ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company also applies other qualitative factors for triggering a significant increase in credit risk for an asset, such as restructuring. Regardless of the

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

50 FINANCIAL RISK MANAGEMENT (CONTD.)

change in credit profile, if the contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

The Company has applied a three-stage approach to measure expected credit losses (ECL) on loans and other credit exposures accounted for at amortised cost and FVOCI. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Assets migrate through following three stages based on the changes in credit quality since initial recognition:

- (a) **Stage 1:** 12-months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is 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 90 days past due, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually more than 30 days and upto 90 days past due are classified under Stage 2 - life time ECL, not credit impaired, barring those where there is empirical evidence to the contrary. An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed models and other historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as macro economic inputs. As required by Ind AS 109, Macro Economic (ME) overlays are required to be factored in ECL Models and accordingly, Company has used Consumer Price Index as the relevant ME variable. Overtime, new ME variables may emerge to have a better correlation and may replace ME being used now.

Policy on write off of loan assets

Financial assets are fully provided for or written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities under the Company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in statement of profit or loss on actual realization from customer.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

50 FINANCIAL RISK MANAGEMENT (CONTD.)

The following table provides information about the exposure to credit risk and expected credit loss for assets on finance.

Loans measured at amortised cost

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
As at March 31, 2024				
Current (not past due)	21,406.91	3.09%	662.36	No
Upto 30 days overdue	755.05	11.30%	85.30	No
More than 30 days and upto 60 days overdue	453.49	17.84%	80.90	No
More than 60 days and upto 90 days overdue	161.48	23.42%	37.82	No
More than 90 days overdue	268.45	49.39%	132.59	Yes
	23,045.38	4.33%	998.97	

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
As at March 31, 2023				
Current (not past due)	13,785.81	0.57%	78.11	No
Upto 30 days overdue	632.00	3.82%	24.15	No
More than 30 days and upto 60 days overdue	659.88	7.20%	47.48	No
More than 60 days and upto 90 days overdue	207.83	13.21%	27.46	No
More than 90 days overdue	225.10	46.19%	103.97	Yes
	15,510.62	1.81%	281.17	

Expected credit loss on trade and other receivables

Trade/other receivables primarily includes receivables against sale of power, support services and operating lease. The company follows 'simplified approach' for recognition of impairment loss allowance on trade/other receivables that do not contain a significant financing component. The application of simplified approach does not require to track changes in credit risk. It recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. It holds the trade/other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost, less loss allowance.

Cash and cash equivalents and bank balance other than cash and cash equivalents

The Company holds cash and cash equivalents and bank balance other than cash and cash equivalents of ₹ 268.54 crores at March 31, 2024 (March 31, 2023: ₹ 657.43 crores). The cash and cash equivalents are held with bank and financial institution counterparties with sound credit ratings.

An analysis of changes in gross carrying amount and corresponding ECL allowances is as follows :

(i) Movements in the gross carrying amount in respect of loans, i.e. asset on finance

Loans measured at amortised cost

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on April 1, 2022	9,745.72	1,140.08	372.20
Transfer to Stage 1	53.02	(45.83)	(7.19)
Transfer to Stage 2	(399.33)	404.88	(5.55)
Transfer to Stage 3	(105.27)	(46.76)	152.03
Loan assets originated or purchased (net of repayments)	10,550.69	310.49	31.51
Loan assets that have been derecognised / repaid (excluding write offs)	(5,146.25)	(576.51)	(131.66)
Write offs	(280.74)	(318.67)	(186.24)

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

50 FINANCIAL RISK MANAGEMENT (CONTD.)

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on March 31, 2023	14,417.84	867.68	225.10
Transfer to Stage 1	81.64	(78.27)	(3.37)
Transfer to Stage 2	(234.06)	235.86	(1.80)
Transfer to Stage 3	(103.95)	(38.00)	141.95
Loan assets originated or purchased (net of repayments)	17,473.46	227.97	583.44
Loan assets that have been derecognised / repaid (excluding write offs)	(9,031.95)	(425.40)	(97.86)
Write offs	(441.02)	(174.87)	(579.01)
Gross carrying amount on March 31, 2024	22,161.96	614.97	268.45

(ii) Movements in the allowance for impairment in respect of loans, i.e. asset on finance

Loans measured at amortised cost

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses		Loss allowance measured at life-time expected losses
	Stage 1	Stage 2	
Loss allowance on April 1, 2022	172.51	179.36	227.96
Transfer to Stage 1	1.20	(1.09)	(0.11)
Transfer to Stage 2	(36.07)	36.78	(0.71)
Transfer to Stage 3	(52.09)	(20.61)	72.70
Loan assets originated or purchased	60.89	19.78	12.10
Loan assets that have been derecognised / repaid (excluding write offs)	(32.61)	(96.01)	(89.76)
Write offs	(11.57)	(43.27)	(118.21)
Loss allowance on March 31, 2023	102.26	74.94	103.97
Transfer to Stage 1	7.65	(6.67)	(0.98)
Transfer to Stage 2	(40.34)	40.87	(0.53)
Transfer to Stage 3	(44.67)	(20.74)	65.41
Loan assets originated or purchased	489.20	48.98	78.49
Loan assets that have been derecognised / repaid (excluding write offs)	283.49	9.94	(55.42)
Write offs	(49.93)	(28.60)	(58.35)
Loss allowance on March 31, 2024	747.66	118.72	132.59

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 March 31, 2024	As at March 31, 2023
Gross carrying amount	55.76	122.38
Loss allowance	9.40	17.73
Net carrying amount	46.36	104.65

i) Concentration risk

Pursuant to the guidelines of the RBI, credit exposure to an single borrower must not exceed 25% of owned fund and 40% of owned fund of the Company to any single group of borrower. The Company is in compliance with these guidelines.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

50 FINANCIAL RISK MANAGEMENT (CONTD.)

In addition, the Company views the concentration of risk on the basis of below product category.

Loans (carrying value)	As at March 31, 2024	As at March 31, 2023
Asset backed finance (ABF)	4,474.82	4,965.14
Loan against property (LAP)	4,541.84	2,454.15
Personal and Professional Loan	6,647.37	3,645.89
Small and medium enterprise (SME)	5,206.61	4,420.41
NBFC lending	2,174.74	25.03
Total	23,045.38	15,510.62

Loans (%)	As at March 31, 2024	As at March 31, 2023
Asset backed finance (ABF)	19.42%	32.01%
Loan against property (LAP)	19.71%	15.82%
Personal and Professional Loan	28.84%	23.51%
Small and medium enterprise (SME)	22.59%	28.50%
NBFC lending	9.44%	0.16%
Total	100.00%	100.00%

Fair value of collateral relating to credit impaired financial assets

Particulars	As at March 31, 2024	As at March 31, 2023
Collateral value of underlying assets	443.66	452.05
Gross carrying amount	268.45	225.10
Loss allowance	132.59	103.97

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 March 31, 2024	Contractual cash flows					
	Carrying amount	Gross nominal outflow	0-12 months	1-3 years	3-5 years	More than 5 years
Financial liabilities						
Payables	3.37	3.37	3.37	-	-	-
Debt securities	1,227.09	1,356.05	578.78	771.32	0.98	4.97
Borrowings (other than debt securities)	13,616.13	15,187.53	8,075.03	4,376.58	2,563.19	172.73
Subordinated liabilities	236.91	303.15	22.28	263.25	17.62	-
Lease liabilities	135.59	175.30	35.60	69.03	34.12	36.55
Other financial liabilities	597.26	597.26	587.29	9.97	-	-

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

50 FINANCIAL RISK MANAGEMENT (CONTD.)

As at March 31, 2023	Carrying amount	Gross nominal outflow	Contractual cash flows			
			0-12 months	1-3 years	3-5 years	More than 5 years
Financial liabilities						
Payables	2.02	2.02	2.02	-	-	-
Debt securities	950.24	1,105.00	301.53	797.03	0.99	5.45
Borrowings (other than debt securities)	9,804.07	10,927.89	5,862.11	3,194.84	1,614.06	256.88
Subordinated liabilities	365.27	576.56	168.86	166.05	241.65	-
Lease liabilities	89.58	124.54	27.79	53.29	28.90	14.56
Other financial liabilities	287.86	287.86	283.68	4.18	-	-

iv Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company – primarily ₹. In cases where the borrowings is denominated in foreign currency, the Company uses derivatives to manage market risks.

Interest rate risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs. The Company is subject to variable interest rates on some of its interest bearing financial assets/ liabilities. The Company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short-term loans.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Fixed rate instruments		
Financial assets	18,937.91	14,335.59
Financial liabilities	4,672.88	5,488.91
Variable rate instruments		
Financial assets	4,541.84	2,454.15
Financial liabilities	11,143.47	6,010.13

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 before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Profit or (loss)	
	100 bps increase	100 bps decrease
As at March 31, 2024		
Variable rate instruments	(66.02)	66.02
As at March 31, 2023		
Variable rate instruments	(35.56)	35.56

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

50 FINANCIAL RISK MANAGEMENT (CONTD.)

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 year-end balances are not necessarily representative of the average debt outstanding during the year. This analysis assumes that all other variables remain constant.

Legal and operational risk

Legal risk

Legal risk is the risk relating to losses due to legal or regulatory action that invalidates or otherwise precludes performance by the end user or its counterparty under the terms of the contract or related netting agreements.

The Company has developed preventive controls and formalised procedures to identify legal risks so that potential losses arising from non-adherence to laws and regulations, negative publicity, etc. are significantly reduced.

As at March 31, 2024, there were legal cases pending against the Company aggregating ₹ 0.90 crores (March 31, 2023: ₹ 2.78 crores). 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 and Standard Operating Procedures (SOP)
2. Third party risk management through Outsourcing Risk Policy and SOP
3. Well defined Governance Structure
4. Use of Identification & Monitoring tools and like Risk Control Self- Assessment (RCSA), Key Risk Indicators (KRIs), Risk Appetite Statements (RAS) and Control testing
5. Standardized reporting templates, reporting structure and frequency
6. Regular workshops and training for enhancing awareness and risk culture

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

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

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

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

During the year ended March 31, 2024, 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. Apart from this quarterly RAS monitoring and Outsourcing Risk management was also undertaken during the FY. The OR team helps senior management monitor risks through quarterly reporting of OR information to the Operational Risk Management Committee ('ORMC') and the RMC.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

51 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Particulars	As at April 1, 2023	Loan Taken	Loan Paid	Non Cash Changes*	As at March 31, 2024
Debt securities	950.24	500.00	(225.00)	1.85	1,227.09
Borrowings (other than debt securities)	9,804.07	10,564.26	(6,752.90)	0.70	13,616.13
Subordinated liabilities	365.27	-	(129.12)	0.76	236.91
Total Liabilities from financing activities	11,119.58	11,064.26	(7,107.02)	3.31	15,080.13

Particulars	As at April 1, 2022	Loan Taken	Loan Paid	Non Cash Changes*	As at March 31, 2023
Debt securities	660.30	500.00	(211.53)	1.47	950.24
Borrowings (other than debt securities)	5,576.69	4,600.00	(379.15)	6.53	9,804.07
Subordinated liabilities	488.82	-	(124.71)	1.16	365.27
Total Liabilities from financing activities	6,725.81	5,100.00	(715.39)	9.16	11,119.58

* Represents adjustments on account of EIR and other adjustments as required under Ind AS.

52 CAPITAL MANAGEMENT

The Company actively manages capital base to cover risks inherent in the business and meets the Capital Adequacy Requirements (CRAR) of the Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI. The Company has complied in full with all its externally imposed capital requirements over the reported period. The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to 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, perpetual debt and reserves and deduction for intangible assets, deferred tax asset and other regulatory adjustments relating to items that are not included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes qualifying subordinated liabilities and impairment provision in respect of Stage 1 assets.

Particulars	As at March 31, 2024	As at March 31, 2023
CRAR (%) *	33.80	38.91
CRAR -Tier I Capital (%)	32.28	37.69
CRAR -Tier II Capital (%)	1.52	1.22

* 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 March 13, 2020, while the corresponding investments in pass through certificates have been considered as 'on balance sheet exposures' in determination of risk weighted assets.

ii. Capital allocation

Management uses regulatory capital ratios to monitor its capital base. There is no allocation of capital required as Company is operating primarily in a single segment i.e., financing.

The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

53 OPERATING SEGMENTS

The Company is engaged primarily in the business of financing and there are no separate reportable segments as per Ind AS 108. The Executive Committee of the Company has been identified as the Chief Operating Decision Maker (CODM) pursuant to the requirements of Ind AS 108, "Operating Segments." The Company's operating segments are established in the manner consistent with the components of the Company that are reviewed regularly by the CODM for the purpose of allocation of resources and evaluation of performance. The Company does not have operations outside India and hence there is no external revenue or assets which require disclosure.

The company does not derives revenue, from any single customer, 10% or more of company's total revenue.

54 REVENUE FROM CONTRACTS WITH CUSTOMERS

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(a) Below table provides disaggregation of revenue from contracts with customers:		
Revenue by type of service		
Fees and commission income	73.22	61.54
Other income	22.30	32.05
Total	95.52	93.59
Revenue by geographical markets		
India	95.52	93.59
Outside India	-	-
Total	95.52	93.59
Revenue by timing of recognition of revenue		
Performance obligation satisfied at a point in time	95.52	93.59
Performance obligation satisfied over period of time	-	-
Total	95.52	93.59
(b) Trade Receivables *	28.92	20.39
	28.92	20.39

* Excluding receivables from operating lease rentals

55 ADDITIONAL INFORMATION

- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- The quarterly information statement filed by the Company with banks or financial institutions are in agreement with the books of accounts.
- The Company has not been declared as Wilful defaulter by any banks, financial institution or other lenders.
- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- 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.
- 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.
- 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

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

55 ADDITIONAL INFORMATION (CONTD.)

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 March 24, 2021 issued by Ministry of Corporate Affairs, the Company has taken steps to identify transactions with the struck-off companies and considering the nature of business which is primarily lending to individuals and other small players, there are no such outstanding balances which may be required to be reported.

- k) The Ministry of Corporate Affairs (MCA) has prescribed a new requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment Rules 2021 requiring companies, which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

The Company has enabled the audit trail (edit logs) facility of the accounting software used for maintenance of all accounting records during the year ended March 31, 2024 except for cases mentioned as below:

In case of accounting software Finmechanics implemented from June 01, 2023 maintained for borrowing records of the Company, audit trails are available through front end and every action performed by user is being tracked. No Database level activity is being executed but as additional measure Company has enabled database audit trail post March 20, 2024.

In case of accounting software CCA maintained for loan records the Company, the audit trail (edit logs) are enabled at database level to capture the changes by user at action level, action name and object change and not at query details level.

In case of accounting software Finnone maintained for loan records the Company, audit of service organisation for the year ended March 31, 2024 is under process and hence Service Organisation Control Type 2 report not yet available with the Company.

- l) Figures of previous year have been regrouped / reclassified, wherever necessary, to make them comparable with current year and the impact of such regrouping / reclassification are not material to standalone financial statements.

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS*

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(a) Capital

Particulars	As at March 31, 2024	As at March 31, 2023
(i) CRAR (%) #	33.80	38.91
(ii) CRAR -Tier I Capital (%) #	32.28	37.69
(iii) CRAR -Tier II Capital (%) #	1.52	1.22
(iv) Subordinated Debt as Tier-II capital*	65.45	106.84
(v) Amount of Perpetual Debt Instruments outstanding as at year end	28.38	78.74
(vi) Amount raised during the year by issue of Perpetual Debt Instruments	-	-

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 March 13, 2020, while the corresponding investments in pass through certificates have been considered as 'on balance sheet exposures' in determination of risk weighted assets.

* Discounted value of Tier II bonds considered for the purpose of Tier II capital.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(b) Investments

Particulars	As at March 31, 2024	As at March 31, 2023
Value of Investments		
(i) Gross Value of Investments #		
(a) In India	878.35	1,329.87
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments #		
(a) In India	878.35	1,329.87
(b) Outside India	-	-

#Includes investment classified as assets held for sale in joint venture of ₹ 0.02 crores as on March 31, 2024 and investment in joint venture and subsidiary of ₹ 0.02 crores and ₹ 819.71 crores respectively as on March 31, 2023

(c) Derivative

The Company does not have any derivative exposure during the financial year ended March 31, 2024 and March 31, 2023.

(d) Asset Liability Management - Maturity pattern of certain items of Assets and Liabilities

As at March 31, 2024

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
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances	856.46	533.29	694.40	1,566.85	1,328.14	2,205.13	3,039.33	7,178.24	1,866.92	2,777.65	22,046.41
Investments	353.64	3.37	8.15	14.72	93.13	62.12	231.23	95.84	7.42	8.71	878.33
Borrowings	50.00	-	60.37	1,937.63	806.38	632.08	4,482.70	4,567.87	2,369.68	173.42	15,080.13
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-

As at March 31, 2023

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
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances	424.21	264.14	343.94	820.21	1,187.02	1,836.68	2,243.73	4,794.15	1,573.56	1,741.81	15,229.45
Investments	3.46	3.46	8.66	25.07	130.12	62.70	182.07	90.78	3.69	0.13	510.14
Borrowings	4.16	1.61	130.81	128.69	548.32	464.11	4,470.81	3,528.65	1,597.55	244.87	11,119.58
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

Disclosure of details as required in terms of Paragraph 31 of Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023

Sl. No. Particulars	Amount outstanding as at March 31, 2024	Amount overdue as at March 31, 2024
Liabilities		
1 Loans and advances availed by the NBFCs		
(a) Debentures		
- Secured	1,227.09	-
- Unsecured	137.20	-
(b) Deferred Credits	-	-
(c) Term Loans	7,607.61	-
(d) Inter-Corporate Loans and Borrowing	174.65	-
(e) Commercial Paper	2,373.01	-
(f) Public Deposits	-	-
(g) Cash Credit / Working Capital Demand Loans from Banks	3,560.57	-

Sl. No. Particulars	Amount outstanding as at March 31, 2024
Assets	
2 Break-up of Loans and Advances, including Bills Receivables (other than those included in (3) below)	
(a) Secured	11,027.12
(b) Unsecured	11,854.83
3 Break-up of Leased Assets and Stock on Hire and hypothecation loans counting towards AFC activities #	
(i) Lease Assets including Lease Rentals under Sundry Debtors	205.05
(ii) Stock on Hire including Hire Charges under Sundry Debtors	-
(iii) Other loans counting towards AFC activities	
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	205.05
# AFC classification has been discontinued by RBI with effect from February 22, 2019	
4 Break-up of Investments	
Current Investments	
1 Quoted	
(i) Shares (a) Equity*	0.02
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	654.05
(v) Others (please specify)	-
2 Unquoted	
(i) Shares (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (PTC securities)	-

*Includes investment in joint venture reclassified as assets held for sale of ₹ 0.02 crores

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

Sl. No. Particulars	Amount outstanding as at March 31, 2024
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)	
- PTC securities	16.30
2 Unquoted	
(i) Shares (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others	-
- Security Receipts	207.98

5 Borrower group-wise classification of assets financed as in (2) and (3) above *

Category	Secured	Unsecured	Total as at March 31, 2024
1 Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2 Other than Related Parties	11,232.17	11,854.83	23,087.00
Total	11,232.17	11,854.83	23,087.00

* 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 March 31, 2024	Book Value (Net of Provisions) as at March 31, 2024
1 Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same group *	50.70	0.02
(c) Other related parties	-	-
2 Other than Related Parties	878.33	878.33
Total	929.03	878.35

* Investment in joint venture reclassified as assets held for sale as on March 31, 2024

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

7 Other information

Particulars	Total as at March 31, 2024
(i) Gross Non-Performing Assets *	
(a) Related parties	-
(b) Other than Related parties	268.45
(ii) Net Non-Performing Assets *	
(a) Related parties	-
(b) Other than Related parties	135.86
(iii) Assets acquired in satisfaction of debt	-

* Disclosure as per IND-AS, as required in RBI notification no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

(e) Exposures

Particulars	As at March 31, 2024	As at March 31, 2023
1. Exposure to real estate sector		
i) Direct exposure		
(a) Residential mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits	2,192.60	1,142.24
(b) Commercial real estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family, residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	159.08	15.62
(c) Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
1) Residential	-	-
2) Commercial Real Estate	-	-
ii) Indirect exposure		
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	423.80	1.96
Total Exposure to Real Estate Sector	2,775.48	1,159.82

Particulars	As at March 31, 2024	As at March 31, 2023
2. Exposure to Capital Market		
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

Particulars	As at March 31, 2024	As at March 31, 2023
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix) Financing to stockbrokers for margin trading	-	-
(x) All exposures to Alternative Investment Funds:	-	-
(i) Category I	-	-
(ii) Category II	-	-
(iii) Category III	-	-
Total Exposure to Capital Market	-	-

3. Details of financing of parent company products

The Company has not financed any products of parent Company in the financial year ended March 31, 2024 and March 31, 2023.

4. Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company has not exceeded the prudential exposure limits during the financial year ended March 31, 2024 and March 31, 2023.

5. Unsecured advances

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured Advances	11,854.83	8,090.94

There are no unsecured advances given against intangible securities such as charge over the rights, licenses, authority, etc. during the financial year ended March 31, 2024 and March 31, 2023.

The above unsecured advances includes advances covered by bank/government guarantees amounting to ₹ 32.38 crores (March 31, 2023: ₹ 209.93 crores)

6. Intra Group Exposures

There are no Intra-group exposures as on March 31, 2024 and March 31, 2023.

7. Unhedged Foreign Currency Exposures

There are no Unhedged foreign currency exposures as on March 31, 2024 and March 31, 2023.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(f) Transactions with related parties For the year ended March 31, 2024

Related Parties	Parent		Subsidiaries		Associates/ Joint venture		Key Management Personnel	
	Transaction Value	Outstanding at year end	Transaction Value	Outstanding at year end	Transaction Value	Outstanding at year end	Transaction Value	Outstanding at year end
Items		Maximum outstanding during the year		Maximum outstanding during the year		Maximum outstanding during the year		Maximum outstanding during the year
Borrowings	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-
Placement of Deposits	-	-	-	-	-	-	-	-
Advances	-	300.00	-	300.00	-	-	-	-
Repayment of advances	-	300.00	-	NA	-	0.02	-	-
Investments	-	-	-	-	-	-	-	-
Security deposits paid	-	-	-	-	-	-	-	-
Purchase of fixed assets	-	NA	-	NA	-	NA	-	NA
Sale of fixed assets	-	NA	-	NA	-	NA	-	NA
Interest paid	-	0.08	-	NA	-	NA	-	NA
Interest received	-	NA	-	NA	-	NA	-	NA
Dividend paid	191.68	-	4.80	NA	-	NA	1.07	NA
Other	191.68	-	0.04	NA	-	NA	267.45	2.08
			604.92	300.00		0.02	268.52	2.08

Related Parties	Relatives of Key Management Personnel		Others		Total	
	Transaction Value	Maximum outstanding during the year	Transaction Value	Maximum outstanding during the year	Transaction Value	Maximum outstanding during the year
Items						
Borrowings	-	-	175.00	250.00	175.00	250.00
Deposits	-	-	-	-	-	-
Placement of Deposits	-	-	-	-	-	-
Advances	-	-	17.82	12.15	317.82	7.21
Repayment of advances	-	-	12.02	-	312.02	-
Investments	-	-	-	-	-	-
Security deposits paid	-	-	-	3.63	-	0.02
Purchase of fixed assets	-	NA	3.76	NA	3.76	3.63
Sale of fixed assets	-	NA	-	NA	-	NA
Interest paid	-	NA	8.74	NA	0.08	NA
Interest received	-	NA	-	NA	-	NA
Dividend paid	-	NA	-	NA	4.80	NA
Other	-	NA	32.70	7.33	192.76	NA
			250.04	273.11	1,315.16	575.21

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

For the year ended March 31, 2023

Related Parties	Parent		Subsidiaries		Associates/ Joint venture		Key Management Personnel	
	Transaction Value	Outstanding at year end	Transaction Value	Outstanding at year end	Transaction Value	Outstanding at year end	Transaction Value	Outstanding at year end
Items		Maximum outstanding during the year		Maximum outstanding during the year		Maximum outstanding during the year		Maximum outstanding during the year
Borrowings	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-
Placement of Deposits	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-
Repayment of advances	-	-	-	-	-	-	-	-
Investments	-	-	819.71	819.71	-	0.02	-	-
Security deposits paid	-	-	-	-	-	-	-	-
Purchase of fixed assets	-	NA	-	NA	-	NA	-	NA
Sale of fixed assets	-	NA	-	NA	-	NA	-	NA
Interest paid	-	NA	-	NA	-	NA	-	NA
Interest received	18.82	-	-	NA	-	NA	0.00	NA
Dividend paid	-	NA	5.68	0.01	-	NA	84.35	NA
Other	18.82	-	5.68	819.72	-	0.02	84.35	-
			18.82	819.72	819.72	0.02	84.35	-

Related Parties	Relatives of Key Management Personnel		Others		Total	
	Transaction Value	Maximum outstanding during the year	Transaction Value	Maximum outstanding during the year	Transaction Value	Maximum outstanding during the year
Items						
Borrowings	-	-	75.00	75.00	75.00	75.00
Deposits	-	-	-	-	-	-
Placement of Deposits	-	-	-	-	-	-
Advances	-	-	40.68	15.53	40.68	6.55
Repayment of advances	-	-	39.79	-	39.79	-
Investments	-	-	-	-	-	-
Security deposits paid	-	-	3.63	3.63	3.63	3.63
Purchase of fixed assets	-	NA	0.24	NA	0.24	NA
Sale of fixed assets	-	NA	-	NA	-	NA
Interest paid	-	NA	7.88	NA	7.88	NA
Interest received	-	NA	-	NA	-	NA
Dividend paid	-	NA	379.90	7.20	18.82	NA
Other	-	NA	472.12	7.20	469.94	7.21
			92.38	101.36	580.98	912.12

(g) Registration obtained from other financial sector regulators.

Regulator	Registration no.	Date of registration / renewal
1 Ministry of Corporate Affairs	L51504PN1978PLC209007	December 18, 1978
2 Insurance Regulatory and Development Authority	CA0154 (Composite)	March 17, 2022

(h) Details of penalties imposed by RBI and other regulators

No penalties has been imposed by RBI and other regulators on the Company during the financial year ended March 31, 2024 and March 31, 2023.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(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	24-Apr-23	CRISIL AAA	CRISIL AA+
	12-Mar-24	CARE AAA	CARE AAA
	10-Jan-24	ACUITE AAA	ACUITE AA+
	1-Mar-24	BWR AA+	BWR AA+
2 Subordinated debentures	5-May-23	CRISIL AAA	-
	12-Mar-24	CARE AAA	CARE AAA
	10-Jan-24	ACUITE AAA	ACUITE AA+
	1-Mar-24	BWR AA+	BWR AA+
3 Perpetual debt instruments	5-May-23	CRISIL AA+	-
	12-Mar-24	CARE AA+	CARE AA+
	1-Mar-24	Withdrawal	BWR AA
4 Market Linked Debentures	12-Mar-24	CARE PP-MLD AAA	CARE PP-MLD AAA
5 Commercial papers	24-Apr-23	CRISIL A1+	CRISIL A1+
	12-Mar-24	CARE A1+	CARE A1+
6 Bank facility	24-Apr-23	CRISIL AAA	CRISIL AA+
	12-Mar-24	CARE AAA/ A1+	CARE AAA/ A1+

Date of rating assigned relates to rating valid on March 31, 2024

j) Remuneration of non-executive Directors

Refer note : 46 for detailed disclosure of related party transactions

Name of directors	Nature of payment	Year ended March 31, 2024	Year ended March 31, 2023
1 Mr. Adar Cyrus Poonawalla	Sitting Fees	0.06	0.05
2 Mr. Prabhakar Dalal	Sitting Fees	0.29	0.19
	Commission	0.50	-
3 Mr. Amar Sudhakar Deshpande	Sitting Fees	0.37	0.33
4 Mr. Sajid Fazalbhoy	Sitting Fees	0.09	0.06
5 Mr. Atul Kumar Gupta	Sitting Fees	0.21	0.09
	Commission	0.50	-
6 Mr. G Jaganmohan Rao	Sitting Fees	0.15	0.27
7 Mr. Sanjay Kumar	Sitting Fees	0.23	0.24
	Commission	0.50	-
8 Ms. Kemisha Soni	Sitting Fees	0.01	-
	Commission	0.08	-
9 Mr. Bontha Prasada Rao	Sitting Fees	0.16	0.15
	Commission	0.50	-
10 Mrs. Vijayalakshmi R Iyer	Sitting Fees	0.16	0.14

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(k) Loans and contracts awarded to directors, senior officers and relatives of directors

Particulars	Loans	Contracts	Total
Year ended March 31, 2024			
Directors and their relatives	-	-	-
Entities associated with directors and their relatives	-	-	-
Senior officers and their relatives	-	-	-
Year ended March 31, 2023			
Directors and their relatives	-	-	-
Entities associated with directors and their relatives	-	-	-
Senior officers and their relatives	-	-	-

(l) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown in the Statement of Profit and Loss	Year ended March 31, 2024	Year ended March 31, 2023
Under "Impairment on financial instruments"		
1 Provision for stage 1 and 2	(572.98)	(347.99)
2 Provision for stage 3	37.33	(91.32)
3 Other provisions	13.02	(0.13)
Under "Tax expenses"		
Provision made towards income tax (includes deferred tax)	482.58	181.63
Under "Employee Benefit Expenses"		
Provision for compensated absences	4.24	2.87

(m) Concentration of Advances, Exposures and NPAs

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
1 Concentration of Advances		
Total advances to twenty largest borrowers	1,810.31	912.94
Percentage of advances to twenty largest borrowers to total advances	7.9%	5.9%
2 Concentration of Exposures		
Total exposure to twenty largest borrowers/ customers	1,810.31	912.94
Percentage of exposures to twenty largest borrowers/ customers to total exposure on borrowers/ customers	7.9%	5.9%
3 Concentration of NPAs		
Total exposure to top four NPA accounts	6.50	2.34

4 Sector-wise NPAs (Percentage of NPAs to Total Advances in that sector)

Sr.No.	Sector	Year ended March 31, 2024	Year ended March 31, 2023
1	Agriculture and allied activities	29.76%	7.30%
2	MSME	0.51%	0.62%
3	Corporate borrowers	0.80%	0.19%
4	Services	0.38%	1.46%
5	Unsecured personal loans	1.01%	0.64%
6	Auto loans	3.10%	3.27%
7	Other personal loans (housing loans)	3.51%	0.62%

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

5 Sectoral Exposure

Sectors	Year ended March 31, 2024			Year ended March 31, 2023		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	% of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	% of Gross NPAs to total exposure in that sector
1. Agriculture & Allied Activities	19.32	5.75	29.76%	133.52	9.75	7.30%
2. Industry	6,646.54	38.47	0.58%	5,132.35	22.92	0.45%
a) Food Processing	852.04	5.92	0.69%	638.59	5.36	0.84%
b) Other Industries	5,794.50	32.55	0.56%	4,493.76	17.56	0.39%
3. Services	4,450.78	16.83	0.38%	1,224.32	17.93	1.46%
a) NBFCs	2,174.74	-	-	25.03	-	-
b) Other Services	2,276.04	16.83	0.74%	1,199.29	17.93	1.50%
4. Personal Loans	11,928.74	207.40	1.74%	9,020.43	174.50	1.93%
a) Vehicle	3,936.16	121.90	3.10%	4,449.84	145.51	3.27%
b) Other Personal Loans	7,992.58	85.50	1.07%	4,570.59	28.99	0.63%
5. Others	-	-	-	-	-	-
Total (1+2+3+4+5)	23,045.38	268.45	1.16%	15,510.62	225.10	1.45%

(n) Movement of NPAs

	Year ended March 31, 2024	Year ended March 31, 2023
i) Net NPAs to Net Advances (%)	0.59%	0.80%
ii) Movement of NPAs (Gross)		
a) Opening balance	225.10	372.20
b) Additions during the year	210.60	183.54
c) Reductions during the year	167.25	330.64
d) Closing balance	268.45	225.10
iii) Movement of Net NPAs		
a) Opening balance	121.13	144.24
b) Additions during the year	107.30	98.73
c) Reductions during the year	92.57	121.84
d) Closing balance	135.86	121.13
iv) Movement of provisions for NPAs (excluding provisions on standard assets)*		
a) Opening balance	103.97	227.96
b) Provisions made during the year	111.45	84.81
c) Write-off / write-back of excess provisions	82.83	208.80
d) Closing balance	132.59	103.97

(o) Overseas Assets and off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

1 Overseas Assets

The Company does not have any overseas assets as at March 31, 2024 and March 31, 2023.

2 Off-Balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company does not have any exposure to off balance sheet SPVs sponsored as at March 31, 2024 and March 31, 2023.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(p) Disclosure of complaints

1 Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Sr. No	Particulars	Year ended March 31, 2024	Year ended March 31, 2023
	Complaints received by the NBFC from its customers	3,571	1,717
1	Number of complaints pending at beginning of the year	37	2
2	Number of complaints received during the year	3,571	1,717
3	Number of complaints disposed during the year	3,551	1,682
3.1	Of which, number of complaints rejected by the NBFC	168	-
4	Number of complaints pending at the end of the year	57	37
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5	* Number of maintainable complaints received by the NBFC from Office of Ombudsman	174	217
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	174	211
5.2	Of 5, number of complaints resolved through conciliation/mediation/ advisories issued by Office of Ombudsman	-	4
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6	* Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

* It shall only be applicable to NBFCs which are included under The Reserve Bank - Integrated Ombudsman Scheme, 2021.

2 Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Year ended March 31, 2024					
CIBIL Related	14	1080	200%	8	-
NOC issues	0	222	111%	2	-
Moratorium Related	2	189	110%	5	-
Settlement related	2	176	120%	3	-
Closure	2	162	25%	8	-
Total	20	1829		26	-
Year ended March 31, 2023					
Updation Issue	0	336	1192%	11	-
Payment issue	1	205	107%	2	-
Complaint against staff	0	134	72%	1	-
NOC issues	1	105	453%	0	-
Closure	0	130	4233%	2	-
Total	2	910		16	-

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(q) Disclosures as required by the Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016.

During the year ended March 31, 2024, 07 frauds (March 31, 2023: 10 frauds) has been identified by management aggregating to ₹ 2.00 crores (March 31, 2023: ₹ 1.00 crore) by the employees, customers or third party and have been reported to RBI.

(r) 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 crores 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.

- Assets to be included as HQLA without any haircut i.e. cash, government securities, etc. and
- 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 130.62 % for the quarter ended March 31, 2024 (for the quarter ended March 31, 2023 : 153.24 %) as against minimum regulatory requirement of 85% (March 31, 2023 : 70%). The Company has maintained average HQLAs of ₹ 961.63 crores for the quarter ended March 31, 2024 (for the quarter ended March 31, 2023 : ₹ 469.75 crores).

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 management (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.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

Quantitative disclosure

Year ended March 31, 2024

Particulars	Quarter ended June 30, 2023		Quarter ended September 30, 2023		Quarter ended December 31, 2023		Quarter ended March 31, 2024	
	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#
High Quality Liquid Assets (HQLA)								
Total High Quality Liquid Assets	597.99	597.99	599.67	599.67	815.76	815.76	961.63	961.63
Cash Outflows								
Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
Unsecured wholesale funding	320.24	368.27	706.74	812.75	727.17	836.25	789.56	907.99
Secured wholesale funding	1,313.24	1,510.23	777.06	893.62	1,321.78	1,520.05	1,501.94	1,727.23
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	149.84	172.32	150.27	172.81	181.47	208.69	269.19	309.57
Other contingent funding obligations	-	-	-	-	-	-	-	-
TOTAL CASH OUTFLOWS	1,783.32	2,050.82	1,634.07	1,879.18	2,230.42	2,564.99	2,560.69	2,944.79
Cash Inflows								
Secured lending ##	2,871.57	2,153.67	5,023.19	3,767.39	4,135.22	3,101.41	2,606.66	1,955.00
Inflows from fully performing exposures	1,377.82	1,033.37	1,889.23	1,416.92	1,711.08	1,283.31	1,989.37	1,492.03
Other cash inflows	173.30	129.98	196.45	147.34	203.32	152.49	179.37	134.53
TOTAL CASH INFLOWS	4,422.69	3,317.02	7,108.87	5,331.65	6,049.62	4,537.21	4,775.40	3,581.56
TOTAL HQLA		597.99		599.67		815.76		961.63
TOTAL NET CASH OUTFLOWS		512.71		469.79		641.25		736.20
LIQUIDITY COVERAGE RATIO (%)		116.64%		127.65%		127.21%		130.62%

* 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, Bank balances and government securities.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

Year ended March 31, 2023

Particulars	Quarter ended June 30, 2022		Quarter ended September 30, 2022		Quarter ended December 31, 2022		Quarter ended March 31, 2023	
	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#
High Quality Liquid Assets (HQLA)								
Total High Quality Liquid Assets	310.03	310.03	569.36	569.36	572.34	572.34	469.75	469.75
Cash Outflows								
Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
Unsecured wholesale funding	5.43	6.25	164.56	189.25	333.53	383.56	86.13	99.05
Secured wholesale funding	344.72	396.43	664.93	764.67	809.35	930.75	872.24	1,003.08
Additional requirements, of which								
Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
Credit and liquidity facilities	-	-	-	-	-	-	-	-
Other contractual funding obligations	94.27	108.41	79.02	90.87	96.81	111.34	107.90	124.09
Other contingent funding obligations	-	-	-	-	-	-	-	-
TOTAL CASH OUTFLOWS	444.42	511.09	908.51	1,044.79	1,239.69	1,425.65	1,066.27	1,226.22
Cash Inflows								
Secured lending ##	2,626.07	1,969.55	2,325.65	1,744.24	2,645.00	1,983.75	2,436.68	1,827.51
Inflows from fully performing exposures	456.13	342.10	607.38	455.53	715.51	536.63	943.13	707.35
Other cash inflows	61.21	45.91	81.45	61.09	88.47	66.35	347.69	260.77
TOTAL CASH INFLOWS	3,143.41	2,357.56	3,014.48	2,260.86	3,448.98	2,586.73	3,727.50	2,795.63
TOTAL HQLA		310.03		569.36		572.34		469.75
TOTAL NET CASH OUTFLOWS		127.77		261.20		356.41		306.56
LIQUIDITY COVERAGE RATIO (%)		242.64%		217.98%		160.58%		153.24%

* Unweighted values calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

Weighted values calculated after the application of respective stress factors on inflow and outflow.

Includes unutilized bank lines

HQLA includes cash on hand, Bank balances and demand deposits with Scheduled Commercial Banks.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

2 Public disclosure on liquidity risk

Year ended March 31, 2024

1) Funding Concentration based on significant counterparty (both deposits and borrowings)

Number of Significant Counterparties	Amount	% of Total deposits	% of Total Liabilities
19	13,964.58	Not Applicable	87.72%

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
11,598.30	76.91%

4) Funding Concentration based on significant instrument/product

Sr no	Name of the Instrument / Product	Amount	% of Total Liabilities
1	Non Convertible Debentures	1,227.09	7.71%
2	Term Loans	7,682.55	48.26%
3	Working Capital (Cash credit & WCDL)	3,560.57	22.37%
4	Commercial Paper	2,373.01	14.91%
5	Subordinate Debt & Perpetual Debt	236.91	1.49%

5) Stock Ratios:

Particulars	Ratios
a) Commercial Paper as a % of total public funds	15.74%
Commercial Paper as a % of total liabilities	14.91%
Commercial Paper as a % of total assets	9.87%
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	41.68%
Other short-term liabilities as a % of total liabilities	39.49%
Other short-term liabilities as a % of total assets	26.15%

Other short term liabilities include all contractual obligation payable within a period of 1 year excluding commercial paper.

6) Institutional set-up for liquidity risk management

Board constituted Asset Liability committee (ALCO) reviews Asset Liability Management (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

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

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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.

Year ended March 31, 2023

1) Funding Concentration based on significant counterparty (both deposits and borrowings)

Number of Significant Counterparties	Amount	% of Total deposits	% of Total Liabilities
17	10,224.41	Not Applicable	88.16%

2) Top 20 large deposits (amount and % of total deposits)

- Not applicable

3) Top 10 borrowings (amount and % of total borrowings)

Amount	% of Total Borrowings
8,744.70	78.64%

4) Funding Concentration based on significant instrument/product

Sr no	Name of the Instrument / Product	Amount	% of Total Liabilities
1	Non Convertible Debentures	950.24	8.19%
2	Term Loans	5,929.72	51.13%
3	Working Capital (Cash credit & WCDL)	3,469.68	29.92%
4	Commercial Paper	294.71	2.54%
5	Loan from PTC Investors	109.96	0.95%
6	Subordinate & Perpetual Debt	365.27	3.15%

5) Stock Ratios:

Particulars	Ratios
a) Commercial Paper as a % of total public funds	2.65%
Commercial Paper as a % of total liabilities	2.54%
Commercial Paper as a % of total assets	1.64%
b) Non convertible debentures (Original maturity of less than 1 year) as a % of total public funds	Nil
Non convertible debentures (Original maturity of less than 1 year) as a % of total liabilities	Nil
Non convertible debentures (Original maturity of less than 1 year) as a % of total assets	Nil
c) Other short-term liabilities as a % of total public funds	51.88%
Other short-term liabilities as a % of total liabilities	49.75%
Other short-term liabilities as a % of total assets	32.01%

Other short term liabilities include all contractual obligation payable within a period of 1 year excluding commercial paper.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(s) Comparison between provisions required under IRACP and impairment allowances made under IND AS 109 as per RBI notification no. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

Year ended March 31, 2024

Asset Classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS (3)	Loss Allowances (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5=3-4)	Provisions required as per IRACP norms (6)*	Difference between Ind AS 109 provisions and IRACP norms (7=4-6)
Performing Assets						
Standard	Stage 1	22,161.96	747.66	21,414.30	89.38	658.28
	Stage 2	614.97	118.72	496.25	6.28	112.44
Subtotal		22,776.93	866.38	21,910.55	95.66	770.72
Non-Performing Assets						
Sub-standard	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	225.84	111.49	114.35	22.58	88.91
Subtotal		225.84	111.49	114.35	22.58	88.91
Doubtful						
upto 1 year	Stage 3	22.39	11.42	10.97	8.87	2.55
1 to 3 years	Stage 3	16.49	5.95	10.54	9.10	(3.15)
More than 3 years	Stage 3	3.73	3.73	-	1.92	1.81
Subtotal		42.61	21.10	21.51	19.89	1.21
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		268.45	132.59	135.86	42.47	90.12
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	22,161.96	747.66	21,414.30	89.38	658.28
	Stage 2	614.97	118.72	496.25	6.28	112.44
	Stage 3	268.45	132.59	135.86	42.47	90.12
	Total	23,045.38	998.97	22,046.41	138.13	860.84

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

Year ended March 31, 2023

Asset Classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS (3)	Loss Allowances (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5=3-4)	Provisions required as per IRACP norms (6)*	Difference between Ind AS 109 provisions and IRACP norms (7=4-6)
Performing Assets						
Standard	Stage 1	14,417.84	102.26	14,315.58	59.98	42.28
	Stage 2	867.68	74.94	792.74	12.45	62.49
Subtotal		15,285.52	177.20	15,108.32	72.43	104.77
Non-Performing Assets						
Sub-standard	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	198.83	92.51	106.32	19.93	72.58
Subtotal		198.83	92.51	106.32	19.93	72.58
Doubtful						
upto 1 year	Stage 3	19.78	5.44	14.34	9.49	(4.05)
1 to 3 years	Stage 3	2.99	2.52	0.47	1.63	0.90
More than 3 years	Stage 3	3.50	3.50	0.00	1.76	1.74
Subtotal		26.27	11.46	14.81	12.88	(1.41)
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		225.10	103.97	121.13	32.81	71.17
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	14,417.84	102.26	14,315.58	59.98	42.28
	Stage 2	867.68	74.94	792.74	12.45	62.49
	Stage 3	225.10	103.97	121.13	32.81	71.17
Total		15,510.62	281.17	15,229.45	105.24	175.94

* Includes interest reversal on Stage 3 assets

The restructured assets have been provided under Ind AS, subject to minimum provisioning requirement as per RBI guidelines.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(t) Detail of restructured advances

As at March 31, 2024

Particulars	Under SME Debt Restructuring Mechanism				
	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured Accounts as on April 1, 2023	547	89	83	-	719
Amount Outstanding	12.90	1.11	0.92	-	14.93
Provision thereon	1.09	0.71	0.79	-	2.59
Fresh restructuring during the year	-	-	-	-	-
Amount Outstanding	-	-	-	-	-
Provision thereon	-	-	-	-	-
Upgradations to restructured standard category during the year	8	(5)	(3)	-	-
Amount Outstanding	0.14	(0.08)	(0.06)	-	-
Provision thereon	0.01	-	(0.01)	-	-
Restructured standard advances which cease to attract higher provisioning and /or additional risk weight at the end of year	-	-	-	-	-
Amount Outstanding	-	-	-	-	-
Provision thereon	-	-	-	-	-
Downgradations of restructured accounts during the year	(64)	62	2	-	-
Amount Outstanding	(0.84)	0.82	0.02	-	-
Provision thereon	(0.45)	0.44	0.01	-	-
Write-offs/ Settlements/ Recoveries of restructured accounts during the year	(317)	(76)	(74)	-	(467)
Amount Outstanding	(9.23)	(0.98)	(0.82)	-	(11.03)
Provision thereon	(0.34)	(0.67)	(0.75)	-	(1.76)
Restructured Accounts as on March 31, 2024	174	70	8	-	252
Amount Outstanding	2.97	0.87	0.06	-	3.90
Provision thereon	0.31	0.48	0.04	-	0.83

Amount of movement in respective blocks includes recovery made during the year.

Particulars	Others				
	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured Accounts as on April 1, 2023	2,440	192	7	-	2,639
Amount Outstanding	99.08	7.10	0.25	-	106.43
Provision thereon	11.63	3.36	0.15	-	15.14
Fresh restructuring during the year	-	-	-	-	-
Amount Outstanding	-	-	-	-	-
Provision thereon	-	-	-	-	-
Upgradations to restructured standard category during the year	14	(13)	(1.00)	-	-
Amount Outstanding	0.58	(0.57)	(0.01)	-	-
Provision thereon	0.05	(0.05)	-	-	-

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

Particulars		Others				Total
		Standard	Sub-Standard	Doubtful	Loss	
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of year	No of borrowers	(1)	-	-	-	(1)
	Amount Outstanding	(0.01)	-	-	-	(0.01)
	Provision thereon	-	-	-	-	-
Downgradations of restructured accounts during the year	No of borrowers	(205)	200	5	-	-
	Amount Outstanding	(8.06)	7.55	0.51	-	-
	Provision thereon	(2.94)	2.52	0.42	-	-
Write-offs/ Settlements/ Recoveries of restructured accounts during the year	No of borrowers	(1,065)	(140)	(5)	-	(1,210)
	Amount Outstanding	(48.82)	(5.57)	(0.17)	-	(54.56)
	Provision thereon	(3.79)	(2.72)	(0.06)	-	(6.57)
Restructured Accounts as on March 31, 2024	No of borrowers	1,183	239	6	-	1,428
	Amount Outstanding	42.77	8.51	0.58	-	51.86
	Provision thereon	4.95	3.11	0.51	-	8.57

Amount of movement in respective blocks includes recovery made during the year.

Particulars		Total				Total
		Standard	Sub-Standard	Doubtful	Loss	
Restructured Accounts as on April 1, 2023	No of borrowers	2,987	281	90	-	3,358
	Amount Outstanding	111.98	8.21	1.17	-	121.36
	Provision thereon	12.72	4.07	0.94	-	17.73
Fresh restructuring during the year	No of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Upgradations to restructured standard category during the year	No of borrowers	22	(18)	(4)	-	-
	Amount Outstanding	0.72	(0.65)	(0.07)	-	-
	Provision thereon	0.06	(0.05)	(0.01)	-	-
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of year	No of borrowers	(1.00)	-	-	-	(1.00)
	Amount Outstanding	(0.01)	-	-	-	(0.01)
	Provision thereon	-	-	-	-	-
Downgradations of restructured accounts during the year	No of borrowers	(269)	262	7	-	-
	Amount Outstanding	(8.90)	8.37	0.53	-	-
	Provision thereon	(3.39)	2.96	0.43	-	-

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

Particulars		Total				Total
		Standard	Sub-Standard	Doubtful	Loss	
Write-offs/ Settlements/ Recoveries of restructured accounts during the year	No of borrowers	(1,382)	(216)	(79)	-	(1,677)
	Amount Outstanding	(58.05)	(6.55)	(0.99)	-	(65.59)
	Provision thereon	(4.13)	(3.39)	(0.81)	-	(8.33)
Restructured Accounts as on March 31, 2024	No of borrowers	1,357	309	14	-	1,680
	Amount Outstanding	45.74	9.38	0.64	-	55.76
	Provision thereon	5.26	3.59	0.55	-	9.40

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.

As at March 31, 2023

Particulars		Under SME Debt Restructuring Mechanism				Total
		Standard	Sub-Standard	Doubtful	Loss	
Restructured Accounts as on April 1, 2022	No of borrowers	1,409	211	-	-	1,620
	Amount Outstanding	96.61	11.44	-	-	108.05
	Provision thereon	16.54	6.06	-	-	22.60
Fresh restructuring during the year	No of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Upgradations to restructured standard category during the year	No of borrowers	16	(16)	-	-	-
	Amount Outstanding	0.11	(0.11)	-	-	-
	Provision thereon	0.11	(0.11)	-	-	-
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of year	No of borrowers	(122)	-	-	-	(122)
	Amount Outstanding	(12.02)	-	-	-	(12.02)
	Provision thereon	(1.26)	-	-	-	(1.26)
Downgradations of restructured accounts during the year	No of borrowers	(77)	(6)	83	-	-
	Amount Outstanding	(1.31)	0.45	0.86	-	-
	Provision thereon	(0.16)	(0.61)	0.77	-	-
Write-offs/ Settlements/ Recoveries of restructured accounts during the year	No of borrowers	(679)	(100)	-	-	(779)
	Amount Outstanding	(70.49)	(10.68)	0.06	-	(81.11)
	Provision thereon	(14.14)	(4.64)	0.02	-	(18.76)
Restructured Accounts as on March 31, 2023	No of borrowers	547	89	83	-	719
	Amount Outstanding	12.90	1.11	0.92	-	14.92
	Provision thereon	1.09	0.71	0.79	-	2.59

Amount of movement in respective blocks includes recovery made during the year.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

Particulars		Others				Total
		Standard	Sub-Standard	Doubtful	Loss	
Restructured Accounts as on April 1, 2022	No of borrowers	8,391	823	79	-	9,293
	Amount Outstanding	352.59	47.38	4.49	-	404.45
	Provision thereon	61.54	25.49	2.80	-	89.83
Fresh restructuring during the year	No of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Upgradations to restructured standard category during the year	No of borrowers	23	(23)	-	-	-
	Amount Outstanding	2.17	(2.17)	-	-	-
	Provision thereon	1.17	(1.17)	-	-	-
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of year	No of borrowers	(1,254)	(37)	(17)	-	(1,308)
	Amount Outstanding	(36.88)	(0.13)	(0.07)	-	(37.07)
	Provision thereon	(3.35)	(0.07)	(0.06)	-	(3.48)
Downgradations of restructured accounts during the year	No of borrowers	(187)	180	7	-	-
	Amount Outstanding	(8.29)	8.07	0.22	-	-
	Provision thereon	(1.60)	1.48	0.13	-	-
Write-offs/ Settlements/ Recoveries of restructured accounts during the year	No of borrowers	(4,533)	(751)	(62)	-	(5,346)
	Amount Outstanding	(210.50)	(46.05)	(4.39)	-	(260.94)
	Provision thereon	(46.13)	(22.37)	(2.72)	-	(71.22)
Restructured Accounts as on March 31, 2023	No of borrowers	2,440	192	7	-	2,639
	Amount Outstanding	99.08	7.10	0.25	-	106.44
	Provision thereon	11.63	3.36	0.15	-	15.14

Amount of movement in respective blocks includes recovery made during the year.

Particulars		Total				Total
		Standard	Sub-Standard	Doubtful	Loss	
Restructured Accounts as on April 1, 2022	No of borrowers	9,800	1,034	79	-	10,913
	Amount Outstanding	449.20	58.82	4.49	-	512.51
	Provision thereon	78.08	31.55	2.80	-	112.44
Fresh restructuring during the year	No of borrowers	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
Upgradations to restructured standard category during the year	No of borrowers	39	(39)	-	-	-
	Amount Outstanding	2.28	(2.28)	-	-	-
	Provision thereon	1.27	(1.27)	-	-	-

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

Particulars		Total				Total
		Standard	Sub-Standard	Doubtful	Loss	
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of year	No of borrowers	(1,376)	(37)	(17)	-	(1,430)
	Amount Outstanding	(48.90)	(0.13)	(0.07)	-	(49.09)
	Provision thereon	(4.61)	(0.07)	(0.06)	-	(4.74)
Downgradations of restructured accounts during the year	No of borrowers	(264)	174	90	-	-
	Amount Outstanding	(9.60)	8.51	1.09	-	-
	Provision thereon	(1.77)	0.87	0.90	-	-
Write-offs/ Settlements/ Recoveries of restructured accounts during the year	No of borrowers	(5,212)	(851)	(62)	-	(6,125)
	Amount Outstanding	(280.99)	(56.73)	(4.33)	-	(342.05)
	Provision thereon	(60.27)	(27.01)	(2.70)	-	(89.97)
Restructured Accounts as on March 31, 2023	No of borrowers	2,987	281	90	-	3,358
	Amount Outstanding	111.98	8.21	1.17	-	121.36
	Provision thereon	12.72	4.07	0.94	-	17.73

Amount of movement in respective blocks includes recovery made during the year.

The above disclosure includes one-time restructuring implemented as prescribed in the notification no. RBI/2020-21/16 DOR.NO.BP.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.

(u) Details of resolution framework for COVID-19- related stress as per RBI notification no. DOR. STR.REC.11/21.04.048/2021-22 dated May 5, 2021 and DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020.

Type of borrower	(A)	(B)	(C)	(D)	(E)
	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of September 30, 2023	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year #	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of March 31, 2024
Personal Loans	-	-	-	-	-
Corporate persons*	-	-	-	-	-
MSMEs	-	-	-	-	-
Others	57.33	7.01	1.65	11.72	36.95
Total	57.33	7.01	1.65	11.72	36.95

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

Includes interest accrued during the period.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(v) Disclosure pursuant to RBI notification RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021.

(a) Details of transfer through assignment in respect of loans not in default during the year ended March 31, 2024

Count of Loan accounts Assigned	46,547
Amount of loan accounts assigned	2,136.48
Retention of beneficial economic interest (MRR)	10%
Weighted average maturity (Residual Maturity) (in months)	26
Weighted average holding period (in months)	14
Coverage of tangible security	35%
Rating wise distribution of rated loans	Unrated

(b) Details of acquired through assignment in respect of loans not in default during the year ended March 31, 2024

Particulars	Secured	Unsecured
Amount of loan accounts acquired		
Weighted average maturity (in months) *		
Weighted average holding period (in months)		
Retention of beneficial economic interest **		NIL
Coverage of tangible security		
Rating-wise distribution of rated loans		

* At the time of acquisition

** Retained by the originator

(c) For securitization related disclosures, please refer note 56(w)

(d) Details of stressed loans transferred during the year ended March 31, 2024

Particulars	To ARCs*	To permitted transferees	To other transferees
Count of accounts	5,379	-	-
Aggregate principal outstanding of loans transferred (₹ in crores)	129.37	-	-
Weighted average residual tenor of the loans transferred (in months)	26	-	-
Net book value of loans transferred (at the time of transfer) (₹ in crores)	84.51	-	-
Aggregate consideration (₹ in crores)	105.00	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-

* In addition to above, during the year ended March 31, 2024, the Company has transferred 4,404 loan accounts for an aggregate consideration of ₹ 63 crores. These loan accounts were already written off in the books before such sale transactions.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

Security Receipts (SRs) Ratings held

Particulars	March 31, 2024		March 31, 2023	
	Rating Agencies	Rating	Rating Agencies	Rating
Arcil-Retail Port-046-A-T	India Ratings	RR1+	India Ratings	RR1+
RARC 027 Trust	Infomeric Valuation and Rating Private Limited	IVR RR1	Infomeric Valuation and Rating Private Limited	IVR RR1
Retail June 2022 - Trust (Series I)	CRISIL	RR2	CRISIL	RR2
Retail June 2022 - Trust (Series IV)	CRISIL	RR1	-	-
Retail June 2022 - Trust (Series VI)	NA	Unrated	-	-
EARC TRUSTSC - 480	India Ratings	RR2	NA	Unrated

(w) Disclosure pursuant to RBI notification RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 dated September 24, 2021

Disclosures relating to Securitisation[^]

Particulars	As at March 31, 2024	As at March 31, 2023
1 (i) Outstanding amount of Securitised assets as per books of the SPVs #		
1 No. of SPEs holding assets for securitisation transactions originated by the originator (only the SPVs relating to outstanding securitization exposures to be reported here) **	-	6
2 Total amount of securitised assets as per books of the SPEs	-	116.11
3 Total amount of the exposures retained by the Originator to comply with MRR as on the date of balance sheet		
a) Off-balance sheet exposures		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
First loss	-	37.42
Others	-	6.14

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

Particulars	As at March 31, 2024	As at March 31, 2023
4 Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
(i) Exposure to own securitisation		
First loss	-	-
Others	-	43.40
(ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
(i) Exposure to own securitisation		
First loss	-	-
Others	-	9.86
(ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-

^ 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.

The above figures are being reported based on certificate issued by the auditors of the SPV.

** Only the SPVs relating to outstanding securitisation exposures are reported here.

(x) There are no such circumstances in which revenue has been postponed pending the resolution of significant uncertainties.

(y) Divergence in asset classification and provisioning

No disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's supervisory inspection for the year ended March 31, 2023 and for the year ended March 31, 2022 as per the requirement of the circular no. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 DISCLOSURES AS REQUIRED UNDER MASTER DIRECTION – RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANY – SCALE BASED REGULATION) DIRECTIONS, 2023 AND OTHER RELEVANT RBI NOTIFICATIONS* (CONTD.)

* Amounts included herein are based on current and previous year financials, as per Ind AS.

(z) Net profit or loss for the period, prior period items and changes in accounting policies

There are no prior period items which are impacting Company's current year profit and loss.

(aa) The Company has consolidated financial statements of its subsidiary and its joint venture.

As per our report of even date

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No:001076N/
N500013

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No:105215W/
W100057

Amar Deshpande
Director
(DIN : 07425556)

Abhay Bhutada
Managing Director
(DIN : 03330542)

Khushroo B. Panthaky
Partner
Membership No: 042423

Sandeep D. Welling
Partner
Membership No: 044576

Shabnum Zaman
Company Secretary
Membership No: 13918

Sanjay Miranka
Chief Financial Officer

Place: Pune
Date: April 29, 2024

Place: Pune
Date: April 29, 2024

Place: Pune
Date: April 29, 2024

Place: Pune
Date: April 29, 2024

Independent Auditor's Report

To the Members of

POONAWALLA FINCORP LIMITED

Report on the Audit of the Consolidated Financial Statements

OPINION

- We have audited the accompanying consolidated financial statements of **Poonawalla Fincorp Limited ('the Holding Company')** and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), and its joint venture, as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at March 31, 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a material accounting policy information and other explanatory information.
- 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 information and on the other financial information of the subsidiary and joint venture, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, and its joint venture, as at March 31, 2024, 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

- We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its joint venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

- Key audit matters are those matters that, in our professional judgment, 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.
- We have determined the matters described below to be the key audit matters to be communicated in our report.

How our audit addressed the key audit matter

Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following:

- Obtained an understanding of the modelling techniques adopted by the Holding Company including the key inputs and assumptions for calculation of expected credit losses;

Key audit matter

The calculation of expected credit loss on loans and write-offs is complex and requires significant management judgement and the use of different modelling techniques and assumptions which could have a material impact on reported profits.

The Holding Company has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows:

- If the loan is not credit-impaired on initial recognition, then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Holding Company i.e., the default in repayment is within 1 month.
- If a significant increase in credit risk since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e., the default in repayment is within the range of 2 to 3 months.
- If the loan is credit-impaired, it is then moved to 'Stage 3' i.e., the default in repayment is more than 3 months.

The Expected Credit Loss ("ECL") is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets.

Calculation of ECL involves estimation of probability of default (PD) on loan portfolio over their life, loss given default (LGD) and exposure at default for each of the stages of loan portfolio. The management has calculated the PD and LGD as follows:

- For new products launched from time to time and where the Holding Company does not have sufficient historical data to estimate PD, the Holding Company has engaged external leading credit bureau and accordingly based on industry data sourced such information from the aforesaid credit bureau.
- For the remaining portfolio, the Holding Company has continued to use their existing internally developed modelling techniques using historical observable data and inputs to estimate PD and LGD.

Significant management judgement and assumptions are involved in measuring ECL which also includes management overlays especially while calculating the PD and LGD and involves the following critical factors which are applied to such modelling techniques:

- Segmentation of loan book
- Determination of exposure at default
- Loan staging criteria
- Consideration of probability weighted scenarios and forward looking macro-economic factors
- Criteria for a significant increase in credit risk
- Past experience and forecast data on customer behavior on repayments
- Estimation of realizable value of underlying collaterals

Considering the significance of the above matter to the financial statements, significant level of estimates and judgements involved in determination of ECL and write offs, this matter required our significant attention. Therefore, we have identified this as a key audit matter for current year audit.

How our audit addressed the key audit matter

- Tested the design and operating effectiveness of key controls over completeness and accuracy of the key inputs and assumptions considered for calculations, validation of data and monitoring of impairment loss recognised based on historical and external data. This also included testing performed by IT Specialists to test the data flows from source systems to spreadsheet-based models to test their completeness and accuracy.
- Tested the modelling assumptions and inputs which are based on industry experience (new products) as collated by external credit bureau by benchmarking independently such inputs with data of other comparable companies to assess reasonability of such assumptions. While for remaining loan portfolio, since modelling assumptions and parameters are based on historical data, assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios;
- Considered the Holding Company's accounting policies for estimation of expected credit loss on loans and assessing compliance with the policies in terms of Ind AS 109;
- Tested the assumptions underlying the impairment identification and quantification including the forecast of future cash flows by corroborating it with the agreed repayment schedules of the borrowers;
- Further, challenged the aforesaid assumptions through our understanding of the risk profile of the customers of the Holding Company and other publicly available relevant macro-economic factors used with the models;
- We have also examined, on a sample basis, data inputs to the discounted cash flow models, including the latest collateral valuations in supporting the estimation of future cash flows and present value;
- Evaluated the appropriateness of the Holding Company's determination of significant increase in credit risk in accordance with the applicable accounting standards and the basis for classification of various exposures into various stages. For a sample of exposures, also tested the appropriateness of the Holding Company's categorization across various stages;
- Assessed the critical assumptions and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, PD or LGD;
- 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 consolidated financial statements in accordance with the applicable accounting standards and related RBI circulars.

Key audit matter**Information Technology system for accounting and financial reporting process:**

The Holding Company is highly dependent on its Information Technology ("IT") systems for carrying on its operations which require large volume of transactions to be processed in numerous locations.

Further, the Holding Company's accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, impairment on loans amongst others.

The Holding Company has put in place IT General Controls and automated IT Controls to ensure the integrity, accuracy, completeness, validity and reliability of the information produced by the Holding Company. Among other things, the management also uses the information produced by the Holding Company's IT systems for accounting and the preparation and presentation of the standalone financial statements.

The Holding Company uses loan management system (LMS) for sourcing, processing, recording and management of loan database which is fully integrated with the financial accounting and reporting system. The Holding Company has implemented necessary 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 IT systems for accounting and financial reporting as a key audit matter for current year audit.

How our audit addressed the key audit matter

Our key audit procedures with the involvement of our IT specialists included, but were not limited to the following:

- Obtained an understanding of the Holding Company's IT systems, IT General Controls and automated IT controls and conducted risk assessment for identified IT applications, data bases and operating systems that are relevant to our audit;
- Obtained an understanding of the changes/modifications that were made to the identified IT applications during the audit period and tested those changes that had a significant impact on financial reporting including management's process for monitoring and authorisation of such changes/modifications;
- Evaluated the appropriateness of controls for security governance to protect systems and data from unauthorised use, including logging of security events and procedures to identify vulnerabilities;
- Tested segregations of duties controls around program maintenance, security administration and key business processes;
- Tested IT General Controls particularly, logical access, change management and aspects of IT operational controls. Tested that request for access to systems were appropriately reviewed and authorized; tested controls around Holding Company's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization;
- Tested related interfaces, configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy;
- Tested the design and operating effectiveness of the Holding Company's IT controls over the IT applications as identified above;
- Where deficiencies were identified, tested compensating controls or performed alternative procedures;
- Obtained written representations from management and those charged with governance on whether IT general controls and automated IT controls are designed and were operating effectively during the period covered by our audit.

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 identified above when it becomes available 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.

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The Holding Company's Board of Directors are also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act the respective Board of Directors of the companies included in the Group, and its joint venture companies covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its joint venture.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities or business activities within the Group, and its joint venture, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the 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.

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the 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

- We did not audit the financial information of one subsidiary, whose financial information reflect total revenues of ₹ 288.08 crores for the period ended July 25, 2023 and net cash inflows amounting to ₹ 89.73 crores for the period ended on that date, as considered in the consolidated financial statements. These financial information 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 this subsidiary, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiary, are based solely on the report of the other auditor.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

- The consolidated financial statements also include the Group's share of net profit of ₹ Nil for the year ended March 31, 2024, as considered in the consolidated financial statements, in respect of one joint venture, whose financial information has not been audited by us. This financial information is unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid joint venture, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the management, this financial information is not material to the Group.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial information certified by the management.

S No	Name	CIN	Subsidiary/ Associate/ Joint Venture
1	Grihum Housing Finance Limited (Formerly known as Poonawalla Housing Finance Limited)	U65922PN2004PLC208751	Subsidiary (up to July 25, 2023)

- As required by section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial information of the subsidiary incorporated in India, we report, to the extent applicable, that:
 - 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;
 - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor, except for the matters stated in paragraph 19(g)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);
 - The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- As required by section 197(16) of the Act based on our audit, we report that the Holding Company has paid remuneration to their directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
- 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 report issued till date by us, we report that there are no qualifications or adverse remarks reported in the Order report of the Holding Company. Further, following is the company included in the consolidated financial statements for the year ended March 31, 2024 and covered under that Act that is audited by other auditor, for which the report under section 143(11) of the Act has not yet been issued by other auditor, as per information and explanation given to us by the management in this respect:

for the purpose of preparation of the consolidated financial statements;

- 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;
- 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, none of the directors of the Holding Company are disqualified as on March 31, 2024 from being appointed as a director in terms of section 164(2) of the Act.
- With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, 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 information of the subsidiary incorporated in India:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Holding Company as detailed in Note 48 to the consolidated financial statements;
- ii. The Holding Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2024;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2024;
- iv. a. The respective managements of the Holding Company and its subsidiary incorporated in India whose financial statements have been audited have represented to us and the other auditors of such subsidiary respectively that, to the best of their knowledge and belief as disclosed in Note 57(f) 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 and joint venture to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary and joint venture ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The respective managements of the Holding Company and its subsidiary incorporated in India whose financial statements have been audited have represented to us and the other auditors of such subsidiary that, to the best of their knowledge and belief, as disclosed in the Note 57(g) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary and joint venture from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary and joint venture shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us and that performed by the auditor of the subsidiary, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditor to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

- v. a) The interim dividend declared and paid by the Holding Company during the year ended March 31, 2024 and until the date of this audit report is in compliance with section 123 of the Act.
- b) The final dividend paid by the Holding Company during the year ended March 31, 2024 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.
- vi. As stated in Note 57(k) to the consolidated financial statements and based on our examination which included test checks and that

performed by the respective auditor of the subsidiary of the Holding Company which is company incorporated in India, except for the instances, the Holding Company, and its subsidiary, in respect of financial year / period commencing on April 01, 2023, have used accounting software for maintaining their books of account which have a feature of recording audit trail (edit log) facility

and the same have been operated throughout the year / period for all relevant transactions recorded in the software. Further, during the course of our audit we and respective auditor of the above referred subsidiary did not come across any instance of audit trail feature being tampered with other than the consequential impact of the exception given below:

Nature of exception noted	Details of Exception
Instances of accounting software for maintaining books of account for which the feature of recording audit trail (edit log) facility was not operated throughout the year for all relevant transactions recorded in the software	1) The audit trail feature was not enabled at the database level for accounting software Finmechanics from implementation date June 01, 2023 to March 20, 2024 to log any direct data changes, used for maintenance of borrowing records by the Holding Company. 2) The audit trail feature was not enabled at the database level for accounting software CCA to log any direct data changes, used for maintenance of loan records by the Holding Company.
Instances of accounting software maintained by a third party where we are unable to comment on the audit trail feature	The accounting software Finnone, used for maintenance of books of account of the Holding Company is operated by a third party software service provider. In absence of the 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with SAE 3402, Assurance Reports on Controls at a Service Organisation), we are unable to comment on whether audit trail feature of the said software was enabled at the database level and operated throughout the year for all relevant transactions recorded in the respective software.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 042423
UDIN: 24042423BKCMR7625

Place: Pune
Date: April 29, 2024

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm's Registration No.:105215W/W100057

Sandeep D. Welling
Partner
Membership No.: 044576
UDIN: 24044576BKAUBI9747

Place: Pune
Date: April 29, 2024

ANNEXURE 1

List of entities included in the Consolidated Financial Statements

Name of the Entity	Relationship
Grihum Housing Finance Limited (Formerly known as Poonawalla Housing Finance Limited)	Subsidiary (*) (up to July 25, 2023)
Jaguar Advisory Services Private limited	Joint Venture (**)

(*) Holding Company had entered into a definitive share purchase agreement for divestment of entire shareholding based on board and shareholder's approvals. The transaction was completed on July 26, 2023 and with effect from that date it ceases to be subsidiary of the Holding Company. Investment in such Subsidiary has been classified as assets held for sale as per Ind AS 105 and disclosed as discontinued operations in the Consolidated Financial Statements.

(**) Interest in Joint Venture has been classified as assets held for sale as per Ind AS 105 and accordingly, the equity method accounting has been discontinued with effect from December 13, 2021.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF POONAWALLA FINCORP LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED 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 ('the Holding Company')** and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group') and its joint venture as at and for the year ended March 31, 2024, we have audited the internal financial controls with reference to financial statements of the Holding Company, which is company covered under the Act, as at that date.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR INTERNAL FINANCIAL CONTROLS

2. The Board of Directors of the Holding Company which is company covered under the Act, 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 internal financial controls with reference to financial statements of the Holding Company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ("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 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 as aforesaid.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being

made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Khushroo B. Panthaky
Partner
Membership No.: 042423
UDIN: 24042423BKCMR7625

Place: Pune
Date: April 29, 2024

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 Holding Company, which is a company covered under the Act, has in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at March 31, 2024, 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 **Kirtane & Pandit LLP**
Chartered Accountants
Firm's Registration No.: 105215W/W100057

Sandeep D. Welling
Partner
Membership No.: 044576
UDIN: 24044576BKAUBI9747

Place: Pune
Date: April 29, 2024

Consolidated Balance Sheet

as at March 31, 2024

(All amounts are in ₹ Crores unless otherwise stated)

	Note	As at March 31, 2024	As at March 31, 2023
ASSETS			
1 Financial assets			
Cash and cash equivalents	3	255.18	601.38
Bank balances other than cash and cash equivalents	4	13.36	56.05
Receivables	5		
(i) Trade receivables		22.39	18.64
(ii) Other receivables		6.27	2.03
Loans	6	22,046.41	15,218.53
Investments	7	878.33	510.14
Other financial assets	8	257.81	363.92
		23,479.75	16,770.69
2 Non-financial assets			
Current tax assets (net)	9	171.70	114.39
Deferred tax assets (net)	10	163.42	47.68
Investment property	11	0.07	0.08
Property, plant and equipment	12	59.78	117.83
Intangible assets under development	13	0.26	4.56
Goodwill	14	-	14.30
Other intangible assets	15	17.00	14.25
Right of use assets	16	117.35	75.05
Other non-financial assets	17	26.87	40.31
		556.45	428.45
3 Assets held for sale	18	50.70	50.70
4 Asset directly associated with Discontinued Operations	49	-	5,970.77
Total Assets		24,086.90	23,220.61
LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
Payables	19		
(i) Trade Payables			
-total outstanding dues of micro enterprises and small enterprises		0.02	0.05
-total outstanding dues of creditors other than micro enterprises and small enterprises		1.22	1.97
(ii) Other Payables			
-total outstanding dues of micro enterprises and small enterprises		-	-
-total outstanding dues of creditors other than micro enterprises and small enterprises		2.13	-
Debt securities	20	1,227.09	950.24
Borrowings (other than debt securities)	21	13,616.13	9,804.07
Subordinated liabilities	22	236.91	365.27
Lease liabilities	23	135.59	89.58
Other financial liabilities	24	597.26	275.99
		15,816.35	11,487.17
2 Non-financial liabilities			
Current tax liabilities (net)	25	0.01	0.34
Provisions	26	8.53	8.26
Other non-financial liabilities	27	94.93	89.48
		103.47	98.08
3 Liabilities directly associated with Discontinued Operations	49	-	4,762.19
EQUITY			
Equity share capital	28	154.11	153.59
Other equity	29	8,012.97	6,707.81
Minority Interest		-	11.77
		8,167.08	6,873.17
Total liabilities and equity		24,086.90	23,220.61
Summary of material accounting policies	2		
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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No:001076N/
N500013

Khushroo B. Panthaky
Partner
Membership No: 042423
Place: Pune
Date: April 29, 2024

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No:105215W/
W100057

Sandeep D. Welling
Partner
Membership No: 044576
Place: Pune
Date: April 29, 2024

Amar Deshpande
Director
(DIN: 07425556)

Shabnum Zaman
Company Secretary
Membership No: 13918
Place: Pune
Date: April 29, 2024

Abhay Bhutada
Managing Director
(DIN: 03330542)

Sanjay Miranka
Chief Financial Officer
Place: Pune
Date: April 29, 2024

Consolidated Statement of Profit and Loss

for the year ended March 31, 2024

(All amounts are in ₹ Crores unless otherwise stated)

	Note	Year ended March 31, 2024	Year ended March 31, 2023
Revenue from operations			
Interest income	30	2,899.56	1,815.19
Rental income	31	25.54	27.72
Fees and commission income	32	73.22	61.54
Net gain on fair value changes	33	2.15	4.45
Net gain on derecognition of financial instruments	34a	108.54	29.68
Total revenue from operations		3,109.01	1,938.58
Other income	35	38.32	69.70
Total income		3,147.33	2,008.28
Expenses			
Finance costs	36	950.30	595.28
Net loss on derecognition of financial instruments	34b	-	10.87
Impairment on financial instruments	37	72.02	(144.53)
Employee benefits expenses	38	444.42	514.80
Depreciation and amortisation expense	39	59.31	61.41
Other expenses	40	303.63	226.84
Total expenses		1,829.68	1,264.67
Profit before share of profit of joint ventures, exceptional items and tax		1,317.65	743.61
Share of profit of equity-accounted investee, net of tax		-	-
Profit before tax and exceptional items		1,317.65	743.61
Exceptional items (Net)	41	816.52	7.39
Profit before tax from continuing operations		2,134.17	751.00
Tax expense	10		
Current tax		610.13	24.18
Tax expense for earlier years		(9.73)	-
Deferred tax		(117.74)	157.01
Total tax expense		482.66	181.19
Profit after tax for the year from continuing operations		1,651.51	569.81
Profit before tax from discontinued operations		42.07	154.19
Tax expense of discontinued operations		10.52	38.97
Profit after tax for the year from discontinued operations		31.55	115.22
Profit for the year from continuing and discontinued operations		1,683.06	685.03
Other comprehensive income			
A. Items that will not be reclassified to profit or loss			
(i) Remeasurement of the defined benefit plans		0.82	2.17
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.21)	(0.55)
		0.61	1.62
B. Items that will be reclassified to profit or loss			
(i) Financial instruments through other comprehensive income		0.29	(0.35)
(ii) Reclassification adjustments on disposal of Joint Venture, net of tax		-	(6.86)
(iii) Income tax relating to items that will be reclassified to profit or loss		(0.07)	0.09
		0.22	(7.12)
C. Other comprehensive income/(loss) from discontinued operations (net of tax)			
		(0.19)	0.14
Other comprehensive income (A + B + C)		0.64	(5.36)
Total comprehensive income for the year		1,683.70	679.67
Total comprehensive income for the year, attributable to			
(a) Owners of the Company		1,683.39	678.61
(b) Non-controlling interests		0.31	1.06
Total		1,683.70	679.67
Profit from continuing operations for the year, attributable to			
(a) Owners of the Company		1,651.51	569.82
(b) Non-controlling interests		-	-
Total		1,651.51	569.82

Consolidated Statement of Profit and Loss (Contd)

for the year ended March 31, 2024

(All amounts are in ₹ Crores unless otherwise stated)

	Note	Year ended March 31, 2024	Year ended March 31, 2023
Profit from discontinued operations for the year, attributable to			
(a) Owners of the Company		31.24	114.16
(b) Non-controlling interests		0.31	1.06
Total		31.55	115.22
Profit from continuing and discontinued operations for the year, attributable to			
(a) Owners of the Company		1,682.75	683.98
(b) Non-controlling interests		0.31	1.06
Total		1,683.06	685.03
Other comprehensive income for the year, attributable to			
(a) Owners of the Company		0.64	(5.36)
(b) Non-controlling interests		(0.00)	(0.00)
Total		0.64	(5.36)
Earnings per equity share (for continuing operations) (Face value of ₹ 2/- each)			
Basic (₹)	45	21.48	7.44
Diluted (₹)		21.23	7.37
Earnings per equity share (for discontinued operations) (Face value of ₹ 2/- each)			
Basic (₹)	45	0.41	1.51
Diluted (₹)		0.40	1.49
Earnings per equity share (for continuing and discontinued operations) (Face value of ₹ 2/- each)			
Basic (₹)	45	21.89	8.95
Diluted (₹)		21.63	8.86
Summary of material accounting policies			
Notes 1 to 58 forms an integral part of these consolidated financial statements			

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

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No:001076N/
N500013

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No:105215W/
W100057

Amar Deshpande
Director
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Membership No: 042423

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Membership No: 044576

Shabnum Zaman
Company Secretary
Membership No: 13918

Sanjay Miranka
Chief Financial Officer

Place: Pune
Date: April 29, 2024

Place: Pune
Date: April 29, 2024

Place: Pune
Date: April 29, 2024

Place: Pune
Date: April 29, 2024

Consolidated Statement of Changes in Equity

for the year ended March 31, 2024

(All amounts are in ₹ Crores unless otherwise stated)

A. EQUITY SHARE CAPITAL

As at March 31, 2024

Balance as at April 1, 2023	153.59	Balance as at March 31, 2024*	154.11
*Net of adjustment of shares held by the PFL Employee Welfare Trust ('PFL EWT') / 'Welfare Trust' refer note no. 28			

As at March 31, 2023

Balance as at April 1, 2022	152.98	Balance as at March 31, 2023	153.59
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B. OTHER EQUITY

As at March 31, 2024

Particulars	Reserve and Surplus						Items of other comprehensive income		Total			
	Capital Reserve	Securities Premium	Statutory Reserves (created pursuant to Section 45-1C 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 account	Treasury Shares	Trust Reserve		Retained Earnings	Financial Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges
Balance as at April 1, 2023	4.80	5,247.68	515.30	89.82	14.22	118.72	-	704.76	-	12.51	-	6,707.81
Profit for the year	-	-	-	-	-	-	-	1,683.07	-	-	-	1,683.07
Other comprehensive income for the year*	-	-	-	-	-	-	-	0.42	-	0.22	-	0.64
Total comprehensive income for the year	-	-	-	-	-	-	-	1,683.49	-	0.22	-	1,683.71
Dividend paid	-	-	-	-	-	-	-	(307.41)	-	-	-	(307.41)
Transfer to/(from) retained earnings	-	-	411.20	(89.82)	-	-	-	(411.20)	-	-	-	-
Transfer on account of sale of subsidiary	-	-	-	-	-	-	-	89.82	-	-	-	89.82
Share based payment to employees	-	-	-	-	-	(55.19)	-	-	-	-	-	115.66
Net income/(loss) of PFL EWT for the year	-	-	-	-	-	-	-	(0.75)	-	-	-	(0.75)
Purchase of shares by PFL EWT during the year	-	-	-	-	-	-	-	-	-	-	-	(186.05)
Balance as at March 31, 2024	4.80	5,418.53	926.50	89.82	14.22	63.53	(186.05)	(0.75)	1,759.46	12.73	-	8,012.97

*Amount of other comprehensive income/(loss) transferred to retained earnings pertains to remeasurement of defined plans

Consolidated Statement of Changes in Equity

for the year ended March 31, 2024

(All amounts are in ₹ Crores unless otherwise stated)

B. OTHER EQUITY (CONTD.)

As at March 31, 2023

Particulars	Reserve and Surplus					Items of 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 account	Treasury Shares		Trust Reserve	Retained Earnings	Financial instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges
Balance as at April 1, 2022	4.80	5,182.48	398.30	64.37	14.22	22.75	-	-	196.47	19.63	(0.05)	5,902.97
Profit for the year (Owners)	-	-	-	-	-	-	-	-	683.98	-	-	683.98
Other comprehensive income for the year (Owners)*	-	-	-	-	-	-	-	-	1.71	(7.12)	0.05	(5.36)
Total comprehensive income for the year	-	-	-	-	-	-	-	-	685.69	(7.12)	0.05	678.62
Transfer to/from retained earnings	-	-	117.00	25.45	-	-	-	-	(139.81)	-	-	2.63
Dividend paid	-	-	-	-	-	-	-	-	(30.60)	-	-	(30.60)
Minority interest Adjustment	-	-	-	-	-	-	-	-	(6.98)	-	-	(6.98)
Share based payment to employees	-	-	65.20	-	-	95.97	-	-	-	-	-	161.17
Net income/(loss) of PFL EWT for the year	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of shares by PFL EWT during the year	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2023	4.80	5,247.68	515.30	89.82	14.22	118.72	-	-	704.76	12.51	-	6,707.81

Refer note 29 for the nature and purpose of each reserves

*Amount of other comprehensive income/(loss) transferred to retained earnings pertains to remeasurement of defined plans

Summary of material accounting policies

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

For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No:001076N/N500013

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No:105215W/W100057

Amar Deshpande
Director
(DIN : 07425556)

Abhay Bhutada
Managing Director
(DIN : 03330542)

Khushroo B. Panthaky
Partner
Membership No: 042423
Place: Pune
Date: April 29, 2024

Sandeep D. Welling
Partner
Membership No: 044576
Place: Pune
Date: April 29, 2024

Shabnum Zaman
Company Secretary
Membership No: 13918
Place: Pune
Date: April 29, 2024

Sanjay Miranka
Chief Financial Officer
Place: Pune
Date: April 29, 2024

Consolidated Statement of Cash Flow

for the year ended March 31, 2024

(All amounts are in ₹ Crores unless otherwise stated)

	Year ended March 31, 2024	Year ended March 31, 2023
A Cash flow from operating activities		
Profit before tax from continuing operations	2,134.17	751.00
Profit before tax from discontinued operations	42.07	154.19
Profit before tax from continuing and discontinued operations	2,176.24	905.19
Adjustments for :		
Depreciation and amortisation expenses	64.35	77.63
Impairment on financial instruments including exceptional items	1,556.82	115.61
Net gain on sale of investment in subsidiary/joint venture (classified as asset held for sale)	(2,308.97)	(242.70)
Net loss on sale of investments	0.36	-
Net gain on fair value changes	(2.10)	(0.65)
Net gain on derecognition of lease	(0.83)	(3.23)
Net loss on derecognition of property, plant and equipment	12.48	0.66
Expense on employee stock option scheme	101.09	161.49
Interest on tax refund	-	(0.40)
Interest on lease liabilities	12.50	8.63
Net gain on derecognition of financial instruments	(122.78)	(66.94)
Liabilities written back	(15.10)	(35.18)
Operating cash flow before working capital changes	1,474.06	920.11
Movement in working capital:		
Adjustments for (increase) / decrease in assets:		
Receivables	(20.78)	(6.64)
Loans	(8,729.18)	(5,889.48)
Other financial assets	217.71	(281.38)
Other non financial assets	(2.39)	(16.53)
Derivative financial instruments	-	0.24
Held for sale assets	-	1.08
Bank balances other than cash and cash equivalents	(179.00)	147.48
Adjustments for increase / (decrease) in liabilities:		
Payables	9.12	1.86
Other financial liabilities	330.02	88.19
Provisions	1.12	1.69
Other non financial liabilities	6.38	24.27
Net cash (used in) operating activities before taxes	(6,892.94)	(5,009.11)
Income taxes paid (net of refunds)	(663.55)	(54.76)
Net cash (used in) operating activities (A)	(7,556.49)	(5,063.87)
B Cash flow from investing activities		
Purchase of property, plant and equipment	(9.41)	(63.50)
Proceeds from sale of property, plant and equipment	25.93	12.43
Purchase of intangible assets	(8.50)	(17.52)
Redemption of fixed deposits	-	1.06
Net proceeds from sale of investment in subsidiary (classified as held for sale as at March 31, 2023)	3,533.36	-
Investment by PFL Employee Welfare Trust (treasury shares)	(186.85)	-
Net cash outflow from PFL Employee Welfare Trust activities	(1.10)	-
Purchase of investments	(84,028.65)	(2,125.17)
Proceeds from sale of investments	83,644.57	1,909.58
Net cash generated from/(used in) investing activities (B)	2,969.35	(283.12)

Consolidated Statement of Cash Flow (Contd)

for the year ended March 31, 2024

(All amounts are in ₹ Crores unless otherwise stated)

	Year ended March 31, 2024	Year ended March 31, 2023
C Cash flow from financing activities		
Proceeds from issue of debt securities and subordinated liabilities	1,300.00	500.00
Redemption of debt securities and subordinated liabilities	(607.50)	(346.24)
Proceeds from borrowings - Term loans	9,111.15	7,969.97
Repayment of borrowings - Term loans	(7,392.10)	(3,418.99)
Repayment of borrowings - pass through certificate	(109.96)	(488.95)
Proceeds from borrowings by PFL Employee Welfare Trust	175.00	-
Loans repayable on demand (including commercial papers) (net) (refer note a)	2,169.27	1,579.83
Interest on lease liabilities	(12.50)	(8.63)
Principal payment of lease liabilities	(25.64)	(12.30)
Proceeds from issue of equity shares including securities premium	30.29	4.38
Dividend paid (including tax thereon)	(307.34)	(30.60)
Net cash generated from financing activities (C)	4,330.67	5,748.47
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(256.47)	401.48
Cash and cash equivalents at the beginning of the year	756.19	354.71
Cash and cash equivalents for the discontinued operations	(244.54)	-
Cash and cash equivalents at the end of the year	255.18	756.19

(a) The figures has been presented on a net basis as the transactions during the year are voluminous.

(b) The Group has presented a consolidated cash flow statement that analyses all cash flows in total - including both continuing and discontinued operations; amounts related to discontinued operations are disclosed in Note no 49.

The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard (Ind AS-7) on 'Statement of Cash Flows'.

This is the Consolidated Cash Flow Statement referred to in our report of even date

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No:001076N/
N500013

Khushroo B. Panthaky
Partner
Membership No: 042423
Place: Pune
Date: April 29, 2024

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No:105215W/
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Partner
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Company Secretary
Membership No: 13918
Place: Pune
Date: April 29, 2024

Abhay Bhutada
Managing Director
(DIN : 03330542)

Sanjay Miranka
Chief Financial Officer
Place: Pune
Date: April 29, 2024

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024

(All amounts are in ₹ Crores unless otherwise stated)

1. GROUP OVERVIEW

Background

Poonawalla 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 non-deposit taking ('NBFC') as defined under Section 45-IA of the Reserve Bank of India (RBI) Act, 1934. The Company is also registered as a corporate agent under Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015. Its equity shares are listed on National Stock Exchange and Bombay Stock Exchange.

Effective October 01, 2022, the Company has been categorized as NBFC-ML under the RBI Scale Based Regulation dated October 22, 2021.

2. MATERIAL ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS:

a) Basis of consolidation

Consolidated financial statements include results of the Company, its subsidiary and joint venture. Consolidated financial statements are prepared as set out below:

Name of the Company	Country of incorporation	Consolidated as
Grihum Housing Finance Limited (GHFL), (Formerly Poonawalla Housing Finance Limited)	India	Subsidiary
Jaguar Advisory Services Private Limited (JASPL)	India	Joint venture

l) 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 March 31.

The excess of cost to the Company of its investment in the subsidiaries over the Company's portion of equity of the subsidiaries or vice versa is recognized in the consolidated financial statements as goodwill or capital reserve as the case may be.

Non-controlling interests (if any), in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated balance sheet, and consolidated statement of changes in equity respectively.

II) Joint arrangement

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The group has only joint ventures.

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being 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.

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

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 ('financial statements') for the year ended March 31, 2023 have been prepared by the Group in accordance with Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

Further, the Group has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC) CC.PD. No.109/22.10.106/2019-20 dated March 13, 2020. Any application guidance/ clarifications/ directions issued by RBI or other regulators are implemented as and when they are issued/ applicable.

The Group consistently applies the following accounting policies to all periods presented in these consolidated financial statements, unless otherwise stated.

These consolidated financial statements have been approved by the Company's Board of Directors and authorized for issue on April 29, 2024.

c) Functional and Presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Group's functional currency. All amounts have been

denominated in crores 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

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.

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

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 43** - 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:

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.

V. 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.

VI. Overdue interest and other charges are treated to accrue on realization, due to uncertainty of realization and is accounted for accordingly.

VII. For revenue recognition from leasing transactions of the Group, refer Note 44 on Leases.

VIII. Income from collection and support services is recognized over time as the services are rendered as per the terms of the contract.

IX. Fair value changes from financial instrument measured at FVTPL are recognized in revenue from operations basis their fair valuation and provision.

X. Dividend is recognized when the right to receive the dividend is established.

XI. The Company recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. Revenue is measured at the transaction price allocated to the performance obligation in accordance with Ind AS 115. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

price and its allocation to the performance obligations in the contract and recognizes revenue only on satisfactory completion of performance obligations.

Other Income

- I. 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.
- II. All other items of income are accounted for on accrual basis.

h) Finance Costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at 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' arrangement.

i) Financial instruments

1) 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 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 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:

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

- 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 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:

- The rights to receive cash flows from the asset have expired, or

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

- 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.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Management overlay is used to estimate the ECL allowance in circumstances where management believes that the existing inputs, assumptions and model techniques do not factor the related exception scenario or captures all the risk factors relevant to the Group's lending portfolios.

To mitigate the credit risk on financial assets, the Group seeks to use collateral, where possible as per the powers conferred on the Non-Banking Finance Companies under the Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("SARFAESI").

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

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.

j) Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the

sale of the non-current asset is recognized at the date of de-recognition.

Non-current assets are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operations is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is a part of a single coordinated plan to dispose of such line of business or area of business of operations, or is a subsidiary acquired exclusively with a view of resale. The results of discontinued operations are presented separately in the statement of profit and loss.

k) Subsequent events

The Group evaluates all transactions and events that occur after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Group did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the consolidated financial statements, except as disclosed.

l) Leases

l) 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.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

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:

- the contract involves the use of an identified asset;
- the Group has substantially all the economic benefits from use of the asset through the period of the lease; and
- 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 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 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.

Provident Fund

Contributions paid / payable to the recognized provident fund, which is a defined contribution

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

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 other equity.

In case, the group modifies the terms and condition on which the equity instruments were granted in a manner that is beneficial to the employees, the incremental cost will be 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.

V) Treasury Shares

The Company has created an ESOP Trust (the 'Trust') for providing share-based payment to its employees. The Company uses the Trust as a vehicle for distributing shares to employees under the Employee Stock Option Scheme. The Trust purchase shares of the Company from the market, for giving shares to employees. The Company treats Trust as its extension and the standalone financial statements includes the financial statements of Trust. The shares held by the Trust are treated as treasury shares.

Own equity instruments that are re-acquired (treasury shares) are recognized at cost and deducted from other equity. No gain or loss is recognized in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Share options exercised during the reporting period are settled with treasury shares.

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

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.

l) 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 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 Group follows cost model for measurement of investment property.

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

Depreciation and amortization expense

Depreciation on PPE is provided using the straight-line method at the rates specified in Schedule II of the Act. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

Sl. No.	Item	Life (in Years)
1	Buildings	60
2	Windmills	22
3	Furniture and Fixtures	10
4	Electrical Installations and Equipment	10
5	Vehicles	8
6	Office Equipment	5
7	Server	6
8	Network	6
9	Printer	3
10	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 life for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Act:

Desktop, scanner and UPS	6 years
Laptops / Handheld Device	4 years
Leasehold improvements	10 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When significant parts of an item of PPE have different useful lives, they are accounted for as separate items (major components) of PPE.

De-recognition

An item of PPE or investment property is de-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.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

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) 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.

l) 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.

ll) 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 consolidated financial statements where an inflow of economic benefits is probable.

u) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

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 Group 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 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.

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 other equity.

z) Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards not yet effective and applicable to the Company.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

3. CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	0.28	1.96
Balances with banks :		
In current accounts	254.90	599.33
In deposits with original maturity of less than 3 months	-	0.09
	255.18	601.38

4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2024	As at March 31, 2023
Bank balances other than cash and cash equivalents		
In deposits with original maturity of more than 3 months	5.80	3.20
Earmarked balances with banks		
Unclaimed dividend on equity shares	0.30	0.23
Towards bank guarantees and others	7.26	11.33
Towards cash collateral - securitisation	-	41.29
	13.36	56.05

5. RECEIVABLES

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Trade receivables		
Considered good - Unsecured	34.89	18.64
Less: Impairment loss allowance	(12.50)	-
	22.39	18.64
(ii) Other receivables		
Considered good - Unsecured	6.27	2.03
Less: Impairment loss allowance	-	-
	6.27	2.03
	28.66	20.67

There are no dues by directors or other officers of the Company or any firms or private Companies in which any director is a partner, a director or a member.

Trade receivables ageing schedule as at March 31, 2024

Particulars	Undisputed Trade receivables – considered good	Disputed Trade Receivables – considered good	Total
Less than 6 months	17.76	-	17.76
6 months - 1 year	17.13	-	17.13
1-2 years	-	-	-
2- 3 years	-	-	-
More than 3 years	-	-	-
Total	34.89	-	34.89
Less: Impairment loss allowance	(12.50)	-	(12.50)
Total Trade receivables	22.39	-	22.39

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

5. RECEIVABLES (CONTD.)

Trade receivables ageing schedule as at March 31, 2023

Particulars	Undisputed Trade receivables – considered good	Disputed Trade Receivables – considered good	Total
Less than 6 months	18.31	-	18.31
6 months - 1 year	0.32	-	0.32
1-2 years	0.01	-	0.01
2- 3 years	-	-	-
More than 3 years	-	-	-
Total	18.64	-	18.64
Less: Impairment loss allowance	-	-	-
Total Trade receivables	18.64	-	18.64

6. LOANS (AT AMORTISED COST)

Particulars	As at March 31, 2024	As at March 31, 2023
(A) (i) Term loans	22,881.95	15,242.24
(ii) Leasing	163.43	257.46
Total (A) - Gross	23,045.38	15,499.70
Less: Impairment loss allowance	998.97	281.17
Total (A) - Net	22,046.41	15,218.53
(B) (i) Secured by tangible assets *	11,129.55	7,156.82
(ii) Covered by bank/government guarantees #	93.38	461.87
(iii) Unsecured	11,822.45	7,881.01
Total (B) - Gross	23,045.38	15,499.70
Less: Impairment loss allowance	998.97	281.17
Total (B) - Net	22,046.41	15,218.53
(C) Loans in India		
(i) Public sector	-	-
(ii) Others	23,045.38	15,499.70
Total (C) - Gross	23,045.38	15,499.70
Less: Impairment loss allowance	998.97	281.17
Total (C) - Net	22,046.41	15,218.53

* Secured by underlying assets financed

- # 1) Loans amounting to ₹ 67.89 crores are covered under Emergency Credit Line Guarantee Scheme for NBFCs administered by NCGTC under aegis of SIDBI for credit facilities extended to eligible borrowers in Micro and Small Industries. (March 31, 2023: ₹ 179.53 crores)
- 2) Loans amounting to ₹ 25.49 crores are covered under Credit Guarantee Scheme for NBFCs administered by CGTMSE under aegis of SIDBI for credit facilities extended to eligible borrowers in Micro and Small Industries. (March 31, 2023: ₹ 282.34 crores)

Refer Note 54, for movement in the gross carrying amount in respect of loans and corresponding ECL allowances.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

7 INVESTMENTS

As at March 31, 2024

Particulars	Amortised Cost	At Fair Value through Other comprehensive income	At Fair Value through profit and loss	Total
A) Investments in :				
Government Securities#	350.27	303.78	-	654.05
Others (PTC securities)	16.30	-	-	16.30
Security receipts	-	-	207.98	207.98
Total – Gross (I)	366.57	303.78	207.98	878.33
Less: Allowance for impairment loss (II)	-	-	-	-
Total – Net (I)-(II)	366.57	303.78	207.98	878.33
B) Other details :				
Investments in India	366.57	303.78	207.98	878.33
Investments outside India	-	-	-	-
Total – Gross (I)	366.57	303.78	207.98	878.33
Less: Allowance for impairment loss (II)	-	-	-	-
Total – Net (I)-(II)	366.57	303.78	207.98	878.33

As at March 31, 2023

Particulars	Amortised Cost	At Fair Value through Other comprehensive income	At Fair Value through profit and loss	Total
A) Investments in :				
Government Securities#	-	268.37	-	268.37
Others (PTC securities)	42.54	-	-	42.54
Security receipts	-	-	199.23	199.23
Total – Gross (I)	42.54	268.37	199.23	510.14
Less: Allowance for impairment loss (II)	-	-	-	-
Total – Net (I)-(II)	42.54	268.37	199.23	510.14
B) Other details :				
Investments in India	42.54	268.37	199.23	510.14
Investments outside India	-	-	-	-
Total – Gross (I)	42.54	268.37	199.23	510.14
Less: Allowance for impairment loss (II)	-	-	-	-
Total – Net (I)-(II)	42.54	268.37	199.23	510.14

Investment in Government Securities includes ₹ 160.91 crores in T-bill and ₹ 350.27 crores in Repo instruments. (March 31, 2023 : ₹ 268.37 crores in T-bill)

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

8 OTHER FINANCIAL ASSETS

Particulars	As at March 31, 2024	As at March 31, 2023
Accrued interest	4.28	3.50
Advances recoverable	68.97	251.56
Receivable on assigned loans	110.51	22.50
Security deposits	9.55	8.79
Advances to related parties #	7.21	6.55
Others	58.06	71.27
Total (Gross)	258.58	364.17
Less: Impairment loss allowance	(0.77)	(0.25)
	257.81	363.92

Refer Note 47 related party disclosure for detailed information.

9. CURRENT TAX ASSETS (NET)

Particulars	As at March 31, 2024	As at March 31, 2023
Advance tax (net)	171.70	114.39
	171.70	114.39

10. INCOME TAX

A. Income tax recognised in statement of profit or loss

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current tax		
Current tax	610.13	24.18
Tax expense for earlier years	(9.73)	-
	600.40	24.18
Deferred tax		
Origination of temporary differences	(117.74)	157.01
	(117.74)	157.01
Tax expense of continued operations	482.66	181.19
Tax expense of discontinued operations	10.52	38.97
Total tax expense	493.18	220.16

B. Income tax recognised in other comprehensive income

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Remeasurements of the defined benefit plans	0.21	(0.55)
Debt instruments fair value through other comprehensive income	0.07	0.09
	0.28	(0.46)

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

10. INCOME TAX (CONTD.)

C. Reconciliation of effective tax rate

Particulars	Year ended March 31, 2024		Year ended March 31, 2023	
	%	Amount	%	Amount
Profit before tax		2,134.17		751.00
Profit on which Company's domestic tax rate would be applied	25.17%	(174.80)	25.17%	743.61
Profit on which Company's special tax rate would be applied	22.88%	2,308.97	22.88%	7.39
Tax as per above		484.30		188.84
Effect of:				
Non taxable income / tax incentives / disallowable expenses	0.38%	8.09	(1.03)%	(7.65)
Effective tax rate	23.07%	492.39	24.13%	181.19
Provisions relating to earlier years	(0.46)%	(9.73)	-	-
Income tax expense reported in the statement of profit and loss	22.62%	482.66	24.13%	181.19
Profit before tax from discontinued operations		42.07		154.19
Income tax expense reported in the statement of profit and loss for discontinued operations	25.01%	10.52	25.27%	38.97

D. Deferred tax assets (net)

Particulars	As at April 1, 2023	Recognised in profit or loss during the year	Recognised in OCI during the year	As at March 31, 2024
	Deferred tax assets:			
Impairment loss allowance	92.56	183.17	-	275.73
Application of effective interest rate method on financial assets and financial liabilities	43.12	16.79	-	59.91
Provision for employee benefits	1.84	0.07	-	1.91
Others (primarily other financial liability)	5.41	0.93	-	6.34
	142.93	200.96	-	343.89
Deferred tax liabilities:				
On written down value of property, plant and equipment	3.51	(5.61)	-	(2.10)
Loans	3.60	(3.87)	-	(0.27)
EIS receivable	30.73	20.10	-	50.83
On financial assets and financial liabilities	58.37	71.25	-	129.62
Gratuity (excess of plan assets over obligation)	0.50	0.32	0.21	1.03
Others (primarily other financial assets)	6.66	1.03	0.07	7.76
	103.37	83.22	0.28	186.87
Net deferred tax assets	39.56	117.74	(0.28)	157.02
Adjustment for discontinued operation*	8.12	(1.72)	-	6.40
Net deferred tax assets for continuing operation	47.68			163.42

*Adjustment of ₹ 1.72 crores for discontinued operations considered in Exceptional items - Gain on disposal of shares of subsidiary.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

10. INCOME TAX (CONTD.)

Particulars	As at April 1, 2022	Recognised in profit or loss during the year	Recognised in OCI during the year	As at March 31, 2023
	Deferred tax assets:			
Impairment loss allowance	167.94	(75.38)	-	92.56
Application of effective interest rate method on financial assets and financial liabilities	24.53	18.59	-	43.12
Provision for employee benefits	1.85	(0.01)	-	1.84
Unabsorbed depreciation	52.40	(52.40)	-	-
Business loss	25.12	(25.12)	-	-
Others (primarily other financial liability)	2.65	2.76	-	5.41
	274.49	(131.56)	-	142.93
Deferred tax liabilities:				
On written down value of property, plant and equipment	4.11	(0.60)	-	3.51
Loans	3.60	-	-	3.60
EIS receivable	29.43	1.30	-	30.73
Investments	(6.41)	6.41	-	-
On financial assets and financial liabilities	40.36	18.01	-	58.37
Gratuity (excess of plan assets over obligation)	0.99	(1.04)	0.55	0.50
Others (primarily other financial assets)	5.38	1.37	(0.09)	6.66
	77.46	25.45	0.46	103.37
Net deferred tax assets	197.03	(157.01)	(0.46)	39.56
Adjustment for discontinued operation				8.12
Net deferred tax assets for continuing operation				47.68

E. Unused tax losses on which deferred tax is not created

Particulars	As at March 31, 2024		As at March 31, 2023	
	Amount	Expiry on	Amount	Expiry on
Long term capital loss Assessment Year 2022-2023	-	NA	48.74	Assessment Year 2030-2031

F. Uncertain tax positions

Refer Note 48 on contingent liabilities and commitment relating to income tax matter under dispute.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

11 INVESTMENT PROPERTY

Particulars	Gross carrying amount		Depreciation		Net carrying amount	
	As at April 01, 2023	As at April 01, 2023	As at April 01, 2023	Deletions / adjustments	As at March 31, 2023	As at March 31, 2023
Investment property*	0.09	-	0.01	0.01	0.02	0.08
Particulars	Gross carrying amount		Depreciation		Net carrying amount	
	As at April 01, 2022	As at April 01, 2022	As at April 01, 2022	Deletions / adjustments	As at March 31, 2022	As at March 31, 2022
Investment property*	0.09	-	0.01	0.00	0.01	0.08

Amounts recognised in profit or loss for investment property

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Rental Income	0.03	0.03
Depreciation	0.01	0.00

* 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 Company
Investment property	0.09	Gouri Shankar Rajgharia and Om Prakash Rajgharia	No	July 15, 2004	Disputed

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

12 PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross carrying amount		Depreciation		Net carrying amount	
	As at April 01, 2023	As at April 01, 2023	As at April 01, 2023	Deletions / adjustments	As at March 31, 2023	As at March 31, 2023
Owned Assets[^]						
Land	0.30	-	-	-	-	0.30
Buildings	2.83	-	0.37	0.06	0.43	2.46
Wind mills	51.08	-	24.56	1.47	26.03	26.52
Furniture and fixtures	7.06	0.29	5.00	0.44	3.12	2.06
Vehicles	1.35	-	0.69	0.11	0.46	0.66
Office equipment	15.92	5.93	12.19	1.73	9.50	3.73
Leasehold improvements	10.50	0.01	8.29	0.36	5.76	2.21
Computers	29.85	0.79	16.07	5.84	3.76	13.78
Assets under Lease						
Vehicles	96.03	-	29.92	18.38	14.29	66.11
Total	214.92	7.02	97.09	28.39	62.92	117.83

Particulars	Gross carrying amount		Depreciation		Net carrying amount	
	As at April 01, 2022	As at April 01, 2022	As at April 01, 2022	Deletions / adjustments [#]	As at March 31, 2022	As at March 31, 2022
Owned Assets[^]						
Land	0.30	-	-	-	-	0.30
Buildings	3.03	-	0.33	0.06	0.37	2.70
Wind mills	51.08	-	20.47	4.09	24.56	30.61
Furniture and fixtures	12.80	0.44	8.05	1.63	4.68	4.75
Vehicles	1.67	-	0.65	0.19	0.15	1.02
Office equipment	32.42	1.55	18.55	3.19	9.55	13.87
Leasehold improvements	15.75	0.59	11.20	2.67	5.58	4.55
Computers	30.95	1.36	11.80	6.57	2.30	19.15
Assets under Lease						
Vehicles	50.04	49.76	4.42	19.75	(5.75)	45.62
Total	198.04	53.70	75.47	38.15	16.53	122.57

[^] For details of movable / immovable property, plant and equipment hypothecated against borrowings, refer Note 20.

[#] Includes adjustment on account of discontinued operations.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

13 INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at April 01, 2022	As at March 31, 2023	As at March 31, 2024	Additions	Deletions/Write off	Deletions/Write off	As at March 31, 2024
Intangible assets under development	0.46	4.56	0.46	4.56	1.39	5.69	0.26

Intangible assets under development ageing schedule as at March 31, 2024

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	0.26	-	-	-	0.26
Total	0.26	-	-	-	0.26

Intangible assets under development ageing schedule as at March 31, 2023

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	4.56	-	-	-	4.56
Total	4.56	-	-	-	4.56

Refer note 48 (d) for capital commitment

14 GOODWILL

Particulars	As at March 31, 2023	As at March 31, 2024
At cost, beginning of the year	14.30	14.30
Additions	-	-
Acquisitions	-	-
Disposals	(14.30)	-
Other adjustments	-	-
Total cost	-	14.30
Accumulated impairment:		
At beginning of the year	-	-
Disposals	-	-
Impairment/(reversal) of impairment	-	-
Other adjustments	-	-
Total impairment	-	-
Net carrying amount	-	14.30

The company has disposed goodwill on account of sale of subsidiary during the current year.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crore unless otherwise stated)

15 OTHER INTANGIBLE ASSETS

Particulars	Gross carrying amount			Depreciation			Net carrying amount	
	As at April 01, 2023	As at April 01, 2023	As at March 31, 2024	As at April 01, 2023	Deletions / adjustments	As at March 31, 2024	As at March 31, 2023	As at March 31, 2023
Computer software	34.76	9.94	25.43	20.51	17.54	8.43	17.00	14.25
Total	34.76	9.94	25.43	20.51	17.54	8.43	17.00	14.25

Particulars	Gross carrying amount			Depreciation			Net carrying amount	
	As at April 01, 2022	As at April 01, 2023	As at March 31, 2024	As at April 01, 2022	Deletions / adjustments#	As at March 31, 2023	As at March 31, 2022	As at March 31, 2022
Computer software	43.90	10.12	34.76	24.60	16.65	20.51	14.25	19.30
Total	43.90	10.12	34.76	24.60	16.65	20.51	14.25	19.30

During the previous year, intangible assets having book value of ₹ 7.25 crores which have been replaced with a new system, were written off. Refer note 41 - Exceptional items.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

16 RIGHT OF USE ASSETS

Particulars	As at March 31, 2024	As at March 31, 2023
Gross Block		
Opening Balance	99.99	63.93
Additions	86.96	71.76
Reversal on disposal of assets	(34.60)	(35.70)
Adjustments	(1.06)	-
Closing Balance	151.29	99.99
Accumulated amortisation		
Opening Balance	24.94	21.46
Amortisation charge for the year	25.46	18.24
Deletions	(16.46)	(14.76)
Closing Balance	33.94	24.94
Right of use assets*	117.35	75.05

* Refer Note 44 for disclosure related to leases.

17 OTHER NON-FINANCIAL ASSETS

Particulars	As at March 31, 2024	As at March 31, 2023
Other advances		
- Prepaid expenses	15.43	8.90
- Balances with government authorities	7.02	29.59
- Gratuity* (excess of plan assets over obligation)	3.78	1.67
Capital advances	0.64	0.15
	26.87	40.31

*Refer Note 43 for disclosure related to provisions for employee benefits.

18 ASSETS HELD FOR SALE

Particulars	As at March 31, 2024	As at March 31, 2023
Investment in joint venture	50.70	50.70

The Board of Directors and Shareholders of the Company in their respective meetings had approved sale of its shareholding in joint venture Jaguar Advisory Services Private Limited ('JASPL') held on November 2, 2021 and December 13, 2021. The Board has reaffirmed plan to sell its shareholding in JASPL in its meeting held on April 29, 2024. 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 investment has been classified as assets held for sale.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

19 PAYABLES

Particulars	As at March 31, 2024	As at March 31, 2023
I) Trade payables		
i) total outstanding dues of micro enterprises and small enterprises*	0.02	0.05
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1.22	1.97
II) Other payables		
i) total outstanding dues of micro enterprises and small enterprises*	-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	2.13	-
	3.37	2.02

*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.

Particulars	As at March 31, 2024	As at March 31, 2023
a) Dues remaining unpaid to any supplier at the year end		
- Principal	0.02	0.05
- Interest on the above	-	-
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of Section 16 of the MSMED Act	-	-
c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
d) Amount of interest accrued and remaining unpaid	-	-
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-

Trade payables ageing schedule as at March 31, 2024

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues - MSME	0.02	-	-	-	0.02
Undisputed dues - Others	1.22	-	-	-	1.22
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
	1.24	-	-	-	1.24

Trade payables ageing schedule as at March 31, 2023

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues - MSME	0.00	-	0.00	-	0.00
Undisputed dues - Others	1.96	0.01	0.00	0.00	1.97
Disputed dues - MSME	-	0.05	-	-	0.05
Disputed dues - Others	-	-	-	-	-
	1.96	0.06	0.00	0.00	2.02

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

20 DEBT SECURITIES (Measured at amortised cost - Secured)

Particulars	As at March 31, 2024	As at March 31, 2023
(A) Redeemable non-convertible debentures (refer note (a) and (b) below)	1,227.09	950.24
Total	1,227.09	950.24
(B) Debt securities in India	1,227.09	950.24
Total	1,227.09	950.24

(a) Nature of security

Debentures issued under private placement are secured by First *pari passu* charge on the loan receivables of the Company except;

- 500 units allotted in April, 2017 issued are secured by mortgage of Company's immovable property situated at Rajarhat, Kolkata in the state of West Bengal and are also secured against designated Loans assets;
- 3,500 units allotted in December, 2019 are only secured by hypothecated loan assets.

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 *

Number of Debentures	Face Value (In ₹)	Month of Allotment	Month of Redemption	Interest rate	As at March 31, 2024	As at March 31, 2023
500	1,000,000	Feb-17	Feb-24	9.00%	-	49.77
500	1,000,000	Apr-17	Apr-24	9.00%	50.00	49.82
61,717	1,000	May-19	May-24	10.04%	6.16	6.15
778,150	1,000	May-19	May-24	10.50%	77.79	77.53
11,949	1,000	May-19	May-24	Zero coupon	1.19	1.19
2,500	1,000,000	Jul-22	Jul-24	7.60%	250.00	249.98
500	1,000,000	Sep-22	Oct-24	Zero coupon	49.99	49.98
3,500	1,000,000	Dec-19	Dec-24	9.20%	87.35	261.22
10,000	100,000	Jan-23	Jan-26	Zero coupon	100.00	100.00
10,000	100,000	Feb-23	Feb-26	8.10%	100.00	100.00
25,000	100,000	Feb-24	Feb-26	8.38%	249.99	-
25,000	100,000	Feb-24	May-26	8.38%	249.99	-
26,735	1,000	May-19	May-29	10.27%	2.63	2.61
20,323	1,000	May-19	May-29	10.75%	2.00	1.99
					1,227.09	950.24

*As per contractual tenure

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

21 BORROWINGS (OTHER THAN DEBT SECURITIES) (Measured at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
(A) a) Term loans - secured		
- from banks	5,834.43	5,356.75
- from other parties	1,673.47	572.97
b) Loans repayable on demand (cash credit facilities and working capital demand loans) - secured		
- from banks	3,560.57	3,469.68
c) Other loans		
- Liability against securitisation - secured	-	109.96
- Commercial paper - unsecured ^	2,373.01	294.71
- Loan from Poonawalla Finance Private Limited (taken by PFL EWT) - unsecured #	174.65	-
Total	13,616.13	9,804.07
(B) Borrowings in India	13,616.13	9,804.07
Total	13,616.13	9,804.07

(a) Nature of security

- Term Loans, Cash Credit facilities and Working Capital Demand Loans are secured by way of first *pari passu* charge on the loan receivables of the company under Security Trustee Arrangement.
- 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 109 - Financial Instruments.

(b) Terms of repayment of term loans (secured)*

Maturity schedule	Interest rate range (p.a.)		Amount	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Half yearly installments				
0 - 1 Year	6.70% - 8.55%	6.70% - 8.10%	453.90	177.71
1 - 3 Years	7.56% - 8.55%	6.70% - 8.10%	1,201.13	465.17
3 - 5 Years	8.10% - 8.55%	7.75% - 8.10%	837.43	194.40
≥ 5 Years	8.10%	7.75%	20.82	62.49
			2,513.28	899.77
Quarterly installments				
0 - 1 Year	7.60% - 8.65%	7.60% - 8.65%	1,059.24	1,233.26
1 - 3 Years	7.60% - 8.65%	7.60% - 8.37%	2,445.81	2,214.64
3 - 5 Years	7.60% - 8.30%	7.60% - 8.20%	1,341.71	1,276.94
≥ 5 Years	8.12% - 8.30%	7.80% - 8.00%	147.81	177.68
			4,994.57	4,902.52
Monthly installments				
0 - 1 Year	12.00%	6.15% - 12.00%	0.04	127.31
1 - 3 Years	12.00%	12.00%	0.01	0.12
			0.05	127.43
			7,507.90	5,929.72

^ Commercial papers are repayable within 12 months and issued at a discount rate of 7.13% p.a. - 8.78% p.a. (March 31, 2023: 7.97% p.a.)

Loan taken by PFL EWT has a maturity of 4 years and borrowed at a rate of 9% p.a. (March 31, 2023: NIL)

* As per contractual tenure

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

21 BORROWINGS (OTHER THAN DEBT SECURITIES) (CONTD.)

Terms of repayment for Loan against securitisation *

Maturity schedule	Interest rate range (p.a.)		Amount	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
0 - 1 Year	-	6.00% - 10.00%	-	93.31
1 - 3 Years	-	6.00% - 8.80 %	-	16.65
			-	109.96

* 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 8.15% to 9.10% (March 31, 2023: from 7.40% p.a. to 8.50% p.a.). Working capital demand loans are repayable on demand and carry interest rates ranging from 7.23% to 8.60 % (March 31, 2023: from 6.86% p.a. to 8.05% p.a.). As per the prevalent practice, cash credit facilities and working capital demand loans are renewed on a year to year basis and therefore, are revolving in nature.

(d) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the balance sheet date.

22 SUBORDINATED LIABILITIES

(Measured at amortised cost - Unsecured)

Particulars	As at March 31, 2024	As at March 31, 2023
(A) Perpetual debt instruments (Tier I capital) to the extent that do not qualify as equity	28.38	78.74
Others (Tier II capital) :		
From banks (subordinated debts)	99.71	116.18
Redeemable subordinate debt instruments to the extent that do not qualify as equity	108.82	170.35
Total	236.91	365.27
(B) Subordinated liabilities in India	236.91	365.27
Total	236.91	365.27

(a) Terms of maturity of perpetual debt debentures (Tier I capital) *

Number of Debentures	Face Value (In ₹)	Month of Allotment	Month of Redemption	Interest rate	As at March 31, 2024	As at March 31, 2023
510	500,000	May-13	May-23	12.10%	-	25.50
500	500,000	Sep-13	Sep-23	12.00%	-	24.97
40	500,000	Sep-15	Sep-25	12.10%	1.99	1.98
100	500,000	Oct-15	Oct-25	12.10%	4.97	4.95
60	500,000	Jun-16	Jun-26	12.10%	2.99	2.98
34	500,000	Jul-16	Jul-26	12.10%	1.69	1.69
100	1,000,000	Aug-16	Jul-26	12.10%	9.91	9.87
30	1,000,000	Sep-16	Sep-26	12.10%	2.97	2.96
19	1,000,000	Feb-17	Feb-27	11.50%	1.88	1.88
10	1,000,000	Mar-17	Mar-27	11.50%	0.99	0.98
10	1,000,000	Aug-17	Aug-27	11.00%	0.99	0.98
					28.38	78.74

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

22 SUBORDINATED LIABILITIES (CONTD.)

Terms of repayment of subordinated instruments from banks (Tier II capital)*

Maturity schedule	Interest rate range (p.a.)		Amount	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
0 - 1 Year	10.20%	10.20%	-	16.61
1 - 3 Years	12.50%	12.50%	99.71	99.57
			99.71	116.18

Terms of maturity of redeemable subordinated debt instruments (Tier II capital)*

Number of Debentures	Face Value (In ₹)	Month of Allotment	Month of Redemption	Interest rate	As at March 31, 2024	As at March 31, 2023
480	1,000,000	Apr-13	Apr-23	10.70%	-	47.99
140	1,000,000	Sep-13	Sep-23	10.90%	-	13.97
50	1,000,000	Mar-18	Jun-25	10.20%	4.99	4.99
350	1,000,000	Dec-16	Dec-26	10.40%	34.44	34.24
400	1,000,000	Jan-17	Jan-27	10.40%	39.52	39.33
150	1,000,000	Mar-17	Mar-27	10.25%	14.95	14.93
100	1,000,000	May-17	May-27	10.10%	9.96	9.94
50	1,000,000	Mar-18	Mar-28	10.00%	4.96	4.96
					108.82	170.35

The Company has made all payments of principal and interest as per the scheduled date.

*As per contractual tenure

23 LEASE LIABILITIES*

Particulars	As at March 31, 2024	As at March 31, 2023
Lease liabilities	135.59	89.58

* Refer Note 44 for disclosure related to leases.

Terms of maturity of Lease liability

	As at March 31, 2024	As at March 31, 2023
0 - 1 Years	23.94	15.95
1 - 3 Years	53.28	37.98
3 - 5 Years	26.54	23.16
> 5 Years	31.83	12.49
	135.59	89.58

24 OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2024	As at March 31, 2023
Interest accrued	68.36	55.19
Unclaimed dividend*	0.30	0.23
Pending remittance on assignment	167.34	59.43
Employee dues	25.18	25.23
Liability for expenses	268.24	79.82
Other payables	67.84	56.09
	597.26	275.99

* 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 March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

25 CURRENT TAX LIABILITIES (NET)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for tax (net of advance tax)	0.01	0.34
	0.01	0.34

26 PROVISIONS

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits	7.59	7.32
Provision - others	0.94	0.94
	8.53	8.26

27 OTHER NON-FINANCIAL LIABILITIES

Particulars	As at March 31, 2024	As at March 31, 2023
Revenue received in advance	1.62	2.51
Advances and deposits from customers	18.62	74.32
Statutory dues	74.69	12.65
	94.93	89.48

28 EQUITY

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised		
1,265,000,000 (March 31, 2023: 1,265,000,000) Equity shares of ₹ 2/- each	253.00	253.00
58,300,000 (March 31, 2023: 58,300,000) Preference shares of ₹ 100/- each	583.00	583.00
	836.00	836.00
Issued, subscribed and fully paid-up		
Equity share capital		
774,550,662 (March 31, 2023: 767,947,592) Equity shares of ₹ 2/- each fully paid up	154.91	153.59
Less: 4,000,000 equity shares (March 31, 2023: NIL) of ₹ 2/- each held by the PFL EWT	(0.80)	-
	154.11	153.59

(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the beginning of the year	767,947,592	153.59	764,923,539	152.98
Issued during the year	-	-	-	-
Issued against employee stock option	6,603,070	1.32	3,024,053	0.61
Shares held by the PFL EWT	(4,000,000)	(0.80)	-	-
	770,550,662	154.11	767,947,592	153.59

(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 are subject to approval by the Shareholders in the Annual General meeting is paid in Indian rupees.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

28 EQUITY (CONTD.)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year, the Company has allotted equity shares of face value of ₹ 2/- each to the eligible employees of the Company under Employee Stock Option Plan 2007 / Restricted Stock Option Plan 2014 / Employee Stock Option Plan 2021 pursuant to the ESOP Guidelines, as amended from time to time. Refer note no 46 for disclosures related to share based payments.

The Board of Directors at its meeting held on January 18, 2024 has declared an interim dividend of ₹ 2/- per equity share of face value of ₹ 2/- each.

(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

The Company has not bought back any of its securities during the five year period immediately preceding the reporting date.

(e) Details of Shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2024		As at March 31, 2023	
	%	No. of shares	%	No. of shares
Equity shares				
Rising Sun Holdings Private Limited*	62.13%	481,217,690	62.14%	477,184,690

(f) Shareholding of Promoters

Shares held by promoters as at March 31, 2024			% Change during the year
Name of promoter	No of shares	% of total shares	
Rising Sun Holdings Private Limited	481,217,690	62.13%	(0.01)%

Shareholding of Promoters

Shares held by promoters as at March 31, 2023			% Change during the year
Name of promoter	No of shares	% of total shares	
Rising Sun Holdings Private Limited	477,184,690	62.14%	1.05%

* Holding Company

(g) For equity shares reserved for issue under options, please refer note 46.

29 OTHER EQUITY*

Particulars	As at March 31, 2024	As at March 31, 2023
Capital reserve	4.80	4.80
Securities premium	5,418.53	5,247.68
Statutory reserves under The RBI Act, 1934	926.50	515.30
Statutory reserves under The NHB Act, 1987	-	89.82
Capital redemption reserve	14.22	14.22
Share option outstanding account	63.53	118.72
Treasury Shares	(186.05)	-
Trust Reserves	(0.75)	-
Retained earnings	1,759.46	704.76
Other comprehensive income	12.73	12.51
	8,012.97	6,707.81

*Refer Statement of Changes in Equity for movement in reserves

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

29 OTHER EQUITY (CONTD.)

Nature and purpose of reserves :

Capital redemption reserve

Capital redemption reserve is created to keep the capital intact when preference shares are redeemed or equity shares are bought back. It is utilised in accordance with the provisions of the Companies Act, 2013.

Share option outstanding account

The Company instituted the Magma Employee Stock Option Plan (MESOP) in 2007, Magma Restricted Stock Option Plan 2014 (MRSOP) in 2014 and Employee Stock Option Plan 2021 in 2021 which were approved by the Board of Directors and the shareholders of the Company. The share option outstanding reserve is used to recognise the grant date fair value of option issued under aforesaid plans.

Treasury shares

The reserve for shares of the Company held by the PFL Employee Welfare Trust (PFL EWT). Company has issued employees stock option scheme for its employees. The equity shares of the Company have been purchased and held by PFL EWT. PFL EWT to transfer in the name of employees at the time of exercise of option by employees.

Trust Reserve

This represents net of income over expenditure of PFL EWT.

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.

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 GHFL (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 represents premium received on issue of shares. This amount can be utilised in accordance with the provisions of the Companies Act, 2013.

Capital reserve

Capital reserve has been created to set aside gains of capital nature from amalgamation and merger. It is utilised in accordance with the provisions of the Companies Act, 2013.

Financial instruments through other comprehensive income

This comprises changes in the fair value of debt instruments recognised in other comprehensive income. The company transfers amounts from such component of equity to retained earnings when the relevant debt instruments are derecognised.

Retained earnings

Retained earnings represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves. It also includes impact of remeasurement of defined benefit plans.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

30 INTEREST INCOME

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest on loans (measured at amortised cost)	2,851.91	1,782.42
Interest on Investments	45.61	23.25
Interest on deposits with banks	1.58	8.86
Other interest income		
- On loans and margins	-	0.01
- On security deposit	0.46	0.65
Total	2,899.56	1,815.19

31 RENTAL INCOME

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Income from lease rentals		
- on operating lease assets	25.51	27.69
- on investment property	0.03	0.03
Total	25.54	27.72

32 FEES AND COMMISSION INCOME

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Collection and support services	6.39	7.05
Foreclosure income	31.72	26.19
Insurance commission income	1.79	3.41
Fees on value added services and products	14.10	-
Others (cheque bouncing charges, valuation charges etc)	19.22	24.89
Total	73.22	61.54

33 NET GAIN ON FAIR VALUE CHANGES*

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(A) Others		
- On investment	2.15	4.45
Total Net gain on fair value changes (A)	2.15	4.45
(B) Fair Value changes:		
Realised	1.98	2.91
Unrealised	0.17	1.54
Total Net gain on fair value changes (B)	2.15	4.45

* Fair value changes in this schedule are other than those arising on account of interest income/expense.

34A NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Gain from derecognition on account of direct assignment transactions	88.05	29.68
Gain on sale of non performing assets (net of reversal of provision of ₹ 44.86 crores)	20.49	-
Net gain on derecognition of financial instruments	108.54	29.68

34B NET LOSS ON DERECOGNITION OF FINANCIAL INSTRUMENTS

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Loss on sale of non performing assets (net of reversal of provision of ₹ 82.89 crores)	-	10.87
Net loss on derecognition of financial instruments	-	10.87

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

35 OTHER INCOME

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Sale of power	3.69	8.71
Net Gain on derecognition of lease	0.83	3.23
Liabilities no longer required	15.19	34.42
Miscellaneous income	18.61	23.34
Total	38.32	69.70

36 FINANCE COST

(measured at amortised cost)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest on borrowings other than debt securities	827.36	461.84
Interest on debt securities	80.72	64.21
Interest on subordinated liabilities	18.47	49.68
Interest expense on lease liabilities *	12.50	8.63
Other borrowing costs (Includes non EIR borrowing expenses)	10.29	10.11
Interest on security deposits	0.96	0.81
Total	950.30	595.28

*Refer Note 44 for disclosure related to leases.

37 IMPAIRMENT ON FINANCIAL INSTRUMENTS

(measured at amortised cost)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Loans	(535.65)	(439.31)
Other assets	13.02	(0.13)
Bad debts written-off (Includes settlement losses and net of recoveries) *	594.65	294.91
Total	72.02	(144.53)

*Includes consideration received on sale of written-off assets ₹ 44.31 crores (March 31, 2023 : ₹153.33 crores).

38 EMPLOYEE BENEFITS EXPENSES * ^

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Salaries and wages	315.39	331.53
Contribution to provident and other funds	18.06	21.11
Share based payments to employees	99.63	150.63
Staff welfare expenses	11.34	11.53
Total	444.42	514.80

* Refer Note 47 for related party disclosure

^ Refer Note 43 for disclosure related to provisions for employee benefits.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

39 DEPRECIATION AND AMORTISATION EXPENSE

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Depreciation on property, plant and equipment (including investment property)	28.39	38.15
Depreciation on right of use assets (refer note 44)*	25.46	17.95
Amortisation of intangible assets	5.46	5.31
Total	59.31	61.41

* Gross amount before allocable expenses is NIL (March 31, 2023: ₹ 18.24 crores).

40 OTHERS EXPENSES#

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Rent	1.93	1.51
Rates and taxes	1.28	0.26
Net loss on derecognition of property, plant and equipment	3.12	0.61
Electricity charges	5.89	7.03
Repairs and maintenance		
- Machinery	0.84	5.51
- Others	1.02	1.45
Information technology expenses	69.00	41.17
Communication expenses	7.38	9.70
Printing and stationery	3.05	2.67
Advertisement and publicity	45.94	29.40
Director Fees	4.17	1.66
Legal charges	17.09	9.12
Professional fees*	30.10	34.90
Insurance	0.57	0.64
Travelling and conveyance	10.56	13.95
CSR expenditure**	2.33	-
Outsource collection charges	23.78	5.76
Outsourced manpower cost	62.26	44.71
Credit guarantee fees	0.45	3.51
Miscellaneous expenses	12.87	13.28
Total	303.63	226.84

#Refer Note 47 for related party disclosures

* Payments to auditors

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Statutory audit including limited reviews	1.42	1.12
Other services	0.35	0.18
Reimbursement of expenses	0.10	0.01
Total	1.87	1.31

** 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.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

40 OTHERS EXPENSES (CONTD.)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(a) Gross Amount required to be spent by the Company during the year	2.33	-
(b) Amount spent during the year		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	2.33	-
(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) Various CSR Programs viz., Promoting Education, Women and Empowerment, Financial Literacy and Healthcare for under privileged.		

(g) In case of section 135(6) Details of ongoing project

Particulars	Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
	With Company	In separate CSR unspent a/c		From Company's Bank A/c	From separate CSR unspent a/c	With Company	In separate CSR unspent a/c
As at March 31, 2024	-	2.69	2.33	2.33	2.69	-	-
As at March 31, 2023	-	2.69	-	-	-	-	2.69

41 EXCEPTIONAL ITEMS

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Gain on disposal of shares of Joint Venture	-	238.39
Gain on disposal of shares of Subsidiary	2,308.97	-
Exceptional provision for loan portfolio	(1,298.31)	(223.75)
Exceptional Write off	(174.95)	-
Intangible assets written off	-	(7.25)
Loss on sale of Windmills	(9.36)	-
One time settlement of outstanding litigations	(9.83)	-
	816.52	7.39

During the financial year, The Company has sold its investment in Grihum Housing Finance Limited ('GHFL') (Formerly known as Poonawalla Housing Finance Limited). Due to aforesaid sale transaction, GHFL ceased to be a subsidiary of the Company from the effective date (July 26, 2023). The resultant gain of ₹ 2,308.97 crores (net of expenses incurred towards the sale of subsidiary) has been classified and presented as an exceptional item in accordance with Ind AS 1 "Presentation of Financial Statements".

The Company sold its tangible asset "windmills" for consideration of ₹ 16 crores resulting in loss of ₹ 9.36 crores.

The Company had created a one-time provision of ₹ 1,298.31 crores on discontinued/legacy loan portfolio.

The Company did one-time additional write-off amounting ₹ 174.95 crores out of discontinued/legacy loan portfolio.

The Company did one time settlement of old legal cases pertaining to discontinued and legacy loan portfolio amounting to ₹ 9.83 crores.

During the previous year, the Company had sold its shareholding in its Joint Venture (JV) namely Magma HDI General Insurance Company Limited (Magma HDI) based on requisite regulatory approvals received on May 27, 2022. Accordingly, the resultant gain of ₹ 238.39 crores was classified and presented as an exceptional item in line with Ind AS 1 "Presentation of Financial Statements". The Company had created an exceptional

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

41 EXCEPTIONAL ITEMS (CONTD.)

provision of ₹ 223.75 crores in respect of existing loan portfolio on account of further anticipated slippages in future due to discontinuance of further loans in this segment. Further, intangible assets having book value of ₹ 7.25 crores which were replaced with a new system, were written off. The above items are presented as exceptional items on a net basis.

42 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.

Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	255.18	-	255.18	601.38	-	601.38
Bank balances other than cash and cash equivalents	13.32	0.04	13.36	54.04	2.01	56.05
Receivables	28.66	-	28.66	20.67	-	20.67
Loans	10,223.60	11,822.81	22,046.41	7,119.92	8,098.61	15,218.53
Investments	766.37	111.96	878.33	415.55	94.59	510.14
Other financial assets	195.14	62.67	257.81	328.46	35.46	363.92
Total financial assets	11,482.27	11,997.48	23,479.75	8,540.02	8,230.67	16,770.69
Non-financial Assets						
Current tax assets (net)	-	171.70	171.70	-	114.39	114.39
Deferred tax assets (net)	-	163.42	163.42	-	47.68	47.68
Investment property	-	0.07	0.07	-	0.08	0.08
Property, plant and equipment	-	59.78	59.78	-	117.83	117.83
Intangible assets under development	-	0.26	0.26	-	4.56	4.56
Goodwill	-	-	-	-	14.30	14.30
Other intangible assets	-	17.00	17.00	-	14.25	14.25
Right of use assets	25.94	91.41	117.35	17.58	57.47	75.05
Other non-financial assets	7.02	19.85	26.87	29.59	10.72	40.31
Total non-financial assets	32.96	523.49	556.45	47.17	381.28	428.45
Assets held for sale	50.70	-	50.70	50.70	-	50.70
Assets directly associated with Discontinued Operations	-	-	-	1,241.46	4,729.31	5,970.77
Total assets	11,565.93	12,520.97	24,086.90	9,879.35	13,341.26	23,220.61
Financial liabilities						
Payables	3.37	-	3.37	2.02	-	2.02
Debt securities	522.46	704.63	1,227.09	223.79	726.45	950.24
Borrowings (other than debt securities)	7,446.69	6,169.44	13,616.13	5,395.98	4,408.09	9,804.07
Subordinated liabilities	-	236.91	236.91	128.74	236.53	365.27
Lease Liabilities	23.94	111.65	135.59	15.95	73.63	89.58
Other financial liabilities	587.29	9.97	597.26	271.81	4.18	275.99
Total financial liabilities	8,583.75	7,232.60	15,816.35	6,038.29	5,448.88	11,487.17
Non-Financial Liabilities						
Current tax liabilities (Net)	0.01	-	0.01	0.34	-	0.34
Provisions	0.66	7.87	8.53	0.64	7.62	8.26
Other non-financial liabilities	74.69	20.24	94.93	12.65	76.83	89.48
Total non-financial liabilities	75.36	28.11	103.47	13.63	84.45	98.08
Liabilities directly associated with Discontinued Operations	-	-	-	1,293.16	3,469.03	4,762.19
Total liabilities	8,659.11	7,260.71	15,919.82	7,345.08	9,002.36	16,347.44

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

43 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 38 'Employee benefits expenses' under 'Contribution to provident and other funds' in Statement of Profit and Loss. The detail is as follows :

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Provident and Other Funds	14.97	16.84

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) & Kotak Mahindra Life Insurance Company Limited . This defined benefit plan expose the Company to actuarial risks, such as regulatory risk, credit risk, liquidity risk, etc as defined below.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2024. The present value of the defined benefit obligations and the related current service cost and past service cost, are 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:

Particulars	As at March 31, 2024	As at March 31, 2023
Net defined benefit asset/(liability)	3.78	1.67

A. Funding

The scheme is fully funded with Life Insurance Corporation of India (LIC) and Kotak Mahindra Life Insurance Co. Ltd. (Kotak Life). 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.

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:

Particulars	As at March 31, 2024			As at March 31, 2023		
	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	17.42	19.09	(1.67)	24.60	29.24	(4.64)
Included in profit or loss						
Current service cost	3.28	-	3.28	4.60	-	4.60
Interest cost (income)	1.22	(1.41)	(0.19)	1.48	(1.81)	(0.33)
	4.50	(1.41)	3.09	6.08	(1.81)	4.27

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

43 EMPLOYEE BENEFITS (CONTD.)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Included in other comprehensive income						
Remeasurements loss (gain)						
- Actuarial loss (gain) arising from:						
- demographic assumptions	-	-	-	0.19	-	0.19
- financial assumptions	0.20	-	0.20	(0.12)	-	(0.12)
- experience adjustment	0.32	-	0.32	(2.56)	-	(2.56)
- on plan assets	-	(1.34)	(1.34)	-	0.32	0.32
	0.52	(1.34)	(0.82)	(2.49)	0.32	(2.17)
Other						
Contributions paid by the employer	-	4.37	(4.37)	-	0.05	(0.05)
Benefits paid	(6.20)	(6.19)	(0.01)	(7.36)	(7.35)	(0.01)
	(6.20)	(1.82)	(4.38)	(7.36)	(7.30)	(0.06)
Adjustment for discontinued operations	-	-	-	(3.41)	(4.34)	0.93
Balance at the end of the year	16.24	20.02	(3.78)	17.42	19.09	(1.67)

C. Plan assets

Particulars	As at March 31, 2024	As at March 31, 2023
Funds managed by:		
Life insurance Corporation of India (LIC)	90%	100%
Kotak Mahindra Life Insurance Co. Ltd. (Kotak Life)	10%	-
	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):

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate	7.19%	7.39%
Future salary growth	5.00%	5.00%
<i>Withdrawal rate:</i>		
Upto 40 years	18.00%	18.00%
40 years to 54 years (per annum)	7.00%	7.00%
Above 54 years (per annum)	2.00%	2.00%
Expected rate of return on plan assets	7.39%	7.28%
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate

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.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

43 EMPLOYEE BENEFITS (CONTD.)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (0.25% movement)	15.99	16.51	17.16	17.70
Future salary growth (0.5% movement)	16.83	15.69	18.04	16.84
Withdrawal rate (2% movement)	16.24	16.26	17.43	17.43
Mortality rate (1% movement)	16.25	16.25	17.43	17.43

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

Particulars	As at March 31, 2024	As at March 31, 2023
1 year	1.26	1.76
Between 2-5 years	7.87	7.72
Between 6-10 years	7.93	9.06
Over 10 years	5.88	6.77
Total	22.94	25.31

As at March 31, 2024, the weighted-average duration of the defined benefit obligation was 7.35 years (March 31, 2023: 7.56 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.

Attrition/Withdrawal risk: If actual withdrawal rates are higher than assumed withdrawal rates, the benefits will be paid earlier than expected. Similarly if the actual withdrawal rates are lower than assumed, the benefits will be paid later than expected. The impact of this will depend on the demography of the company and the financials assumptions.

Regulatory risk: Any changes to the current Regulations by the Government, will increase (in most cases) or decrease the obligation which is not anticipated. Sometimes, the increase is many fold which will impact the financials quite significantly.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

43 EMPLOYEE BENEFITS (CONTD.)

iii. Other long-term benefits

The Company provides compensated absences benefits to the employees of the Company which can be carried forward to future years. Amount recognised in the statement of profit and loss for compensated absences is as under:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Amount recognised in statement of profit and loss		
Compensated absences	4.24	2.87

44 LEASES

As a lessee the Company classified property leases as operating leases under Ind AS 116. Right-of-use assets and lease liabilities are presented separately on the face of the balance sheet.

A. Lease in the capacity of Lessee

a) Nature : Leases considered here are taken for office use and guesthouse.

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
b) Amount recognised in statement of profit or loss		
1. Depreciation on right of use assets (gross)	25.46	18.24
2. Interest expense on lease liability	12.50	8.63
3. Rent paid for leases which are not considered under Ind AS 116	1.40	0.62
Other disclosures		
4 Total cash outflow for leases	33.43	14.38
5 Additions to right to use assets	86.96	71.76
6 Carrying amount of right to use assets	117.35	75.05
c) Bifurcation of rent paid during the year		
- Principal	20.93	5.76
- Interest	12.50	8.63

d) Movement in the carrying value of the right of use asset

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	75.05	58.04
Depreciation charge for the year	(25.46)	(18.24)
Additions during the year	86.96	71.76
Adjustment/deletion	(19.20)	(20.79)
Adjustment for discontinued operations	-	(15.72)
Closing balance	117.35	75.05

e) Movement in the carrying value of the lease liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	89.58	64.59
Interest expense	12.50	8.63
Lease payments	(33.43)	(14.38)
Additions during the year	86.96	71.42
Adjustment/deletion	(20.02)	(23.70)
Adjustment for discontinued operations	-	(16.98)
Closing balance	135.59	89.58

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

44 LEASES (CONTD.)

f) Maturity analysis of lease liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Within 12 months	23.94	15.95
After 12 months	111.65	73.63
	135.59	89.58

B. Lease in the capacity of Lessor

- Nature : Operating and finance lease of vehicles primarily to Corporate clients.
- 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.
- Future lease payments

At year end, the future lease receivables under finance leases are as follows:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
1 st Year	83.74	114.01
2 nd Year	66.55	93.43
3 rd Year	32.55	72.23
4 th Year	6.07	34.66
5 th Year	-	6.42
	188.91	320.75

At year end, the future lease receivables under operating leases are as follows:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
1 st Year	22.33	30.28
2 nd Year	16.04	24.79
3 rd Year	8.13	17.84
4 th Year	3.26	8.83
5 th Year	-	3.62
	49.76	85.36

d) Reconciliation - Finance lease

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net investment in lease (carrying amount of Finance lease) (A)	163.43	264.41
Unearned finance income (B)	25.48	56.34
Total lease payments (A+B)	188.91	320.75

45 EARNINGS PER EQUITY SHARE (EPS)

Earnings per equity share for continuing operations

Particulars	Units	Year ended March 31, 2024	Year ended March 31, 2023
a) (i) Weighted average number of equity shares for basic EPS	Nos	768,641,528	765,343,568
(ii) Effect of potential ordinary equity shares on employee stock options	Nos	9,180,774	7,678,953
(iii) Weighted average number of equity shares for diluted EPS	Nos	777,822,302	773,022,521
b) Net profit after tax			
(i) Net profit for equity shareholders for basic EPS	₹ in crores	1,651.51	569.81
(ii) Net profit for equity shareholders for diluted EPS	₹ in crores	1,651.51	569.81
c) (i) Earnings per share (Face value of ₹ 2 per share) – basic	₹	21.48	7.44
(ii) Earnings per share (Face value of ₹ 2 per share) – diluted	₹	21.23	7.37

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

45 EARNINGS PER EQUITY SHARE (EPS) (CONTD.)

Earnings per equity share for discontinued operations

Particulars	Units	Year ended March 31, 2024	Year ended March 31, 2023
a) (i) Weighted average number of equity shares for basic EPS	Nos	768,641,528	765,343,568
(ii) Effect of potential ordinary equity shares on employee stock options	Nos	9,180,774	7,678,953
(iii) Weighted average number of equity shares for diluted EPS	Nos	777,822,302	773,022,521
b) Net profit after tax			
(i) Net profit for equity shareholders for basic EPS	₹ in crores	31.24	114.16
(ii) Net profit for equity shareholders for diluted EPS	₹ in crores	31.24	114.16
c) (i) Earnings per share (Face value of ₹ 2 per share) – basic	₹	0.41	1.51
(ii) Earnings per share (Face value of ₹ 2 per share) – diluted	₹	0.40	1.49

Earnings per equity share for continuing and discontinued operations

Particulars	Units	Year ended March 31, 2024	Year ended March 31, 2023
a) (i) Weighted average number of equity shares for basic EPS	Nos	768,641,528	765,343,568
(ii) Effect of potential ordinary equity shares on employee stock options	Nos	9,180,774	7,678,953
(iii) Weighted average number of equity shares for diluted EPS	Nos	777,822,302	773,022,521
b) Net profit after tax			
(i) Net profit for equity shareholders for basic EPS	₹ in crores	1,682.75	683.98
(ii) Net profit for equity shareholders for diluted EPS	₹ in crores	1,682.75	683.98
c) (i) Earnings per share (Face value of ₹ 2 per share) – basic	₹	21.89	8.95
(ii) Earnings per share (Face value of ₹ 2 per share) – diluted	₹	21.63	8.86

46 SHARE-BASED PAYMENTS

A Description of share-based payment arrangements

The company instituted the Employee Stock Option Plan (ESOP) in 2007, Restricted Stock Option Plan 2014 (RSOP) in 2014, Employee Stock Option Plan (ESOP) in 2021 and Employee Stock Option Plan (ESOP) in 2024 which were approved by the Board of Directors and the shareholders of the Company.

ESOP, 2007

Under ESOP 2007, the Company provided for the creation and issue of 1,000,000 options, that would eventually convert into equity shares of ₹ 10/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of and at the exercise price determined by the Nomination and Remuneration Committee of the Company. The options generally vest in a graded manner and are exercisable within 3/4 years from the date of vesting. Following the sub-division of one equity share of the face value of ₹ 10/- each into five equity shares of the face value of ₹ 2/- each during the financial year ended March 31, 2011, the number of options increased from 1,000,000 to 5,000,000.

During the year, 8,800 options were lapsed/forfeited. The Nomination and Remuneration Committee of the Company has allotted 45,560 options under ESOP 2007 to the eligible employees of the Company (each options entitles the option holder to 1 equity share of ₹ 2/- each).

RSOP, 2014

Under RSOP 2014, the Company provided for the creation and issue of 5,000,000 awards, that would eventually convert into equity shares of ₹ 2/- each in the hands of the Company's employees. The awards are to be granted to the eligible employees at the discretion of the Nomination and Remuneration Committee of the Company and at the exercise price of the face value of ₹ 2/- each. The awards generally will vest in a graded manner and are exercisable within 3 years from the date of vesting. The shareholders

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

46 SHARE-BASED PAYMENTS (CONTD.)

of the Company on July 24, 2021 had amended the RSOP 2014 by increasing existing plan pool from 5,000,000 equity shares having face value of ₹ 2 per equity share to 10,000,000 Equity Shares.

During the year, 38,496 awards were lapsed/forfeited and added in the pool. The Nomination and Remuneration Committee of the Company has allotted 5,194,665 awards under RSOP 2014 to the eligible employees of the Company (each award entitles the award holder to 1 equity share of ₹ 2/- each).

ESOP, 2021

The shareholders of the Company on July 24, 2021 had instituted ESOP Plan 2021 wherein the Company provided for the creation and issue of 15,000,000 options, that would eventually convert into equity shares of ₹ 2/- each in the hands of the Company's employees. The options are to be granted to the eligible employees at the discretion of the Nomination and Remuneration Committee of the Company and at the fair market value. The options generally will vest in a graded manner and are exercisable within 36 months from the date of vesting.

During the year 3,064,998 options were lapsed/forfeited and added in the pool. The Nomination and Remuneration Committee of the Company has allotted 1,362,845 options under ESOP 2021 to the eligible employees of the Company (each award entitles the award holder to 1 equity share of ₹ 2/- each).

During the year, the Nomination and Remuneration Committee of the Company has granted 3,542,500 options under ESOP 2021 to the eligible employees of the Company (each options entitles the option holder to 1 equity share of ₹ 2/- each).

ESOP - 2024

The shareholders of the Company on February 19, 2024 had instituted ESOP -2024 through an Employee Welfare Trust. In this regard, the Company had set up Trust named as – PFL Employee Welfare Trust to acquire, purchase, hold and deal in fully paid-up Equity Shares by way of secondary acquisition for the purpose of implementation of the ESOP-2024. The maximum aggregate number of Options that may be granted and thereby transfer of Shares by the Trust under ESOP -2024 shall not exceed 15,000,000 Shares. The options are to be granted to the eligible employees at the discretion of the Nomination and Remuneration Committee of the Company. The options generally will vest in a graded manner and are exercisable within 36 months from the date of vesting.

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 was ₹ 134.16 (March 31, 2023: ₹ 161.39).

The fair value of the options granted during the year 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	Year ended	
		March 31, 2024	March 31, 2023
Fair value at grant date	₹	128.68 - 193.49	123.11 - 178.04
Share price at grant date	₹	315.10 - 501.55	240.75 - 324.70
Exercise price	₹	297.83 - 498.80	229.29 - 307.89
Expected volatility (weighted average volatility)	%	43.63 - 52.82	52.42 - 53.67
Expected life (expected weighted average life)	years	3.04	3.04 - 5.01
Expected dividends	%	0.10 - 0.63	0.12 - 0.17
Risk-free interest rate (based on government bonds)	%	6.79 - 7.24	6.96 - 7.24

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 March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

46 SHARE-BASED PAYMENTS (CONTD.)

C Reconciliation of outstanding share options

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

ESOP, 2007

Particulars	Year ended March 31, 2024		Year ended March 31, 2023	
	Number of share options	Wtd. Avg. price	Number of share options	Wtd. Avg. price
Outstanding options at the beginning of the year	57,560	13.16	318,697	27.49
Add: Granted during the year	-	-	-	-
Less: Exercised during the year	45,560	16.11	235,568	31.15
Less: Lapsed/forfeited during the year	8,800	2.00	25,569	25.98
Outstanding options at the end of the year	3,200	2.00	57,560	13.16
Options vested and exercisable at the end of the year	3,200	2.00	37,560	19.11

The options outstanding at March 31, 2024 have an exercise price of ₹ 2 (March 31, 2023: ₹ 2 to ₹ 39.45) and a weighted average remaining contractual life of Nil years (March 31, 2023: 0.09 years).

The weighted average share price at the date of exercise for share options exercised in 2023-24 was ₹ 371.16 (2022-23: ₹ 274.93).

RSOP 2014

Particulars	Year ended March 31, 2024		Year ended March 31, 2023	
	Number of share options	Wtd. Avg. price	Number of share options	Wtd. Avg. price
Outstanding options at the beginning of the year	5,233,161	2.98	7,948,724	3.59
Add: Granted during the year	-	-	-	-
Less: Exercised during the year	5,194,665	2.72	2,669,485	4.19
Less: Lapsed/forfeited during the year	38,496	38.21	46,078	38.21
Outstanding options at the end of the year	-	-	5,233,161	2.98
Options vested and exercisable at the end of the year	-	-	24,274	38.21

The options outstanding at March 31, 2024 have an exercise price in the range of ₹ Nil (March 31, 2023: ₹ 2 to ₹ 38.21) and a weighted average remaining contractual life of Nil years (March 31, 2023: 1.85 years).

The weighted average share price at the date of exercise for share options exercised in 2023-24 was ₹ 464.30 (2022-23: ₹ 288.08).

ESOP 2021

Particulars	Year ended March 31, 2024		Year ended March 31, 2023	
	Number of share options	Wtd. Avg. price	Number of share options	Wtd. Avg. price
Outstanding options at the beginning of the year	10,991,975	234.71	5,938,800	193.78
Add: Granted during the year	3,542,500	321.91	7,463,650	260.10
Less: Exercised during the year	1,362,845	211.33	119,000	169.30
Less: Lapsed/forfeited during the year	3,064,998	255.89	2,291,475	214.71
Outstanding options at the end of the year	10,106,632	262.00	10,991,975	234.71
Options vested and exercisable at the end of the year	376,752	242.28	481,615	211.74

The options outstanding at March 31, 2024 have an exercise price in the range of ₹ 164.42 to ₹ 498.80 (March 31, 2023: ₹ 164.42 to ₹ 307.89) and a weighted average remaining contractual life of 2.48 years (March 31, 2023: 3.05 years).

The weighted average share price at the date of exercise for share options exercised in 2023-24 was ₹ 402.48 (2022-23: ₹ 300.67).

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

46 SHARE-BASED PAYMENTS (CONTD.)

D Equity shares reserved for issue under options

Particulars	No. of options granted	Exercise price (₹)	Year ended March 31, 2024		Year ended March 31, 2023	
			No. of options	Amount	No. of options	Amount
Under ESOP 2007:						
Tranche XXV	1,001,711	39.45	-	-	17,160	0.00
Tranche XXVI	102,000	2.00	-	-	19,200	0.00
Tranche XXVII	92,000	2.00	3,200	0.00	21,200	0.00
Under RSOP 2014:						
Tranche II	1,263,495	38.21	-	-	141,161	0.03
Tranche V (A) & (B)	5,000,000	2.00	-	-	3,350,000	0.67
Tranche VI (A) & (B)	2,600,000	2.00	-	-	1,742,000	0.35
Under ESOP 2021:						
Tranche I	1,500,000	175.48	350,000	0.07	478,000	0.10
Tranche II	4,325,750	164.42	1,164,630	0.23	2,110,975	0.42
Tranche III	170,000	256.03	-	-	100,000	0.02
Tranche IV	2,092,050	238.55	1,426,935	0.29	1,926,600	0.39
Tranche V	3,941,400	251.28	1,645,492	0.33	3,045,650	0.61
Tranche VI	1,361,500	230.45	1,097,350	0.22	1,277,000	0.26
Tranche VII	311,250	229.29	270,125	0.05	311,250	0.06
Tranche VIII	1,437,000	307.89	603,100	0.12	1,330,000	0.27
Tranche IX	412,500	298.95	364,000	0.07	412,500	0.08
Tranche X	567,500	297.83	265,000	0.05	-	-
Tranche XI	330,000	311.78	330,000	0.07	-	-
Tranche XII	300,000	307.06	300,000	0.06	-	-
Tranche XIII	640,000	329.90	590,000	0.12	-	-
Tranche XIV	200,000	391.82	200,000	0.04	-	-
Tranche XV	80,000	379.06	75,000	0.02	-	-
Tranche XVI	40,000	377.00	40,000	0.01	-	-
Tranche XVII	1,000,000	300.26	1,000,000	0.20	-	-
Tranche XVIII	200,000	321.19	200,000	0.04	-	-
Tranche XIX	20,000	370.80	20,000	0.00	-	-
Tranche XX	100,000	376.36	100,000	0.02	-	-
Tranche XXI	50,000	498.80	50,000	0.01	-	-
Tranche XXII	15,000	462.30	15,000	0.00	-	-

E Amount recognised in statement of profit and loss

Year ended March 31, 2024: ₹ 99.63 crores

Year ended March 31, 2023: ₹ 150.63 crores

47 RELATED PARTIES

(i) Name of related parties and description of relationship:

Names of the Related parties where control exists

A Holding Company

Rising Sun Holdings Private Limited

B Fellow Subsidiary

Poonawalla Finance Private Limited

C Member of Promoter group

Magma HDI General Insurance Company Limited

Sanoti Properties LLP

D Joint Venture

Jaguar Advisory Services Private Limited

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

47 RELATED PARTIES (CONTD.)

E Key Managerial Personnel ("KMP")	Nature of Relationship
Mr. Abhay Bhutada	Managing Director
Mr. Sunil Samdani	Whole - Time Director (Appointed w.e.f. October 20, 2023)
Mr. Sanjay Miranka	Chief Financial Officer
Mrs. Shabnum Zaman	Company Secretary
F Directors	
Mr. Adar Cyrus Poonawalla	Chairman & Non Executive Director
Mr. Amar Sudhakar Deshpande	Non Executive Director
Mr. Sajid Fazalbhoy	Non Executive Director
Mr. Prabhakar Dalal	Independent Non Executive Director
Mr. Atul Kumar Gupta	Independent Non Executive Director (w.e.f. January 27, 2022 and redesignated as Independent Director w.e.f. August 23, 2023)
Mr. G Jaganmohan Rao	Independent Non Executive Director (ceased to be Director w.e.f. August 26, 2023)
Mr. Sanjay Kumar	Independent Non Executive Director
Mrs. Vijayalakshmi R Iyer	Independent Non Executive Director (ceased to be Director w.e.f. January 30, 2024)
Mr. Bontha Prasada Rao	Independent Non Executive Director
Ms. Kemisha Soni	Independent Non Executive Director (w.e.f. January 30, 2024)

(ii) Related party transactions during the year and balance receivable from and payable to related parties as at the balance sheet date:

Name of related party	Nature of transaction	Transaction value for the year ended March 31, 2024	Outstanding amount as at March 31, 2024	Transaction value for the year ended March 31, 2023	Outstanding amount as at March 31, 2023
A) Holding Company					
Rising Sun Holdings Private Limited	Dividend paid	191.68	-	18.82	-
B) Fellow Subsidiary					
Poonawalla Finance Private Limited	Purchase of property plant and equipment	3.76	-	0.24	-
	Leave and license agreement:				
	Rent paid	18.55	-	-	-
	Electricity expenses	0.09	-	0.55	-
	Office maintenance charges	-	-	0.46	-
	Security deposit paid	-	3.63	3.63	3.63
	Loan given to PFL employee welfare trust	175.00	175.00	-	-
	Interest on loan given to PFL employee welfare trust	0.86	-	-	-
C) Member of Promoter group					
Magma HDI General Insurance Company Limited	Short-term loans and advances given	11.73	1.05	44.44	1.41
	Refund / adjustment of short-term loans and advances given	12.10	-	55.11	-
	Claims received	0.01	-	0.09	-
	Insurance commission income	1.79	0.21	4.03	-
	Insurance premium paid	5.18	0.27*	6.39	0.06
	Advance for mediclaim policy	6.33	6.17	7.71	7.90

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

47 RELATED PARTIES (CONTD.)

Name of related party	Nature of transaction	Transaction value for the year ended March 31, 2024	Outstanding amount as at March 31, 2024	Transaction value for the year ended March 31, 2023	Outstanding amount as at March 31, 2023
	Subscription to public issue of NCD	-	75.00	-	75.00
	Interest accrued but not due on NCD	7.12	7.12	7.88	7.12
	Interest Paid on NCD	7.88	-	7.88	-
Sanoti Properties LLP	Sale of stake in MHDl	-	-	361.39	-
D) Joint venture					
Jaguar Advisory Services Private Limited	Investment in equity shares	-	0.02	-	0.02
E) Key Managerial Personnel					
Mr. Abhay Bhutada	Director's remuneration	5.00	-	5.00	-
	Share based payments	236.21	-	73.07	-
	Share Capital	1.02	-	0.50	-
	Dividend paid	1.00	-	-	-
Mr. Sunil Samdani	Salary	2.48	-	-	-
Mr. Sanjay Miranka	Salary	4.97	-	2.92	-
	Share based payments	6.06	-	0.25	-
	Share Capital	0.07	-	0.00	-
	Share Premium	5.90	-	0.38	-
	Dividend paid	0.07	-	-	-
Mrs. Shabnum Zaman	Salary	0.75	-	0.51	-
	Share based payments	0.70	-	0.19	-
	Share Capital	0.00	-	0.00	-
	Share Premium	0.45	-	-	-
	Dividend paid	0.00	-	0.00	-
F) Directors #					
1 Mr. Adar Cyrus Poonawalla	Sitting fees	0.06	-	0.05	-
2 Mr. Prabhakar Dalal	Sitting fees	0.29	-	0.19	-
	Commission	0.50	0.50	-	-
3 Mr. Amar Sudhakar Deshpande	Sitting fees	0.37	-	0.33	-
4 Mr. Sajid Fazalbhoy	Sitting fees	0.09	-	0.06	-
5 Mr. Atul Kumar Gupta	Sitting fees	0.21	-	0.09	-
	Commission	0.50	0.50	-	-
6 Mr. G Jaganmohan Rao	Sitting fees	0.15	-	0.27	-
7 Mr. Sanjay Kumar	Sitting fees	0.23	-	0.24	-
	Commission	0.50	0.50	-	-
8 Mrs. Vijayalakshmi R Iyer	Sitting fees	0.16	-	0.14	-
9 Mr. Bontha Prasada Rao	Sitting fees	0.16	-	0.15	-
	Commission	0.50	0.50	-	-
10 Ms. Kemisha Soni	Sitting fees	0.01	-	-	-
	Commission	0.08	0.08	-	-

Notes:

- Related parties identified includes related parties as per section 2(76) of the Companies Act, 2013.
- The Company has sold its stake in Grihum Housing Finance Limited (Formerly known as Poonawalla Housing Finance Limited) on July 26, 2023 and it ceased to be a subsidiary from July 26, 2023. Accordingly, transactions for the period ended July 25, 2023 are reported.
- Transactions with related parties have been identified on the basis of related party transactions disclosed in financial statement of the respective subsidiary company.
- * Balance represents receivable by Grihum Housing Finance Limited (Formerly known as Poonawalla Housing Finance Limited) as at July 25, 2023.
- # Sitting fees values are excluding of GST.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

47 RELATED PARTIES (CONTD.)

(iii) Compensation of key managerial personnel

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Short-term employee benefits	12.77	8.13
Post-employment defined benefit*	0.43	0.30
Share-based payments	242.97	73.51
	256.17	81.94

* 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.

48 CONTINGENT LIABILITIES AND COMMITMENTS

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

(a) Contingent liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Claims against the Group not acknowledged as debt		
i) Income tax matters under dispute	4.01	3.94
ii) VAT matters under dispute	6.65	8.20
iii) Service tax matters under dispute	8.03	10.20
iv) Legal cases against the Group *	0.90	2.78

* 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.

- b) 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.
- c) 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.

d) Commitments

Particulars	As at March 31, 2024	As at March 31, 2023
Estimated amount of contracts remaining to be executed on capital account and not provided for	3.01	2.11
Bank Guarantees provided	0.30	-

- e) 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.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

49 DISCONTINUED OPERATIONS

The Company has sold its investment in Grihum Housing Finance Limited ('GHFL') (Formerly known as Poonawalla Housing Finance Limited) on July 26, 2023 (effective date) with the requisite regulatory approvals pursuant to execution of a definitive share purchase agreement with Perseus SG Pte. Ltd., an entity affiliated to TPG Global LLC on December 14, 2022, approval of Board of Directors in their meeting held on December 14, 2022, approval of shareholders on January 22, 2023 and approval of RBI vide its letter dated May 30, 2023.

Upon completion of the aforesaid sale transaction, GHFL ceased to be a subsidiary of the Company from the effective date.

(i) Results of discontinued operations

Particulars	Period ended July 25, 2023	Year ended March 31, 2023
Revenue from operations		
Interest income	264.19	635.30
Fees and commission income	8.15	20.19
Net gain on fair value changes	1.50	-
Net gain on derecognition of financial instruments	14.24	48.13
Total revenue from operations	288.08	703.62
Other income	2.91	12.43
Total Income	290.99	716.05
Expenses		
Finance costs	129.48	279.77
Net loss on fair value changes	0.05	0.53
Impairment on financial instruments	10.98	36.39
Employee benefits expenses	67.45	168.69
Depreciation, amortisation and impairment	4.79	8.97
Other expenses	36.17	67.51
Total Expenses	248.92	561.86
Profit before tax from discontinued operations	42.07	154.19
Income tax on discontinued operations	10.52	38.97
Profit after tax from discontinued operations	31.55	115.22
Other comprehensive income from discontinued operations	(0.19)	0.14
Total comprehensive income from discontinued operations	31.36	115.36
Earnings per equity share (for discontinued operations)		
Basic EPS (₹)	0.41	1.51
Diluted EPS (₹)	0.40	1.49

(ii) Net cash flows attributable to discontinued operations

Particulars	Period ended July 25, 2023	Year ended March 31, 2023
Cash flows (used in) from operating activities	(436.55)	(884.11)
Cash flows (used in) from investing activities	(21.08)	(105.80)
Cash flows generated from financing activities	547.36	1,125.19
Net cash flows generated	89.73	135.28

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

49 DISCONTINUED OPERATIONS (CONTD.)

(iii) Assets and Liabilities of discontinued operations

Particulars	As at March 31, 2024	As at March 31, 2023
Cash and cash equivalents	-	154.81
Bank balances other than cash and cash equivalents	-	40.38
Loans	-	5,438.57
Investments	-	97.35
Other financial assets	-	143.96
Current tax assets (net)	-	0.99
Property, plant and equipment	-	15.01
Intangible assets	-	1.28
Intangible assets under development	-	3.05
Right of use assets	-	48.86
Other non-financial assets	-	26.51
Total Assets	-	5,970.77
Payables	-	21.28
Debt securities	-	283.49
Borrowings (other than debt securities)	-	4,227.45
Subordinated liabilities	-	99.71
Lease liabilities	-	51.31
Other financial liabilities	-	43.24
Deferred tax liabilities (net)	-	15.55
Provisions	-	2.61
Other non-financial liabilities	-	17.55
Total Liabilities	-	4,762.19
Net assets	-	1,208.58

(iv) Details of the sale of the subsidiary

Particulars	Year Ended March 31, 2024	Year ended March 31, 2023
Consideration received	3,583.60	-
Carrying amount of net assets deconsolidated as on July 25, 2023	(1,226.87)	-
Expenses towards sale of subsidiary	(50.24)	-
Consolidation adjustments on account of sale of the subsidiary	2.48	-
Gain on the sale of the subsidiary (before tax)	2,308.97	-
Income tax expense on gain	(567.83)	-
Net gain on the sale of the subsidiary	1,741.14	-

(v) Details of carrying amount of assets and liabilities as on date of sale of subsidiary (July 25, 2023) were as follows :

Particulars	As at July 25, 2023
Loans	5,681.60
Other financial assets	772.17
Non financial assets	117.83
Total Assets	6,571.60
Borrowings (other than debt securities)	4,209.00
Debt securities	850.00
Subordinated liabilities	100.00
Other financial liabilities	128.21
Non financial liabilities	57.52
Total Liabilities	5,344.73
Net Assets	1,226.87

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

50 INTEREST IN OTHER ENTITIES

a. Subsidiaries

The group's subsidiary as at March 31, 2024 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 March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	
Grihum Housing Finance Limited (GHFL) (Formerly Poonawalla Housing Finance Limited) [^]	India	-	99.03	-	0.97	Housing Finance

[^] The Company has sold its stake in Grihum Housing Finance Limited (Formerly known as Poonawalla Housing Finance Limited) on July 26, 2023 and it ceased to be a subsidiary from July 26, 2023.

b. Interests in joint ventures

The joint venture listed below has 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 venture is by the virtue of contractual agreement.

Name of the company	Place of business/ country of incorporation	Relationship	Accounting method	Ownership interest held by the group (in %)		Carrying value		Principal activities
				As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	
Jaguar Advisory Services Private Limited (JASPL)*	India	Joint venture	Equity method	48.89	48.89	50.70	50.70	Manpower and Advisory Services

*Refer Note 18

The joint venture company is unlisted and hence no quoted price is available. Accordingly fair values for the same is not disclosed.

51 STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES, PURSUANT TO FIRST PROVISIO TO SUB-SECTION (3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014 IS GIVEN BELOW:

(a) Financial information of subsidiaries Grihum Housing Finance Limited ('GHFL') (Formerly known as Poonawalla Housing Finance Limited) for the year ended March 31, 2024 and March 31, 2023:

	As at March 31, 2024	As at March 31, 2023
Share capital	-	252.29
Other equity	-	956.29
Total assets	-	5,970.77
Total liabilities	-	4,762.19
Investments	-	97.35
Total income	-	716.05
Profit before taxation	-	154.19
Provision for taxation	-	38.97
Profit after taxation	-	115.22
Dividend (including tax thereon)	-	-
% of shareholding	-	99.03

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

51 STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES, PURSUANT TO FIRST PROVISIO TO SUB-SECTION (3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014 IS GIVEN BELOW: (CONTD.)

(b) Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

As at March 31, 2024

Name of the entity in the group	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Holding								
Poonawalla Fincorp Limited	99.38	8,116.40	122.16	2,055.96	129.69	0.83	122.16	2,056.79
Subsidiary								
-Indian								
Grihum Housing Finance Limited (GHFL)	-	-	1.87	31.55	(29.69)	(0.19)	1.86	31.36
Joint Ventures(as per the equity method)								
-Indian								
Jaguar Advisory Services Private Limited (JASPL)	0.62	50.68	-	-	-	-	-	-
Total Eliminations/ Consolidation Adjustments	-	-	(24.03)	(404.45)	-	-	(24.02)	(404.45)
	100.00	8,167.08	100.00	1,683.06	100.00	0.64	100.00	1,683.70

As at March 31, 2023

Name of the entity in the group	Net assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Holding								
Poonawalla Fincorp Limited	93.48	6,424.70	85.39	584.94	(25.37)	1.36	86.26	586.30
Subsidiary								
-Indian								
Grihum Housing Finance Limited (GHFL)	17.58	1,208.58	16.81	115.22	(2.61)	0.14	16.97	115.36
Joint Ventures(as per the equity method)								
-Indian								
Jaguar Advisory Services Private Limited (JASPL)	0.74	50.68	-	-	-	-	-	-
Total Eliminations/ Consolidation Adjustments	(11.80)	(810.79)	(2.21)	(15.13)	127.98	(6.86)	(3.23)	(21.99)
	100.00	6,873.17	100.00	685.03	100.00	(5.36)	100.00	679.67

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores 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 109 - Financial Instruments.

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:

Particulars	As at March 31, 2024	As at March 31, 2023
Assets		
Securitisation	-	131.81
Carrying amount of assets	-	131.81

Particulars	As at March 31, 2024	As at March 31, 2023
Associated liabilities		
Loans from PTC Investors	-	109.96
Carrying amount of associated liabilities	-	109.96

For those liabilities that have recourse only to the transferred financial assets

Particulars	As at March 31, 2024	As at March 31, 2023
Assets		
Securitisation	-	131.81
Fair value of assets	-	131.81

Particulars	As at March 31, 2024	As at March 31, 2023
Associated liabilities		
Loans from PTC Investors	-	110.09
Fair value of associated liabilities	-	110.09

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

53.1 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT

A. Financial instruments by category

The following table shows the carrying amounts of financial assets and financial liabilities.

Particulars	As at March 31, 2024			Total
	Amortised cost	FVTPL	FVTOCI	
Financial assets:				
Cash and cash equivalents	255.18	-	-	255.18
Bank balance other than cash and cash equivalents	13.36	-	-	13.36
Receivables	28.66	-	-	28.66
Loans	22,046.41	-	-	22,046.41
Investments	366.57	207.98	303.78	878.33
Other financial assets	257.81	-	-	257.81
	22,967.99	207.98	303.78	23,479.75
Financial liabilities:				
Payables	3.37	-	-	3.37
Debt securities	1,227.09	-	-	1,227.09
Borrowings (other than debt securities)	13,616.13	-	-	13,616.13
Subordinated liabilities	236.91	-	-	236.91
Lease liabilities	135.59	-	-	135.59
Other financial liabilities	597.26	-	-	597.26
	15,816.35	-	-	15,816.35

Particulars	As at March 31, 2023			Total
	Amortised cost	FVTPL	FVTOCI	
Financial assets:				
Cash and cash equivalents	601.38	-	-	601.38
Bank balance other than cash and cash equivalents	56.05	-	-	56.05
Receivables	20.67	-	-	20.67
Loans	15,218.53	-	-	15,218.53
Investments	42.54	199.23	268.37	510.14
Other financial assets	363.92	-	-	363.92
	16,303.09	199.23	268.37	16,770.69
Financial liabilities:				
Payables	2.02	-	-	2.02
Debt securities	950.24	-	-	950.24
Borrowings (other than debt securities)	9,804.07	-	-	9,804.07
Subordinated liabilities	365.27	-	-	365.27
Lease liabilities	89.58	-	-	89.58
Other financial liabilities	275.99	-	-	275.99
	11,487.17	-	-	11,487.17

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

- recognised and measured at fair value and
- 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.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

53.1 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTD.)

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2024	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments	303.78	207.98	-	511.76

Assets and liabilities which are measured at amortised cost / others for which fair values are disclosed

As at March 31, 2024	Amortised cost	Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	255.18	255.18	255.18	-	-
Bank balance other than cash and cash equivalents	13.36	13.36	13.36	-	-
Receivables	28.66	28.66	-	-	28.66
Loans	22,046.41	22,010.85	-	-	22,010.85
Investments	366.57	366.57	350.27	16.30	-
Other financial assets	257.81	257.81	-	-	257.81
	22,967.99	22,932.43	618.81	16.30	22,297.32
Financial liabilities:					
Payables	3.37	3.37	-	-	3.37
Debt securities	1,227.09	1,231.74	-	1,231.74	-
Borrowings (other than debt securities)	13,616.13	13,616.13	-	13,616.13	-
Subordinated liabilities	236.91	252.97	-	252.97	-
Lease liabilities	135.59	135.59	-	-	135.59
Other financial liabilities	597.26	597.26	-	-	597.26
	15,816.35	15,837.06	-	15,100.84	736.22

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at March 31, 2023	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments	268.37	199.23	-	467.60

Assets and liabilities which are measured at amortised cost / others for which fair values are disclosed

As at March 31, 2023	Amortised cost	Fair Value	Level 1	Level 2	Level 3
Financial assets:					
Cash and cash equivalents	601.38	601.38	601.38	-	-
Bank balances other than cash and cash equivalents	56.05	56.05	56.05	-	-
Receivables	20.67	20.67	-	-	20.67
Loans	15,218.53	15,166.92	-	-	15,166.92
Investments	42.54	42.54	-	42.54	-
Other financial assets	363.92	363.92	-	-	363.92
	16,303.09	16,251.48	657.43	42.54	15,551.51
Financial liabilities:					
Payables	2.02	2.02	-	-	2.02
Debt securities	950.24	957.61	-	957.61	-
Borrowings (other than debt securities)	9,804.07	9,804.60	-	9,804.60	-
Subordinated liabilities	365.27	389.97	-	389.97	-
Lease liabilities	89.58	89.58	-	-	89.58
Other financial liabilities	275.99	275.99	-	-	275.99
	11,487.17	11,519.77	-	11,152.18	367.59

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

53.1 FINANCIAL INSTRUMENTS - FAIR VALUE AND RISK MANAGEMENT (CONTD.)

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 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.
Financial assets measured at FVTPL	NAV based method.	Not applicable	Not applicable
Investment	NAV based method.	Not applicable	Not applicable

53.2 FAIR VALUE MEASUREMENTS OF DISCONTINUED OPERATIONS

a Financial assets and liabilities

The carrying amounts and fair values of financial instruments by category as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Financial assets measured at amortized cost		
Cash and cash equivalents	-	154.81
Other bank balances	-	40.38
Loans	-	5,438.57
Investments	-	97.35
Other financial assets	-	98.67
(ii) Financial assets measured at fair value through profit and loss		
Other financial assets (Security receipts)	-	45.29
Total	-	5,875.07

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

53.2 FAIR VALUE MEASUREMENTS OF DISCONTINUED OPERATIONS (CONTD.)

Particulars	As at	As at
	March 31, 2024	March 31, 2023
(i) Financial liabilities measured at amortized cost		
Trade payables	-	6.26
Other payables	-	15.02
Debt securities	-	283.49
Borrowings (other than debt securities)	-	4,227.45
Subordinated liabilities	-	99.71
Lease liabilities	-	51.31
Other financial liabilities	-	43.24
Total	-	4,726.48

b Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the Statement of Profit and Loss and other comprehensive income are grouped into three levels of a fair value hierarchy. These three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

b.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

As at March 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through other comprehensive income				
Loans	-	-	-	-
Derivative financial instruments	-	-	-	-
Financial assets at fair value through profit and loss				
Other financial assets - Security receipts	-	-	-	-
Liabilities				
Derivative financial instruments	-	-	-	-
As at March 31, 2023	Level 1	Level 1	Level 1	Level 1
Assets				
Financial assets at fair value through other comprehensive income				
Loans	-	-	-	-
Derivative financial instruments	-	-	-	-
Financial assets at fair value through profit and loss				
Other financial assets - Security receipts	-	45.29	-	45.29
Liabilities				
Derivative financial instruments	-	-	-	-

b.2 Fair value of financial instruments measured at amortized cost

Fair value of instruments measured at amortized cost for which fair value is disclosed is as follows:

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

53.2 FAIR VALUE MEASUREMENTS OF DISCONTINUED OPERATIONS (CONTD.)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and cash equivalents	-	-	154.81	154.81
Other bank balances	-	-	40.38	39.20
Loans	-	-	5,438.57	5,473.39
Investments	-	-	97.35	97.38
Other financial assets	-	-	98.67	98.67
Total	-	-	5,829.78	5,863.45
Financial liabilities				
Trade payables	-	-	6.26	6.26
Other payables	-	-	15.02	15.02
Debt securities	-	-	283.49	282.81
Borrowings (other than debt securities)	-	-	4,227.45	4,227.45
Subordinated liabilities	-	-	99.71	99.71
Lease liabilities	-	-	51.31	51.31
Other financial liabilities	-	-	43.24	43.24
Total	-	-	4,726.48	4,725.80

The following methods and assumptions were used to estimate the fair values:

b.3 Financial instruments measured at fair value and fair value of financial instruments carried at amortized cost

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value and sensitivity
Financial assets and liabilities measured at amortized cost	Discounted cash flows : The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting	Not applicable	Not applicable
Financial assets measured at FVTPL	For Investments Net Asset Value based method has been considered	Not applicable	Not applicable
Financial assets and liabilities measured at FVOCI	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates	The discount rate is the average lending rate at which the loans are disbursed	There is an inverse correlation. Higher the discount rate i.e. average lending rate for the disbursed loans, lower the fair value of the assets.
	Marked to market positions for derivative financial instruments valuation techniques	Marked to market basis the input received from respective institution	There is an direct relationship with the amount/input as provided by the respective financial instruments

54.1 FINANCIAL RISK MANAGEMENT

The Company assumes credit risk, market risk, operational risk, liquidity risk,, interest rate risk, compliance risk, and reputational risk in the normal course of its business. This exposes the Company to a substantial level of inherent financial risk.

i Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

54.1 FINANCIAL RISK MANAGEMENT (CONTD.)

Risk management involves identifying, measuring, monitoring and managing 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.

ii Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's asset on finance.

The carrying amounts of financial assets represent the maximum credit risk exposure.

a) Credit risk management

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- A breach of contract such as a default or past due event
- When a borrower becomes more than 90 days past due in its contractual payments

The Risk Management Committee has established credit policies for various lending products under which each new customer is analyzed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes background verification, financial statements, income tax returns, GST details, credit bureau information, industry information, etc (as applicable).

b) Probability of default (PD)

Analysis of historical data regarding days past due (DPD) or delinquency of loans is the primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by type of product or borrower as well as by DPD. The Company employs statistical methods to analyse the data collected and generate estimates of the PD of exposures.

In case of newly launched products, where the Company does not have sufficient historical data to estimate PD, it uses industry level aggregate data obtained from credit bureaus, or third-party data providers or performance of an existing product which closely resembles the new product. Expected loss has been calculated as an unbiased and probability-weighted amount for multiple scenarios. The probability of default has been calculated for 3 scenarios: upside (16% probability), downside (16%) and base (68%). These weightages have been decided on best practices and expert judgement.

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 90 DPD from its contractual payments or has been classified as NPA as per regulatory classification. The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk (SICR) on an ongoing basis throughout each reporting period. To assess whether there is SICR the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. Following indicators are incorporated:

- DPD analysis as on each reporting date
- significant increase in credit risk on other financial instruments of same borrower

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

54.1 FINANCIAL RISK MANAGEMENT (CONTD.)

d) Exposure at default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation.

To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

e) Loss given default (LGD)

Loss given default (LGD) represents estimated financial loss the Company is likely to suffer in respect of default account and it is used to calculate provision requirement on EAD along with PD. The Company uses collection details on previously defaulted cases for calculating LGD including estimated direct cost of collection from default cases. Appropriate discounting rates are applied to calculate present value of future estimated collection net of direct collection cost. LGD thus calculated is used for all stages, i.e. Stage 1, Stage 2 and Stage 3. For newly launched products, where historical collection data is not available or insufficient, the Company either uses the collection performance of an existing product which closely resembles the new product or industry level aggregate data obtained from credit bureaus/third-party data providers, or regulatory guidance available if any.

f) Discounting

ECL is computed by estimating timing of expected credit shortfalls associated with defaults and discounting them using effective interest rate.

g) Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than 1 month overdue, the credit risk is deemed to have increased significantly since initial recognition.

The Group has applied a three-stage approach to measure expected credit losses (ECL) on loans and other credit exposures accounted for at amortised cost and FVOCI. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Assets migrate through following three stages based on the changes in credit quality since initial recognition:

- (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 Company assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, product type, collateral type, and other relevant factors.

The Company considers defaulted assets as those which are contractually 90 days past due, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually more than 30 days and upto 90 days past due are classified under Stage 2 - life time ECL, not credit impaired, barring those

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

54.1 FINANCIAL RISK MANAGEMENT (CONTD.)

where there is empirical evidence to the contrary. An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12 months ECL from lifetime ECL.

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed models and other historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as macro economic inputs. As required by Ind AS 109, Macro Economic (ME) overlays are required to be factored in ECL Models and accordingly, Group have used consumer price index as the relevant ME variable. Overtime, new ME variable may emerge to have a better correlation and may replace ME being used now.

Further, Stage 1 and Stage 2 assets includes loans where assets are considered as Sub-standard for limited purpose of regulatory disclosures as per RBI notification no. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 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.

The following table provides information about the exposure to credit risk and expected credit loss for assets on finance.

Loans measured at amortised cost

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
As at March 31, 2024				
Current (not past due)	21,406.91	3.09%	662.36	No
Upto 30 days overdue	755.05	11.30%	85.30	No
More than 30 days and upto 60 days overdue	453.49	17.84%	80.90	No
More than 60 days and upto 90 days overdue	161.48	23.42%	37.82	No
More than 90 days overdue	268.45	49.39%	132.59	Yes
	23,045.38	4.33%	998.97	
As at March 31, 2023				
Current (not past due)	13,571.86	0.58%	78.11	No
Upto 30 days overdue	656.15	3.68%	24.15	No
More than 30 days and upto 60 days overdue	707.33	6.71%	47.48	No
More than 60 days and upto 90 days overdue	235.29	11.67%	27.46	No
More than 90 days overdue	329.07	31.60%	103.97	Yes
	15,499.70	1.81%	281.17	

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

54.1 FINANCIAL RISK MANAGEMENT (CONTD.)

Expected credit loss on trade receivables and other financial assets

Trade receivables primarily includes receivables against sale of power, support services and operating lease. These receivables are of short term nature and there has been no impairment allowance on the same. Credit risk on excess interest spread receivable is low as it primarily falls in Stage 1. Other financial asset are measured at FVTPL and hence the credit risk is already factored in the fair value.

Cash and cash equivalents and bank balance other than cash and cash equivalents

The Group holds cash and cash equivalents and bank balance of ₹ 268.54 crores at March 31, 2024 (March 31, 2023: ₹ 657.43 crores). The cash and cash equivalents are held with bank and financial institution counterparties with sound credit ratings.

An analysis of changes in gross carrying amount and corresponding ECL allowances is as follows :

(i) Movements in the gross carrying amount in respect of loans, i.e. asset on finance

Loans measured at amortised cost

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on April 1, 2022	13,600.69	1,489.34	413.04
Transfer to Stage 1	53.02	(45.84)	(7.19)
Transfer to Stage 2	(399.33)	404.88	(5.55)
Transfer to Stage 3	(105.27)	(46.76)	152.03
New financial assets originated or purchased	10,550.69	310.49	31.51
Financial assets that have been derecognised / repaid	(5,146.25)	(576.51)	(131.66)
Write offs	(280.74)	(318.67)	(186.24)
Adjustment for discontinued operations	(3,854.97)	(349.25)	(40.84)
Gross carrying amount on March 31, 2023	14,417.84	867.68	225.10
Transfer to Stage 1	81.64	(78.27)	(3.37)
Transfer to Stage 2	(234.06)	235.86	(1.80)
Transfer to Stage 3	(103.95)	(38.00)	141.95
Loan assets originated or purchased (net of repayments)	17,473.46	227.97	583.44
Loan assets that have been derecognised / repaid (excluding write offs)	(9,031.95)	(425.40)	(97.86)
Write offs	(441.02)	(174.87)	(579.01)
Gross carrying amount on March 31, 2024	22,161.96	614.97	268.45

(ii) Movements in the allowance for impairment in respect of loans, i.e. asset on finance

Loans measured at amortised cost

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Gross carrying amount on April 1, 2022	184.95	224.41	243.24
Transfer to Stage 1	1.20	(1.09)	(0.11)
Transfer to Stage 2	(36.07)	36.78	(0.71)
Transfer to Stage 3	(52.09)	(20.61)	72.70
Loan assets originated or purchased	60.89	19.78	12.10
Loan assets that have been derecognised / repaid (excluding write offs)	(32.61)	(96.01)	(89.76)
Write offs	(11.57)	(43.27)	(118.21)
Adjustment for discontinued operations	(12.44)	(45.05)	(15.29)
Gross carrying amount on March 31, 2023	102.26	74.94	103.96

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

54.1 FINANCIAL RISK MANAGEMENT (CONTD.)

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets for which credit risk has increased significantly and credit-impaired
Transfer to Stage 1	7.65	(6.67)	(0.98)
Transfer to Stage 2	(40.34)	40.87	(0.53)
Transfer to Stage 3	(44.67)	(20.74)	65.41
Loan assets originated or purchased	489.20	48.98	78.49
Loan assets that have been derecognised / repaid (excluding write offs)	283.49	9.94	(55.41)
Write offs	(49.93)	(28.60)	(58.35)
Gross carrying amount on March 31, 2024	747.66	118.72	132.59

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 March 31, 2024	As at March 31, 2023
Gross carrying amount	55.76	122.38
Loss allowance	9.40	17.73
Net carrying amount	46.36	104.65

i) Concentration risk

Pursuant to the guidelines of the RBI, credit exposure to an individual borrower must not exceed 25% of owned fund and 40% of owned fund of the Company to any single group of borrower. The Company is in compliance with these guidelines.

In addition, the Company views the concentration of risk on the basis of below product category.

Loans to customers (carrying value)	As at March 31, 2024	As at March 31, 2023
Asset backed finance (ABF)	4,474.82	4,965.14
Loan against property (LAP)	4,541.84	2,454.15
Personal and Professional Loan	6,647.37	3,645.89
Small and medium enterprise (SME)	5,206.61	4,420.41
NBFC Lending	2,174.74	25.03
Total	23,045.38	15,510.62

Loans to customers (%)	As at March 31, 2024	As at March 31, 2023
Asset backed finance (ABF)	19.42%	32.01%
Loan against property (LAP)	19.71%	15.82%
Personal and Professional Loan	28.84%	23.51%
Small and medium enterprise (SME)	22.59%	28.50%
NBFC Lending	9.44%	0.16%
Total	100.00%	100.00%

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

54.1 FINANCIAL RISK MANAGEMENT (CONTD.)

Fair value of collateral relating to credit impaired financial assets

Particulars	As at March 31, 2024	As at March 31, 2023
Collateral value of underlying assets	443.66	452.05
Gross carrying amount	268.45	225.10
Loss allowance	132.59	103.97

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 liabilities (including interest portion) at the reporting date.

As at March 31, 2024	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	3.37	3.37	3.37	-	-	-
Debt securities	1,227.09	1,356.05	578.78	771.32	0.98	4.97
Borrowings (other than debt securities)	13,616.13	15,187.53	8,075.03	4,376.58	2,563.19	172.73
Subordinated liabilities	236.91	303.15	22.28	263.25	17.62	-
Lease liabilities	135.59	175.30	35.60	69.03	34.12	36.55
Other financial liabilities	597.26	597.26	587.29	9.97	-	-

As at March 31, 2023	Contractual cash flows					
	Carrying amount	Gross nominal outflow	0-12 months	1-3 years	3-5 years	More than 5 years
Non - derivative financial liabilities						
Trade payables	2.02	2.02	2.02	-	-	-
Debt securities	950.24	1,105.00	301.53	797.03	0.99	5.45
Borrowings (other than debt securities)	9,804.07	10,927.89	5,862.11	3,194.84	1,614.06	256.88
Subordinated liabilities	365.27	576.56	168.86	166.05	241.65	-
Lease liabilities	89.58	124.54	27.79	53.29	28.90	14.56
Other financial liabilities	275.99	275.99	271.81	4.18	-	-

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

54.1 FINANCIAL RISK MANAGEMENT (CONTD.)

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 Company's interest-bearing financial instruments is as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Fixed rate instruments		
Financial assets	18,937.91	14,316.54
Financial liabilities	4,672.88	5,477.04
Variable rate instruments		
Financial assets	4,541.84	2,454.15
Financial liabilities	11,143.47	6,010.13

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 March 31, 2024		
Variable rate instruments	(66.02)	66.02
As at March 31, 2023		
Variable rate instruments	(35.56)	35.56

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 year-end balances are not necessarily representative of the average debt outstanding during the year. This analysis assumes that all other variables remain constant.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

54.1 FINANCIAL RISK MANAGEMENT (CONTD.)

Legal and operational risk

Legal risk

Legal risk is the risk relating to losses due to legal or regulatory action that invalidates or otherwise precludes performance by the end user or its counterparty under the terms of the contract or related netting agreements.

The Company has developed preventive controls and formalised procedures to identify legal risks so that potential losses arising from non-adherence to laws and regulations, negative publicity, etc. are significantly reduced.

As at March 31, 2024, there were legal cases pending against the Company aggregating ₹ 0.90 crores (March 31, 2023: ₹ 2.78 crores). 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 and Standard Operating Procedures (SOP)
2. Third party risk management through Outsourcing Risk Policy and SOP
3. Well defined Governance Structure
4. Use of Identification & Monitoring tools and like Risk Control Self- Assessment (RCSA), Key Risk Indicators (KRIs), Risk Appetite Statements (RAS) and Control testing
5. Standardized reporting templates, reporting structure and frequency
6. Regular workshops and training for enhancing awareness and risk culture

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

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

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

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

During the year ended March 31, 2024, 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. Apart from this quarterly RAS monitoring and Outsourcing Risk management was also undertaken during the FY. The OR team helps senior management monitor risks through quarterly reporting of OR information to the Operational Risk Management Committee ('ORMC') and the RMC.

54.2 FINANCIAL RISK MANAGEMENT OF DISCONTINUED OPERATIONS

The Company assumes credit risk, market risk, operational risk, liquidity risk,, interest rate risk, compliance risk, and reputational risk in the normal course of its business. This exposes the Company to a substantial level of inherent financial risk.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

54.2 FINANCIAL RISK MANAGEMENT OF DISCONTINUED OPERATIONS (CONTD.)

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors have established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies.

Efficient and timely management of risks involved in the Company's activities is critical for the financial soundness and profitability of the Company. Risk management involves the identifying, measuring, monitoring, managing and reporting of risks on a regular basis. The objective of risk management is to increase shareholders' value and achieve a return on equity that is commensurate with the risks assumed. To achieve this objective, the Company employs leading risk management practices and recruits skilled and experienced people.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

A Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's asset on finance.

The carrying amounts of financial assets represent the maximum credit risk exposure.

a) Credit risk management

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit impaired asset and significant increase in credit risk is assessed by the following observable data:

- a breach of contract such as a default or past due event;
- when a borrower becomes 90 days past due in its contractual payments;

The risk management committee has established a credit policy under which each new customer is analyzed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, background verification, financial statements, income tax returns, credit agency information, industry information, etc.

b) Probability of default (PD)

Days past due (DPD) analysis is the primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analyzed by jurisdictions or region and type of product or borrower as well as by DPD. The Company employs statistical models to analyze the data collected and generate estimates of the PD of exposures and how these are expected to change as a result of passage of time.

c) Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for Expected Credit Loss (ECL) calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess 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

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

54.2 FINANCIAL RISK MANAGEMENT OF DISCONTINUED OPERATIONS (CONTD.)

recognition. It considers available reasonable and supportive forward-looking information. Following indicators are incorporated:

- DPD analysis as on each reporting date
- significant increase in credit risk on other financial instruments of same borrower
- significant changes in value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

An asset migrates down the ECL Stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12 months ECL from lifetime ECL.

d) Exposure at default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation.

To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

e) Loss given default (LGD)

Loss given default (LGD) represents estimated financial loss the Company is likely to suffer in respect of default account and it is used to calculate provision requirement on EAD along with PD. The Company uses collection details on previously defaulted cases for calculating LGD including estimated direct cost of collection from default cases. Appropriate discounting rates are applied to calculate present value of future estimated collection net of direct collection cost. LGD thus calculated is used for all Stages, i.e. Stage 1, Stage 2 and Stage 3.

f) Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition; if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

The Company has applied a three-Stage approach to measure expected credit losses (ECL) on loans and other credit exposures accounted for at amortized cost and FVOCI. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive Stages of delinquency to write-off. Assets migrate through following three Stages based on the changes in credit quality since initial recognition:

- (a) **Stage 1:** 12 months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.
- (b) **Stage 2:** Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized.
- (c) **Stage 3:** Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortized cost

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

54.2 FINANCIAL RISK MANAGEMENT OF DISCONTINUED OPERATIONS (CONTD.)

g) Expected credit loss on Loans

The Company assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, product type, collateral type, and other relevant factors.

The Company considers defaulted assets as those which are contractually past due 90 days, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually past due 30 days are classified under Stage 2 - life time ECL, not credit impaired, barring those where there is empirical evidence to the contrary. An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data. In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors. Since incorporating these forward looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.

Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information such as macro economic inputs. As required by Ind AS 109, Macro Economic (ME) overlays are required to be factored in ECL Model. Overtime, new ME variable may emerge to have a better correlation and may replace ME being used now.

The following table provides information about the exposure to credit risk and expected credit loss for loans :

Loans measured at amortized cost

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit - impaired
As at March 31, 2024				
Current (not past due)(Stage 1)	-	-	-	No
1-30 days past due(Stage 1)	-	-	-	No
31-60 days past due(Stage 2)	-	-	-	No
61-90 days past due(Stage 2)	-	-	-	No
More than 90 days past due(Stage 3)	-	-	-	Yes
As at March 31, 2023				
Current (not past due)(Stage 1)	5,150.47	0.31%	15.90	No
1-30 days past due(Stage 1)	168.20	3.22%	5.41	No
31-60 days past due(Stage 2)	113.60	10.55%	11.99	No
61-90 days past due(Stage 2)	28.50	18.39%	5.24	No
More than 90 days past due(Stage 3)	37.08	55.93%	20.74	Yes
	5,497.85	1.08%	59.28	

Expected credit loss on other financial assets

Other financial assets primarily includes excess interest spread receivable and security receipts. Credit risk on excess interest spread receivable is low as it primarily falls in Stage 1. Security receipts are measured at FVTPL and hence the credit risk is already factored in the fair value.

An analysis of changes in gross carrying amount and corresponding ECL allowances is as follows

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

54.2 FINANCIAL RISK MANAGEMENT OF DISCONTINUED OPERATIONS (CONTD.)

h) Movements in the gross carrying amount in respect of loans and other financial assets

(i) Loans measured at amortized cost

Reconciliation of gross carrying amount	Stage 1	Stage 2	Stage 3
Gross carrying amount on March 31, 2022	3,859.56	349.26	40.84
Transfer from Amortised cost to Fair value through OCI	-	-	-
Transfer to Stage 1	159.14	(156.76)	(2.38)
Transfer to Stage 2	(63.67)	64.87	(1.20)
Transfer to Stage 3	(19.50)	(11.38)	30.88
Loans assets originated or purchased	2,313.96	5.83	1.35
Net Financial assets that have been derecognised/repaid(excluding write offs)	(920.35)	(97.82)	(32.27)
Write offs (net of recoveries)	(10.47)	(11.90)	(0.14)
Gross carrying amount on March 31, 2023	5,318.67	142.10	37.08
Transfer to Stage 1	-	-	-
Transfer to Stage 2	-	-	-
Transfer to Stage 3	-	-	-
Transfer to Stage 2	-	-	-
Net Financial assets that have been derecognised/repaid(excluding write offs)	-	-	-
Write offs (net of recoveries)	-	-	-
Gross carrying amount on March 31, 2024	-	-	-

(ii) Movements in the allowance for impairment in respect of loans and other financial assets

The movement in the allowance for impairment in respect of asset on finance is as follows:

Loans measured at amortized cost

Reconciliation of loss allowance	Loss allowance measured at 12 month expected losses(Stage 1)	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired(Stage 2)	Financial assets for which credit risk has increased significantly and credit-impaired(Stage 3)
Loss allowance on March 31, 2022	12.45	45.05	15.29
Transfer from Amortised cost to Fair value through OCI	-	-	-
Transfer to Stage 1	13.79	(13.67)	(0.12)
Transfer to Stage 2	(8.09)	8.23	(0.14)
Transfer to Stage 3	(7.30)	(10.26)	17.56
Loans assets originated or purchased	2.24	0.71	0.48
Loans assets that have been derecognised/repaid(excluding write offs)	18.68	(0.93)	(12.19)
Write offs (net of recoveries)	(10.46)	(11.90)	(0.14)
Loss allowance on March 31, 2023	21.31	17.23	20.74
Transfer from Amortised cost to Fair value through OCI	-	-	-
Transfer to Stage 1	-	-	-
Transfer to Stage 2	-	-	-
Transfer to Stage 3	-	-	-
Loans assets originated or purchased	-	-	-
Loans assets that have been derecognised/repaid(excluding write offs)	-	-	-
Write offs (net of recoveries)	-	-	-
Loss allowance on March 31, 2024	-	-	-

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

54.2 FINANCIAL RISK MANAGEMENT OF DISCONTINUED OPERATIONS (CONTD.)

B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows :

March 31, 2024	Less than 1 year	1-3 year	More than 3 years	Total
Non-derivatives				
Debt Securities	-	-	-	-
Borrowings (other than debt securities)	-	-	-	-
Subordinated liabilities	-	-	-	-
Payables	-	-	-	-
Other financial liabilities	-	-	-	-
Lease liabilities	-	-	-	-
Total	-	-	-	-

March 31, 2023	Less than 1 year	1-3 year	More than 3 years	Total
Non-derivatives				
Debt Securities	288.14	-	-	288.14
Borrowings (other than debt securities)	916.00	1,793.18	2,217.04	4,926.22
Subordinated liabilities	12.53	124.97	-	137.50
Payables	21.28	-	-	21.28
Other financial liabilities	43.24	-	-	43.24
Lease liabilities	9.23	17.09	24.99	51.31
Total	1,290.42	1,935.24	2,242.03	5,467.69

C) Market risk

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company – primarily INR. In addition, interest on borrowings is denominated in the currency of the borrowing.

D) Interest rate risk

Exposure to interest rate risk:

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Fixed rate instruments		
Financial assets	-	996.20
Financial liabilities	-	644.72
Variable rate instruments		
Financial assets	-	4,878.87
Financial liabilities	-	4,081.76

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

54.2 FINANCIAL RISK MANAGEMENT OF DISCONTINUED OPERATIONS (CONTD.)

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs.

The Company is subject to variable interest rates on some of its interest bearing liabilities. The Company's interest rate exposure is mainly related to debt obligations. The Company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short-term loans.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased or decreased equity and profit or loss by the amounts shown below :

Particulars	Profit or (loss)	
	100 bps increase	100 bps decrease
March 31, 2024		
Variable rate instruments	-	-
Cash flow sensitivity (net)	-	-
March 31, 2023		
Variable rate instruments	7.97	(7.97)
Cash flow sensitivity (net)	7.97	(7.97)

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period. This analysis assumes that all other variables remain constant.

55 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Particulars	As at April 1, 2023	Loan Taken	Loan Paid	Non Cash Changes*	Adjustment for discontinued operations	As at March 31, 2024
Debt securities	950.24	500.00	(225.00)	1.85	-	1,227.09
Borrowings (other than debt securities)	9,804.07	10,564.26	(6,752.90)	0.70	-	13,616.13
Subordinated liabilities	365.27	-	(129.12)	0.76	-	236.91
Total Liabilities from financing activities	11,119.58	11,064.26	(7,107.02)	3.31	-	15,080.13

Particulars	As at April 1, 2022	Loan Taken	Loan Paid	Non Cash Changes*	Adjustment for discontinued operations	As at March 31, 2023
Debt securities	939.96	500.00	(211.53)	1.47	(279.66)	950.24
Borrowings (other than debt securities)	8,380.48	4,600.00	(379.15)	6.53	(2,803.79)	9,804.07
Subordinated liabilities	588.39	-	(124.71)	1.16	(99.57)	365.27
Total Liabilities from financing activities	9,908.83	5,100.00	(715.39)	9.16	(3,183.02)	11,119.58

* 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 March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

56 REVENUE FROM CONTRACTS WITH CUSTOMERS

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(a) Below table provides disaggregation of the Company's revenue from contracts with customers:		
Revenue by type of service		
Fees and commission income	73.22	61.54
Other income	22.30	32.05
Total	95.52	93.59
Revenue by geographical markets		
India	95.52	93.59
Outside India (Country wise, if significant)	-	-
Total	95.52	93.59
Revenue by timing of recognition of revenue		
Performance obligation satisfied at a point in time	95.52	93.59
Performance obligation satisfied over period of time	-	-
Total	95.52	93.59
(b) Trade Receivables *	28.92	20.39
	28.92	20.39

No revenue from transactions with a single customer amounted to 10% or more of the Company's total revenue for the year ended March 31, 2024 and March 31, 2023.

*Excluding receivables from operating lease rentals

57 ADDITIONAL INFORMATION

- The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- The quarterly information statement filed by the Group with banks or financial institutions are in agreement with the books of accounts.
- The Group has not been declared as Wilful defaulter by any banks, financial institution or other lenders.
- The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- 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.
- 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.
- The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries except loans or advances given in normal course of business.
- 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).
- The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

57 ADDITIONAL INFORMATION (CONTD.)

- Relationship with Struck off Companies :

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

- The Ministry of Corporate Affairs (MCA) has prescribed a new requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment Rules 2021 requiring companies, which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

The Group has enabled the audit trail (edit logs) facility of the accounting software used for maintenance of all accounting records during the year ended March 31, 2024 except for cases mentioned as below:

In case of accounting software Finmechanics implemented from June 01, 2023 maintained for borrowing records of the Holding Company, audit trails are available through front end and every action performed by user is being tracked. No Database level activity is being executed but as additional measure Company has enabled database audit trail post March 20, 2024.

In case of accounting software CCA maintained for loan records of the Holding Company, the audit trail (edit logs) are enabled at database level to capture the changes by user at action level, action name and object change and not at query details level.

In case of accounting software Finnone maintained for loan records of the Holding Company, audit of service organisation for the year ended March 31, 2024 is under process and hence Service Organisation Control Type 2 report not yet available with the Company.

- Figures of previous year have been regrouped / reclassified, wherever necessary, to make them comparable with current year and the impact of such regrouping / reclassification are not material to consolidated financial statements

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2024 (Contd.)

(All amounts are in ₹ Crores unless otherwise stated)

58 OPERATING SEGMENTS

The Executive Committee (Excom) of the Company has been identified as the Chief Operating Decision Maker ('CODM') as defined by Ind AS 108, "Operating Segments." The Company's operating segments are established in the manner consistent with the components of the Company that are evaluated regularly by the CODM. The Company is engaged primarily in the business of financing and there are no separate reportable segments as per Ind AS 108. There are no operations outside India and hence there is no external revenue or assets which require disclosure.

No revenue from transactions with a single external customer amounted to 10% or more of the Company's total revenue in year ended March 31, 2024 or March 31, 2023.

For and on behalf of the Board of Directors of
Poonawalla Fincorp Limited

For Walker Chandiok & Co LLP Chartered Accountants Firm Registration No:001076N/ N500013	For Kirtane & Pandit LLP Chartered Accountants Firm Registration No:105215W/ W100057	Amar Deshpande Director (DIN : 07425556)	Abhay Bhutada Managing Director (DIN : 03330542)
Khushroo B. Panthaky Partner Membership No: 042423 Place: Pune Date: April 29, 2024	Sandeep D. Welling Partner Membership No: 044576 Place : Pune Date : April 29, 2024	Shabnum Zaman Company Secretary Membership No: 13918 Place : Pune Date : April 29, 2024	Sanjay Miranka Chief Financial Officer Place : Pune Date : April 29, 2024

Corporate Information

CIN: L51504PN1978PLC209007

BOARD OF DIRECTORS

Mr. Adar Cyrus Poonawalla

Chairman, Non-Executive Director

Mr. Abhay Bhutada

Managing Director

(Non – Executive Director w.e.f June 10, 2024)

Mr, Arvind Kapil

Managing Director and CEO (w.e.f June 10, 2024)

Mr. Sunil Samdani

Executive Director

Mr. Amar Deshpande

Non-Executive Director

Mr. Bontha Prasada Rao

Independent Director

Mr. Prabhakar Dalal

Independent Director

Mr. Sanjay Kumar

Independent Director

Mr. Atul Kumar Gupta

Independent Director

Ms. Kemisha Soni

Independent Director

CHIEF FINANCIAL OFFICER

Mr. Sanjay Miranka

COMPANY SECRETARY

Ms. Shabnum Zaman

BANKERS/FINANCIAL INSTITUTIONS

- » Axis Bank Limited
- » Bank of Maharashtra
- » Bank of Baroda
- » Bank of India
- » HDFC Bank Limited
- » HSBC
- » Indian Bank
- » ICICI Bank Limited
- » IDBI Bank Limited
- » Indian Overseas Bank
- » IDFC FIRST Bank Limited
- » Punjab National Bank
- » State Bank of India
- » Small Industries Development Bank of India (SIDBI)
- » Union Bank of India
- » UCO Bank

JOINT STATUTORY AUDITORS

Walker Chandiok & Co LLP

Chartered Accountants

16th Floor, Tower III, One International Center, SB Marg, Prabhadevi (West), Mumbai – 400073.

Kirtane & Pandit LLP

Chartered Accountants

601, 6th Floor, Earth Vintage Senapati Bapat Marg, Dadar (West), Mumbai - 400028.

SECRETARIAL AUDITOR

SIUT & Co. LLP

Practicing Company Secretaries

MSR Capital, Office no. 15, 2nd Floor, Morwadi Court Road, Pimpri, Pune – 411018.

REGISTERED & CORPORATE OFFICE

201 and 202, 2nd floor, AP81, Koregaon Park Annex, Mundhwa, Pune – 411 036, Maharashtra

Tel: (020) 67808090

E-mail : secretarial@poonawallafincorp.com

Website: www.poonawallafincorp.com

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Ltd

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

Tel.: (022) 49186000

E-mail: rnt.helpdesk@linkintime.co.in

Website : www.linkintime.co.in

K Fin Technologies Limited

(Retail Non-Convertible 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

List of Policies:

Sr. No.	Name of the Policy	Description of/Link to the Policy
1	Breach of Integrity and Whistle Blower Vigil Mechanism Policy	https://poonawallafincorp.com/pfca/assets/pdf/Breach-of-Integrity-and-Whistle-Blower-Vigil-Mechanism-Policy.pdf
2	Business Continuity Management Policy	This Policy is established to ensure emergency response, resumption, recovery and restoration of Company's processes and business activities during a disaster.
3	Cloud Adoption Policy	This policy provides due diligence to manage and continually monitor the risk associated with system deployed in cloud service provider's environment.
4	Code for Independent Directors	https://poonawallafincorp.com/pfca/assets/pdf/PFL-Code-for-Independent-Directors.pdf
5	Code of Business Ethics	https://poonawallafincorp.com/pfca/assets/pdf/PFL-Code-of-Business-Ethics.pdf
6	Code of Conduct to Regulate, Monitor and Report and Trading by Designated Persons	This Code is framed for Prevention of Insider Trading by the Designated Persons and their immediate relatives, in relation to the securities of the Company and to regulate, monitor and report trading by the Designated Persons and their immediate relatives of the Company in the securities of the Company.
7	Code of Conduct and Discipline Rules	This Code of Conduct intends to provide standard of business conducts. The purpose of the Code is to deter wrong doing and promote discipline.
8	Code of Conduct of Direct Selling Agents (DSAs) /Direct Marketing Agents(DMAs)/ Debt Recovery Agents (DRAs).	This Code is a set of guidelines designed to ensure that DSAs/ DMAs/ DRAs of the Company act and conduct themselves in conformity with the laid down policies and procedures as set in the Code. The Code lays down the rules and regulations with respect to the important aspects of selling & distribution process, marketing process and debt recovery process.
9	Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	https://poonawallafincorp.com/pfca/assets/pdf/Code-of-Fair-Disclosure.pdf
10	Compliance Policy	This Policy deals with the regulatory compliances associated with various regulations issued by RBI.
11	Corporate Governance Policy	https://poonawallafincorp.com/pfca/assets/pdf/PFL-Corporate-Governance-Policy.pdf
12	Corporate Social Responsibility Policy	https://poonawallafincorp.com/pfca/assets/pdf/CSR-Policy.pdf
13	Cyber Security Policy	This policy institutes the Cyber Security Framework based on industry best practices and regulatory guidelines and to identify, protect, detect, respond to, recover from, test, learn and be aware of Cybersecurity incidents.
14	Diversity and Inclusion Policy	This policy articulates our commitment to creating a diverse workforce and an inclusive workplace where all employees are treated with respect and dignity.
15	Dividend Distribution Policy	https://poonawallafincorp.com/pfca/assets/pdf/Dividend-Distribution-Policy.pdf
16	Environmental and Social Governance Policy and Governance Framework.	This policy outlines the Company's commitment to good corporate governance, fair treatment of stakeholders and responsibility towards the environment. Through this policy, PFL commits to embed ESG with its vision, mission, and values to foster a positive impact in the society.
17	Equal Opportunity Policy	This Policy is framed to assure that there shall be no discrimination or harassment against any employee or applicant on the grounds of race, color, religion, sex, age, marital status, disability, national origin, political opinion, sexual orientation and HIV status, or any other factor made unlawful by applicable laws and regulations.
18	Fair Practice Code	The Fair Practice Code is aimed to provide to all the stake holders, especially customers effective overview of practices followed by PFL in respect of the financial facilities and services offered by the Company to its customers.
19	Grievance Redressal Policy	https://poonawallafincorp.com/pdf/Grievance-Redressal-Policy.pdf
20	Information and IT Risk Management Policy	This Policy outlines the IT risk assessment methodology and provides guidance to identify relevant risks.
21	Information Security Policy	The Information Security Policy defines appropriate responsibilities, authority and relationships to manage information security in PFL.
22	Information Technology Management Policy	The Policy defines set of Standards, Guidelines, Standard Operating Procedures (SOP) and Templates detailing each process and activities encompassing all the strategic and operational areas of Information Technology and its use in PFL.
23	Integrated Risk Management Policy	The policy includes a Risk Governance Structure for PFL, which will enable it to assess, manage and mitigate risks arising out of its business. It is the umbrella policy which governs the various sub-components of the Risk Governance Framework.

Sr. No.	Name of the Policy	Description of/Link to the Policy
24	Interest and Penal Charges Policy	This Policy is aimed to make available the rates of interest, penal charges, and the approach for gradation of risks in the loan being disbursed by the PFL.
25	Investor Grievance Policy	This Policy aims for effective redressal of investor complaints and grievances.
26	KYC and Anti Money Laundering (AML) Policy	The KYC standards and AML measures enable us to understand our customers or beneficial owners and their financial dealings, which in turn helps us to manage our risks prudently.
27	Operational Risk Management Policy	This policy is established for identification, assessment, measurement, monitoring and control/mitigation of Operational Risk at an ongoing basis.
28	Outsourcing Policy	This Policy outlines the criteria for selection of Service Providers, materiality of services Outsourced, delegation of authority depending on risks and materiality and systems to monitor and review the operations of the activities outsourced.
29	Policy for Appointment of Statutory Auditors	https://poonawallafincorp.com/pfca/assets/pdf/Policy-on-appointment-of-Statutory-Auditors.pdf
30	Policy for Determining Material Subsidiaries	https://poonawallafincorp.com/pfca/assets/pdf/Policy-on-Material-Subsidiary.pdf
31	Policy for Prevention of Sexual Harassment	https://poonawallafincorp.com/pfca/assets/pdf/PFL-Posh-Policy.pdf
32	Policy on Common Guidelines for Digital Loans	This Policy defines the common guidelines for digital lending to support orderly growth of credit delivery through digital lending methods.
33	Policy on Fit and Proper Criteria for Directors	The Policy shall be applicable to all the directors of the Company. The Policy provides general guidance to the Directors to perform the activities regulated under the applicable law efficiently, honestly, fairly and act in the best interests of the Company.
34	Policy on Process for Disposal of E-Waste Items	This Policy is established to ensure a systematic and planned disposal of assets which are identified as e-waste.
35	Policy on Related Party Transaction	https://poonawallafincorp.com/pfca/assets/pdf/PFL-Related-Party-Transaction-Policy.pdf
36	Privacy Policy	https://poonawallafincorp.com/privacy-policy.php
37	Remuneration Policy	https://poonawallafincorp.com/pfca/assets/pdf/PFL-Remuneration-Policy.pdf

Glossary

Term	Description
ABF	Asset Backed Finance
AGM	Annual General Meeting
AI	Artificial Intelligence
ALCO	Asset Liability Management Committee
ALM	Asset Liability Management
AML	Anti Money Laundering
API	Application Programming Interface
AUM	Asset Under Management
BCMS	Business Continuity Management System
BL	Business Loan
BRE	Business Rules Engine
BRSR	Business Responsibility and Sustainability Report
CAFRAL	Centre for Advanced Financial Research and Learning
CAGR	Compound annual growth rate
CAPA	Corrective Action Preventive Action
CC	Cash credit
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGTMSE	Credit Guarantee Fund Trust for Micro and Small Enterprise
CIA	Chief Internal Auditor
CII	Confederation of Indian Industry
CIN	Corporate Identity Number
CODM	Chief operating decision maker
CRAR	Capital to risk-weightage asset ratio
CRM	Customer Relationship Management
CRO	Chief Risk Officer
CSR	Corporate Social Responsibility
DC	Designated Consumers
DCFC	Daily Control Function Chart
DMA	Direct Marketing Agent
DP	Depository Participant
DPD	Days past due
DRA	Debt Recovery Agent
DSA	Direct selling Agent
EAD	Exposure at default
ECL	Expected Credit Loss
ECLGS	Emergency Credit Line Guarantee Scheme
EMI	Equated Monthly Installment
EOGM	Extra Ordinary General Meetings
EPR	Extended Producer Responsibility
EPS	Earning per share
ERM	Emergency Response Team
ESG	Environment, Social and Governance
ESOP	Employee Stock Option Plan
ESOS	Employee Stock Option Scheme
FAQ	Frequently Asked Questions
FDI	Foreign Direct Investment
FICCI	The Federation of Indian Chambers of Commerce and Industry
FIDC	Finance Industry Development Council
FLC	Financial Literacy Centers

Term	Description
FRMU	Fraud Risk Management Unit
FVTOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit and loss
FY	Financial Year
GDP	Gross Domestic Product
GHFL	Grihum Housing Finance Limited
HAP	Hazardous air pollutants
HFC	Housing Financial Companies
HQLA	High quality liquid assets
HR	Human Resources
IaaS	Infrastructure-as-a-Service
IC	Internal Committee
ICAAP	Internal Capital Adequacy Assessment Process
ICAI	Institute of Chartered Accountants of India
ICL	Inter-Corporate Loan Limits
IEPF	Investor Education and Protection Fund
IFC	Internal Finance Control
IMF	International Monetary Fund
IMPS	Immediate payment service
Ind-AS	Indian Accounting Standards
INFOSEC	Information Security
IPDI	Innovative Perpetual Debt Instruments
IRM	Integrated Risk Management
IS	Information System
ISO	International Organization for Standardization
IST	Indian Standard Time
IT	Information Technology
ITGRCA	Information Technology Governance, Risk, Controls and Assurance Practices
JASPL	Jaguar Advisory Services Private Limited
JD	Job Description
JV	Joint Venture
KMP	Key Managerial Personnel
KRI	Key Risk Indicators
KYC	Know your customer
LAN	Loan Account Number
LAP	Loan against Property
LC	Large Corporates
LCA	Life Cycle Perspective / Assessments
LCR	Liquidity coverage ratio
LGD	Loss given default
Listing Centre	BSE Listing Centre
LLP	Limited Liability Partnership
LTP	Loan to Professionals
Magma HDI / MHDI	Magma HDI General Insurance Company Limited
MCA	Ministry of Corporate Affairs
MCLR	Marginal Cost of Funds based Lending Rate
MRR	Minimum retention requirement
MSME	Micro, Small and Medium Enterprises
NACH	National Automated Clearing House

Term	Description
NBFC	Non-Banking Financial Company
NBFC-ML	NBFC-Middle Layer
NBFC-ND-SI-ICC	Systemically Important Non-Deposit Taking NBFC-Investment and Credit Company'
NBFC-U	NBFC-Upper Layer
NCD	Non-Convertible Debentures
NEAPS	NSE Electronic Application Processing System
NGRBC	National Guidelines on Responsible Business Conduct
NIM	Net Interest Margin
NOC/NDC	No-Object Certificate/No-Due Certificate
NPA	Non-performing Asset
NPS	Net Promoter Score
NRC	Nomination and Remuneration Committee
NSDL	National Securities Depository Limited
NSO	National Statistical Office
OAVM	Other Audio Visual Means
OCI	Other comprehensive income
ODR	Online Dispute Resolution
OR	Operational Risk
ORMC	Operational Risk Management Committee
PA	Public Announcement
PaaS	Platform-as-a-Service
PAF	Project Affected Families
PAT	Profit After Tax
PCR	Provisioning Coverage Ratio
PD	Probability of default
PFL	Poonawalla Fincorp Limited
PFL EWT	PFL Employee welfare trust
PL	Personal Loan
PLI	Production Linked Incentive
PM	Particulate matter
PMGKAY	Pradhan Mantri Garib Kalyan Anna Yojana
POC	Pre-owned Car
POP	Persistent organic pollutants
POSH	Prevention of Sexual Harassment
PPE	Property, plant and equipment
PPP	Purchasing Power Parity
PR	Public Relations
PTC	Pass through certificates
PUC	Projected unit credit
PV	Passenger Vehicle
QR code	Quick Response Code
QRG	Query, Request and Grievances
R&R	Rehabilitation and Resettlement
RBI	Reserve Bank of India
RCA	Root Cause Analysis
RCSA	Risk and Control Self-Assessment
RMCB	Risk Management Committee of the Board

Term	Description
RO	Regional Office
ROA	Return on average assets
RoC	Registrar of Companies, Maharashtra
ROE	Return on average equity
ROU assets	Right of Use Assets
RRB	Regional Rural Banks
RSHPL	Rising sun holdings private limited
RSO	Restricted stock options
RSOP	Restricted stock option plan
RTA	Registrars and Share Transfer Agents
SaaS	Software-as-a-Service
SARFAESI	Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002
SAs	Standards on Auditing
SAE	Standard on Assurance Engagement
SCA/SA	Statutory Central Auditors / Statutory Auditors
SCB	Scheduled Commercial Bank
SCF	Supply Chain Finance
SCORES	SEBI Complaints Redress System
SEBI	Securities Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SIA	Social Impact Assessment
SIAM	Society of Indian Automobile Manufacturers
SICR	Significant increase in credit risk
SIDBI	Small Industries Development Bank of India
SLA	Service Level Agreement
SMA	Special Mention Accounts
SME	Small and Medium Enterprise
SMP	Senior Management Personnel
SPV	Special Purpose Vehicle
SS	Secretarial Standards
SSM	Senior Supervisory Manager
Stock Exchanges	BSE and NSE
STPL	Small Ticket Personal Loan
Sub-debt	Subordinated debt
TAT	Turnaround Time
Tier I Capital	As defined under RBI regulations for NBFCs
Tier II Capital	As defined under RBI regulations for NBFCs
UCB	Urban Co-operative Bank
USP	Unique Selling Proposition
VC	Video Conferencing
VOC	Volatile organic compounds
WCDL	Working capital demand loan
WDM	Wholesale Debt Market
XBRL	eXtensible Business Reporting Language



POONAWALLA FINCORP LIMITED

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

NOTICE OF ANNUAL GENERAL MEETING

Remote e-VOTING STARTS ON	Remote e-VOTING ENDS ON
Friday, July 19, 2024 at 09:00 a.m. (IST)	Monday, July 22, 2024 at 05:00 p.m. (IST)

Notice is hereby given that the **44th Annual General Meeting ('AGM/Meeting')** of the Members of Poonawalla Fincorp Limited (hereinafter referred to as '**Company'**'/ '**the Company'**') will be held on Tuesday, July 23, 2024 at 02:00 P.M. Indian Standard Time ('**IST'**') through Video Conferencing ('**VC'**')/ Other Audio - Visual Means ('**OAVM'**') to transact the following businesses.

ORDINARY BUSINESS:

- To receive, consider and adopt the audited standalone financial statements of the Company for the financial year ended March 31, 2024 together with the Reports of the Board of Directors' and Auditors' thereon:**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

'RESOLVED THAT the audited standalone financial statements of the Company for the financial year ended March 31, 2024, together with the Reports of the Board of Directors and Auditors thereon, be and are hereby received, considered and adopted.'

- To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended March 31, 2024 together with the Report of Auditors' thereon:**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

'RESOLVED THAT the audited consolidated financial statements of the Company for the financial year ended March 31, 2024 and the report of the Auditors thereon, be and are hereby received, considered and adopted.'

- To re-appoint Mr. Abhay Bhutada (DIN: 03330542), who retires by rotation and, being eligible, has offered himself for re-appointment.**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

'RESOLVED THAT Mr. Abhay Bhutada (DIN:03330542), Director, who retires by rotation at this Meeting and being eligible for re-appointment in accordance with the provisions of Section 152 of the Companies Act, 2013, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.'

- To appoint M S K A & Associates, Chartered Accountants, (Firm Registration Number: 105047W) as a Joint Statutory Auditor of the Company and to fix their Remuneration:**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution: -**

'RESOLVED THAT pursuant to the provisions of Section 139 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), read with the Companies (Audit and Auditors) Rules, 2014, and any other applicable rules made thereunder, RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 ('RBI Guidelines') read with the policy for appointment of Statutory Auditors, applicable regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment(s), modification(s), variation(s) or re-enactment(s) thereof), the provisions of the Articles of Association, pursuant to the recommendation of the Audit Committee and the Board of Directors of the Company, approval of the Members be and is hereby accorded for the appointment of M S K A & Associates, Chartered Accountants, (Firm Registration Number:105047W) who being eligible for appointment as Statutory

Auditors in terms of Section 141 of the Act and applicable rules and the said RBI Guidelines as the Joint Statutory Auditor of the Company, and to hold office for a period of 3 (three) financial years from the conclusion of forty fourth (44th) Annual General Meeting till the conclusion of the forty seventh (47th) Annual General Meeting of the Company to conduct audit of accounts of the Company, at a remuneration mentioned in the statement annexed herewith.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as 'Board', which term shall be deemed to include any Committee constituted or any person(s) authorised by the Board in this regard) be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to implementation of the aforesaid resolution including but not limited to determination of roles and responsibilities/scope of work of the Joint Statutory Auditors, negotiating, finalising, amending, signing, delivering, executing, the terms of appointment including any contracts or documents in this regard and to alter and vary the terms and conditions of remuneration arising out of increase in scope of work, amendment in Accounting Standards or regulations and such other requirements resulting in the change in scope of work, etc. without being required to seek any further consent or approval of the Members of the Company.

SPECIAL BUSINESS:

- To appoint Mr. Arvind Kapil (DIN: 10429289) as a Managing Director and Chief Executive Officer of the Company:**

To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

'RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and any other applicable rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and the rules, circulars and guidelines

issued by the Reserve Bank of India ('RBI') in this regard from time to time and the provisions of the Articles of Association of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee and Board of Directors of the Company, approval of the Members be and is hereby accorded for the appointment of Mr. Arvind Kapil (DIN:10429289), who was appointed as an Additional Director in the capacity of Managing Director and Chief Executive Officer of the Company pursuant to the provisions of Section 161 of the Act read with Regulation 17(1C) of the SEBI Listing Regulations to hold office up to the date of ensuing General Meeting or three months from the date of his appointment, whichever is earlier and in respect of whom the Company has received a notice in writing under Section 160 (1) of the Act from a Member proposing his candidature for the office of the Director, as a director of the Company with effect from June 10, 2024, whose office shall be liable to retire by rotation.

'RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197, 198 and 203 read with Schedule V and all other applicable provisions, if any, of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and any other applicable rules made thereunder, the SEBI Listing Regulations, and the rules, circulars and guidelines issued by the RBI in this regard from time to time, other applicable laws and pursuant to the Articles of Association of the Company and pursuant to the recommendation of Nomination and Remuneration Committee and Board of Directors of the Company, the consent of the Members be and is hereby accorded for appointment of Mr. Arvind Kapil (DIN: 10429289), as the Managing Director and Chief Executive Officer of the Company designated as Key Managerial Personnel for a period of 5 (five) years with effect from June 10, 2024 till June 09, 2029 (both dates inclusive), who shall be liable to retire by rotation and on such terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice (including remuneration to be paid in the event of loss or inadequacy of profits in any financial year or years during the term of his appointment as Managing Director and Chief Executive Officer of the Company), with liberty to the Board of Directors of the Company (including Nomination and Remuneration Committee

of the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration, as it may deem fit and as may be agreed to between the Board of Directors and Managing Director and Chief Executive Officer provided that such alteration or variation, as the case may be, is in accordance with the Act or any amendments thereto.

Registered Office:

201 and 202, 2nd Floor, AP81,
Koregaon Park Annex,
Mundhwa, Pune – 411 036
Maharashtra
Place : Pune
Date: June 01, 2024

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as 'Board', which term shall be deemed to include any Committee constituted or any person(s) authorised by the Board in this regard), be and is hereby authorised to do all acts, deeds, matters and things as may be deemed necessary and/or expedient in connection therewith or incidental thereto, to give effect to the foregoing resolution.'

**By order of the Board of Directors
For Poonawalla Fincorp Limited**

Sd/-
Shabnum Zaman
Company Secretary
ACS No.: 13918

NOTES FOR MEMBERS' ATTENTION:

Virtual Meeting:

1. The Ministry of Corporate Affairs, Government of India ('MCA') vide its General Circular No. 14/2020 dated April 08, 2020, the General Circular No. 17/2020 dated April 13, 2020, the General Circular No. 22/2020 dated June 15, 2020, the General Circular No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020, the General Circular No. 10/2021 dated June 23, 2021, General Circular No. 20/2021 dated December 08, 2021, General Circular No. 02/2022 dated May 05, 2022, General Circular No. 11/2022 dated December 28, 2022 and General Circular No 09/2023 dated September 25, 2023, and other circulars issued in this respect ('MCA Circulars') allowed, inter-alia, conduct of AGM through Video Conferencing/ Other Audio-Visual Means ('VC/ OAVM') facility on or before September 30, 2024. The Securities and Exchange Board of India ('SEBI') also vide its SEBI Circular No. SEBI/HO/CFD/CMD2/ CIR/P/2022/62 dated May 13, 2022, SEBI Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 05, 2023 and SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 07, 2023 ('SEBI Circulars') has provided certain relaxations from compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'). In compliance with these Circulars, provisions of the Companies Act, 2013 ('Act') and the SEBI Listing Regulations, the 44th AGM of the Company is being conducted through VC/ OAVM facility.
2. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended ('Management Rules'), Secretarial Standard-2 ('SS-2') on General Meetings and Regulation 44 of SEBI Listing Regulations read with MCA Circulars, as amended, the Company through National Securities Depository Limited ('NSDL') will be providing facilities in respect of:
 - (a) voting through remote e-voting;
 - (b) participation in the AGM through VC/ OAVM facility;
 - (c) e-voting during the AGM.

The procedure for participating in the meeting through VC/OAVM is explained at Note No. 20 (12).

3. The deemed venue for the 44th AGM shall be the Registered Office i.e 201 and 202, 2nd Floor, AP81, Koregaon Park Annex, Mundhwa, Pune - 411 036, Maharashtra, India of the Company.
4. In terms of the MCA Circulars, physical attendance of Members has been dispensed with and, therefore, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the 44th AGM, Hence, the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
5. In pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-Voting through Board Resolution/ Power of Attorney/ Authority Letter, etc., for participation in the 44th AGM through VC/ OAVM facility and e-Voting during the 44th AGM. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to girishbhatia1956@gmail.com with a copy marked to evoting@nsdl.com.
6. Attendance of the Members participating in the 44th AGM through VC/ OAVM facility using their login credentials shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
7. The Members can join the AGM in the VC/ OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 Members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are

allowed to attend the AGM without restriction on account of first come first served basis.

8. In case of joint holders attending the Meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
9. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2023-24 is being sent only through electronic mode to those Members whose email addresses are registered with the Depositories/Registrar and Share Transfer Agent ('RTA').
10. Members may note that the AGM Notice and the Annual Report 2023-24 will also be available on the Company's website <https://poonawallafincorp.com/> at weblink i.e. <https://poonawallafincorp.com/investor.php> and websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL www.evoting.nsdl.com.
11. Physical copy of the Annual Report 2023-24 (including the Notice of the 44th AGM) shall be sent only to those Members who specifically request for the same. Accordingly, Members who wish to obtain a physical copy of the Annual Report for the FY 2023-24, may write to the Company at secretarial@poonawallafincorp.com, requesting for the same by providing their holding details and DP ID and Client ID/Folio No.
12. Those Members who are holding shares in physical form and have not updated their e-mail ids with the Company, are requested to update the same by submitting a duly filled and signed Form ISR-1 along with self-attested copy of the PAN Card, and self-attested copy of any document (e.g. Driving License, Voter Identity Card, Passport) in support of the address of the Member, to the RTA at rnt.helpdesk@linkintime.co.in
13. Members holding shares in dematerialised (demat) mode are requested to register/update their e-mail ids with their relevant Depositories.

Procedure for remote e-voting and e-voting during the AGM :

14. Pursuant to the provisions of section 108 of the Act read with Management Rules and Regulation 44 of the SEBI Listing Regulations and in terms of SEBI circular no. SEBI/HO/CFD/

CMD/CIR/P/2020/242 dated December 09, 2020 in relation to e-Voting facility provided by listed entities and the MCA Circulars, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM.

15. The remote e-Voting period begins on Friday, July 19, 2024 at 09:00 A.M. (IST) and ends on Monday, July 22 2024 at 05:00 P.M. (IST). The remote e-Voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members/ Beneficial Owners as on the cut-off date i.e., Tuesday, July 16, 2024 may cast their vote electronically.
16. The voting right of member shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, Tuesday, July 16, 2024. Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently. A person who is not a Member as on the cut-off date should treat this Notice of AGM for information purpose only.
17. The facility for voting through e-voting system shall also be made available during the AGM. Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to cast their vote through e-voting during the AGM. Members who have voted through remote e-voting shall be eligible to attend the AGM, however, they shall not be eligible to vote at the AGM. Members holding shares in physical form are requested to access the remote e-voting facility provided by the Company through NSDL e-voting system at <https://www.evoting.nsdl.com/>
18. The Board of Directors has appointed Mr. Girish Bhatia, Practicing Company Secretary (FCS: 3295 / CP No. 13792), as the Scrutinizer for scrutinizing the process of remote e-Voting and e-Voting during the Meeting in a fair and transparent manner.
19. The Results of remote e-Voting and voting at the Meeting shall be declared by the Chairman or by any other director or Company Secretary duly authorised in this regard. The Results declared along with the Report of the Scrutinizer shall be placed on the Company's website www.poonawallafincorp.com and also be displayed on the Notice Board of the Company at its Registered Office and on the website of NSDL <https://www.evoting.nsdl.com/> immediately after the results are declared and simultaneously communicated to the Stock Exchanges in compliance with

Regulation 44(3) of the SEBI Listing Regulations. The Resolutions shall be deemed to be passed on the date of the Meeting, i.e. Tuesday, July 23, 2024, subject to receipt of the requisite number of votes in favour of the Resolutions.

20. NSDL e-Voting Instructions:

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





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

Step 1: Access to NSDL e-Voting system

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

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

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

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> 1. Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the 'Beneficial Owner' icon under 'Login' which is available under 'IDeAS' section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on 'Access to e-Voting' under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com Select 'Register Online for IDeAS Portal' or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon 'Login' which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App 'NSDL Speede' facility by scanning the QR code mentioned below for seamless voting experience. <p>NSDL Mobile App is available on</p> <p> App Store  Google Play</p>  

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/ CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/ CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e., NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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

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

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

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

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

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon 'Login' which is available under 'Shareholder/Member' section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

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

4. Your User ID details are given below:

Manner of holding shares i.e., Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 128787 then user ID is 128787001***.

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

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?
 - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e., a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

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

- Click on **'Forgot User Details/Password?'**(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- Physical User Reset Password?'** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

- After entering your password, tick on Agree to 'Terms and Conditions' by selecting on the check box.
- Now, you will have to click on 'Login' button.
- After you click on the 'Login' button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies 'EVEN' in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select 'EVEN' of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on 'VC/OAVM' link placed under 'Join General Meeting'.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e., assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.
5. Upon confirmation, the message 'Vote cast successfully' will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for Shareholders:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to girishbhatia1956@gmail.com with a copy marked to evoting@nsdl.com Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on 'Upload Board Resolution / Authority Letter' displayed under 'e-Voting' tab in their login.
2. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e. July 16, 2024, may obtain the login ID and password by sending a request at evoting@nsdl.com or Issuer/RTA. However, if you are already registered with NSDL for remote e-Voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using 'Forgot User Details/Password' or 'Physical User Reset Password' option available on www.evoting.nsdl.com or call at 022 - 4886 7000.. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e., July 16, 2024 may follow steps mentioned in the Notice of the AGM under Step 1: 'Access to NSDL e-Voting system' (Above).
3. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details/Password?' or 'Physical User Reset Password?' option available on www.evoting.nsdl.com to reset the password.
4. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call at 022 - 4886 7000 or send a request to Ms. Pallavi Mhatre, Senior Manager – NSDL at evoting@nsdl.com

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), Aadhaar (self-attested scanned copy of Aadhaar Card) by email to evoting@nsdl.com
2. In case shares are held in demat mode, please provide DPID-CLID (16-digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) to evoting@nsdl.com If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e., Login method for e-Voting for Individual Shareholders holding securities in demat mode.**
3. Alternatively, shareholder/ members may send a request to evoting@nsdl.com for procuring user id and password for e-Voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

11. Procedure for e-voting during the AGM:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.
2. Only those Members/ Shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM.

However, they will not be eligible to vote at the AGM.

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

12. Procedure to join the AGM on NSDL e-voting system:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system.** After successful login, you can see link of 'VC/OAVM' placed under 'Join meeting' menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/ Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views/ ask questions as a speaker at the AGM may preregister themselves by sending a request from their registered email ID mentioning their names, DP ID and Client ID/folio number, PAN and mobile number to secretarial@poonawallafincorp.com between Monday July 08, 2024 (09:00 a.m. IST) and Wednesday, July 17 2024 (05:00 p.m. IST). Only those Members who have pre-registered themselves as Speakers

will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

- 6. Members who need assistance before or during the AGM, can contact to Ms. Pallavi Mhatre, Senior Manager – NSDL at evoting@nsdl.com or call at 022 - 4886 7000.

21. Shareholder Awareness:

- a. Non-resident Indian shareholders are requested to inform about the following immediately to the Company or its RTA or the concerned Depository Participant, as the case may be:-
 - i. the change in the residential status on return to India for permanent settlement, and
 - ii. the particulars of the NRE account with a Bank in India, if not furnished earlier.
- b. Mandatory update of PAN, KYC and Nomination details and linking of PAN and Aadhaar by holders of physical shares: SEBI vide its circulars bearing reference nos. SEBI/HO/MIRSD/POD-1/P/CIR/2023/181 dated November 17, 2023 & SEBI/HO/MIRSD/MIRSD-PoD- 1 / P/ CIR/ 2023 / 37 dated March 16, 2023 in supersession of earlier circulars issued by SEBI bearing reference no's SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 03, 2021 & SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/687 dated December 14, 2021 and SEBI directive vide e-mail to RTA on January 23, 2024 has made it mandatory for the shareholders holding shares in physical form to furnish PAN, KYC details and Nomination in the prescribed forms to the RTA of the Company.

In case of non-updation of PAN or Choice of Nomination or Contact Details or Mobile Number or Bank Account Details or Specimen Signature in respect of physical folios, dividend/interest etc. shall be paid only through electronic mode with effect from April 01, 2024 upon furnishing all the aforesaid details in entirety.

Further, kindly note that If a Shareholder updates the PAN, Choice of Nomination, Contact Details including Mobile Number, Bank Account Details and Specimen Signature after April 01, 2024, then the

Shareholder would receive all the dividends/ interest etc. declared during that period (from April 01, 2024 till date of updation) pertaining to the securities held after the said updation automatically.

Members are requested to furnish details in the prescribed form as mentioned in the aforesaid SEBI Circulars along with the supporting documents, wherever required, to our RTA, **Link Intime India Pvt. Ltd.** for immediate action. A copy of such forms can be downloaded from the website of the Company at <https://poonawallafincorp.com/> or from the website of our RTA at <https://www.linkintime.co.in> → **Resources** → **Downloads** → **KYC** → **Formats for KYC**.

To raise query following is the link provided by RTA:

https://liiplweb.linkintime.co.in/rnthelpdesk/Service_Request.html

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

- c. The Company has entered into necessary arrangement with NSDL and Central Depository Services (India) Limited ('CDSL') to enable the Shareholders to dematerialize their shareholding in the Company for which they may contact the Depository Participant of either of the above Depositories.

Members are requested to contact the Company's RTA for reply to their queries/redressal of complaints, if any by raising an email query at the following link : https://liiplweb.linkintime.co.in/rnthelpdesk/Service_Request.html or contact at secretarial@poonawallafincorp.com.
- d. Pursuant to the amendment to the SEBI Listing Regulations on January 24, 2022, the Company shall (i) effect issuance of certificates in dematerialised form only, for any requests received for subdivision, split, consolidation, renewal, exchanges, endorsements or issuance of duplicate certificates; and (ii) execute requests for transmission and transposition of securities, held in physical or dematerialised form, in dematerialised form only.
- e. Process for dematerialisation of shares is available at the website of the Company at

weblink i.e. <https://poonawallafincorp.com/investor.php>

- f. The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, July 17, 2024, to Tuesday, July 23, 2024 (both days inclusive) for the purpose of AGM.
- g. Brief profile and other information about the Director proposed to be appointed/re-appointed as required under Regulation 36(3) and additional information on appointment of Joint Statutory Auditor as required under Regulation 36(5) of SEBI Listing Regulations and Secretarial Standard on General Meetings ('SS-2') issued by The Institute of Company Secretaries of India are forming part of the Explanatory Statement of this Notice.

We would request the Shareholders holding shares in physical form to furnish PAN, KYC details and Nomination in the prescribed forms to the RTA of the Company at the earliest which would ensure credit of dividend amount to your bank account on time by the company.

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

Financial Year	Date of Declaration	Due for transfer
2016-17	August 02, 2017	September 07, 2024
2017-18	August 02, 2018	September 07, 2025
2018-19	August 01, 2019	September 06, 2026
2019-20	The Company did not declare any dividend for F.Y. 2019-20.	
2020-21	The Company did not declare any dividend for F.Y. 2020-21.	
2021-22	July 29, 2022	September 03, 2029
2022-23	July 25, 2023	August 30, 2030
2023-24 (Interim Dividend)	January 18, 2024	February 23, 2031

The Company has uploaded the information in respect of the unpaid/unclaimed dividend amounts lying with the Company, as on the date of the last meeting held on July 25, 2023, on the IEPF website www.iepf.gov.in and under 'Investors Section' on the website of the Company viz., www.poonawallafincorp.com.

- d. Accordingly, all unpaid/unclaimed amounts in respect of dividends paid by the Company for the year ended March 31, 2017 must

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

- a. In terms of Sections 124 and 125 of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), as amended from time to time, dividends which remain unpaid/unclaimed over a period of 7 years will have to be transferred by the Company to Investor Education and Protection Fund authority ('IEPF Authority') of the Central Government.
- b. The Members are requested to note that pursuant to the provisions of Section 124(6) of the Act and the IEPF Rules, all such shares in respect of which dividend has not been paid or claimed for seven consecutive years or more are also required to be transferred to IEPF Authority. In this regard the Company has sent individual notices to the concerned Shareholders for whom the dividend remains unclaimed and unpaid with the Company from FY 2016-17 onwards and also published notice in this regard in accordance with the IEPF Rules.

be transferred to the IEPF Authority. Shareholders are requested to encash the dividend before the due date of transfer i.e. September 07, 2024.

- e. The Members of the Company can encash the unpaid Dividend Warrants for the year ended March 31, 2017 or any subsequent year, before transfer to the IEPF Authority by writing a request to the Company Secretary, Poonawalla Fincorp Limited, '201 and 202, 2nd Floor, AP81, Koregaon Park Annex,

Mundhwa, Pune – 411036, Maharashtra or at secretarial@poonawallafincorp.com. No claim will be entertained thereafter by the Company.

- f. The members are being informed that the Company has transferred 49,927 equity shares to the IEPF Authority in accordance with the applicable provisions. The Company has also transferred an amount of Rs. 5,61,478/- to IEPF being the unclaimed dividend for FY 2015-16.
- g. Once the unpaid/ unclaimed dividend or the shares are transferred to IEPF Authority, the same may be claimed by the Members from the IEPF Authority by making an application in prescribed Form IEPF-5 online and sending the physical copy of the same duly signed (as per the specimen signature recorded with the Company) along with requisite documents to the Registered Office of the Company for verification of the claim.
- h. The IEPF Rules and the application form (Form IEPF – 5), as prescribed by the MCA for claiming back of the shares/ dividend, are available on the website of the Company www.poonawallafincorp.com at its weblink i.e. <https://poonawallafincorp.com/investor-info.php> as well as website of IEPF at www.iepf.gov.in.

23. Procedure for inspection of documents and Members queries

- a. Members seeking to inspect such documents can send an email to Company's investor email id mentioning their name, Folio No./DP ID and Client ID and the documents that they seek to inspect, with a self-attested copy of their PAN card attached to the email id at secretarial@poonawallafincorp.com
- b. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before Wednesday, July 17, 2024 through email at secretarial@poonawallafincorp.com with their name, folio No./DP ID and Client ID. The same will be replied by the Company suitably.
- c. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Act, and the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act read with rules issued thereunder will be electronically available for inspection by the members during the Meeting. Furthermore, all documents referred to in the Notice will also be available for electronic inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM i.e., July 23, 2024 and shall be available for inspection upon login at NSDL e-Voting system at www.evoting.nsdl.com.

EXPLANATORY STATEMENT

As an additional information, the Explanatory Statement contains material facts pertaining to ordinary business mentioned in Item No. 3 to 4 of the said Notice.

ITEM NO. 3:

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

Name of Director	Mr. Abhay Bhutada
DIN	03330542
Designation/Category of Directorship	Managing Director (Till June 09, 2024) Non-Executive Director (w.e.f. June 10, 2024)
Date of Birth (Age)	May 05, 1985 (39 years)
Date of first appointment on the Board	February 12, 2022
Qualification	Chartered Accountant
Expertise in specific functional area	Mr. Abhay Bhutada is a qualified Chartered Accountant and a seasoned finance professional with over 15 years of diversified experience in the domain of commercial, housing and retail lending. He is passionate about using technology in financial services and has been instrumental in setting up the lending business of 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 of 2019 by The Economic Times. Asia One has recently felicitated him as '40 under 40 Most Influential Leader for 2020-21.
Terms and conditions of appointment/re-appointment	Re-appointment in terms of Section 152(6) of the Companies Act, 2013
Details of remuneration last drawn	Please refer to the Report on Corporate Governance.
Details of remuneration sought to be paid	Sitting fees as decided by the board of directors will be paid to Mr. Abhay Bhutada in the capacity of Non -Executive Director
*List of outside Directorships held in listed entities	Nil
Name of Listed entities from which the Director has resigned in the past three years	Nil
**Chairman/Member of the Committee of the Board of Directors of other Companies in which he/she is a Director	Nil
Shareholding in the Company	
No. of shares held	
a. Own	76,00,000 shares
b. For other persons on a beneficial basis	
No. of Meetings of the Board attended during the financial year 2023-24 and till the date of the Notice	7/7 (during the financial year 2023-24) 3/3 (from April 01 2024 till the date of Notice)
Relationship with other Directors, Manager, and other Key Managerial Personnel of the Company	None

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

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

The Board of Directors recommends the resolution set out in Item No. 3 of the AGM Notice to the members for their consideration and approval, by way of an Ordinary Resolution.

Save and except Mr. Abhay Bhutada and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out in Item No. 3 of the AGM Notice.

ITEM NO. 4:

This Explanatory Statement is in terms of Regulation 36(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'):

The Members are informed that in accordance with the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021, issued by RBI ('RBI Guidelines'), entities with asset size exceeding Rs. 15,000 Crore will have to get their statutory audit conducted under joint audit of a minimum of two audit firms. Appointment of each auditor can be for a continuous period of three years, subject to the audit firms satisfying the eligibility norms each year as specified in the RBI Guidelines. Post the expiry of the term of 3 (three) years, the Statutory Auditors shall be eligible for re-appointment only after a cooling period of 6 (six) years.

In accordance with the requirements of Section 139 of the Companies Act, 2013 ('Act') read with Rules made thereunder, Walker Chandiook & Co LLP, Chartered Accountants, (Firm Registration No. 001076N/N500013), and Kirtane & Pandit LLP, Chartered Accountants, (Firm Registration No.105215W/W100057), act as the Joint Statutory Auditors of the Company.

The terms of appointment of Walker Chandiook & Co LLP, Chartered Accountants, as one of the Company's Joint Statutory Auditor shall expire at the conclusion of the 44th Annual General Meeting of the Company.

In accordance with the Act, the RBI Guidelines, on the recommendation of the Audit Committee and considering various parameters including size and vintage of the firm, qualification, proficiency and experience of the audit partners, their clientele, industry experience and profile and knowledge in the financial services sector, adequacy of experienced resources and expertise in conducting audits, the Board of Directors at their meeting held on April 29, 2024 considered, approved and recommended for approval of the Members of the Company, the appointment of M S K A & Associates, Chartered Accountants, (Firm Registration Number :105047W) as the Joint Statutory Auditor of the Company for a period of 3 (three) years commencing from the conclusion of 44th Annual General Meeting till the conclusion of 47th Annual General Meeting of the Company.

Brief Profile: M S K A & Associates established in 1978, is an Indian partnership firm registered with the Institute of Chartered Accountants of India (ICAI)

and the PCAOB (US Public Company Accountancy Oversight Board) having offices across key cities in India. The Firm provides range of services which include Audit & Assurance, Taxation and Accounting Advisory. The Firm's Audit and Assurance practice has significant experience in auditing financial services clients including large NBFCs and Banks.

The members are requested to note that M S K A & Associates, Chartered Accountants, have consented to their appointment as the Joint Statutory Auditors of the Company vide letter dated April 29, 2024, and confirmed that their appointment, if made, will be within the limits specified under the Act and the RBI Guidelines and that they are not disqualified from being appointed as the Joint Statutory Auditors of the Company. The Joint Statutory Auditor have confirmed that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India ('ICAI') and that they hold a valid certificate issued by the Peer Review Board of ICAI.

Members are requested to note that if appointed, M S K A & Associates, Chartered Accountants shall be paid audit fees of Rs. 1.00 Crore (Rupees One Crores only) depending on their roles and responsibilities and scope of work and having regard to the efforts and time commitment required for the audit, in addition to any out of pocket expenses, outlays and taxes, as applicable. The scope will include issuance of quarterly Limited review reports and audit report on financial statements and providing non-prohibited certification and other services. The remuneration/audit fee payable to the Joint Statutory Auditors, as proposed herein, is commensurate with the scope of work, size and operations of the Company. The fees for services for other professional work will be in addition to the audit fee as above and will be decided by the Company in consultation with the Joint Statutory Auditors and will be subject to approval by the Board of Directors and / the Audit Committee in the manner as mentioned in the resolution at Item No. 4 of the AGM Notice.

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

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out in Item No. 4 of the AGM Notice.

ITEM NO. 5:

The Nomination and Remuneration Committee ('NRC') of the Board of the Company, at its meeting held on March 18, 2024 and June 01, 2024, has unanimously

recommended to the Board of the Directors ('Board'), the appointment of Mr. Arvind Kapil (DIN: 10429289) as an Additional Director in the capacity of a Managing Director and Chief Executive Officer for a period of 5 (five) years with effect from June 10, 2024 till June 09, 2029 (both dates inclusive) subject to approval of the Shareholders of the Company. Mr. Arvind Kapil is designated as a Key Managerial Personnel and satisfies all the conditions set out in Part I of Schedule V to the Companies Act, 2013 ('Act') as also the conditions set out under Section 196(3) of the Act for being eligible for appointment.

Pursuant to Regulation 17(1C) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), Mr. Arvind Kapil can hold office as an Additional Director up to the date of this Annual General Meeting. The Company has received a notice under Section 160(1) of the Act from a Member signifying his intention to propose the appointment of Mr. Arvind Kapil as a Director of the Company.

The NRC, while recommending Mr. Arvind Kapil as Managing Director and Chief Executive Officer of the Company, considered various factors, viz., background, qualifications, competence, technical expertise, and experience particularly in the financial services.

Brief Profile: Mr. Arvind Kapil served as HDFC Bank's Group Head overseeing the mortgage banking business with a book size of 7.5 lakh crore. Within this role, he was responsible for managing the entire Home Loans portfolio, Loan Against Property (LAP), and HDFC Sales Private Limited. Mr. Arvind Kapil also spearheaded the retail lending franchise at the HDFC bank, which encompassed a diverse array of domains including unsecured loans, auto loans, two-wheeler loans, retail working capital loans, gold loan, loan against shares, home loans, microfinance, and business loans. With an illustrious tenure spanning over 25 years, Mr. Arvind Kapil has been a trailblazer in harnessing digital solutions to revolutionise customer experience. He has introduced groundbreaking innovations such as the industry-leading 10 seconds personal loan, alongside digital loan against securities, digital loan against mutual funds and digital auto loans.

Mr. Arvind Kapil educational background includes Advanced Management Program from Harvard Business School; Master's Program in Management of Global Enterprises jointly from IIM Bangalore, UCLA Anderson, and SDA Bocconi, and City University; Masters in Management Studies from Bharati Vidyapeeth Institute of Management Studies and Research, and a Bachelor of Engineering (B.E.) from K. J. Somaiya College of Engineering, Mumbai.

In view of Company's growth strategy and considering Mr. Arvind Kapil's qualifications, competence, technical expertise, and experience in the financial services and based on the recommendation of the Nomination and Remuneration Committee the Board has approved his appointment as Managing Director and Chief Executive Officer of the Company for a period of 5 (five) years with effect from June 10, 2024 to June 09, 2029. Mr. Arvind Kapil shall be designated as a Key Managerial Personnel of the Company in accordance with the provisions of the Act. The office of Mr. Arvind Kapil shall be liable to retirement by rotation, and he shall continue to hold office of Managing Director and Chief Executive Officer as and when he is being re-appointed as a director and such re-appointment as director shall not be deemed to constitute a discontinuation in his tenure as Managing Director and Chief Executive Officer.

Mr. Arvind Kapil has given his consent to be appointed as such and also the confirmation that he is not disqualified to act as Director in terms of Section 164 of the Act and satisfies the criteria of 'fit and proper' as prescribed by the Reserve Bank of India vide Master Direction as amended and 'Policy on Fit and Proper Criteria for Directors' as adopted by the Board. He fulfils the conditions for appointment as a Managing Director and Chief Executive Officer as specified in the Act read with Schedule V to the Act. He is not related to any director of the Company and is not debarred from holding the office of Director by virtue of any SEBI order or any other such authority. Appointment of Mr. Arvind Kapil as a Managing Director and Chief Executive Officer of the Company is in accordance with the Remuneration Policy of the Company.

The main terms and conditions of appointment of Mr. Arvind Kapil as Managing Director and Chief Executive Officer is given below:

- i) **Period:** For a term of 5 (Five) years commencing from June 10, 2024 till June 09, 2029 (both dates inclusive).
- ii) **Duties:** Mr. Arvind Kapil shall perform his obligations with the proper and reasonable care, skill and shall faithfully and diligently serve the Company and subject to the superintendence, control and direction of the Board and the provision of Articles of Association of the Company, he shall perform such further duties and exercise such further powers as may from time to time be entrusted to or conferred upon him by the Board.

Mr. Arvind Kapil shall, throughout his term in the Company as Managing Director and Chief Executive Officer, devote the whole of his time, attention and abilities to the business of the Company, and shall obey the orders, from time to

time, of the Board and in all respects conform to and comply with the directions and regulations made by the Board, and shall faithfully serve the Company and use his utmost endeavour to promote the interest thereof.

iii) **Remuneration:**

- A) Annual Fixed Pay Rs. 70,000,000 (Rupees Seven Crores only) per annum.
- a. Basic Salary: Rs. 28,000,000/- per annum.
- b. Perquisites/ Benefits: In addition to the above salary, shall also be entitled to the following perquisites/ benefits:
- Housing Rent Allowance: Rs. 14,000,000/- per annum.
 - Special Allowance: Rs. 23,293,200/- per annum.
 - Gratuity: Gratuity payable shall not exceed half a month's salary for each completed year of service.
 - Contribution to Provident Fund will be as per statutory act.
- B) ESOP: Eligible to 80,00,000 stock options at market price on date of joining, subject to the Company policy and approval of the Nomination and Remuneration Committee.
- C) One-time joining bonus: Rs. 400,000,000/- (Rupees Forty Crores only).

Mr. Arvind Kapil will be entitled for corporate club membership and will be eligible to all other benefits as per the Company's policy and will be subject to all other service conditions applicable to any other employee of the Company.

Minimum Remuneration in case of inadequacy or absence of profits: In the event of inadequacy or absence of profits under Section 197 and all other applicable provisions of the Act, in any financial year or years during the term of his appointment as Managing Director and Chief Executive Officer of the Company, the remuneration comprising salary, performance linked incentive, perquisites, allowances and benefits including gain arising on exercise of employee stock options, as approved herein be paid as minimum remuneration to him for any financial year in aggregate. Considering

the above, a special resolution is being sought pre-emptively from the Members.

Notice period: Three months prior written notice to the Company

Severance fees: There is no separate provision for payment of severance fees.

Mr. Arvind Kapil will not be entitled to any sitting fee for attending Meetings of the Board or any Committee thereof.

The above may be treated as a written memorandum setting out the terms of appointment of Mr. Arvind Kapil under Section 190 of the Act.

The particulars of the information, pursuant to the provisions of Schedule V, Part II, Section II, of the Act is as under:

I. General Information

- Nature of Industry: The Company is a Non-Banking Financial Company ('NBFC'), engaged in Consumer and MSME financing.
- Date or expected date of start of Commercial Production: The Company was incorporated in 1978. The Company is registered with the Reserve Bank of India (RBI) and classified as NBFC - ML. The Company is into financing business for over 3 decades with strong management team and extensive industry experience.
- In case of new companies expected date of commencement of activities as per project approved by Financial Institution appearing in the Prospectus: Not Applicable
- Financial performances (standalone) during the year ended March 31, 2024:

Particulars	(Rs. In Crore)
Total Income	3,151.82
Profit Before Tax	2,538.54
Profit After Tax	2,055.96
- Foreign Investments or collaborations, if any: While the Company has foreign investment in its Equity and Debt instruments, the Company has not made any foreign investments and neither entered into any collaborations during the last year.

II. Information about the Appointee:

1. Background Details	Refer Profile section as stated above.
2. Past Remuneration	Not applicable.
3. Recognition or Awards	Mr. Arvind Kapil has introduced groundbreaking innovations such as the industry-leading 10 seconds personal loan, alongside digital loan against securities, digital loan against mutual funds and digital auto loans.
4. Job Profile and his suitability	Mr. Arvind Kapil served as HDFC Bank's Group Head overseeing the mortgage banking business with a book size of 7.5 lakh crore. Within this role, he was responsible for managing the entire Home Loans portfolio, Loan Against Property (LAP), and HDFC Sales Private Limited. Mr. Arvind Kapil also spearheaded the retail lending franchise at the HDFC bank, which encompassed a diverse array of domains including unsecured loans, auto loans, two-wheeler loans, retail working capital loans, gold loan, loan against shares, home loans, microfinance, and business loans. With an illustrious tenure spanning over 25 years, Mr. Arvind Kapil has been a trailblazer in harnessing digital solutions to revolutionise customer experience. Taking into consideration his qualifications and expertise in financial services, Mr. Arvind Kapil is best suited for the responsibilities currently assigned to him by the Board of Directors of the Company.
5. Remuneration proposed	As mentioned in terms and conditions above.
6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	Taking into consideration the size of the Company, his profile, responsibilities, the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies in the industry.
7. Pecuniary relationship directly or indirectly with the Company or relationship with managerial personnel, if any	Apart from receiving remuneration as stated above Mr. Arvind Kapil does not have any other pecuniary relationship with the Company or with the managerial personnel of the Company.

III. Other information:

1. Reason for loss / inadequate profit	Not Applicable
2. Step taken or proposed to be taken for improvement	Not Applicable
3. Expected increase in productivity and profits in measurable terms	Not Applicable

IV. Disclosures:

The said resolution confers a power on the Board, or the Nomination and Remuneration Committee, to alter or vary the terms and conditions of appointment, including any variation in remuneration, provided such remuneration is in accordance with of the Act.

Save and except Mr. Arvind Kapil and his relatives to the extent of their shareholding interest, if any, in the Company, none of the other Directors and Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise in the said Special Resolution, set out at Item No. 5 of this Notice.

None of the Directors and Key Managerial Personnel of the Company are inter-se related to each other.

The Board recommends the Special Resolution as set forth in Item No. 5 in the AGM Notice for the approval of the Members.

ANNEXURE A

Information as required under Secretarial Standard - 2 on General Meetings and Regulation 30 and Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable Secretarial Standard for appointment of the Director, a statement containing details of the concerned Director as on date of the AGM Notice is given hereunder:

Name	Mr. Arvind Kapil
DIN	10429289
Date of Birth (Age)	August 18, 1971 (52 years)
Qualification	Bachelor of Engineering (B.E.), Masters in Management Studies Refer Profile section as stated above
Date of First Appointment on the Board and term	June 10, 2024 till June 09, 2029 (both dates inclusive)
Reason for appointment	Having regard to the expertise, knowledge and rich experience of Mr. Arvind Kapil, the Board is of the view that his appointment as Managing Director and Chief Executive Officer would be of immense benefit and value to the Company and pursuant to the recommendation of the Nomination and Remuneration Committee, recommends his appointment to the Members as a Managing Director and Chief Executive Officer of the Company.
Expertise in specific functional area	Refer Profile section as stated above.
Terms and conditions of appointment along with details of remuneration sought to be paid	Mr. Arvind Kapil is appointed as a Managing Director and Chief Executive Officer for a term of 5 (Five) years commencing from June 10, 2024 till June 09, 2029 (both dates inclusive) and is liable to retirement by rotation. The remuneration shall be payable as mentioned above.
Brief resume/ profile	Refer Profile section as stated above.
List of outside Directorships	NIL
Listed entities from which the Director has resigned in the past three years	NIL
Chairman/ Member of the Committee of the Board of Directors of other Companies in which he/ she is a director	NIL
No. of Meetings of the Board attended during the financial year 2022-23.	NIL
Shareholding in the Company including beneficial ownership	NIL
Relationship with other Directors, Manager, and other Key Managerial Personnel of the Company	There is no inter se relationship between Mr. Arvind Kapil, other Members of the Board and Key Managerial Personnel of the Company.

Registered Office:

201 and 202, 2nd Floor, AP81,
Koregaon Park Annex,
Mundhwa, Pune – 411 036
Maharashtra
Place : Pune
Date: June 01,2024

By order of the Board of Directors For Poonawalla Fincorp Limited

Sd/-
Shabnum Zaman
Company Secretary
ACS No.: 13918

NOTES



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