



Date: 5<sup>th</sup> June, 2024

To  
National Stock Exchange of India Limited,  
Exchange Plaza, Plot No. C/1, G Block,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai – 400051  
NSE Symbol: SBFC

To  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
21st Floor, Dalal Street,  
Mumbai – 400001  
BSE Scrip Code: 543959

**Sub: Annual Report for FY24**

Dear Sirs,

Pursuant to Regulations 30 and 34 and other applicable provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 ("Listing Regulations"), we are submitting herewith the Annual Report of the Company for FY24 including the Business Responsibility and Sustainability Report ("BRSR") and the Notice of the 17<sup>th</sup> Annual General Meeting of the Company.

Annual Report for FY24 including the BRSR and the Notice of 17<sup>th</sup> AGM have been sent through electronic mode today to those members whose e-mail addresses are registered with the Depositories.

You are requested to take the above on record.

Thanking you,

Yours faithfully,

**For SBFC Finance Limited**  
(Erstwhile SBFC Finance Private Limited)



Jay Mistry  
Company Secretary & Chief Compliance Officer  
ICSI Membership No : A34264  
Encl: As above



# **Deep Roots** **Long Shoots**

**SBFC Finance Limited**  
Annual Report 2023-24



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Metric	FY 2023	FY 2024
Total AUM (Assets Under Management)	₹ 49,428 Mn (up by 55%)	₹ 68,219 Mn (up by 38%)
Percentage Secured AUM	97%	99%
Secured MSME AUM	₹ 39,200 Mn (up by 69%)	₹ 57,044 Mn (up by 46%)
Loan Against Gold AUM	₹ 8,641 Mn (up by 35%)	₹ 10,388 Mn (up by 20%)
Net NPA	1.58%	1.36%
Net Interest Margin	9.32%	9.67%
Operating Expenses to Average AUM	5.70%	5.22%
ROTE (Return on Tangible Equity)	12.01%	11.90%
Capital Adequacy Ratio	31.90%	40.52%
Number of Branches	152	183
Total Number of Employees	2,822	3,758

# Leadership

Charting SBFC's Future with 'Deep Roots. Long Shoots.'



At SBFC, the financial year 2024 has been a testament to the strategic foresight of our leadership team. Embodied by this year's tagline for our Annual Report: **'Deep Roots. Long Shoots.'**, our journey has seen us lay down robust foundations to ensure we thrive amidst the ebbs and flows of a volatile future. This ethos has not only driven our approach from the outset but has become the lifeblood of our operations, fuelling our commitment to simplifying financial accessibility for India's burgeoning small business sector.

In the year ahead, SBFC's aspirations are grand yet precise: to construct a lasting institution synonymous with scale, governance and credit quality. Our strides are measured yet ambitious, ensuring that finance remains a transformative force for the MSMEs we serve. As we progress, our pledge to innovation, our expansion into untapped markets and our investment in our people, collectively write a new chapter in the financial narrative of India—one where SBFC's influence is both transformative and enduring.

### Left to Right

**Sanket Agarwal**  
Chief Strategy Officer & IR

**Aseem Dhru**  
Managing Director & CEO

**Ganesh Vaidya**  
Chief Technology Officer

**Mahesh Dayani**  
Chief Business Officer

**Sumeet Ghai**  
Chief Human Resources Officer

**Narayan Barasia**  
Chief Financial Officer

**Sai Prashant Menon**  
Chief Collections Officer

**Pankaj Poddar**  
Chief Risk Officer

**VM Maneesh**  
Chief Operations Officer



“Planting seeds of trust and nurturing growth, SBFC stands tall in India's financial landscape, our roots moving ever deeper while our network reaching further.”

At SBFC, our journey from inception has been fundamentally about building an institution destined to stand firm and survive the multiple weather challenges. We are grounded in our purpose—to demystify and facilitate financial access and make loans easy for small businesses in India's burgeoning towns.

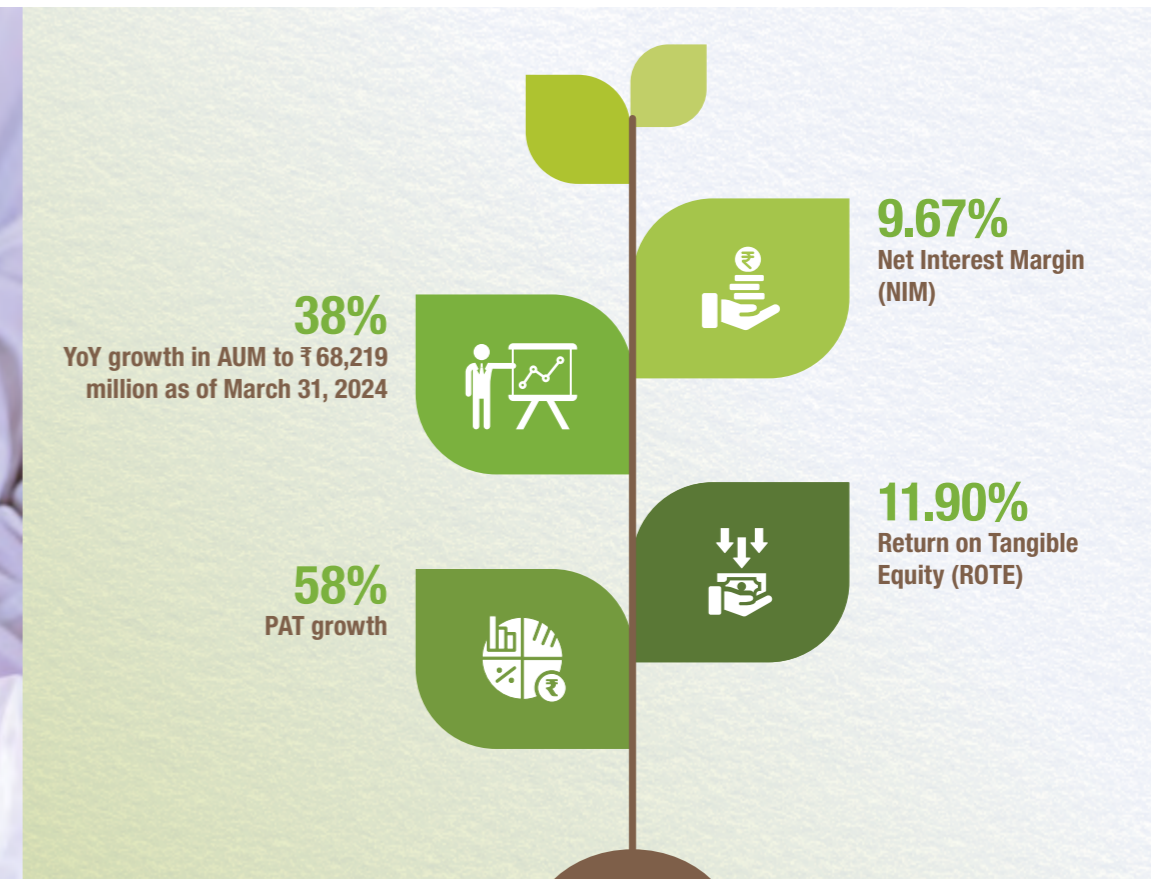
Our tagline for FY 2024 annual report, **'Deep Roots. Long Shoots.'** encapsulates our approach: building an institution with People, Products, Processes & Control, Compliance & Governance to enable expansive growth. This philosophy has guided us since 2017, as we march ahead—ensuring they are swift, seamless, and superior in experience. This dedication to foundational strength and operational excellence is why, in FY 2024, we delivered a 38% increase in AUM and extended our presence by 31 branches across 18 states and UT.

Peering into the future, our aspirations transcend into building an institution which continuously delivers scale with quality, profitability and governance. Every endeavour at SBFC is motivated by a purposeful ambition to ensure finance serves as a pivotal catalyst in enriching the lives of our MSME clients. In our voyage, SBFC's devotion to progress resonates profoundly. Through innovation, expansion and technology, we are redefining success and etching an indelible imprint on the financial panorama of India.

# Message from Founding Team

**Building an Institution:**  
Scale with Governance and Profitability

“Our reason for existence is to make loans easy for small businesses in small towns in India. We are first solving for access. Speed, Friction-Free and a good experience are what we seek with every business we finance.”



## Dear Stakeholders,

The years so far were about laying the foundation for building an institution. People, Products, Processes, Creating a national footprint, overlaying a strong Control, Compliance and Governance culture that creates the foundation of this institution. A lot of our work has been below the ground level. Not visible yet, but we learn from nature that long shoots require deep roots, or they won't survive the multiple weather challenges that will come their way over the next hundred years. Our reason for existence is to make loans easy for small businesses in small towns in India. We are first solving for access. Speed, Friction-Free, and a good experience are what we seek with every business we finance. We have been at it since 2017, and while we are happy to see how far we have come, we are excited about the possibilities of the future.

The ringing of the stock exchange bell was a coming-of-age moment for the company. The response we received from individuals and institutional investors was most humbling, and we remain grateful for the trust. Raising capital has given us the ability to extend our shoots. In FY 2024, coming off a small base, our AUM grew by 38%. We extended our reach by 31 branches within the 18 states and UT we are present in. It was a year we invested behind people and resources to upgrade our technology platform, for it forms the spinal cord on which scale can be built with profitability and governance.

We are on an infinite journey with no finish line. Every quarter is a milestone by which we track our progress. This is the full financial year's result since the listing we place in your hands.

We are a company that was born in a storm. Mumbai was being lashed by the southwest monsoons and amidst a raging torrential downpour, we signed an agreement to raise the initial capital. Our journey so far has seen storms of liquidity, confidence, and solvency, a period in which the world shut down, two waves of a Pandemic that brought humanity to its knees and then the sharpest increase in interest rates we have ever seen and regulatory tightening. That has helped us build a ship for the storms and not one that is afraid of it. Our job is to manage the storms that come our way and catch the rainbows of opportunities that always exist amidst them.

We look at the coming year with anticipation. We will do our best to grow the company with controlled aggression and navigate the challenges that will surely come, too. We are still a young company and have a lot of work to do. We do not know what lies ahead, but we can only promise to bring our best game to it. Building a good company is difficult enough. Building an institution is insanely harder, but as Robert Browning says, "A man's reach must exceed his grasp, or what's a heaven for!"

On behalf of all SBFCians, we thank our bankers, investors, rating agencies, vendors and regulators for their trust. Trust is the North Star of Financial Services, we will do our best never to slip on your trust.

Sincerely,

**Founding Team of SBFC Finance Limited**

“While building a successful company is challenging, crafting an enduring institution is an even greater feat. Yet, it's this challenge that fuels our passion and determination to create lasting impact and prosperity.”

# Company Overview



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# SBFC at a Glance

Making Loans Easy

“ We are ready to embrace new opportunities and redefine the journey for all who walk with us. Our extensive branch network and innovative digital channel make us the ideal lender for those underserved by traditional financial institutions. ”



## What Differentiates Us?

Technology and Analytics



Credit Underwriting



Experienced Management



Pan-India Footprint



Risk Management



Financial Strength

Credit Rating

Indiaratings: **AA-** Stable

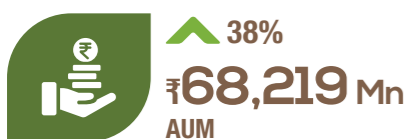
CARE Ratings: **A+** Positive

ICRA: **A+** Stable

### How SBFC Works

SBFC is a systemically important non-deposit-taking, Non-Banking Finance Company (NBFC) classified under Middle Layer, on MSMEs sector. We provide bespoke financing solutions to support the ambitions of our customers.

Reimagining lending, our Company has developed a 'Phygital' model that harnesses the power of technology and utilises an in-person service to deliver custom-made product offerings. We engage directly with small business owners across India, with a presence in 18 states & Uniformity check.

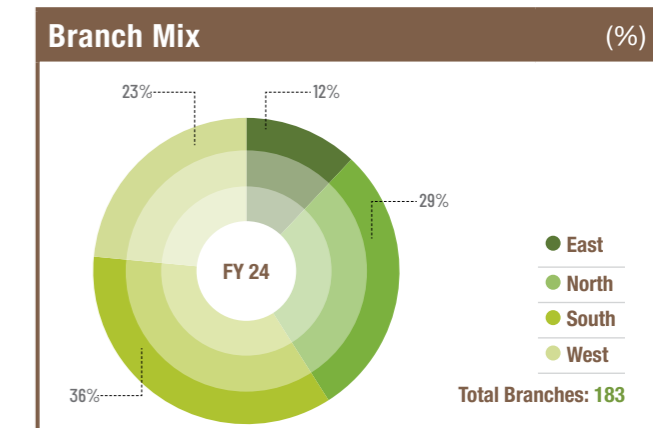
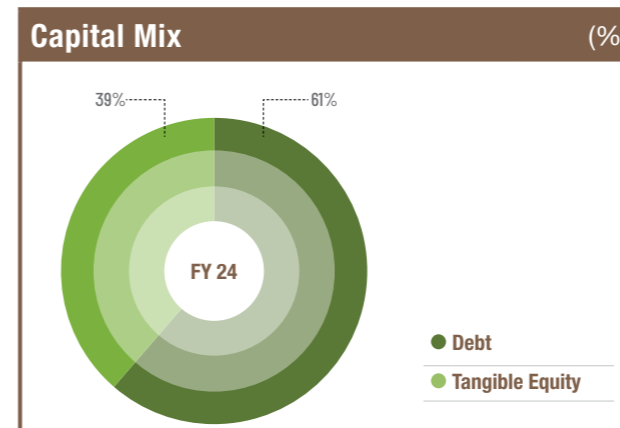
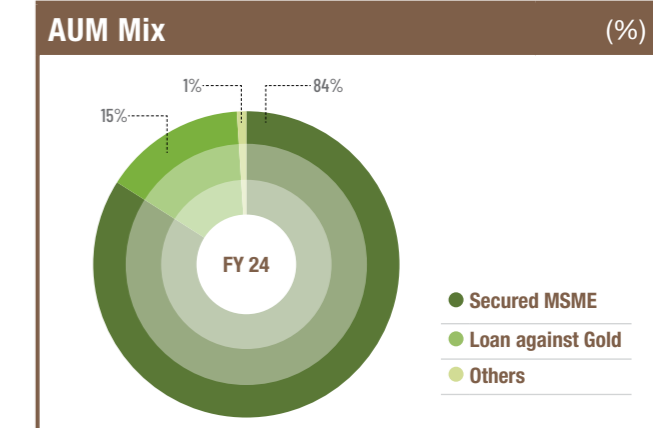
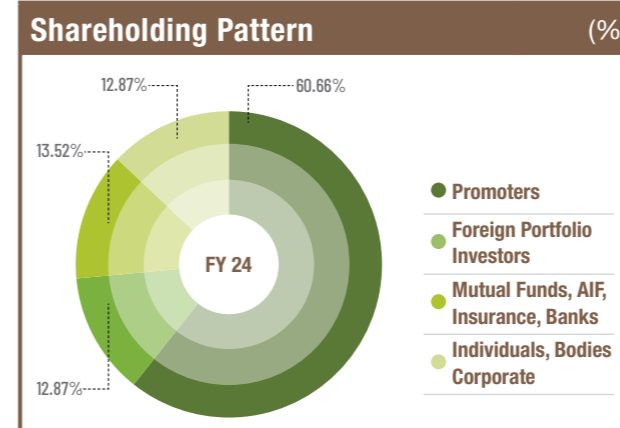


### VISION

To build a world-class financial institution delivering scale with profitability consistently.

### MISSION

To make loans easy by designing and delivering them with excellence, innovation and integrity. We will use technology and human knowledge to find deserving customers and make the loan experience easy for them.



# Product portfolio

Bespoke Solutions that Empower Our Customers

We provide our customers with a financial springboard that allows them to grow, fulfil their dreams and, thereby, contribute to national prosperity. We are committed to serving the diverse needs of MSMEs, entrepreneurs and individual customers, while building on our financial strength.



“ We join the securitization transaction as a Backup Servicer right at the initiation of the securitisation transaction. This means when an existing Servicer is terminated, our Company can be appointed as a Master Servicer ”

## Fund-based product



### Secured MSME Loans

- ▶ For self-employed and salaried customers
- ▶ Maximum value for borrowers' assets
- ▶ Competitive pricing
- ▶ Loans of between ₹ 1 lakh to ₹ 75 lakh
- ▶ Disbursal of loans within 7 days

**52,500+**  
Customer Outreach

**44%**  
Average Loan-to-Value

**₹ 9.7 Lakh**  
Average Ticket Size

**≤ 15 year**  
Loan Tenure



### Loan against Gold

- ▶ Competitive interest rates, charged on diminishing balance of loan
- ▶ Disbursal within 30 minutes
- ▶ Immediate Payment Service (IMPS) fund transfer facility
- ▶ Flexible repayment options

**70,000+**  
Customer Outreach

**69%**  
Average Loan-to-Value

**₹ 0.9 Lakh**  
Average Ticket Size

**3 Months to 3 year**  
Loan Tenure

## Fee-based Products

### Loan Management Services (LMS)

Globally, the concept of having different loan originators and servicers is quite prevalent in developed markets. The US is the largest market where loan servicing by specialist service providers is ~45% (\$5 Tn) of the total mortgage debt. Europe forms the second largest market with estimated ~ 10% (\$600 Bn) of the total mortgage debt.

SBFC offers a host of specialist loan management services to third-party financial institutions viz., private banks, public sector banks, foreign banks, mutual funds and asset reconstruction companies (ARCs).



### Portfolio Selection and Structuring

We have years of on-ground experience coupled with an updated knowledge on industry dynamics, localized market information and variety of inter play of credit filters which is applied to select portfolios, identify risks and conduct on-desk and on-ground diligence including valuation of the portfolio.



### Back-up Servicer

We join the securitisation transaction as a Back-up Servicer right at the initiation of the securitization transaction. This means when an existing Servicer is terminated due to trigger emanating from Events of Defaults, we assume the role of Master Servicer. There are two models of the Back-up Servicer: Hot Back-up servicer and Cold Back-up Servicer. The degree of involvement varies on the basis of the model agreed with the investor.



### Master Servicer

We provide complete end-to-end servicing of the portfolio, taking responsibility of customer records management, EMI presentation, customer service, soft and hard bucket collections, litigations, repossession and realisation of the underlying assets. The scope of service also covers portfolio reconciliation and related compliances.



### Portfolio Analytics and Monitoring

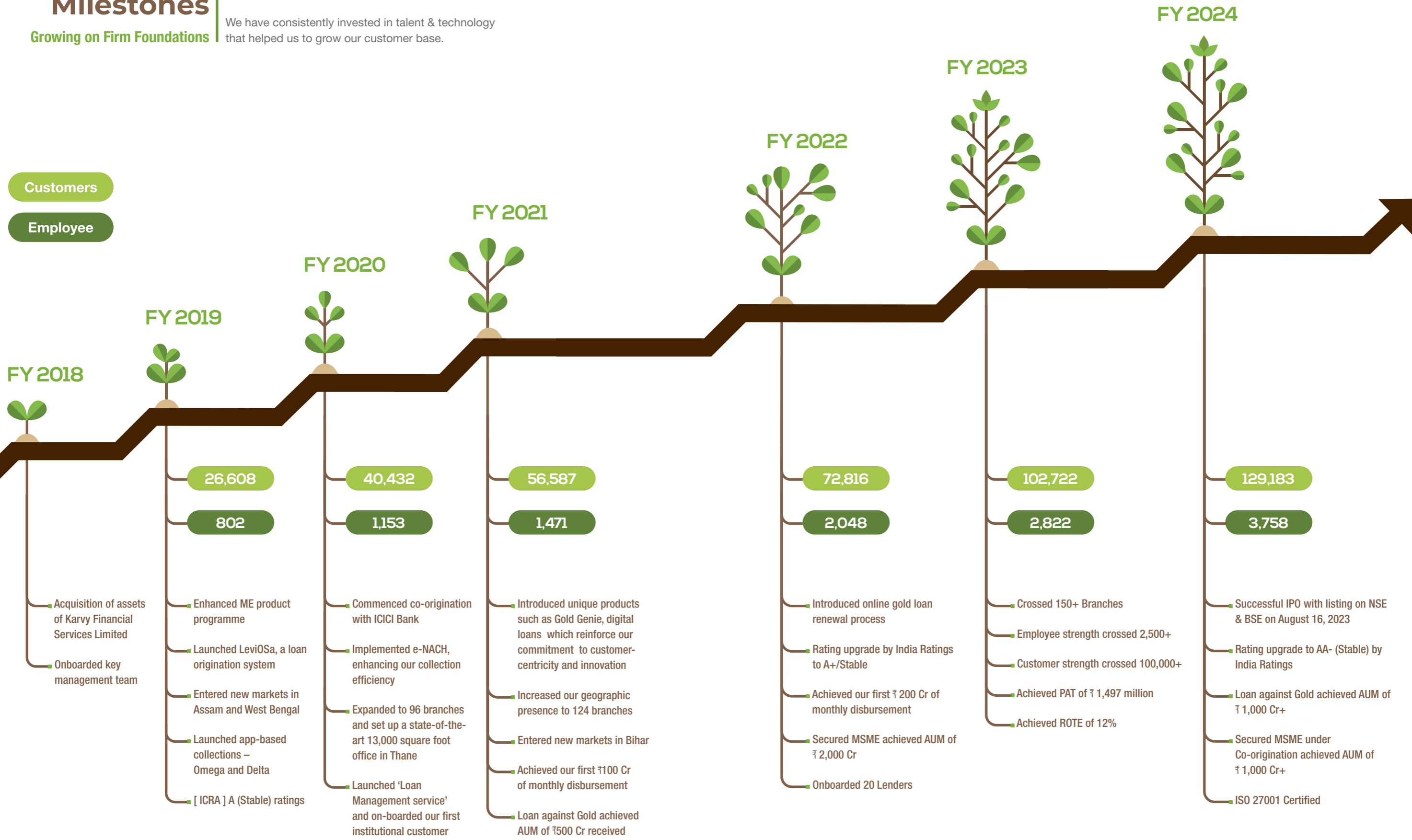
We have built a dynamic analytical tool that, when combined with our experience, allows us to identify the red flags in portfolios. The analytical ability of the tool, flags the risks at a geography, customer-segment, asset class, sectoral segment and originator level, which in turn triggers focused corrective actions to get the identified portfolios back on track.



# Milestones

Growing on Firm Foundations

We have consistently invested in talent & technology that helped us to grow our customer base.



# Leadership Team

The Right Direction. The Right Guidance.



**Mr. Aseem Dhru**  
Managing Director & CEO  
25+ Years of experience



**Mr. Mahesh Dayani**  
Chief Business Officer  
20+ Years of experience



**Mr. Narayan Barasia**  
Chief Financial Officer  
20+ Years of experience



**Mr. Pankaj Poddar**  
Chief Risk Officer  
19+ Years of experience



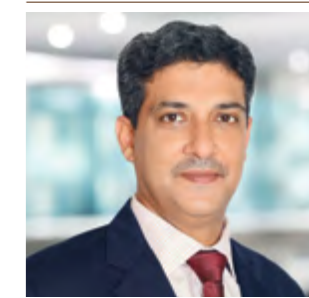
**Mr. Kiran Kumar**  
Credit- South & East  
18+ Years of experience



**Mr. Rama Chandra R**  
Collections- South & East  
12+ Years of experience



**Mr. Manender Jain**  
Collections GCL- South & East  
25+ Years of experience



**Mr. Ish Chawla**  
Business- North  
14+ Years of experience



**Mr. VM Maneesh**  
Chief Operations Officer  
15+ Years of experience



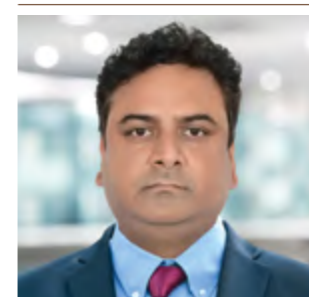
**Mr. Sai Prashant Menon**  
Chief Collections Officer  
22+ Years of experience



**Mr. Sanket Agarwal**  
Chief Strategy Officer & IR  
10+ Years of experience



**Mr. Sumeet Ghai**  
Chief Human Resources Officer  
20+ Years of experience



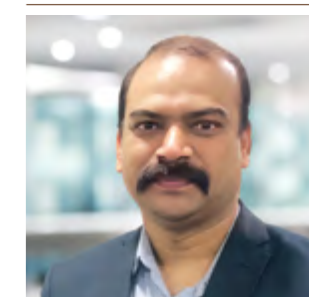
**Mr. Amit Sharma**  
Collections- North  
17+ Years of experience



**Mr. Subhash Sharma**  
Collections GCL- North  
18+ Years of experience



**Mr. Rakesh Dugar**  
Credit- West  
13+ Years of experience



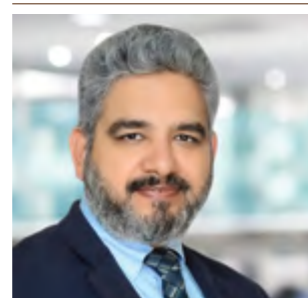
**Mr. Jayesh Kedari**  
Collections GCL- West  
20+ Years of experience



**Mr. Ganesh Vaidya**  
Chief Technology Officer  
14+ Years of experience



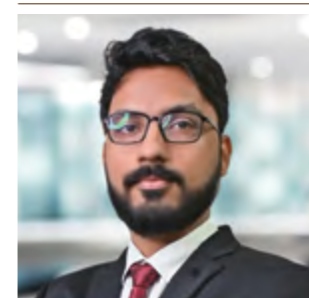
**Mr. Jay Mistry**  
Company Secretary & Chief Compliance Officer  
11+ years of experience



**Mr. Viney Veid**  
Head- Credit  
15+ Years of experience



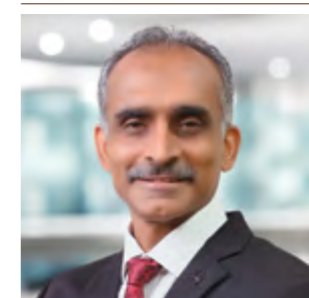
**Mr. Ashish Singh**  
Business- South & East  
12+ Years of experience



**Mr. Shanesh Jain**  
Head- Internal Audit  
8+ years of experience



**Mr. Arup Bhattacharya**  
Head- Treasury  
19+ Years of experience



**Mr. Pragnesh Soneji**  
Head- Gold Loans  
20+ Years of experience

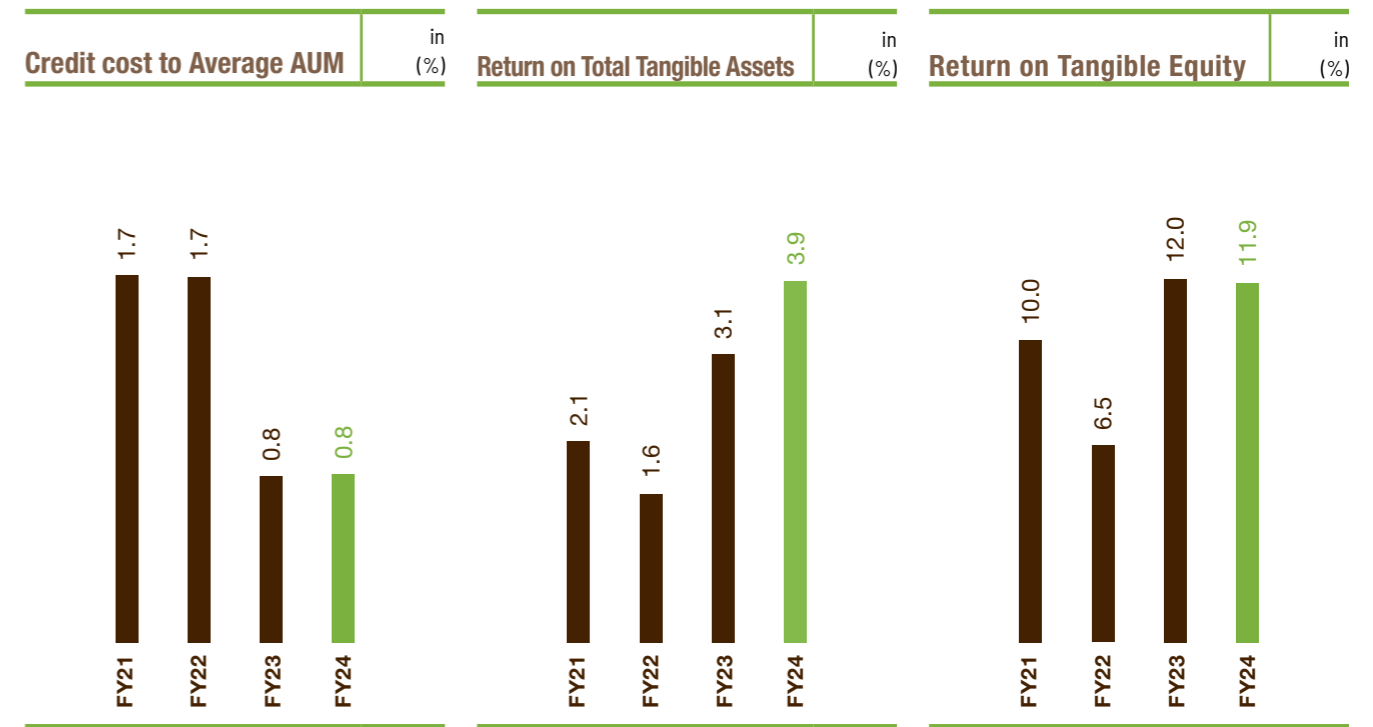
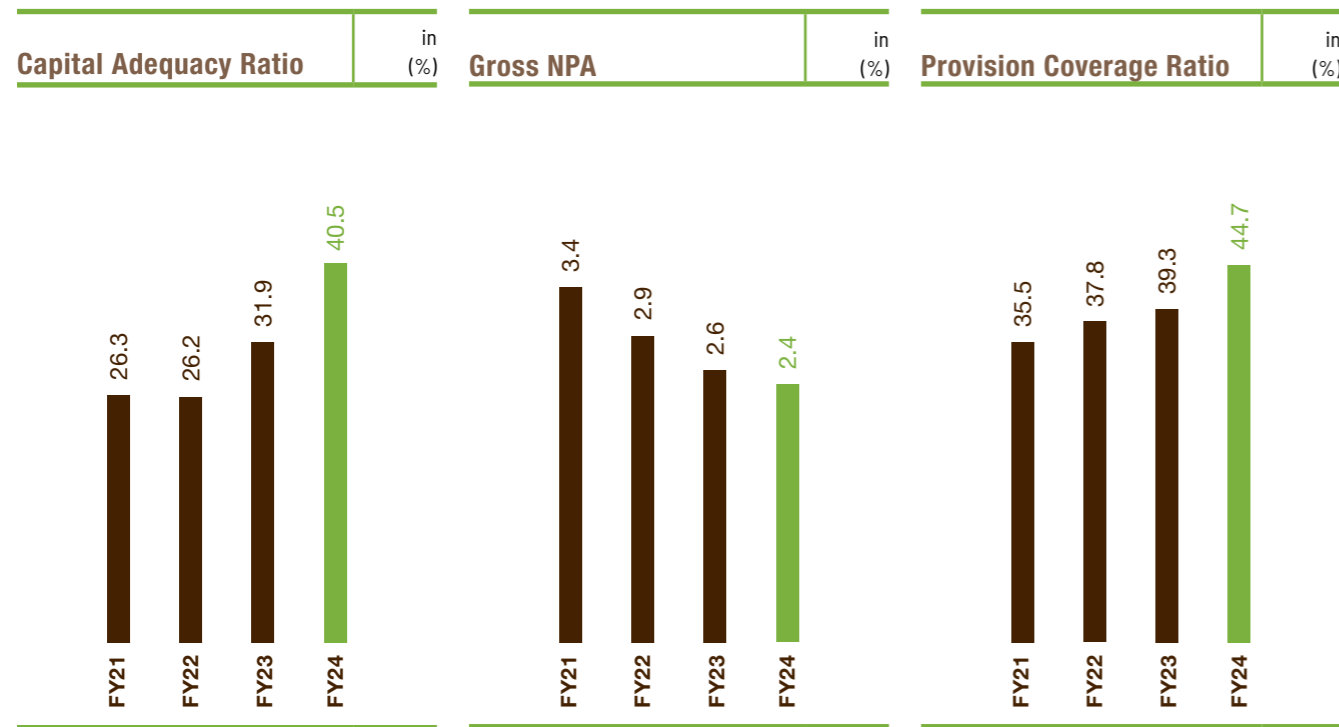
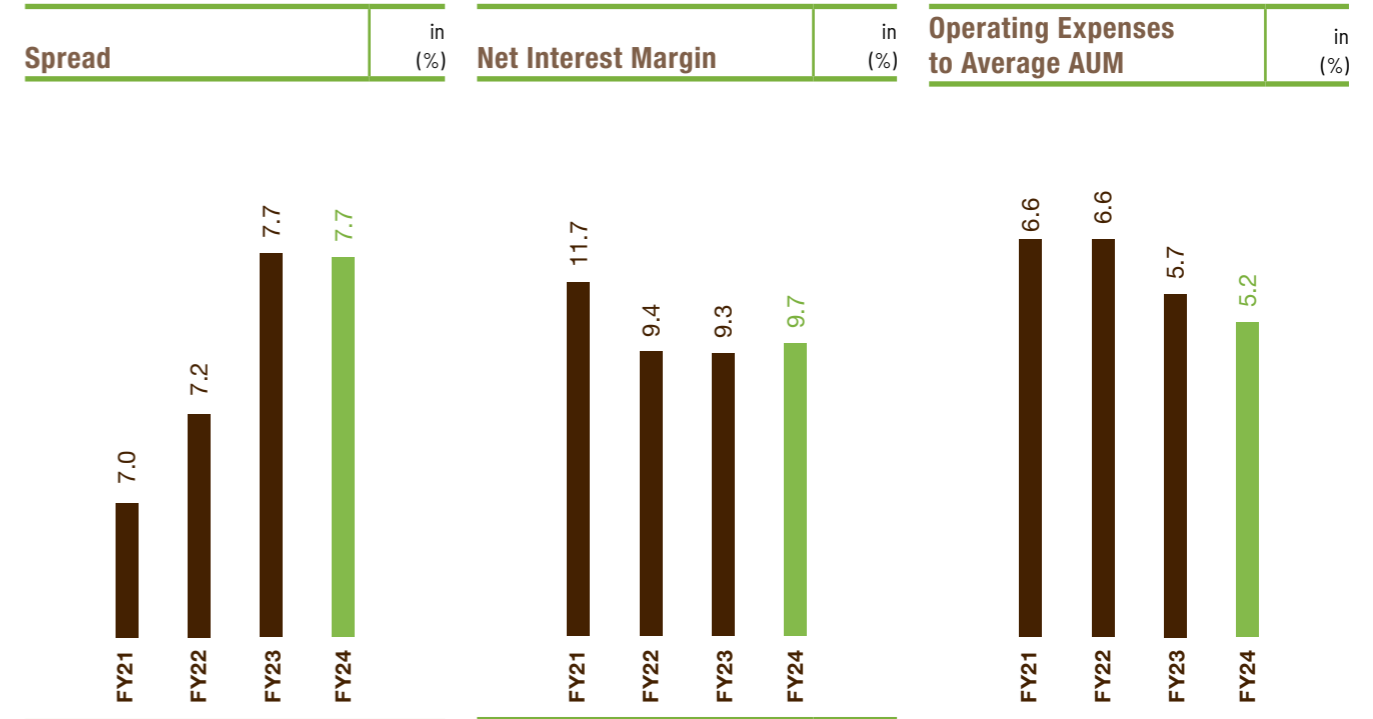
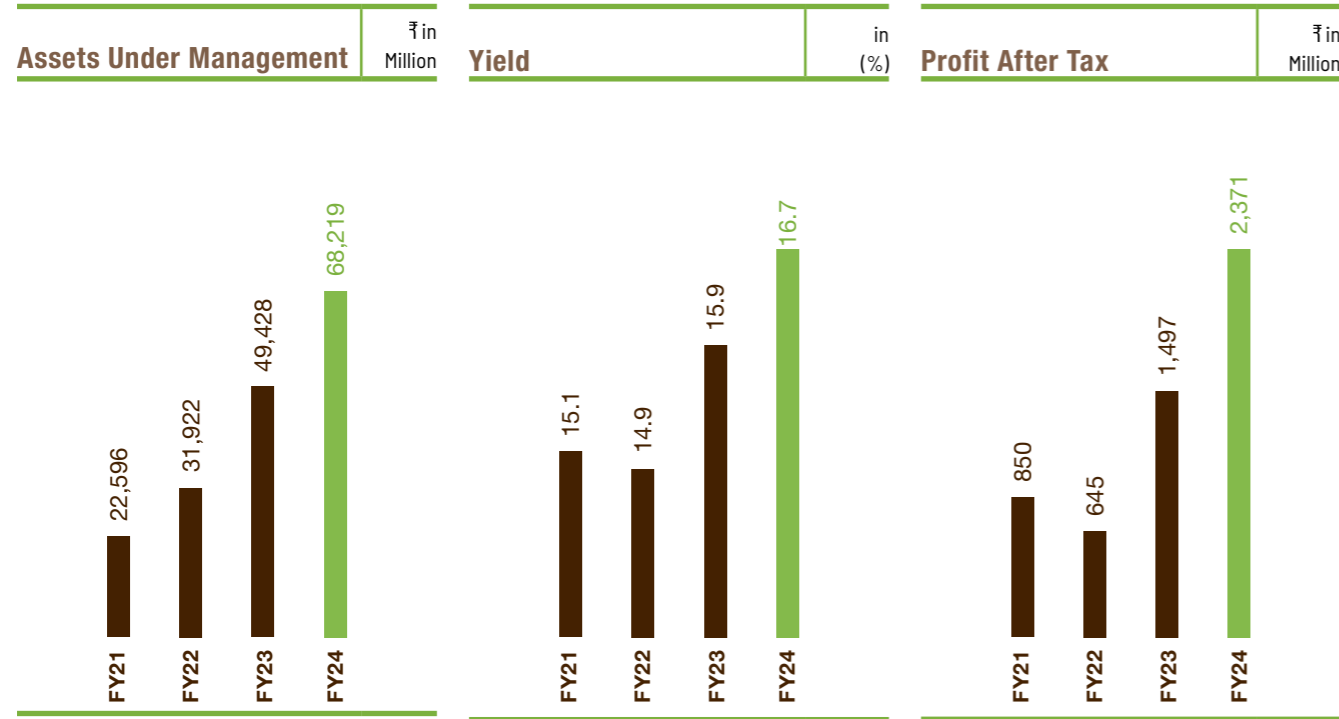


**Mr. Shashi Rana**  
Head- LMS Collections  
20+ Years of experience



# KPI Graphs

## Charting Steady Progress



# Stories of Our Journeys



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## STORY 1

# Fuelling Progress:

## The Pivotal Role of MSMEs in India's Economic Landscape

India's Micro, Small and Medium Enterprises (MSMEs) form the lifeblood of its economy, contributing significantly to its GDP and embodying the aspirations of countless entrepreneurs across urban and rural landscapes. MSMEs are not merely statistics within India's economic narrative; they are dynamic engines of growth, innovation and socioeconomic advancement.

“MSMEs are not just a segment of India's economy; they are its dynamic powerhouses driving growth, innovation, and socioeconomic progress across the nation.”

The sector is particularly noteworthy for its vast scale and scope, encompassing approximately ~63 Million enterprises<sup>1</sup>, primarily micro in nature, which collectively account for nearly a third of the nation's GDP. These enterprises are crucial in stimulating economic activity by providing a wide array of services and products, both locally and internationally. Their capacity for job creation is immense, given their lower capital intensity compared to larger industries.

India's economic resilience is further evidenced by robust growth projections. The World Bank forecasts India's GDP to grow 6.4% in 2024 and 6.5% in 2025, which indicates a steady upward trajectory for MSME sector as well. The SIDBI Report for February 2024 highlights a positive outlook for credit demand from the MSME sector in 2024, emphasising the continuation of growth momentum driven by

increased economic activities. This surge in demand is attributed to the expansion of MSME lending by banks and NBFCs, facilitated by advancements in digital lending infrastructure and the availability of enriched credit data.

Moreover, SBFC Finance Limited, a key player in this sector, underscores its commitment through targeted strategies that ensure sustainable growth and significant outreach. The Company has crafted a network that penetrates underbanked tier II and III cities, facilitating the growth and accessibility of financial services. With a diversified asset management approach and a keen focus on maintaining quality and managing risks, SBFC has successfully expanded its MSME loan portfolio across numerous states and territories, reflecting its deep commitment to fuelling India's economic engine through this vibrant sector.

<sup>1</sup>See MD&A

# Strategic Empowerment:

SBFC distinguishes itself as a preeminent ally for the MSME segment, driven by a nuanced understanding and a multifaceted approach to service delivery. Each of these aspects collectively underscores SBFC's strategic positioning as a pivotal financial ally for MSMEs, committed to nurturing and expanding this essential sector.

SBFC's reach extends to tier 2 and tier 3 towns, democratizing financial access. The Company's tailored solutions and deep market insight empower MSMEs, fostering growth and efficiency. With rapid turnaround times, flexibility and a partnership approach, SBFC stands as a beacon of accessibility and support for MSMEs nationwide.



**20%**  
Percentage of Co-origination to FY 2024 MSME AUM

**84%**  
Percentage of MSME loans in total FY 2024 AUM, up from 79% in FY 2023

**46%**  
Annual YoY growth rate in MSME Assets Under Management for FY 2024

## SBFC's Comprehensive Approach to assisting MSMEs



**Customized Solutions:**  
SBFC tailors financial products to meet the nuanced demands of MSMEs, supporting business expansion, technological upgrades and enhanced operational efficiency.



**Partnership Approach:**  
The company fosters long-term relationships with its clients, closely engaging with MSMEs to understand their aspirations and providing necessary financial support.



**Deep Market Understanding:**  
The firm boasts an intimate knowledge of the MSME landscape, supported by a robust mechanism for credit assessment and understanding of business requirements at various growth stages.



**Reach:**  
With a strong presence in tier 2 and tier 3 towns, SBFC enhances access to financial services for MSMEs across a broad geographic spectrum, making it a more accessible financial partner.



**Fast Turnaround Time:**  
Recognizing the critical nature of swift fund access, SBFC ensures rapid loan processing and approval, providing a significant competitive edge.



**Risk Management:**  
SBFC has implemented ERM framework for risk management, ensuring organizational financial stability while offering competitive loan products to the MSME sector.



**Flexibility:**  
SBFC offers more adaptable terms, repayment schedules and collateral requirements than traditional financial institutions, accommodating a wide range of MSME needs.



**Use of Technology:**  
By leveraging technology, SBFC streamlines the entire loan process from application to disbursement, making it quicker and user-friendly, thus conserving valuable time for MSME clients.



STORY 2

# Securing Stability:

## Gold Loans as Pillars of Resilience & Profitability

The Gold Loan industry has gained credibility and has been expanding over the past few years with consistent demand for gold loans. NBFCs are facing intensified competition from banks, especially in the higher loan ticket segment, however, NBFCs are expected to remain key players in this segment due to their pan-India presence and ability to disburse loans quickly with a hassle-free process.

“  
The secured nature of gold loans enhances SBFC’s financial robustness, contributes positively to the company’s balance sheet and supports overall profitability by providing stable and reliable financial options  
”

As of March 31, 2024, our Gold Loan operations have wide reach across 18 states and union territories, solidifying our presence in the financial landscape. This segment has demonstrated stable growth, with the Assets Under Management (AUM) reaching ₹ 10,338 Million, representing 15% of our total AUM of ₹ 68,219 Million. Moreover, the Gross Non-Performing Assets (GNPA) ratio for our Gold Loan portfolio has been stable at 0.48% in FY 2024, down from 1.27% in the previous fiscal year. This improvement underscores our steadfast dedication to both the expansion and the integrity of this vital portfolio segment.

This asset class not only diversifies but significantly enhances our financial resilience, ALM profile, liquidity and profitability, bolstering our balance sheet and improving our margins

through the advantages of liquid collateralized lending and favourable loan-to-value ratios.

Our firm commitment to the MSME sector, alongside the strategic bolstering of our financial structures through diversified assets such as gold, serves as a testament to our resilience and agile adaptation to economic dynamics. The dual approach of empowering MSMEs while leveraging the stability and liquidity of gold assets, demonstrates a strategic foresight in navigating the fiscal landscapes of India’s burgeoning economy.

## Our Gold Loans Performance:

**69%**  
Percentage of LTV in FY 2024 LAG AUM

**15%**  
Percentage of LAG in total FY 2024 AUM

**20%**  
Annual YoY growth rate in LAG AUM for FY 2024



## Harnessing the Sheen of Security:



### Collateralized Lending:

In gold financing, loans are secured with gold as collateral, facilitating quick recovery of funds through auction of gold in case of default.



### Flexibility:

SBFC offers variety of schemes with flexible tenors and repayment options to suit each customer needs.



### Favourable Loan-to-Value Ratios:

Regulatory norms support favourable Loan-to-Value (LTV) ratios, typically around 75%, safeguarding against significant drops in gold prices while ensuring full recovery of loans.



### Use of Technology:

By leveraging technology, SBFC streamlines the entire loan process, thereby delivering loan quickly to the Customer.



### Simpler Operational Structure:

The straightforward verification and assessment processes associated with gold loans lead to simpler operational structure leading to higher efficiency.



### Operational Efficiency and Client Servicing:

The nature of gold loans allows for minimal documentation and credit checks, expediting transactions and quick disbursements of loan.



### Profitability:

Gold loans typically have higher interest rates compared to other secured loans, coupled with lower LGD, leading to higher margins.



### Risk Management:

Gold loans are actively managed through stringent valuation practices, market fluctuation monitoring and intensive audit processes to mitigate risks.



### Shorter Tenure and Liquidity Management:

Gold loans usually feature shorter tenures, leading to superior Asset Liability Management and superior liquidity management.

“Gold financing not only fortifies SBFC’s balance sheet, but also provides superior Asset Liability Management, superior liquidity management together with quick resolution of delinquencies, transforming a traditional asset into a cornerstone of financial innovation and stability”





STORY 3

# Accelerating Progress:

SBFC's Prolific Performance Driving Economic Expansion

As we tread along the intricacies of an ever-evolving economic landscape, SBFC solidifies its position as a catalyst of resilience and innovation in India's financial sector. FY 2024 was a landmark year, marking a pronounced 38% increase in our Assets Under Management (AUM). This growth is not merely numerical but a reflection of our solid commitment to empowering the Micro, Small and Medium Enterprises (MSMEs)—the true backbone of India's bustling economy.

“  
At SBFC, we are not just lenders; we are partners in progress, shaping the future of India's MSME landscape  
”



### Expanding Horizons

At SBFC, we have not just navigated but charted a course through the dynamic contours of India's economy, achieving an accelerated growth trajectory. Our strategic expansion across multiple states has established us as the preferred lender for India's fervent entrepreneurs and MSMEs, fostering a sustainable growth path for our burgeoning enterprise.

**183**

**Branches across India by the end of FY 2024:**

Expanding our network to serve more regions, reinforcing our commitment to accessible financial services.



### Customer Base

Our AUM in the secured MSME segment witnessed an impressive surge of 46% in FY2024, reaching ₹ 57,044 million, up from ₹ 39,200 million in the previous fiscal year. The gold loan portfolio also demonstrated robust growth, escalating by 20% to an AUM of ₹ 10,338 million. These strides are supported by a calculated dial-back in unsecured lending, allowing us to fortify our core offerings and enhance our portfolio diversification.

**129,183**

**Number of Live Customers in FY 2024:**

Target to significantly increase our customer base, further embedding our market presence.



### Liabilities Management

In our strategic approach to liabilities management, SBFC has underscored the importance of maintaining transparency, standards of high governance and execution alongside robust relationships with banks and financial institutions. This foundational strategy has empowered us to secure competitive borrowing rates consistently. By fostering trust and reliability with our lending partners, maintaining financial stability and discipline, we ensure a steady influx of capital at favourable terms, which is crucial for diversifying our lenders base and sustaining our growth and expanding our offerings.

**25**

### Number of Lenders in FY 2024:

Deepening exposure with robust relationships and transparency.



“  
Every number in our financial statements reflects a story of a dream empowered, a business supported and a community uplifted.  
”



### Risk Management

During FY 2024, we achieved significant strides in managing and reducing Non-Performing Assets (NPA) within both our MSME and gold loan segments. Through enhanced credit underwriting practices and a refined focus on Enterprise Risk Management framework, risk assessment, we have implemented robust measures for risk identification, assessment, measurement, mitigation and reporting. The superior digital collection to extensive on-the-ground collection supports our vigilant approach towards delinquency management, directly contributing to the health and stability of our financial portfolio, ensuring sustained profitability and trust among our investors and stakeholders. By securing stable NPA ratios, SBFC not only reinforces its financial foundation but also strengthens its position as a resilient and reliable financial entity in the competitive market. This commitment to maintaining asset quality underlines our dedication to operational excellence and strategic growth, further fuelling India's economic engine while safeguarding our investments.

	FY2023	FY2024	
<b>GNPA Ratio</b>	2.57%	2.43%	14 basis point reduction in NPAs during FY 2024, indicating improvements in asset quality.
<b>Loan Provision Coverage Ratio</b>	39.3%	44.7%	542 basis point improvement in the adequacy of financial provisions against NPAs to cover potential losses, ensuring financial resilience.
<b>Credit Cost to AUM %</b>	0.79%	0.80%	



STORY 4

# Digital Dynamics:

## Harnessing the Power of Technology for Unmatched Efficiency and Security

In the digital arena, we continue to leverage cutting-edge technology to redefine customer experiences and streamline loan delivery processes. Our 'Phygital' strategy—blending physical presence with digital agility—allows us to penetrate deep into Tier-2 and Tier-3 cities, mitigating geographical risks and seizing unique growth opportunities. Our leadership's focus on robust risk management and prudent financial strategies has facilitated a well-balanced growth model, with our wider presence at 16 states and 2 union territories with 183 branches across the country.

### SBFC: Leading the Way in a Digital Future:

Technology is at the heart of SBFC's transformation. We've harnessed advancements to revolutionize our operations and customer interactions. Recognizing the evolving regulatory landscape for mid-sized NBFCs, we've proactively built a robust technological infrastructure.

This integrated platform ensures seamless compliance, optimizes efficiency and fosters trust and reliability with our stakeholders. Our commitment to cutting-edge technology extends across all aspects of our business, from delivering exceptional customer service to streamlining internal processes.

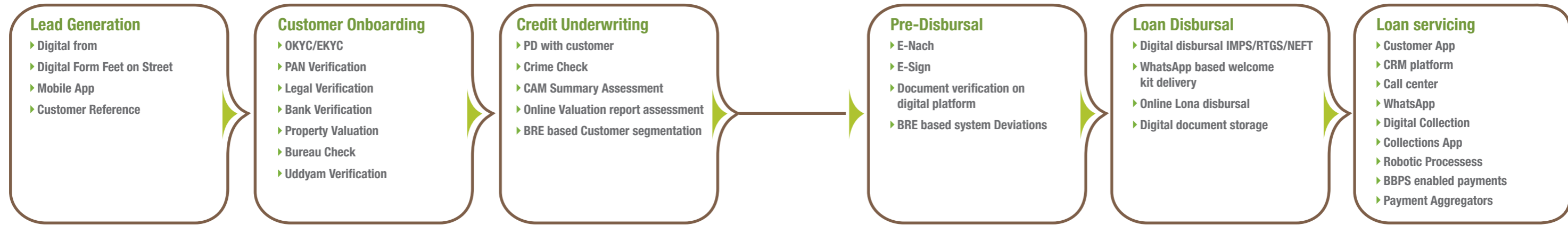
At SBFC, innovation is a continuous journey. Each technological breakthrough translates into tangible benefits for our customers: improved service, enhanced security and greater efficiency. We're not simply adapting to the digital age; we're actively shaping it to deliver unparalleled value and unwavering trust to all our stakeholders.

“  
At SBFC, technology is not just about innovation; it's about creating enduring value and trust for every customer.  
”

 **129,183**  
Number of Live Customers as on March 31, 2024

 **3,758**  
Number of Employees as on March 31, 2024

## SBFC Landscape



**46**  
Operational Accuracy:  
No of APIs Integrated

**1200+**  
Digital Transaction: No of  
Data elements captured  
on real time basis.

### Simplifying Loans Through Technology

Empowering customers and streamlining operations are at the forefront of our technological initiatives. Automation has driven a significant improvement in accuracy and efficiency, boosting both productivity and reliability. Digital transactions, a cornerstone of our customer engagement strategy, have drastically reduced cash collections and ensured real-time, highly accurate transactions. This eliminates manual intervention, creating a seamless and responsive customer experience.

Security remains paramount in the digital age. We've continually strengthened our IT governance and compliance frameworks to effectively shield our systems from cyber threats. The adoption of eKYC across all operations ensures regulatory compliance and safeguards both customer information and trust.

### Revolutionizing the Loan Journey:

Further digitalization of our Loan Origination System (LOS) has transformed the customer experience. Key advancements include:

- Aadhaar-based KYC:** Simplified customer onboarding.
- Online PAN verification:** Streamlined processes.
- Business Rule Engine (BRE):** Real-time customer segmentation & system deviations for better loan processing.
- API-driven Verifications:** Quick and reliable verification of bank details, litigation history and property information, enhancing credit underwriting.

This revitalized LOS ensures complete adherence to credit policy during disbursement and expedites loan processing by generating deviations and providing real-time loan tracking.

### Unlock a World of Convenience:

**The Power of Our Mobile App:**  
At SBFC, we believe in the power of digital transformation to revolutionize lending. Each step we take in this direction leads to demonstrably improved operational efficiency and increased customer satisfaction

Our commitment to digital excellence extends across all aspects of our business, transforming both internal operations and the customer experience. A key driver of this is our recently revamped mobile app, designed for simplicity and ease of use

**At your fingertips:**

- Instant Loan Renewals:** Renew your loan online in just a few clicks.
- Real-Time Top-Ups:** Access top-up funds whenever you need them.

“  
*Digitalization at SBFC provides real-time data and insights, enabling superior decision-making and improved operational efficiency*  
”

**Seamless Payments:** Make payments conveniently through various digital channels, including UPI, Net Banking, Debit Card and popular wallets like Gpay, Paytm and PhonePe.

**Self-Service Convenience:** Manage your loan at your own pace.

**24/7 Access:** View critical documents like account statements, interest certificates and loan agreements anytime.



“  
*Recognizing these risks, our organization has adopted a proactive and multi-layered approach to cybersecurity, encompassing prevention, detection, response and recovery measures.*  
 ”

“  
*Recognizing the evolving nature of cybersecurity threats and the importance of maintaining robust information security management systems (ISMS), we embarked on the journey towards ISO 27001 certification*  
 ”

**Building Trust:**

**A Commitment to Security and Compliance**

SBFC operates in a dynamic and highly regulated environment where data security and confidentiality are paramount. Recognizing the evolving nature of cybersecurity threats and the importance of maintaining robust information security management systems (ISMS), we embarked on the journey towards ISO 27001 certification.

**ISO 27001 Certification Journey**

The process of achieving ISO 27001 certification involved meticulous planning, implementation, and continuous improvement of our information security practices. SBFC has gained immense benefits in the process of ISO 27001 Certification including:

**Enhanced Data Security:**

Implementation of ISO 27001 controls has strengthened our ability to protect

sensitive data assets, reducing the risk of data breaches and unauthorized access.

**Improved Regulatory Compliance:**

Compliance with ISO 27001 standards has facilitated alignment with regulatory requirements and industry best practices, enhancing our credibility and trustworthiness in the eyes of regulators and customers.

**Risk Management:** The systematic approach to risk assessment and management prescribed by ISO 27001 has enabled us to proactively identify and mitigate information security risks, thereby safeguarding business continuity and resilience.

**Competitive Advantage:** ISO 27001 certification serves as a differentiator in the competitive BFSI landscape, demonstrating our commitment to excellence in information security and providing a competitive edge in winning customer trust and confidence.

**Security in Technology age:**

The BFSI sector is a prime target for cybercriminals due to the sensitive nature of financial data and the potential impact of security breaches on customer trust and market stability. Recognizing these risks, our organization has adopted a proactive and multi-layered approach to cybersecurity, encompassing prevention, detection, response and recovery measures.

Endpoints serve as critical entry points for cyber threats, including malware, ransomware and phishing attacks. Our endpoint protection strategy focuses on securing devices such as desktops, laptops, mobile devices and servers from a diverse range of threats, thereby safeguarding against data breaches and system compromises.

**Key Components of Endpoint Protection**

**Antivirus and Antimalware Solutions:** Deployed robust antivirus and antimalware software across all endpoints to detect and mitigate known and unknown threats in real-time.

**Endpoint Detection and Response (EDR):** Implemented advanced EDR solutions capable of monitoring endpoint activities, detecting suspicious behavior and orchestrating rapid response actions to contain and neutralize threats.

**Patch Management:** Established a comprehensive patch management program to ensure timely installation of security patches and software updates, minimizing vulnerabilities and exposure to exploitation.

**Data Encryption:** Enforced encryption protocols for sensitive data stored on endpoints, including customer

information, financial transactions and proprietary business data, to prevent unauthorized access and data exfiltration.

**Application Control and Whitelisting:** Implemented application control and whitelisting policies to restrict unauthorized software installations and execution, reducing the risk of malware proliferation and unauthorized access.

**Continuous Monitoring and Threat Intelligence**

In addition to preventive measures, our organization prioritizes continuous monitoring of endpoint activities, network traffic and security logs to detect and respond to emerging threats in real-time. Leveraging threat intelligence feeds and security analytics, we remain vigilant against evolving cyber threats and adversaries targeting our digital assets and customer data.



STORY 5

# Cultivating Capabilities:

## Empowering the Youth with Skills for Sustainable Success

The broader impact of SBFC's journey through fostering employability and enhancing workplace culture is more than just corporate responsibility; it is a strategic imperative that positions us an employer of choice in the financial sector while also creating societal impact. As we look ahead, our focus remains steadfast on expanding these initiatives, leveraging digital tools to enhance their reach and efficacy and continuing to build a foundation that supports sustainable development and inclusive growth.

“Diversity isn't just about numbers at SBFC; it's about weaving a tapestry of varied thoughts and ideas that drive innovation and performance.”

### At SBFC, ‘Empowering the Underserved: Cultivating Employability through Passion and Empathy’

isn't just a program—it's our commitment. We do not just see the potential in our youth—we invest in it, nurture it, and watch it transform our future. Harnessing India's demographic dividend, our SBFC Gurukul initiative continues to be a transformative force for the young citizens from marginalized communities, guiding them towards meaningful employment and self-sufficiency.

Comprehensive Development and Inclusive Growth In 2024, SBFC has redoubled its efforts through innovative recruitment and training strategies aimed at empowering both urban and rural youth. By integrating the National Apprenticeship Promotion Scheme and the National Apprentice Training Scheme, we offer a tailored approach to skill development. Our commitment extends beyond vocational training. We instil a resilient organizational culture centered on integrity, excellence and agility—values that guide every SBFCian.



Through initiatives like the ‘Gender Diversity’ and ‘We Care’ CSR programs, we are enhancing our workplace and extending our impact into the community, supporting local schools and inclusive education.



**402**  
Number of Trainees taken in FY2024 at SBFC Gurukul

Indicates the total number of trainees enrolled in the program for the year. This includes 236 currently perusing training and 166 who have successfully completed training reflecting our expanded focus on inclusive skill development.



**72%**  
Employee Absorption Post-Training

Represents the percentage of trainees who have been absorbed post completion of their training program, this reflects our commitment of providing opportunities to young talent.



**33%**  
Of our total on-job Trainees are women under SBFC Gurukul

Measures the percentage of workforce diversity in terms of gender in promoting young talent. The increased diversity at the stage of absorbing young talent builds a foundation for enhanced participation of women in SBFC's journey.



**30%**  
Of our total workforce at Head Office are women

Measures the percentage of workforce diversity at the nerve centre of SBFC in terms of gender. The significant achievement of diversity at the nerve centre, strengthens our resolve for more balanced representation.



**113**  
Supported Shri Swaminarayan Vidyalaya housing 101 students including 53 girls from nearby villages and sponsored 12 special students at Little Angels School.

Upgraded wholistic infrastructure at Shri Swaminarayan Vidyalaya, Manipura, Viramgam, Ahmedabad to enable addition of standard 9 & 10. We intend to now build infrastructure for standard 11 & 12. Our resolve to support educational initiatives is a small step in building the foundation of the nation.

## We Care- Drive CSR



**Pooja Chourasiya**  
Human Resources, Mumbai

I am truly delighted to have worked at SBFC, where every day brings about inner growth in terms of both personality and knowledge. I've learned to handle work that require active foresight and decision-making in order to achieve the desired results, while being patient with any situation that arises at work.



**Gurmeet**  
Credit- Noida

The technology used in our system really surprised me; it is beyond my expectations. It is a true marriage of digitalization and human resources that produces results quickly, both qualitatively and quantitatively. The management is incredibly modest and makes every effort to support staff members.



**Jagruti Sanjay Patil**  
Legal, Thane

SBFC is a place where professionals collaborate and pool their expertise and experience to build an expanding empire with success. I now have access to a wealth of additional tools and information that will help me build upon project and business ideas.



**Vanshika Saxena**  
BSM- LAG, Bareilly

I realized that SBFC is grooming youth and promoting new talent for a better future and luckily I got selected. Being a fresher, I was really impressed with the Company's place of work for females where the management and seniors are supportive in learning and growth.



**Suyog Mande**  
Human Resources, Mumbai

My knowledge of various HR concepts has increased to the point where I can now speak with confidence and have received numerous compliments, inspiring me to take on additional responsibilities. I have been successfully absorbed on role and leading a role of Human Resources Business Partner for Mumbai region.



**Prashant**  
Business BSM- ME, Shamli

I aspired to be like my reporting manager, he inspired me, always held my back and have a positive attitude towards the team. I wanted to be like him someday and now I am an on role BSM- ME for SBFC.





**STORY 6**

# Empowering Aspirations:

Detailed Journeys of SBFC's Impactful Partnerships

At SBFC, 'Empowering the Underserved: Cultivating Employability through Passion and Empathy' reflects our deep commitment to enhancing the entrepreneurial spirit across diverse Indian communities." As we detail the transformative experiences of our clients in FY 2024, our dedication to providing tailored financial solutions and committed support shines through, demonstrating our pivotal role in their personal and business growth.

“  
Our support for each of these entrepreneurs underlines our role as partners in their journey toward success. By providing personalized financial solutions and ongoing support, we empower individuals to overcome obstacles and seize opportunities, contributing to a more prosperous and inclusive India.  
”

## Success Stories



**1**

### Weaving Success in Karnataka

#### Mr. Shiv Shankar

In the serene town of Yelahanka, Karnataka, Mr. Shiv Shankar took the helm of his father's legacy, Venkateshwara Silks—a modest saree manufacturing unit with only 2 employees. Under his stewardship, the business flourished, expanding to a team of 23. The COVID-19 pandemic posed significant financial challenges, compelling Shiv to use personal funds to sustain his employees and their families. Recognizing his need for financial reinforcement to enhance his production capabilities, he approached SBFC. Our team promptly addressed his needs, facilitating the upgrade of his equipment from manual to automatic machines, thus revitalizing his product quality and business operations.



2

## From Kirana to Cosmetics in Uttar Pradesh

### Mr. Anil Kumar Varma

Mr. Anil Kumar Varma's journey began in Barabanki district, Uttar Pradesh, where his initial attempt to establish a Kirana store in 2002 was stymied by financial constraints. Undeterred, in 2007, with a modest sum of ₹ 9,000-10,000, he ventured into the cosmetic and bangle retail sector. To supplement his income, Anil worked night shifts, reinvesting every extra rupee into his burgeoning business. His perseverance paid off when he purchased a plot and commenced construction. However, the advent of COVID-19 temporarily halted his progress. Living in challenging conditions on his partially constructed plot, Anil reached out to SBFC post-pandemic. Our assistance enabled him to complete his home and revitalise his store, setting him on a path to transition from retail to wholesale.



3

## Engineering a Brighter Future in Karnataka

### Mr. Mohammad Jaffar

Starting his career for a mere ₹ 10 a month, Mr. Mohammad Jaffar spent 12 formative years at his uncle's workshop on Tanning Road, Bangalore, mastering engineering skills like shaping, milling, and reborring. In 2010, with dreams of independence, he rented a shop and established his own workshop with just two employees. After a decade of successful operation, he aspired to expand. Upon learning about SBFC through a friend, Jaffar sought our help to realize his ambition. Despite the setbacks of the COVID-19 lockdown, Jaffar's commitment remained unwavering, never missing a payment and eventually expanding to a larger facility, HKGN Auto Engineering Works, now equipped with multiple advanced machines.



4

## Beautifying Futures in Gujarat

### Mrs. Neema

Mrs. Neema's tale is one of remarkable resilience. Following personal tragedies and societal pressure in Vadodara, Gujarat, she sold her mangalsutra to fund her education in beauty and hairstyling. Starting her career in a salon where she trained, she soon ventured out on her own, providing services from her home. In 2014, her entrepreneurial spirit led to the opening of Rose Beauty, a ladies' salon. When the need arose to upgrade her establishment, SBFC stepped in to assist. With our support, she transformed Rose Beauty into a thriving unisex salon, now planning further expansion to accommodate growing customer demand.



5

## Refining Gifts in Gujarat

### Mr. Vipul Shah

In Vadodara, Gujarat, Mr. Vipul Shah transformed his father's clothing shop, Neminath Enterprise, into a specialized stationery and corporate gifting store. Proudly serving clients like LIC and Indian Oil Corporation, Vipul sought to expand his offerings. SBFC's timely financial support has been instrumental in his plans to establish a new corporate gifting firm, furthering his entrepreneurial journey.



6

## Focusing on the Future in Maharashtra

### Mr. Umar Yasin Shaikh

From working at an optical shop to founding Royal Opticals in Pune, Maharashtra, Mr. Umar Yasin Shaikh's vision expanded to a second location. However, a city planning decision led to the demolition of his new shop. With his dreams temporarily clouded, he turned to SBFC for support. Our team provided the necessary financial assistance, enabling him to rebuild and continue expanding his business, with aspirations of transforming Royal Opticals into a recognized brand.



7

## Driving Ambitions in Maharashtra

### Mr. Sachin Pawar

Since 2013, Mr. Sachin Pawar has been at the helm of Viraj Auto Garage in Pune, Maharashtra, turning his passion for auto works into a thriving business. Initially learning the ropes at Sahyadri Auto Works, Sachin's drive led him to establish his own garage. In need of funds to upgrade his equipment and renovate his home, he reached out to SBFC. Our support has set the stage for his dreams of opening additional garages and securing a dealership.

# Statutory Reports



1

2

# Management Discussion & Analysis



“  
The International Monetary Fund (IMF) projects a global growth rate of 3.1% for 2024, marginally improving to 3.2% in 2025.  
”

## Overview of Global Economy:

As 2024 unfolds, the global economic landscape is characterised by a nuanced path of recovery, underscored by continuous challenges and emerging uncertainties. The aftermath of consecutive intense disruptions over the preceding four years has left the global economic and financial fabric in a state of tentative recovery. The international community continues to grapple with a spectrum of obstacles, including uneven growth patterns, heightened debt burdens, geopolitical economic divisions, and persistent global conflicts. The compounded effect of soaring interest rates and significant fiscal imbalances has escalated the strain on debt repayments across various nations, thereby complicating the formulation and execution of policy measures, particularly in essential infrastructure development and social welfare initiatives.

There is a glimmer of hope as inflation rates begin to show signs of easing, fostering a guarded optimism towards achieving a stable trajectory for the global economy. Nonetheless, the prevailing economic climate is marked by fragility, with prevalent uncertainties about growth and inflation prospects, which necessitates a careful and measured approach towards future economic forecasts and associated risks.

From a broader perspective, the World Bank acknowledges the global economy's unexpected resilience in the face of consecutive shocks, suggesting a possibility for a “soft landing” that could avert severe economic downturns. Nevertheless, the intermediate outlook remains subdued, with an anticipation of a deceleration in global growth that could signify the weakest performance in decades since the 1990s. This slowdown poses a risk of exacerbating poverty levels across many developing countries.<sup>1</sup>

## Management Discussion & Analysis *Contd...*

The International Monetary Fund (IMF) projects a global growth rate of 3.1% for 2024, marginally improving to 3.2% in 2025, with the 2024 forecast slightly higher by 0.2 percentage points than previously estimated in October 2023. This upward adjustment is attributed to the unexpected resilience observed in the United States, various large emerging markets, and developing economies, coupled with fiscal support measures implemented in China. Despite these adjustments, the growth forecast for 2024–2025 remains below the historical average, impacted by high central bank policy rates aimed at controlling inflation, the retraction of fiscal support amid soaring debts, and stagnant productivity growth. Moreover, the IMF highlights the ongoing moderation of inflation across most regions, driven by the resolution of supply-side issues and stringent monetary policies, with global headline inflation expected to decline to 5.8% in 2024 and further to 4.4% in 2025.<sup>2</sup>

“  
South Asia (SAR) is anticipated to experience growth rates of 5.6% in 2024 and 5.9% in 2025.  
”

South Asia (SAR) shows promise with significant growth prospects. The region is anticipated to experience growth rates of 5.6% in 2024 and 5.9% in 2025, with India leading the way as a significant growth driver. East Asia and the Pacific (EAP) also promise growth rates of 4.5% and 4.4% in 2024 and 2025, respectively, with China facing tough competition from Indonesia in terms of percentage growth. Growth in East Asia and Pacific (EAP) is expected to be moderated by slower growth in China, which impacts regional trade dynamics. Nevertheless, certain export-oriented economies within the EAP and Latin America and the Caribbean (LAC) regions may benefit from a modest pickup in global trade in 2024.<sup>3</sup>

While Advanced Economies represented by US, EU and Japan are struggling to keep up the pace hovering around 1.5 percent, Sub-Saharan Africa (SSA) is expected to witness a rebound in growth, projected at 3.8% in 2024 and 4.1% in 2025. This improvement is attributed to easing factors that previously hindered growth, such as reduced fiscal support and adjustments in metal-exporting economies to lower prices.<sup>4</sup>

## Emerging Dynamics:

### The Rise of Decentralised Growth in the Global Economy

The global economic landscape is undergoing a phase of growth decentralisation, characterised by varying growth prospects across different regions and countries. According to the World Bank's Global Economic Prospects report, growth patterns are not uniform, with specific regions and countries exhibiting higher growth potential than others. This trend signifies a shift from traditional growth poles to a more distributed growth scenario, where emerging markets and developing economies (EMDEs) play a significant role.

1. Global Economic Prospects, World Bank, January 2024.  
2. World Economic Outlook Update, IMF, January 2024.

3. Global Economic Prospects, World Bank, January 2024.  
4. Global Economic Prospects, World Bank, January 2024.



## Management Discussion & Analysis *Contd...*

### Regional Growth Prospects



*“In a world where the pulse of the global economy influences the rhythm of local markets, the ability of India’s financial sector to navigate the fluctuating beats of international interest rates will be crucial.”*

The decentralised nature of global growth highlights the increasing significance of EMDEs in driving the world economy. Factors such as investment trends, commodity prices, and regional economic policies contribute to this diversification of growth prospects. As the global economic landscape evolves, understanding these regional dynamics becomes crucial for grasping the broader trends shaping the world economy.

### Global Interest Rate Dynamics

#### Their Impact on India’s Financial Sector

With the global economy on a cautious path to recovery, central banks worldwide have been balancing the dual mandate of curbing inflation and fostering economic growth, leading to a fluctuating interest rate environment. This scenario is set against a backdrop of gradual improvement, as the International Monetary Fund (IMF) forecasts global growth to marginally increase to 3.1% in 2024 from its

previous estimation, with a slight improvement to 3.2% in 2025. The IMF also anticipates a decrease in global headline inflation to 5.8% in 2024 and further to 4.4% by 2025, suggesting a moderating inflationary pressure across regions due to resolved supply-side issues and stringent monetary policies (“World Economic Outlook,” IMF, April 2023).

For India, the interconnection with the global financial system means that these global interest rate trends could significantly influence its domestic monetary policy decisions, particularly those made by the Reserve Bank of India (RBI). The RBI’s efforts to balance inflation control with growth promotion could be affected by global interest rate movements. A global uptick in rates may prompt the RBI to tighten monetary policy to protect the rupee and contain inflationary pressures, potentially leading to higher domestic borrowing costs. Conversely, a global easing of interest rates could allow the RBI to reduce domestic rates, thereby fostering a conducive environment for investment and consumption within India.

This global-to-domestic transmission mechanism could have profound implications for India’s banking and NBFC sectors. A tighter monetary environment, characterised by higher interest rates, could exacerbate asset quality challenges for these institutions, as higher borrowing costs could lead to increased defaults and a rise in non-performing assets (NPAs). Alternatively, a stable or declining interest rate environment could catalyse credit growth, support economic recovery efforts, and enhance the financial health of the banking and NBFC sectors.

Therefore, as the global economic narrative unfolds, with its direct and indirect influences on India’s economic policies and financial sector dynamics, the ability of Indian banks and NBFCs to navigate these uncertain waters will be paramount. Adopting robust risk management frameworks and innovating financial products will be essential for these institutions to

## Management Discussion & Analysis *Contd...*

mitigate the potential adverse effects of interest rate volatility and to capitalise on the opportunities that may arise from the evolving global and domestic economic landscape.

### Overview of the Indian Economy:

#### Solid Foundations:

#### India’s Financial Stability in the Face of Global Headwinds

Despite the prevailing global economic challenges, the Indian economy is on a sustained growth and resilient trajectory. The country’s financial infrastructure demonstrates robustness, further reinforced by the continuous improvement in the health of its financial institutions. Recent proactive regulatory measures are anticipated to curb the accumulation of financial stress, particularly from the surge in unsecured borrowing and the rapid expansion of consumer credit. Although the global economic situation poses potential risks, along with the growing interconnectedness within the domestic financial landscape and the expanding role of Non-Banking Financial Companies (NBFCs) in financial services, the foundational strength of India’s banking sector, characterised by substantial capital reserves, regulatory vigilance, and solid balance sheets, is expected to provide a stable platform. This foundation is critical for the banking system to navigate through potential challenges and continue supporting the productive sectors of the economy, thus contributing to its growth momentum.

The World Bank and the IMF have both projected strong growth rates for India in the upcoming years, reflecting



optimism about the Indian economy’s resilience amidst global challenges. The World Bank forecasts India’s GDP to grow 6.4% in 2024 and 6.5% in 2025, indicating a steady upward trajectory. Similarly, the IMF has projected a robust growth rate of 6.5% for India for 2024 and 2025, showcasing the country’s strong economic fundamentals and capacity to sustain growth even in the face of global headwinds.<sup>5,6</sup>

These projections are significant when the global economy faces several uncertainties. Yet, India’s economy is expected to weather these challenges and emerge as a critical driver of global growth. The consistent growth rates anticipated by both the World Bank and the IMF highlight India’s robust domestic demand and the effectiveness of ongoing economic reforms in fostering a conducive environment for sustainable growth.

5. Global Economic Prospects, World Bank, January 2024.

6. Global Economic Prospects, World Bank, January 2024.

### Industry Overview:

#### The Rise of NBFCs in India:

#### Driving Credit Expansion and Economic Resilience

The Non-Banking Financial Companies (NBFCs) in India have been pivotal in bridging the credit gap for various segments of the economy, notably the Micro, Small, and Medium Enterprises (MSMEs) and the underbanked populations. These institutions have complemented the traditional banking sector by offering financial services tailored to the unique needs of their clients, leveraging their extensive geographical reach and quick service delivery.



## Management Discussion & Analysis *Contd...*

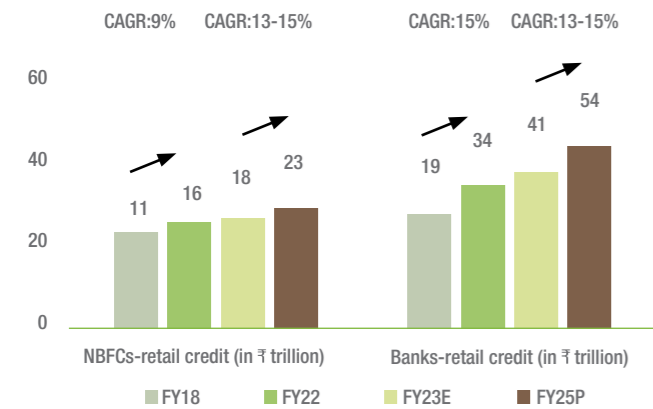
India's robust economic growth, expected at 6.21% for FY 2024, is underpinned by strong domestic demand alongside notable expansions in the manufacturing and services sectors. This growth trajectory is anticipated to sustain a vigorous demand for credit, particularly among MSMEs and retail sectors, with projections indicating a Growth rate of 13-14% in credit demand. NBFCs, with their flexible and diverse business models, are well-positioned to meet this demand efficiently.

The transformative shift in India's financial services landscape over recent years, driven by digital innovations such as neo-banking, digital authentication, the proliferation of the Unified Payments Interface (UPI), and increased mobile internet usage, has redefined the dynamics of financial services, especially credit. The modularisation of financial services facilitated by these advancements has empowered NBFCs to offer specialised and accessible financial products.

The NBFC sector is witnessing a resurgence post-pandemic, with anticipated credit growth rates of 13-14% for FY 2024. The industry is also seeing the emergence of new NBFCs focusing on niche customer segments, a trend likely to continue in the foreseeable future. The pandemic has accelerated technology adoption and changed consumer behaviours, making it feasible for NBFCs to operate without extensive physical networks, reducing the capital requirements traditionally associated with setting up financial services institutions.

Between FY 2023 and FY 2025, the NBFC sector is expected to witness a Compound Annual Growth Rate (CAGR) of 13-15% in credit extension. This growth is a testament to the sector's resilience and reflects its crucial role in supporting India's economic development by enhancing formal credit penetration among underserved populations.<sup>7</sup>

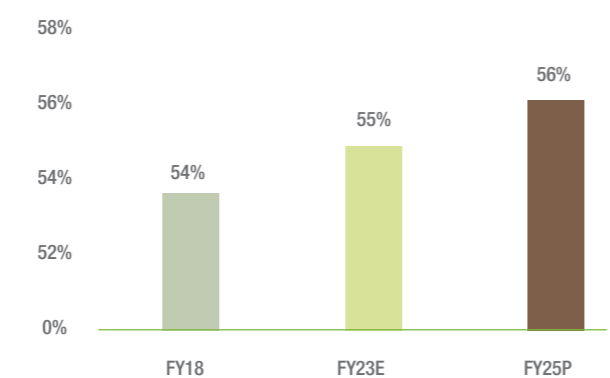
### NBFCs retail credit is expected to increase at 13-15% CAGR in next three years



Note: P= Projected; Retail credit includes housing finance, auto finance, microfinance, gold loans, construction equipment finance, consumer durable finance, MSME loans and education loans.  
Source: Press release, RBI, accessed on 24 January 2024.

*NBFCs in India are bridging the credit gap for MSMEs and underbanked populations, leveraging digital innovations and extensive reach. With expected credit growth of 13-14% in FY 2024, they support robust economic expansion.*

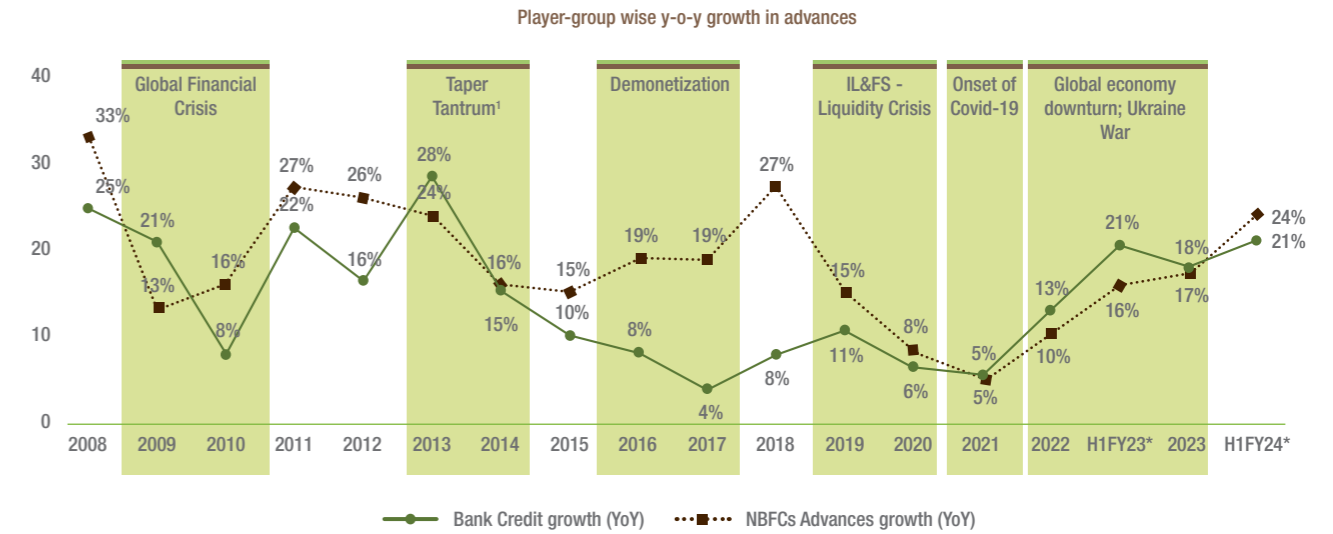
### Share of retail credit in total NBFC credit to continue to grow



7. 'NBFCs in India: Growth and stability', KPMG & CII, February 2024.

## Management Discussion & Analysis *Contd...*

### NBFCs credit growth outpaces Banks credit growth in H1 FY24



1. Taper Tantrum crisis of 2013 refers to foreign investors pulling out money from equities and bonds in emerging markets as a reaction to US Fed announcement of reducing/ceasing its bond purchase program; this led to a tightening of liquidity available in the market, impacting both banks & NBFCs

Note: Analysis has been made based on 31 NBFCs (10 HFCs, 2 Gold, 3 MFI and 16 Diversified NBFCs) and 35 Banks (12 PSU, 10 Private-New, 9 Private-old banks and 4 Small Finance Banks)

\*For H1FY23 and H1FY24, HDFC Ltd and Shriram City Union have been excluded

Source: Capitaline. Quarterly Results. Investor Presentation. Annual Report. BCG Analysis

The future growth of the NBFC sector in India will be shaped by a confluence of factors, including policy support, regulatory oversight, and the continued digitisation of the financial value chain. These elements will collectively contribute to the sector's ability to support the broader narrative of India's economic expansion, making NBFCs indispensable to the nation's growth story.

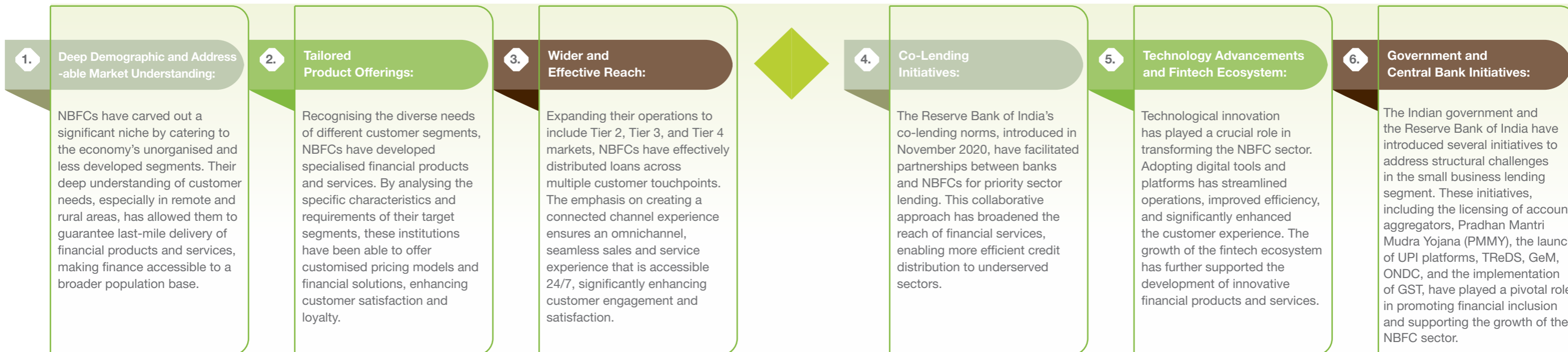
**6.21%**  
**FY 2024**  
India's robust economic growth, expected

**13-14%**  
**FY 2024**  
NBFC sector is witnessing a resurgence post-pandemic, with anticipated credit growth rates

*India's NBFCs play a pivotal role in driving economic resilience by offering tailored financial services to MSMEs and underserved segments. As digital innovations reshape financial services, these institutions are set to meet rising credit demands efficiently. Anticipated to grow at a CAGR of 13-15% between FY 2023 and FY 2025, NBFCs significantly enhance credit penetration and economic development.*

## Management Discussion & Analysis *Contd...*

### Key drivers to the growth:



## Management Discussion & Analysis *Contd...*

### MSME Sector:

#### The credit hunger continues

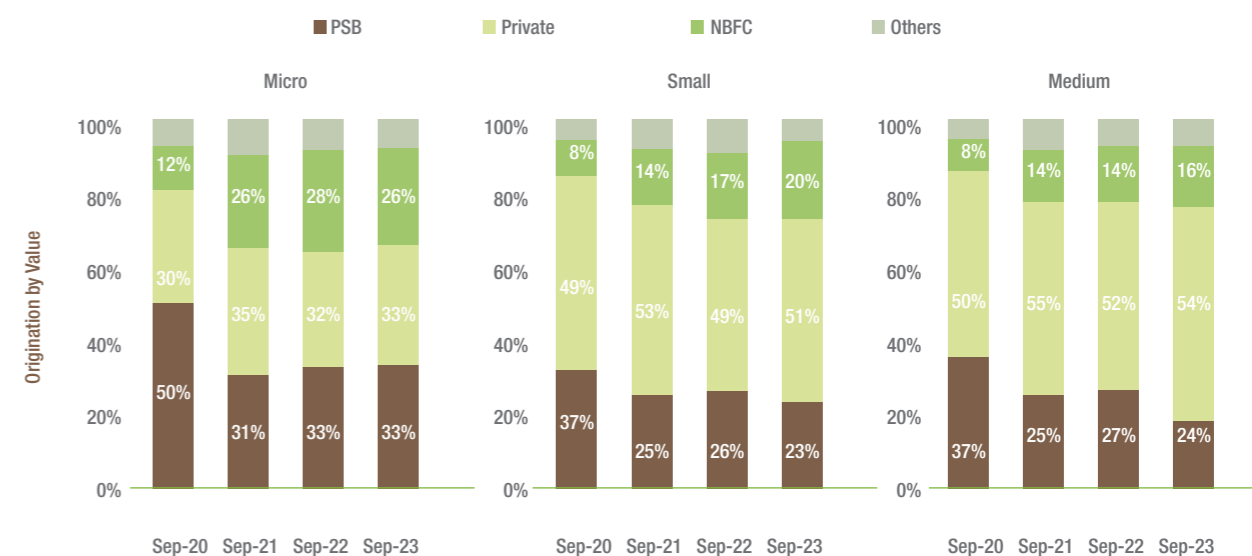
The MSME sector is the cornerstone of India's economic framework, contributing to nearly one-third of the nation's GDP. These enterprises foster entrepreneurial growth and deliver various products and services locally and internationally. MSMEs are vital in generating numerous employment opportunities with relatively lower investment than their larger counterparts, playing a critical role in the industrialisation of less developed and rural regions, thus aiding in balancing regional disparities and fostering a more equitable distribution of income and wealth throughout the country.

Data from the National Sample Survey (NSS) indicates that there are approximately 633.88 lakh non-agriculturally focused, unregistered MSMEs involved in diverse economic pursuits, not counting those registered under the Factories Act or Companies Act, or those in the construction sector. The micro-enterprise segment dominates, making up more than 99% of these MSMEs, with about 630.52 lakh such enterprises identified. In contrast, small and medium enterprises constitute only 0.52% and 0.01% of the MSME spectrum. The distribution of MSMEs is almost evenly split between rural- 51.25% and urban- 48.75% locales.<sup>8</sup>



8. Ministry of Micro, Small and Medium Enterprises, Annual Report 2022-23

### Origination by Lenders across MSME Segment



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

Source: Trans Union CIBIL commercial credit database

The SIDBI Report for February 2024 highlights a positive outlook for credit demand from the MSME sector in 2024, emphasising the continuation of growth momentum driven by increased economic activities. The report indicates a significant rise in commercial loan demand, with a notable 29% growth in the July-September 2023 quarter compared to the same period in 2022. This surge in demand is attributed

to the expansion of MSME lending by banks and NBFCs, facilitated by advancements in digital lending infrastructure and the availability of enriched credit data. The report suggests a robust and sustained credit supply to the MSME sector, underlining the sector's pivotal role in India's economic growth and the importance of leveraging data and analytics for sustainable sectoral growth.<sup>9</sup>

9. MSME Pulse, SIDBI, February 2024.

## Management Discussion & Analysis *Contd...*

### Company Overview:



“  
SBFC is Empowering MSMEs with Secured Loans and Gold-Backed Financing Solutions.  
”

SBFC Finance Limited is a systematically important non-deposit-taking Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India and is classified under Middle Layer pursuant to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023. SBFC is a professionally managed organization, with Clermont Group (which consists of SBFC Holdings Pte. Ltd. and Clermont Financial Pte. Ltd.) and the Arpwood Group (which consists of Arpwood Capital Private Limited, Arpwood Partners Investment Advisors LLP, and Eight45 Services LLP) being its co-promoters. SBFC is primarily focussed in lending to MSMEs. The Lending product portfolio consists of Secured MSME loans and Loan against Gold and Fee-based products consists of Loan Management Services for third-party financial institutions.

The Company transitioned into a public limited company and got its equity listed on National Stock Exchange and Bombay Stock Exchange on 16<sup>th</sup> August 2023.

#### Shareholding Pattern as on 31<sup>st</sup> March 2024

Category of Shareholders	% Share
<b>PROMOTERS</b>	
Clermont Group	55.21%
Arpwood Group	5.45%
<b>OTHER MAJOR SHAREHOLDERS</b>	
SBI Mutual Fund	7.22%
Amansa Group	4.13%
Malabar Funds	4.12%
Steadview Capital	1.86%
Aditya Birla Sun Life Trustee	1.53%
Massachusetts Institute of Technology	1.46%
<b>OTHERS</b>	19.02%
	100.00%

## Management Discussion & Analysis *Contd...*



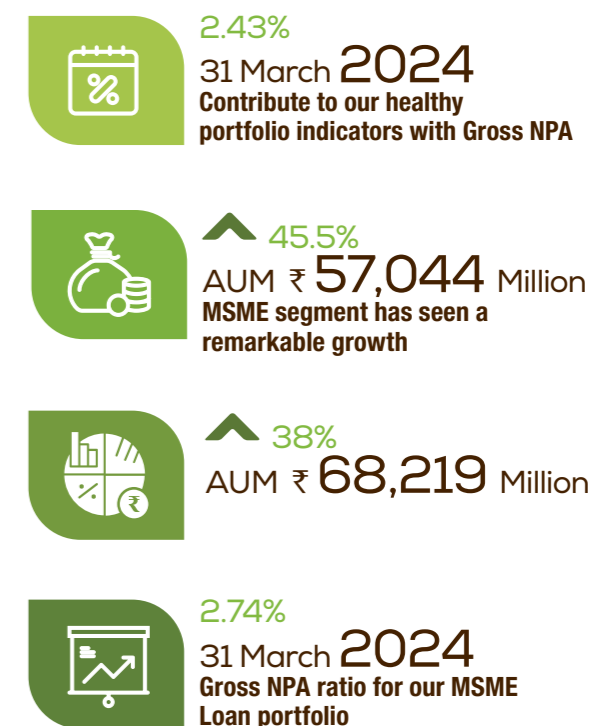
### Business Analysis:

#### MSME Loans:

SBFC Finance Limited has a widespread presence across the country, operating in 16 states and 2 union territories, through its extensive network of 183 branches in underbanked tier II and tier III cities. Notably, our asset under management (AUM) distribution is carefully managed to avoid high concentration in any single state, a strategy that has allowed us to maintain low state-wise AUM concentration levels even as we expand.

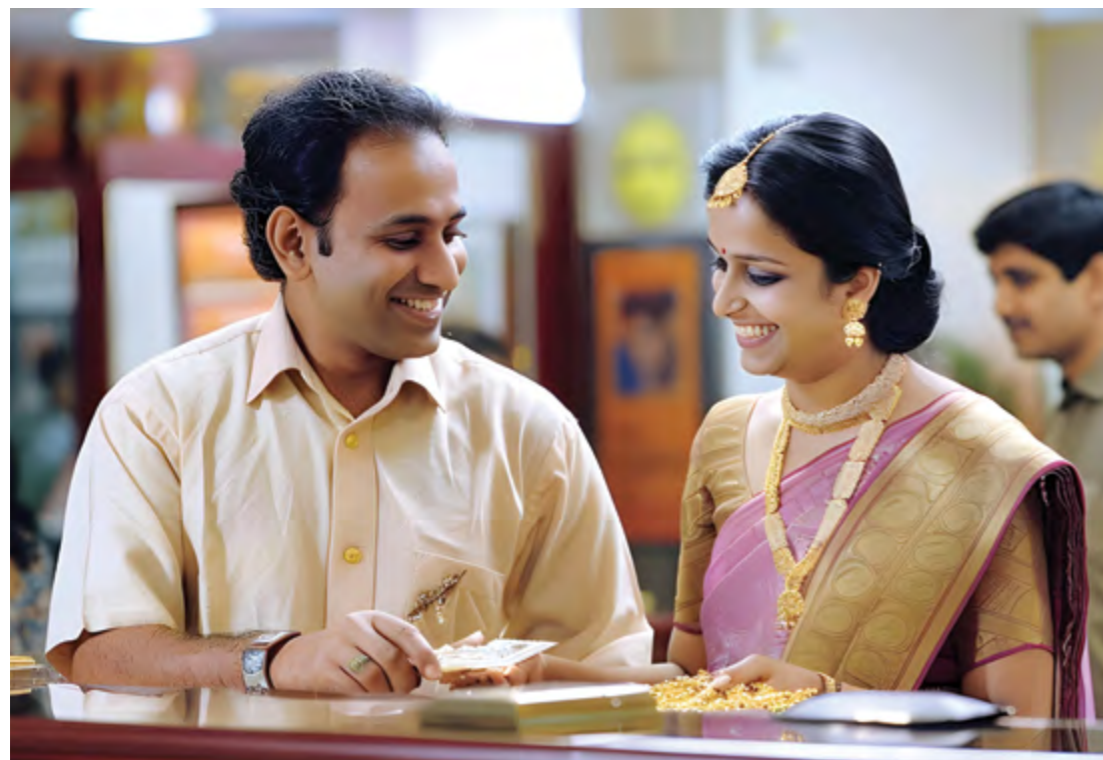
Our primary focus is on small enterprise borrowers, a proven history of loan repayments with a CIBIL score of over 700 at origination. We engage customers directly through our sales force, leveraging branch-led local marketing which fosters strong customer relationships, satisfaction, and loyalty. Our rigorous risk management and underwriting processes, complemented by extensive customer assessments and monitoring systems, contribute to our healthy portfolio indicators with Gross NPA of 2.43% as of March 31, 2024.

The MSME segment has seen a remarkable 45.5% growth, with Assets Under Management (AUM) of ₹ 57,044 million, which accounts for 84% of our total AUM of ₹ 68,219 million. The Gross Non-Performing Assets (GNPA) ratio for our MSME Loan portfolio is 2.74% as on 31<sup>st</sup> March 2024, reflecting our commitment in maintaining the quality while growing the portfolio.





## Management Discussion & Analysis *Contd...*



### Gold Loans:

Clients can leverage their gold assets with our Gold Loan offering by securing a loan against them. Up to 75% of the gold's value may be advanced as a loan amount. Owing to the nature of these loans, secured by gold jewellery, the process demands minimal documentation and credit checks, thus expediting transaction times and simplifying client interactions. Our commitment to efficiency allows us to finalise gold loan transactions swiftly, backed by advanced technology, proficient personnel, and streamlined procedures. The Company offers bouquet of schemes to suit varied needs of customers, wherein there is a flexibility to choose from different tenors and different repayment schedules.

Gold Loan business has witnessed declining yields emanating from intense competitions and new entrants, however the yields rebounded during the latter half of the year. The Company has adopted a model of operating the business through fewer branches. This segment has seen a growth of 19.6% with Assets Under Management (AUM) of ₹ 10,338 million, which accounts for 15% of our total AUM of ₹ 68,219 million. The Gross Non-Performing Assets (GNPA) ratio for our Gold Loan portfolio remained low at 0.48% as on 31<sup>st</sup> March 2024.

**19.6%**  
AUM ₹ 10,338 Million  
Gold loan AUM has seen stable growth

**38%**  
AUM ₹ 68,219 Million

**0.48%**  
31 March 2024  
Gross NPA ratio for our Gold Loan portfolio

## Management Discussion & Analysis *Contd...*

### Financial Performance:

(₹ In Million)

Particulars	FY 2024	FY 2023	Y-o-Y%
Interest Income on Loans	8,661	5,953	45%
Interest Income other than on Loans	522	589	-11%
Fee & Other Income	1,015	862	18%
<b>Total Income</b>	<b>10,198</b>	<b>7,404</b>	<b>38%</b>
Finance Cost	3,506	2,765	27%
Operating Expenses	3,061	2,304	33%
<b>Pre-Provisioning Operating Profit</b>	<b>3,631</b>	<b>2,335</b>	<b>56%</b>
Credit Cost	470	321	46%
Tax Expense	791	517	53%
<b>Profit after Tax</b>	<b>2,370</b>	<b>1,497</b>	<b>58%</b>
Basic EPS (₹/ Share)	2.35	1.71	
Diluted EPS (₹/ Share)	2.29	1.62	

Particulars	FY 2024	FY 2023	Variance
Return on Total Tangible Assets (%)	3.86%	3.07%	+ 79 bps
Return on Tangible Equity (%)	11.90%	12.01%	- 11 bps
Net Interest Margin (%)	9.67%	9.32%	+35 bps
Operating Expenses to Average AUM (%)	5.22%	5.70%	-48 bps
Total Borrowings to Tangible Equity ratio	1.59	2.55	
Net NPA (%)	1.36%	1.58%	-22 bps

### Equity

The Company has raised ₹ 1,500 million in the month of May, 2023 by issue of 27,272,727 equity shares on private placement basis and have thereafter successfully completed Initial Public Offer ("IPO" or "Issue") comprising of fresh issue of 105,301,883 Equity Shares aggregating to ₹ 6,000 million and offer for sale 74,561,402 Equity Shares aggregating to ₹ 4,250 million, the shares of the Company were thereafter listed in The National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on 16<sup>th</sup> August, 2023. This has increased the tangible networth of the Company from ₹ 14,669 million as of 31<sup>st</sup> March 2023 to ₹ 25,178 million as of 31<sup>st</sup> March 2024. Total Borrowings to Tangible Equity ratio hence has improved from 2.55 as of 31<sup>st</sup> March 2023 to 1.59 as of 31<sup>st</sup> March 2024.

### Return on total tangible assets

The AUM of the company as of 31<sup>st</sup> March 2024 is reported at ₹ 68,219 million with a growth of 38%. The yield on Loan Book has increased from 15.91% in FY 2023 to 16.71% in FY 2024 consequent to the increase in the Interest rates while maintaining the spread of 7.68% in FY 2024. The Operating Expenses to Average AUM reduced from 5.70% in FY 2023 to 5.22% in FY 2024 due to improvement in operating leverage. The improved profitability along with increased equity has resulted in improvement in Return on total Tangible Assets from 3.07% in FY 2023 to 3.86% in FY 2024.

### Risk Management Framework:

The Company has implemented comprehensive Enterprise Risk Management (ERM) framework, which is applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, manage risk within its risk appetite, to provide reasonable assurance regarding the achievement of company's objectives. The objective of ERM is to lay down the broad principles, guidelines and procedures governing the framework for risk identification, assessment, measurement and reporting process of the business risks. The policy aims to ensure that all material risks can be identified and managed in a timely and structured manner.

The cornerstone of our risk management framework is a culture of risk awareness and accountability across all levels of the organisation. Training programs, regular audits, and feedback mechanisms are in place to ensure that our team is equipped with the knowledge and tools to identify and mitigate risks effectively

In 2024, we are not just continuing our journey on the robust path laid down by our foundational principles but elevating our risk management practices to new heights. Our strategy is deeply rooted in understanding the unique challenges and opportunities presented by the MSME and Gold Loan markets. By harnessing advanced analytics, up to date

## Management Discussion & Analysis *Contd...*

market intelligence and technology, we aim to avoid potential risks while capitalising on emergent opportunities.

Our approach involves a continuous risk assessment process, ensuring we remain proactive rather than reactive. For our MSME business, we emphasise on deeper understanding of industry-specific and geographical dynamics, segmenting

borrowers with a set of variables and monitoring the portfolio performance at each segment, integrating the insights into the lending criteria to ensure resilience against economic volatility. In the Gold Loan business, we deploy stringent valuation practices and maintain a keen eye on gold fluctuations to safeguard against collateral value risks.

### Mitigation Strategies

Nature of Risk	Description of the Risk	Mitigation Strategies by SBFC
<b>Credit Risk</b>	Fundamental concern due to the possibility of defaults in lending operations.	<ul style="list-style-type: none"> <li>■ Rigorous underwriting process</li> <li>■ Comprehensive credit appraisal</li> <li>■ Diversified portfolio across sectors and geographies</li> <li>■ Advanced analytics for credit assessment</li> </ul>
<b>ALM &amp; Liquidity Risk</b>	Risk of failing to meet short-term financial demands due to inadequate cash flow.	<ul style="list-style-type: none"> <li>■ Effective Asset-Liability Management (ALM) framework</li> <li>■ Sufficient liquidity buffers</li> <li>■ Diversified funding sources</li> </ul>
<b>Operational Risk</b>	Risks arising from failures in internal processes, people and systems, or from external events.	<ul style="list-style-type: none"> <li>■ Stringent control mechanisms</li> <li>■ Continuous process improvement</li> <li>■ Adoption of advanced technology and cybersecurity measures</li> </ul>
<b>Fraud Risk</b>	Loss arising due to internal or external frauds	<ul style="list-style-type: none"> <li>■ Effective preventive and detective controls</li> <li>■ Risk based Internal Audit procedures</li> </ul>
<b>Cybersecurity Risk</b>	Increased risk in the digital world related to IT infrastructure and data security	<ul style="list-style-type: none"> <li>■ Significant investment in IT infrastructure and cybersecurity</li> <li>■ Regular audits and employee training</li> <li>■ Advanced security protocols</li> </ul>
<b>Reputational &amp; Compliance Risk</b>	Risks associated with non-compliance with applicable regulations and guidelines	<ul style="list-style-type: none"> <li>■ Dedicated legal and compliance teams</li> <li>■ Comprehensive compliance tools</li> <li>■ Ensuring adherence to regulatory requirements</li> <li>■ Monitoring regulatory developments</li> </ul>
<b>Strategic &amp; business Risk</b>	Risks inherent in strategic decisions, planning & execution.	<ul style="list-style-type: none"> <li>■ Integration of strategic planning with risk management</li> <li>■ Agility and responsiveness to market dynamics</li> <li>■ Review of performances and KPIs and corrective action</li> </ul>
<b>ESG Risk</b>	Recognising the impact of lending portfolios and operations on the environment.	<ul style="list-style-type: none"> <li>■ Integrating climate and environmental considerations into risk assessment</li> <li>■ Evaluating and mitigating environmental impacts</li> </ul>

### Fraud Monitoring and Control:

SBFC employs a whistleblower policy as part of its measures to prevent fraud. Investigations are conducted to pinpoint the underlying causes of fraud, and appropriate corrective actions are implemented to avert future incidents. Committees dedicated to fraud prevention, comprising senior management and board members, review significant fraud events and take preventive measures. The Internal Audit team also executes a risk-based audit program to uncover fraudulent activities. These audit findings are reported to the Board and senior management for ongoing supervision and action.

“*SBFC has a robust fraud monitoring and control system, ensuring integrity through whistleblower policies, investigations, and proactive measures.*”

## Management Discussion & Analysis *Contd...*



### Information Technology:

A robust Information Technology strategy, integral since our founding, is at the heart of our operations. Our unique “phygital” approach integrates technology with our personal customer relationships, enabling us to serve our target market effectively. For instance, our credit underwriting and risk management processes are technologically driven, enhancing customer service through quicker, more efficient decision-making. Our use of technology driven tele-calling enriches customer interactions, contributing to a superior service experience. Our commitment to continual investment in system upgrades—including security, data storage and backups—aims to bolster operational effectiveness, customer relations, and decision-making while enhancing business continuity and mitigating risks.

Technology’s influence extends across various operational aspects, such as loan origination, underwriting, collections, risk, and audit, bringing about significant operating leverage and improvements. In FY 2024, our IT department made significant strides in strengthening our technological infrastructure, ensuring robust cybersecurity, and implementing innovative digital solutions. A key achievement was our journey toward ISO 27001 certification, reflecting our commitment to the highest standards of data security and operational excellence in the BFSI sector.

**ISO 27001 Certification:** We successfully achieved ISO 27001 certification, which involved a rigorous gap analysis, policy development, and implementation of robust information security controls. This certification not only enhances our data security but also boosts regulatory compliance and stakeholder confidence.

**eKYC Implementation:** We advanced our digital transformation by implementing eKYC solutions across selected branches, leveraging Aadhaar-based biometric data for customer verification. This initiative has significantly enhanced customer convenience, reduced onboarding times, and aligned with regulatory requirements.

**Cybersecurity Initiatives:** Recognizing the sensitivity of financial data and the increasing cybersecurity threats, we adopted a multi-layered approach to cybersecurity:

**Endpoint Protection Strategy:** We deployed advanced antivirus, antimalware solutions, and Endpoint Detection and Response (EDR) systems to protect against a spectrum of cyber threats. Our comprehensive patch management and data encryption strategies further safeguard client data.

**Continuous Monitoring and Threat Intelligence:** By integrating real-time threat intelligence feeds and conducting continuous security monitoring, we have strengthened our defences against potential cyber threats.

## Management Discussion & Analysis *Contd...*

**Innovation and Technology Leadership:** Our IT team's culture of innovation has been instrumental in driving forward our strategic initiatives:

**Emerging Technologies:** We have actively explored and integrated advanced technologies such as artificial intelligence, blockchain, and cloud computing. These technologies have been pivotal in enhancing our operational efficiencies and customer service capabilities.

**Agile and Adaptive Operations:** Our adoption of agile methodologies has enabled us to swiftly adapt to changing market conditions and effectively address evolving customer needs.

### Internal Control System, Adequacy and Compliance:

Our company maintains a robust internal control, compliance, and audit framework tailored to match our operational scale and the intricate nature of our business. This framework aligns with the critical elements of internal control as outlined in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting, published by the Institute of Chartered Accountants of India (ICAI). We have established comprehensive internal controls across various business processes, focusing on operational efficiency, financial reporting accuracy, and adherence to relevant laws and regulations. These controls are designed to protect the company's assets, ensure the authenticity and authorisation of transactions, and provide a high level of confidence in our financial data's precision, impartiality, and dependability.

We are committed to continuously enhancing our internal control system by integrating advanced process controls and audit mechanisms. Our internal audit function is pivotal in reinforcing these controls, with audit findings being

thoroughly reviewed both within the organisation and at Audit Committee meetings. The Audit Committee a committee of our Board of Directors, evaluates the sufficiency and efficacy of our internal control systems and offers recommendations for their fortification.

### Human Resources and Industrial Relations:

In financial year 2024, SBFC continued to foster a workplace environment that prioritizes integrity, agility, and inclusiveness. Our human resources initiatives are designed to uphold a culture of excellence, drawing on the diverse talents of our workforce to drive innovation and performance.

### Drive Inclusiveness and Employee Empowerment

Our commitment to diversity and inclusion is embodied in our leadership development and employee empowerment initiatives. Noteworthy programs such as the 'Gender Diversity' have been crucial in nurturing the careers of women leaders within the organization by providing them with opportunities for significant roles and contributions. This initiative has successfully transformed our work culture into one that values contributions from all genders equally.

### Enhancing Work-Life Harmony

Life@SBFC encompasses our effort to create a harmonious work environment that respects and promotes the well-being of our employees. Regular health camps, sports activities, and cultural celebrations are integral to our approach, supporting not only physical wellness but also fostering a spirited community within the workplace. These activities are complemented by initiatives that celebrate diversity, such as the multicultural festival celebrations that enhance team spirit and collaboration across departments.



## Management Discussion & Analysis *Contd...*

### We Care - Corporate Social Responsibility

The 'We Care' initiative exemplifies our commitment to community engagement and social responsibility. SBFC Gurukul, under the National Apprenticeship Promotion Scheme, is a flagship program aimed at skill development for youth, including those from marginalized backgrounds. This initiative has not only facilitated employment within our company but also contributed to the broader societal goal of inclusive growth and development. Furthermore, our involvement in improving local school infrastructure and supporting inclusive education programs underscores our dedication to educational advancement and community support.

### Looking Ahead

As we move forward, SBFC is dedicated to continuing these transformative HR practices and community engagement initiatives. We are committed to advancing these programs to not only enhance our internal work environment but also to make a positive impact on the broader community. Our ongoing efforts in training, health, and inclusiveness are set to expand, with a focus on integrating cutting-edge digital tools to streamline these processes and make them more effective.

### Cautionary Note:

This report contains forward-looking statements based on information sourced from public domain reports by government bodies, industry associations, and others. These statements are subject to various risks and uncertainties, including economic conditions, changes in government

**“SBFC has a strong focus on Human Resources and Industrial Relations, fostering a skilled, motivated workforce while maintaining harmonious workplace relations.”**

policies, reliance on certain business sectors, and other variables. The outcomes or results may significantly vary from those projected in these forward-looking statements. Considering this report alongside the financial statements and related notes provided herein is essential. The company reserves the right to revise these statements without prior notice.

### Acknowledgements:

We thank the Reserve Bank of India, other regulatory and government agencies, our auditors, customers, bankers, and shareholders for their continued support. We also express our sincere appreciation to all our employees for their dedication, hard work, and commitment, which have been instrumental in sustaining the company's growth trajectory.

## Board of Directors

### Mr. Neeraj Swaroop

Chairperson & Independent Director

### Mr. Rajesh Mannalal Agrawal

Independent Director

### Ms. Surekha Marandi

Independent Director

### Mr. Ravi Venkatraman

Independent Director (Additional)

### Mr. Koni Uttam Nayak

Independent Director (Additional)

### Mr. Aseem Dhru

Managing Director & CEO

### Mr. John Mescall

Nominee Director

### Mr. Jonathan Tadeusz Tatur

Nominee Director

## Corporate Information

### Senior Management Personnel

#### Mr. Aseem Dhru

Managing Director & CEO

#### Mr. Narayan Barasia

Chief Financial Officer

#### Mr. Mahesh Dayani

Chief Business Officer

#### Mr. Pankaj Poddar

Chief Risk Officer

#### Mr. VM Maneesh

Chief Operations Officer

#### Mr. Sai Prashant Menon

Chief Collection Officer

#### Mr. Sanket Agrawal

Chief Strategy Officer & IR

#### Mr. Sumeet Ghai

Chief Human Resource Officer

#### Mr. Ganesh Vaidya

Chief Technology Officer

#### Mr. Jay Mistry

Company Secretary & Chief Compliance Officer

#### Mr. Viney Vaid

Head Credit

#### Mr. Shanesh Jain

Head Internal Audit

### Statutory Auditors

#### M/s. Suresh Surana & Associates LLP

Chartered Accountants,  
(ICAI Firm Registration Number 121750W/ W-100010)

### Registered Office

Unit No. 103, 1<sup>st</sup> Floor, C&B Square, Sangam Complex,  
CTS No. 95A, 127 Andheri Kurla Road, Village Chakala,  
Andheri (East), Mumbai – 400059

### Registrar and Transfer Agent

#### KFin Technologies Limited

Selenium, Tower-B, Plot 31 & 32,  
Financial District, Nanakramguda, Serilingampally,  
Hyderabad, Rangareddi - 500 032  
Tel: +91 40 6716 2222 / 79611000

### Debenture Trustee

#### IDBI Trusteeship Services Limited

Asian Building, Ground Floor, 17, R Kamani Marg, Ballard  
Estate, Mumbai – 400 001, Tel No. : +91 22 40807000

### SBICAP Trustee Company Limited

Mistry Bhavan, 4<sup>th</sup> Floor,  
122 Dinshaw Vachha Road,  
Churchgate, Mumbai - 400 020  
Tel No.: +91 22 4302 5555

### Bankers

- AU Small Finance Bank
- Axis Bank Limited
- Canara Bank
- Citi Bank N.A.
- CSB Bank Limited
- DBS Bank India Limited
- DCB Bank Limited
- Federal Bank Limited
- HDFC Bank Limited
- ICICI Bank Limited
- Indian Bank
- IndusInd Bank Limited
- Kotak Mahindra Bank
- RBL Bank Limited
- State Bank of India
- Yes Bank Limited

### Corporate Identification Number

U67190MH2008PLC178270

### Contact Information

T. : +91-22-67875300  
Email ID: complianceofficer@sbfc.com

## Board Committees of the Company

### Audit Committee

#### Mr. Ravi Venkatraman

Chairperson & Independent Director

#### Ms. Surekha Marandi

Member

#### Mr. Neeraj Swaroop

Member

#### Mr. John Mescall

Member

### Corporate Social Responsibility Committee

#### Ms. Surekha Marandi

Chairperson & Independent Director

#### Mr. John Mescall

Member

#### Mr. Ravi Venkatraman

Member

### Nomination & Remuneration Committee

#### Mr. Rajesh Mannalal Agrawal

Chairperson & Independent Director

#### Mr. Neeraj Swaroop

Member

#### Mr. John Mescall

Member

### Stakeholders Relationship Committee

#### Ms. Surekha Marandi

Chairperson & Independent Director

#### Mr. John Mescall

Member

#### Mr. Ravi Venkatraman

Member

### IT Strategy Committee

#### Mr. Koni Uttam Nayak

Chairperson & Independent Director

#### Mr. Neeraj Swaroop

Member

#### Mr. Ravi Venkatraman

Member

#### Mr. Aseem Dhru

Member

#### Mr. Jonathan Tatur

Member

#### Mr. Ganesh Vaidya

Member

#### Mr. Sanket Agrawal

Member

### Risk Management Committee

#### Ms. Surekha Marandi

Chairperson & Independent Director

#### Mr. Neeraj Swaroop

Member

#### Mr. Aseem Dhru

Member

#### Mr. Ravi Venkatraman

Member

#### Mr. John Mescall

Member

#### Mr. Koni Uttam Nayak

Member

#### Mr. Pankaj Poddar

Member

#### Mr. Sanket Agrawal

Member

## Directors' Report



### To the members of SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Your Directors have the pleasure of presenting the Seventeenth Annual Report on the business and operations of your Company together with the audited standalone and consolidated financial statements for the Financial Year (FY) ended March 31, 2024.

### Financial Performance

The highlights of the standalone financial results are given below:

(₹ in Million)

Particulars	FY24	FY23
Total Income	10,198.20	7,403.61
Total Expenditure	7,037.59	5,389.15
<b>Profit before Tax</b>	<b>3,160.61</b>	<b>2,014.46</b>
Tax Expense	790.40	516.5
<b>Profit after Tax</b>	<b>2,370.21</b>	<b>1,497.96</b>
Amount brought forward from the previous year	2,909.64	1,711.27
Amount available for appropriation	2,370.21	1,497.96
<b>Appropriations:</b>		
Transfer to Reserve Fund u/s 45IC of the RBI Act, 1934	474.04	299.59
<b>Balance carried forward to Balance Sheet</b>	<b>4,805.81</b>	<b>2,909.64</b>

Your Company posted total income and net profit of ₹ 10,198.20 million and ₹ 2,370.21 million, respectively, for the FY ended March 31, 2024, as against ₹ 7,403.61 million and ₹ 1,497.96 million, respectively, for the previous financial year ended March 31, 2023. The Company transferred an amount of ₹ 474.04 million to the Reserve Fund under section 45-IC of the RBI Act, 1934.

## Directors' Report *Contd...*

### Material Developments:

Your Company had raised ₹ 1,500 million in the month of May, 2023 by the issue of 27,272,727 equity shares on a private placement basis. During FY 2024, your Company successfully completed an Initial Public Offer ("IPO" or "Issue") comprising a fresh issue of 105,301,883 Equity Shares aggregating to ₹ 6,000 million and an offer for sale of 74,561,402 Equity Shares aggregating to ₹ 4,250.00 million and pursuant to the IPO, the shares of the Company were listed on The National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on August 16, 2023. The Company has utilised ₹ 5,520.30 million out of the amount to be utilised as per the Prospectus of ₹ 5,590.80 million as on March 31, 2024.

Your Directors wish to place on record gratitude for the trust, faith and confidence reposed by the institutional investors, public, and other shareholders in the Company.

### Dividend:

The Directors do not recommend payment of any dividend on the Equity Shares for the financial year ended March 31, 2024, to conserve capital for future business expansion.

### Share Capital:

During the year, the Company allotted equity shares as per details given in Annexure - 1 hereto.

Post allotment of Equity Shares as aforesaid, the issued and subscribed share capital of your Company stands increased to 1,073,754,986 equity shares of the face value of ₹ 10/- each as of March 31, 2024.

### Equity:

Your Company had a total equity of ₹ 27,782.55 million and Goodwill of ₹ 2,603.92 million as on March 31, 2024. Net of Goodwill, your Company had a Tangible Equity of ₹ 25,178.63 million.

### Funding Capacity:

Your Company had total borrowings (including NCDs) of ₹ 37,351.06 million as on March 31, 2024. Your Company also had collateralised borrowings (secured against a pool of loan assets) of ₹ 2,604.06 million as on March 31, 2024.

Your Company follows a prudent borrowing policy and has a CRAR of 40.52%, including a Tier I CRAR of 40.52% and Tier II CRAR of NIL as of March 31, 2024.

### Employee Stock Options:

Your Company has formulated the following Employees Stock Option Schemes:

- SBFC Stock Option Policy I 2018
- SBFC Stock Option Policy II 2018
- SBFC Stock Option Policy 2021 -I
- SBFC Stock Option Policy 2021 -II
- SBFC Stock Option Policy 2021 -III -Special Grant
- SBFC Stock Option Policy 2021 -IV
- SBFC Stock Option Policy 2021 -V
- SBFC Stock Option Policy 2023 -I
- SBFC Stock Option Policy 2023 -II
- SBFC Stock Option Policy 2023 -III

In terms of Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, (SBEB) the disclosures with respect to the ESOP Schemes have been provided on the website of the Company at <http://www.sbfc.com>.

The certificate from secretarial auditor M/s Parikh & Associates, Company Secretaries confirming implementation of the ESOP Schemes in accordance with the SBEB and shareholders resolutions will be available for inspection of the shareholders at the ensuing Annual General Meeting (AGM).

Details of options granted under the Employees Stock Option Scheme as per Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014, as on March 31, 2024, are attached in Annexure - 4 of this Report.

### Directors and Key Managerial Personnel:

The Company has an optimum combination of executive, non-executive and independent directors, including an independent woman director. As on March 31, 2024, the Board is comprised of 8 (eight) directors, with 7 (seven) non-executive directors, of which 5 (five) are Independent Directors, including the Chairman and a woman director.

The Board approved the appointment of Mr. Ravi Venkatraman (DIN: 00307328) as an Independent Director (Additional) of the Company for a term of five (5) years with effect from February 21, 2024, through a resolution passed on February 21, 2024 subject to the approval of the shareholders of the Company.

The Board approved the appointment of Mr. Koni Uttam Nayak (DIN: 02543830) as an Independent Director (Additional) of the Company for a term of five (5) years with effect from March 26, 2024, through a resolution passed at its meeting held on March 26, 2024 subject to the approval of the shareholders of the Company.

In accordance with the applicable provisions of Section 152 of the Act, Mr. Jonathan Tatur (DIN: 08639243), Nominee Director and Mr. Aseem Dhru (DIN: 01761455), Managing Director & CEO of the Company, retires by rotation at the forthcoming annual general meeting of

## Directors' Report *Contd...*

the Company. Being eligible, Mr. Jonathan Tatur and Mr. Aseem Dhru have offered themselves for re-appointment as Directors. Brief particulars of Mr. Jonathan Tatur and Mr. Aseem Dhru as required under the Secretarial Standard on General Meetings issued by ICSI have been provided in the notice of the 17<sup>th</sup> AGM of the Company. None of the Directors of the Company are disqualified and/or debarred as per the applicable provisions of the Act and the Securities and Exchange Board of India (SEBI).

Pursuant to the provisions of Section 203 of the Companies Act, 2013 read with the rules made there under, the following employees are the wholtime key managerial personnel of the Company as on March 31, 2024:

- Mr. Aseem Dhru, Managing Director & CEO (DIN: 01761455)
- Mr. Narayan Barasia, Chief Financial Officer
- Mr. Jay Mistry, Company Secretary & Chief Compliance Officer

### Resignation of Directors:

Mr. Amol Jain (DIN: 00334710), Director, ceased to be a Director of the Company consequent upon his resignation on February 21, 2024.

Mr. Arjun Sakhuja (DIN: 08669224), Nominee Director, ceased to be a Director of the Company consequent upon his resignation on March 29, 2024.

The Board has placed on record its deep appreciation for the valuable contribution made by Mr. Amol Jain and Mr. Arjun Sakhuja and the services rendered by them during their tenure as Directors of the Company.

### Information on the state of affairs of the Company:

Management Discussion and Analysis Report (including key financial ratios) for the year under review, as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI LODR"), is presented in a separate section, forming part of the Annual Report.

### Review of Operations of the Company:

The total Assets under Finance increased from ₹ 44,526.92 Million as on March 31, 2023, to ₹ 59,139.11 Million on March 31, 2024.

### Related Party Transactions:

All the related party transaction(s) that were entered into during the financial year were on arm's length basis and in ordinary course of business. Pursuant to the provisions of Section 134(3)(h) read with Rule 8(2) of the Companies

(Accounts) Rules, 2014, particulars of the contracts or arrangements with related parties referred to in section 188(1) in Form AOC-2 is annexed as Annexure -5.

### Credit Rating:

The brief details of the ratings received from the credit rating agencies by the Company for its outstanding instruments are given in Annexure -3.

### RBI Guidelines:

The Company continues to comply with all the requirements prescribed by the Reserve Bank of India from time to time.

### Statutory Auditors:

At the 15<sup>th</sup> Annual General Meeting of shareholders held on June 27, 2022, the shareholders approved the appointment of M/s Suresh Surana & Associates LLP, Chartered Accountants, Mumbai (Firm Registration No. 121750W/W-100010) as Statutory Auditor of the Company for the FY 2023 and FY 2024 based on the recommendation of the Board and the Audit Committee.

The Audit Report by Statutory Auditor for the FY 2024 does not contain any qualification, reservation and adverse remark.

Pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, and in accordance with the Guidelines for Appointment of Statutory Auditors issued by the Reserve Bank of India vide Circular Ref. No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, the Board of Directors of the Company at their meeting held on April 27, 2024, on the recommendation of the Audit Committee, have made its recommendation to appoint M/s. M M Nissim & Co LLP, Chartered Accountants, Mumbai (Firm Registration No. 107122W/W100672) as Statutory Auditors of the Company for a period of three years from the conclusion of the ensuing 17<sup>th</sup> AGM till the conclusion of the 20<sup>th</sup> AGM of the Company.

M/s. M M Nissim & Co LLP, Chartered Accountants, Mumbai (Firm Registration No. 107122W/W100672) have consented to their appointment as Statutory Auditors and have confirmed that if appointed, their appointment will be in accordance with Section 139 read with Section 141 of the Act.

Accordingly, a resolution proposing the appointment of M/s. M M Nissim & Co LLP, Chartered Accountants, as the Statutory Auditors of the Company for a term of three consecutive years, i.e. from the conclusion of the ensuing 17<sup>th</sup> AGM till the conclusion of the 20<sup>th</sup> AGM of the Company, forms part of the Notice of the 17<sup>th</sup> Annual General Meeting of the Company.

## Directors' Report *Contd...*

### Number of meetings of the Board:

During the financial year ended March 31, 2024, the Board met 13 (thirteen) times. The details of the Board and various committee meetings are given in the Corporate Governance Report annexed as Annexure - 8.

### Committee(s) of Board:

Pursuant to various requirements under the Act and the SEBI LODR, and the requirements under applicable RBI Regulations, the Board of Directors has constituted/reconstituted (whenever necessitated) various committees such as Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee, IT Strategy Committee. The details of composition, terms of reference, number of meetings held during the year, attendance there at and other details pertaining to these committees are mentioned in the Corporate Governance Report.

All recommendations made by the Audit Committee during the year were accepted by the Board of Directors of the Company.

The Audit Committee comprised of the Directors, namely, Mr. Ravi Venkatraman (Chairperson), Ms. Surekha Marandi, Mr. Neeraj Swaroop and Mr. John Mescall.

### Corporate Governance:

The Company is committed to maintaining the highest governance standards and has also implemented several best governance practices. Pursuant to Regulation 34(3) read together with Schedule V of the SEBI LODR, the Company has prepared Corporate Governance Report which forms part of this Report, marked as Annexure - 8. As per Para C and E of Schedule V of the SEBI LODR, the Company has obtained two certificates from M/s Parikh & Associates, Company Secretaries (a) Certificate on Non-Disqualification of Directors; and (b) Certificate on the compliance of the conditions of the Corporate Governance. These certificates form part of this Report, marked as Annexure 10 and 8 respectively. The Company has in place an Insider Trading Code for compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

The Company Secretary is the Compliance Officer and is responsible for compliance with policies and procedures, maintenance of records and monitoring adherence to the Regulations. Regular trainings are conducted for designated persons and other employees of the Company to sensitise them about the compliance requirements of the Regulations.

The Managing Director and the Chief Financial Officer have given their certificate as required under Regulation 17(8) read with Part B of Schedule II of the SEBI LODR regarding the

annual Financial Statements of the Company for the year ended on March, 31 2024, which forms part of this Report, marked as Annexure - 11.

### Business Responsibility and Sustainability Report:

Pursuant to the SEBI LODR, the Business Responsibility & Sustainability Report (BRSR) describes the initiatives taken by the Company from an environmental, social and governance perspective, which forms part of this Report, marked as Annexure - 13.

### Particulars of Employees and Related Disclosures:

Details required under the provisions of section 197(12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, containing, among other things, the ratio of remuneration of Director to the median remuneration of employees, the percentage increase in the median remuneration, are annexed to this Report. This disclosure forms part of this Report, and is marked as Annexure - 7.

Details of top ten employees in terms of the remuneration and employees in receipt of remuneration as prescribed under rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, containing details prescribed under rule 5(3) of the said rules, which form part of the Directors' Report, will be made available to any member on request, as per provisions of section 136(1) of the Act. Any shareholder interested in obtaining such information may write to the Company Secretary at [complianceofficer@sbfc.com](mailto:complianceofficer@sbfc.com)

### Compliance with the Code of Conduct:

All Directors, Key Managerial Personnel and senior management of the Company have confirmed compliance with the Code of Conduct applicable to the Directors and employees of the Company. The Managing Director & CEO has given the certificate as required under Regulation 34(3) read with Part D of Schedule V of the SEBI LODR regarding compliance with the Code of Conduct of the Company for the year ended on March 31, 2024, which forms part of this Report, marked as Annexure - 12.

The Code of Conduct is available on the Company's website at weblink - [www. https://www.sbfc.com/faq](https://www.sbfc.com/faq)

### Declaration by Independent Directors of the Company:

The Company has received declarations under section 149(7) of the Companies Act, 2013 from Mr. Neeraj Swaroop Mr. Ravi Venkatraman and Mr. Koni Uttam Nayak, Independent Directors and a confirmation that there has been no change in the circumstances which may affect their status as independent Director during the year. In the opinion of the Board, the independent directors possess appropriate balance of skills, experience and knowledge, as required.

## Directors' Report *Contd...*

### Secretarial Auditors:

The Secretarial Audit Report as received from M/s. Parikh & Associates in the prescribed Form No. MR - 3 is annexed to this Board's Report and marked as Annexure - 9. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

### Directors' Responsibility Statement:

Pursuant to Section 134 of the Companies Act, 2013 ('the Act'), the Directors of the Company do hereby confirm that:

- in the preparation of the annual accounts, the applicable accounting standards were followed, and that there are no material departures thereof;
- such accounting policies had been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the FY and of the profits of the Company for the FY 2024;
- proper and sufficient care had 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;
- the annual accounts had been prepared on a going concern basis;
- internal financial controls to be followed by the Company was laid down, and such internal financial controls are adequate and were operating effectively, and
- proper systems had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Particulars of Loans, Guarantees or Investments:

Pursuant to section 186(11) of the Act, the provisions related to Loans made, guarantees given, and securities provided do not apply to the Company.

### Vigil Mechanism:

The Company has established a Vigil Mechanism for its Directors and employees to report their concerns or grievances. The said mechanism, among other things, encompasses the Whistle Blower Policy, which provides adequate safeguards against the victimisation of persons who use it.

Information regarding the mechanism and channel for reporting concerns (including a third-party reporting channel) is communicated to the relevant stakeholders. The Whistle Blower Policy is available on the Company's website, [www.sbfc.com](http://www.sbfc.com).

During the year, the Company has received 1 (one) complaint under Vigil Mechanism, which has been investigated and concluded.

### Prevention of Sexual Harassment of Women at Workplace:

The Company has complied with provisions relating to the constitution of the internal complaints committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has a policy on Prevention of Sexual Harassment of Woman at Workplace. No cases were reported during the FY under review.

### Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo:

The information pursuant to Section 134(3)(m) of the Act read with Companies Accounts Rules, 2014 is as follows:

- The Company has no activity involving the Conservation of Energy or Technological or Technology Absorption;
- The Company's Foreign Exchange Earning was Nil during the year under review. The Company's Foreign Exchange Outgo was ₹ 23.77 million during the FY under Report.

### Risk Management:

The Company is exposed to different types of risks, including interest rate risk, business risk, liquidity risk, operational risk, credit risk, credit concentration risk, reputation risk, technology risk, and compliance risk.

The Company has formed a Risk Management Committee and has developed and implemented a Risk Management Policy covering the risk mapping, trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitor both business and non-business risk.

### Extract of Annual Return:

In accordance with the requirements under Section 92(3) and Section 134(3)(a) of the Act and the applicable rules, the annual return as on March 31, 2024 is available on the website of the Company [www.sbfc.com](http://www.sbfc.com)

## Directors' Report *Contd...*

### Details of subsidiary/ joint ventures/ associate companies:

The Company has a wholly-owned subsidiary - SBFC Home Finance Private Limited. During the year, the Company has made an investment of ₹ 210,000,000 (Rupees Two Hundred and Ten Million Only) in SBFC Home Finance Private Limited on a rights issue basis.

In terms of the provisions of Section 129(3) of the Companies Act, 2013, the Consolidated Financial Statements of the Company and its subsidiary, SBFC Home Finance Private Limited, are prepared and form part of this Directors' Report.

A statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures is provided in AOC - 1, which is attached hereto as Annexure - 6.

### Corporate Social Responsibility (CSR):

The CSR report for FY 2024 is annexed to this Report as Annexure - 2.

### Deposits:

No disclosure is required in respect of the details relating to the deposits covered under Chapter V of the Act, as the Company has not accepted any deposit.

### Status of the Company:

During the FY, there was no significant or material order passed by any regulator, court, or tribunal that would impact the status of the Company as a going concern and the operations in the future.

### Internal Financial Controls:

Your Company has in place, adequate and effective internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. During the FY, such controls were tested and no reportable material weaknesses in the design or operation were observed.

### Human Resources Management & Health, Safety and Environment:

At our Company, we prioritise the personal growth and job satisfaction of our employees, recognising them as crucial to our business's success and expansion. We conduct various training and awareness programs to enhance professional skills, keeping our workforce informed about our core values, behaviors and company policies. Open communication channels, coupled with regular updates

across all departments, facilitate the exchange of information and enhance approachability and add to the transparent work culture. We adhere strictly to health, safety, and environmental standards, ensuring a responsible approach to our operations. Through our initiatives, we aim to cultivate fresh talent and nurture a pool of skilled manpower. All employees are well-versed with our Insider Trading Code.

### Statutory Disclosure:

Your Company is a systematically important non-deposit-taking Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India and is classified under Middle Layer pursuant to Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023.

The Company has complied with and continues to comply with all applicable regulations, directions and prudential norms of the Reserve Bank of India.

Your Company has complied with the applicable regulations under SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015 (SEBI (LODR), 2015) and Foreign Exchange Management Act (FEMA), 1999, Rules and Regulations thereunder.

- Pursuant to the provisions of the Act, no fraud was reported by auditors of the Company during FY24.
- The provisions of section 148 of the Act, are not applicable to the Company. Accordingly, there is no requirement of maintenance of cost records as specified under section 148(1) of the Act.
- No material changes and commitments occurred since the end of FY till the date of this Report, which may affect the financial position of the Company.
- There was no change in the nature of business of the Company.
- The Company has complied with the secretarial standards as applicable to the Company.
- There is no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year
- The details of the difference between the amount of the valuation done at the time of one-time settlement and the valuation done while taking a loan from the Banks or Financial Institutions and the reasons thereof are not applicable.

## Directors' Report *Contd...*

### Performance evaluation of the Board:

Pursuant to the provisions of the Act, the Board has carried out an annual performance evaluation of its own performance, that of its Committees, Chairperson and individual directors. The manner in which the Board carried out formal annual evaluation of performance is given below:

The Nomination and Remuneration Committee (NRC) has approved the criteria for performance evaluation, based on which the evaluation sheet were circulated to the Board members for seeking feedback of the directors with regards to the performance of the Board, its Committee, and individual directors.

The directors sent their feedback on the evaluation sheet to Company Secretary. The performance evaluation was then noted and discussed by the NRC at its meeting held on

March 26, 2024 and the Board at its meeting held on April 27, 2024.

In the opinion of the Board, the Independent Directors have the integrity, expertise and experience (including the proficiency) to function effectively.

### Acknowledgement:

Your Directors would like to express their sincere appreciation for the co-operation and assistance received from shareholders, debenture holders, debenture trustee, bankers, financial institutions, regulatory bodies and other business constituents during the financial year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the financial year.

**For & on behalf of Board of Directors of SBFC Finance Limited  
(Erstwhile SBFC Finance Private Limited)**

**Neeraj Swaroop**  
Chairperson & Independent Director  
DIN: 00061170

Address: 1104, Signia Isles, G Block,  
Near Dhirubhai International School,  
Bandra Kurla Complex, Bandra (East),  
Mumbai – 400051

Place: Mumbai  
Date : April 27, 2024

**Aseem Dhru**  
Managing Director & CEO  
DIN: 01761455

Address: B-12, 12<sup>th</sup> Floor,  
Ahuja Tower, Rajabhau Anant Desai Marg,  
Prabhadevi, Mumbai – 400025

## Directors' Report *Contd...*

# Annexure – 1

## DETAILS OF ALLOTMENT OF EQUITY SHARES DURING FY 2024

Date of Allotment	No. of Shares	Price (in ₹)	Nature of Allotment
23.05.2023	27,272,727	55	Private Placement
12.07.2023	34,040,000	12.50	ESOP Allotment
12.07.2023	572,497	40	ESOP Allotment
11.08.2023	1,103,700	55	IPO Allotment
11.08.2023	104,198,183	57	IPO Allotment
04.10.2023	500,000	12.50	ESOP Allotment
04.10.2023	180,313	40	ESOP Allotment
07.11.2023	3,520,000	12.50	ESOP Allotment
07.11.2023	556,250	40	ESOP Allotment
19.12.2023	89,812	40	ESOP Allotment
05.02.2024	517,438	40	ESOP Allotment
05.02.2024	241,625	40	ESOP Allotment
05.02.2024	510,416	21.45	ESOP Allotment
05.02.2024	1,050,000	40	ESOP Allotment
09.03.2024	87,439	40	ESOP Allotment
09.03.2024	41,750	40	ESOP Allotment
09.03.2024	233,496	55	ESOP Allotment
21.03.2024	311,825	40	ESOP Allotment
21.03.2024	46,500	40	ESOP Allotment
21.03.2024	1,020,833	21.45	ESOP Allotment
21.03.2024	525,000	40	ESOP Allotment
21.03.2024	111,500	55	ESOP Allotment



## Directors' Report *Contd...*

# Annexure – 2

## ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN BOARD'S REPORT

1. A brief outline of the Company's CSR policy, including an overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

**Objective:** The main objective of CSR policy is to make CSR a key business process for the sustainable development of society. SBFC will act as a good corporate citizen and aim to supplement the role of the government in enhancing the welfare measures of society. SBFC would be undertaking the CSR activities as listed in Schedule VII and Section 135 of the Companies Act, 2013 and the Rules framed thereunder and as per its CSR policy.

For detailed CSR Policy, kindly refer to [www.sbfc.com](http://www.sbfc.com).

2. The Composition of the CSR Committee:

Name of Director	Designation	No of meetings held during the year	No of meetings attended during the year
Ms. Surekha Marandi	Chairperson & Independent Director	3	3
Mr. Ravi Venkatraman	Independent Director	3	0
Mr. John Mescall	Nominee Director	3	3

Note: Mr. Ravi Venkatraman was appointed as an Independent Director in the Company on February 21, 2024, and no meeting of CSR Committee was held during his tenure.

3. Provide the web-link where the composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:

- Composition of CSR Committee: <https://www.sbfc.com/investors>
- CSR Policy and projects: <https://www.sbfc.com/faq>

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

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

6. Average net profit of the Company as per section 135(5): ₹ 1,303,640,146

7. a) Two percent of average net profit of the Company as per section 135(5): ₹ 26,072,803

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

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

d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 26,072,803

8. a) CSR amount spent or unspent for the financial year:

Amount Unspent (in ₹)					
Total Amount Spent for the Financial Year. (in ₹)	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per the second proviso to section 135(5)		
	Amount (in ₹)	Date of transfer	Name of the Fund	Amount	Date of transfer
26,072,803	-	-	-	-	-

## Directors' Report *Contd...*

- b) Details of CSR amount spent against ongoing projects for the financial year: N.A.

- c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sr.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project.	Amount spent for the project (in ₹)	Mode of implementation -Direct (Yes/No)	Mode of implementation - Through implementing agency	
							Name	CSR registration number
1	Tree Plantation	Ensuring environmental sustainability and ecological balance	No	Jharkhand, Sikkim, West Bengal, Uttarakhand, J&K, Punjab and Tamil Nadu	127,500	No	Pangea Eco Net Assets Pvt Ltd	N.A.
2	Classroom Infrastructure	Promoting Education	No	Manipura, Viramgam, Ahmedabad, Gujarat (Aspirational District)	1,500,000	No	Yuva Unstoppable	CSR00000473
3	Education of underprivileged children	Promoting education	Yes	Mumbai, Maharashtra	1,238,400	No	Human Development Centre	CSR00018558
4	National Apprentice Promotion Scheme (NAPS)	Promoting Education	Yes (PAN India)	PAN India (98 locations)	23,206,903	Yes	N.A.	N.A.
<b>Total</b>					<b>26,072,803</b>			

- d) Amount spent in Administrative Overheads: Nil

- e) Amount spent on Impact Assessment, if applicable: Nil

- f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 26,072,803

- g) Excess amount for set off, if any

Sr.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	26,072,803
(ii)	Total amount spent for the Financial Year	26,072,803
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

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

- b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil

10. In case of creation or acquisition of a capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

- a) Date of creation or acquisition of the capital asset(s). N.A.

- b) Amount of CSR spent for creation or acquisition of capital asset. N.A.

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

## Directors' Report *Contd...*

d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). N.A.

11. Specify the reason(s) if the Company has failed to spend two per cent of the average net profit as per section 135(5): N.A.

**For & on behalf of Board of Directors of SBFC Finance Limited  
(Erstwhile SBFC Finance Private Limited)**

**Surekha Marandi**  
Chairperson of CSR Committee & Independent Director  
DIN: 06952573

**Ravi Venkatraman**  
Independent Director  
DIN: 00307328

Address: Flat No. 301,  
Wing A, Neelsidhi Garden CHS,  
Takka, Plot No. 417/418, Panvel, Raigarh,  
Maharashtra, 410206

Address: 52, New Samrat Society,  
Andheri East, Mumbai - 400069,  
Maharashtra, India

Place: Mumbai  
Date : April 27, 2024

## Annexure – 3

### RATING ASSIGNED BY CREDIT RATING AGENCIES AND REVISION IN RATINGS DURING FY 2024

Name of Rating Agency	Date of Rating	Products	Rating Assigned
ICRA Limited	September 29, 2023	Non Convertible Debentures	[ICRA] A+/Stable
	September 29, 2023	Bank lines	[ICRA] A+/Stable
India Ratings & Research Private Limited	December 15, 2023	Non Convertible Debentures	IND AA-/Stable
	December 15, 2023	Bank loan	IND AA-/Stable
CARE Ratings Limited	March 20, 2024	Long Term Bank Facilities	CARE A+/Positive

#### Revision in Ratings:

- During the year, India Ratings upgraded the Company's rating from 'IND A+/Stable' to 'IND AA-/Stable'.
- During the year, CARE Ratings upgraded the Company's rating outlook from 'Stable' to 'Positive'.

**For & on behalf of Board of Directors of SBFC Finance Limited  
(Erstwhile SBFC Finance Private Limited)**

**Neeraj Swaroop**  
Chairperson & Independent Director  
DIN: 00061170

**Aseem Dhru**  
Managing Director & CEO  
DIN: 01761455

Address: 1104, Signia Isles, G Block,  
Near Dhirubhai International School,  
Bandra Kurla Complex, Bandra (East),  
Mumbai – 400051

Address: B-12, 12<sup>th</sup> Floor,  
Ahuja Tower, Rajabhau Anant Desai Marg,  
Prabhadevi, Mumbai – 400025

Place: Mumbai  
Date : April 27, 2024

## Directors' Report *Contd...*

### Annexure – 4 DETAILS OF OPTIONS GRANTED UNDER THE EMPLOYEES STOCK OPTION SCHEME AS PER RULE 12(9) OF COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014

The Company has the following ESOP Scheme(s):

- SBFC Stock Option Policy I 2018 ("ESOP 2018-I")
- SBFC Stock Option Policy II 2018 ("ESOP 2018-II")
- SBFC Stock Option Policy 2021 – I ("ESOP 2021 –I")
- SBFC Stock Option Policy 2021 – II ("ESOP 2021 –II")
- SBFC Stock Option Policy 2021 – III – Special Grant ("ESOP 2021 – III")
- SBFC Stock Option Policy 2021 – IV ("ESOP 2021 –IV")
- SBFC Stock Option Policy 2021 – V ("ESOP 2021 –V")
- SBFC Stock Option Policy 2023 – I ("ESOP 2023 – I")
- SBFC Stock Option Policy 2023 – II ("ESOP 2023 –II")
- SBFC Stock Option Policy 2023 – III ("ESOP 2023 –III")

#### Details related to ESOPs

Sr.	Particulars	ESOP 2018 – I	ESOP 2018 – II	ESOP 2021 – I	ESOP 2021 – II	ESOP 2021 – III	ESOP 2021 – IV	ESOP 2021 – V	ESOP 2023 – I	ESOP 2023 – II	ESOP 2023 – III	
1(a)	Date of shareholders' approval	September 24, 2018	September 24, 2018	October 20, 2021	December 23, 2021	December 23, 2021	December 23, 2021	December 23, 2021	February 20, 2023	July 13, 2023	January 26, 2024	
(b)	Total number of options approved under ESOP	10,840,000	40,560,000	3,000,000	6,375,000	2,975,000	14,291,666	10,500,000	5,870,000	20,300,000	48,00,000	
(c)	Vesting requirements	The Options granted under the Policy shall vest in the manner as set out in the respective Policies and subject to the continuous and uninterrupted employment of the employee in the Company as on the date of vesting.										
(d)	Exercise price or pricing formula (in ₹)	12.50	12.50	19.00	40.00	40.00	21.45	40.00	55.00	55.00	87.33	
(e)	Maximum term of options granted (in months)	48	30	36	48	60	48	48	48	48	48	

Directors' Report *Contd...*

Sr. Particulars	ESOP 2018-I	ESOP 2018-II	ESOP 2021-I	ESOP 2021-II	ESOP 2021-III	ESOP 2021-IV	ESOP 2021-V	ESOP 2023-I	ESOP 2023-II	ESOP 2023-III
(f) Source of shares (primary, secondary or combination)	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary
(g) Variation in terms of options	The Policy was amended at the Extra Ordinary General Meeting held on October 15, 2022, to ensure compliance with the requirements of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.									
2 The method used to account for ESOP - Intrinsic or fair value.	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
3 Where the Company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and EPS of the Company shall also be disclosed - N.A.										
4 Option movement during the year:										
Number of options outstanding at the beginning of the period	4,287,500	38,060,000	2,763,000	6,125,250	2,925,500	14,291,666	10,500,000	5,730,000	-	-
Number of options granted during the year	-	-	-	-	-	-	-	-	140,000	20,300,000
Number of options forfeited/lapsed during the year	77,500	-	153,000	291,562	166,000	-	-	485,000	-	-
Number of options vested during the year	692,250	-	798,000	1,682,250	550,125	4,912,759	3,609,375	1,341,250	-	-
Number of options exercised during the year	4,156,000	38,060,000	1,430,000	2,315,574	329,875	1,531,249	1,575,000	344,996	-	-
Number of shares arising as a result of exercise of options	-	38,060,000	-	2,315,574	329,875	1,531,249	1,575,000	344,996	-	-
Money realised by exercise of options, if scheme is implemented directly by the Company (in ₹)	-	475,750,000	-	92,622,960	13,195,000	32,845,291	63,000,000	18,974,780	-	-
Loan repaid by the Trust during the year from exercise price received (in ₹)	51,950,000	-	27,170,000	-	-	-	-	-	-	-
Number of options outstanding at the end of the year	54,000	-	1,180,000	3,518,114	2,429,625	12,760,417	8,925,000	5,040,004	20,300,000	-

Directors' Report *Contd...*

Sr. Particulars	ESOP 2018-I	ESOP 2018-II	ESOP 2021-I	ESOP 2021-II	ESOP 2021-III	ESOP 2021-IV	ESOP 2021-V	ESOP 2023-I	ESOP 2023-II	ESOP 2023-III
Number of options vested & exercisable at the end of the year	45,000	-	196,000	564,677	220,250	3,381,510	2,034,375	996,254	-	-
5 Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock										
Weighted-average exercise prices (in ₹)	12.50	12.50	19.00	40.00	40.00	21.45	40.00	55.00	55.00	-
Weighted-average fair values of options (in ₹)	3.61 – 8.90	4.58	6.60	2.60 – 13.36	3.80 – 16.33	7.60	3.80	11.85 – 19.55	24.17	-
6 Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to –										
(a) Key managerial personnel and senior managerial personnel	Annexure-A									
(b) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	N.A.									
(c) Identified employees who were granted an option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	N.A.									
7 Description of the method and significant assumptions used during the year to estimate the fair value of options	Annexure-B									
8 Diluted earnings per share pursuant to issue of shares on exercise of options calculated in accordance with IndAS 33 (Standalone)	₹ 2.29									
9 Relevant disclosures in terms of accounting standards prescribed by Central Government as per section 133 of Companies Act, 2013 including guidance note on accounting for employee share based payments issued in that regard.	As disclosed in Note no. 41 to Standalone Financial Statements									

Note 1 : Amended at the Extra Ordinary General Meeting held on May 19, 2023, to revise the exercise price from ₹ 60/- to ₹ 55/-

## Directors' Report *Contd...*

### Annexure-A

#### Details of ESOPs granted to Key Managerial Personnel & Senior Managerial Personnel during FY 2024

Sr.	Name	Designation	Number of Options granted during the year	Exercise Price (in ₹)
1	Mr. Aseem Dhru	Managing Director & CEO	7,400,000	55
2	Mr. Narayan Barasia	Chief Financial Officer	4,000,000	55
3	Mr. Jay Mistry	Company Secretary & Chief Compliance Officer	-	-
4	Mr. Mahesh Dayani	Chief Business Officer	5,300,000	55
5	Mr. Saiprashant Menon	Chief Collections Officer	-	-
6	Mr. Pankaj Poddar	Chief Risk Officer	3,600,000	55
7	Mr. VM Maneesh	Chief Operations Officer	-	-
8	Mr. Sanket Agrawal	Chief Strategy Officer & IR	-	-
9	Mr. Sumeet Raj Ghai	Chief Human Resource Officer	-	-
10	Mr. Ganesh Vaidya	Chief Technology Officer	-	-
11	Mr. Viney Vaid	Head – Credit	-	-
12	Mr. Shanesh Jain	Head-Internal Audit	-	-

### Annexure-B

#### Description of the method and significant assumptions used during the year to estimate the fair value of options

The fair value has been calculated using the Black Scholes Option Pricing model

- a) The assumptions used in the model are as follows:

Particulars	ESOP 2023 - I	ESOP 2023 - II
Expected Volatility (%)	54.84%	53.66%
Expected Option life (years)	4 years	4 years
	6 months	6 months
Expected dividends	-	-
Risk-free interest rate (%)	7.42%	7.24%

#### Assumptions:

The above assumptions are computed based on weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model for the grants made during the year.

**Stock Price:** The fair value which is nearest to the valuation dates has been considered while arriving at the fair value of options. It is assumed that there are no material events till valuation date, which will impact the fair value of the share.

**Volatility:** The calculation of volatility is based on the volatility in the share prices of comparable companies listed on Indian stock exchanges. The historical volatility of comparable companies over the expected life of the option has been taken into calculate the fair value.

**Risk-free rate of return:** Zero Coupon Sovereign Bonds Yields were utilized with maturity equal to expected term of the option.

**Exercise Price:** Exercise Price of each specific grant has been considered.

**Expected Option Life:** The expected option life is assumed to be mid way between the option vesting period and contractual term of the option. The expected option life is calculated as Years to Vesting + (Exercise Period Post Vesting)/2.

**Expected dividend yield:** The Annual Expected Dividend Yield of 0.00% is taken into consideration for the purpose of calculation of fair value.

- b) The method used and the assumptions made to incorporate the effects of expected early exercise: N.A.

## Directors' Report *Contd...*

- c) How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility: The calculation of volatility is based on the volatility in the share prices of comparable companies listed on Indian stock exchanges. The historical volatility of comparable companies over the expected life of the option has been taken into calculating the fair value.
- d) Whether and how any other features of the options granted were incorporated into the measurement of fair value, such as a market condition: Nil

### DETAILS RELATED TO TRUST

Details in connection with transactions made by the Trust meant for the purpose of administering the scheme under the regulations are as follows:

#### (i) General information on all schemes

S. No.	Particulars	Details
a)	Name of the Trust	SBFC Employee Welfare Trust
b)	Details of the Trustee(s)	Vistra ITCL (India) Limited
c)	Amount of loan disbursed by company / any company in the group, during the year	Nil
d)	Amount of loan outstanding (repayable to company / any company in the group) as at the end of the year	₹ 32,392,500
e)	Amount of loan, if any, taken from any other source for which company / any company in the group has provided any security or guarantee	Nil
f)	Any other contribution made to the Trust during the year	Nil

#### (ii) Brief details of transactions in shares by the Trust

S. No.	Particulars	Details
a)	Number of shares held at the beginning of the year	7,452,000
b)	Number of shares acquired during the year through	
	i) primary issuance	N.A.
	ii) secondary acquisition	N.A.
	Percentage of paid up equity capital as at the end of the previous financial year	N.A.
	Weighted average cost of acquisition per share	N.A.
c)	Number of shares transferred to the employees / sold along with the purpose thereof	5,586,000
d)	Number of shares held at the end of the year	1,866,000

#### For & on behalf of Board of Directors of SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

**Neeraj Swaroop**  
Chairperson & Independent Director  
DIN: 00061170

Address: 1104, Signia Isles, G Block,  
Near Dhirubhai International School,  
Bandra Kurla Complex, Bandra (East),  
Mumbai – 400051

Place: Mumbai  
Date: April 27, 2024

**Aseem Dhru**  
Managing Director & CEO  
DIN: 01761455

Address: B-12, 12<sup>th</sup> Floor,  
Ahuja Tower, Rajabhai Anant Desai Marg,  
Prabhadevi, Mumbai – 400025

## Directors' Report *Contd...*

# Annexure – 5

## 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 transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis – N.A.
  - a) Name(s) of the related party and nature of the relationship
  - b) Nature of contracts/arrangements/transactions
  - c) Duration of the contracts/arrangements/transactions
  - d) Salient terms of the contracts or arrangements or transactions including the value, if any
  - e) Justification for entering into such contracts or arrangements or transactions
  - f) Date of approval by the Board
  - g) Amount paid as advances, if any:
  - h) Date on which the special resolution was passed in general meeting as required under the first proviso to section 188
2. Details of material contracts or arrangement or transactions at arm's length basis –
  - a) Name(s) of the related party and nature of relationship – SBFC Home Finance Private Limited (SHFL), wholly owned subsidiary of the Company.
  - b) Nature of contracts/arrangements/transactions – Investment in equity shares of SHFL.
  - c) Duration of the contracts/arrangements/transactions – N.A.
  - d) Salient terms of the contracts or arrangements or transactions including the value, if any:
    - i) Investment of ₹ 210,000,000 in the share capital of SHFL by the Company
    - ii) Professional Fees of ₹ 48,150 incurred by the Company on behalf of SHFL
    - iii) Rates and Taxes of ₹ 4,600 incurred by the Company on behalf of SHFL
    - iv) Share issue expenses of ₹ 2,097,517 incurred by the Company on behalf of SHFL
  - e) Date(s) of approval by the Board, if any:

Sr. No.	Description of the contracts or arrangements or transactions	Approving Authority & Date of Approval
1.	Investment of ₹ 210,000,000 in the share capital of SHFL by the Company	The Company took the Board approval on August 29, 2023
2.	Professional Fees of ₹ 48,150 incurred by the Company on behalf of SHFL	Omnibus approval was granted by the Audit Committee on August 29, 2023, for expenses incurred by the Company on behalf of SHFL.
3.	Rates and Taxes of ₹ 4,600 incurred by the Company on behalf of SHFL	Omnibus approval was granted by the Audit Committee on August 29, 2023, for expenses incurred by the Company on behalf of SHFL.
4.	Share issue expenses of ₹ 2,097,517 incurred by the Company on behalf of SHFL	Omnibus approval was granted by the Audit Committee on August 29, 2023, for expenses incurred by the Company on behalf of SHFL.

- f) Amount paid as advances, if any: N.A.

For & on behalf of Board of Directors of SBFC Finance Limited  
(Erstwhile SBFC Finance Private Limited)

**Neeraj Swaroop**  
Chairperson & Independent Director  
DIN: 00061170

**Aseem Dhru**  
Managing Director & CEO  
DIN: 01761455

Address: 1104, Signia Isles, G Block,  
Near Dhirubhai International School,  
Bandra Kurla Complex, Bandra (East),  
Mumbai – 400051

Address: B-12, 12<sup>th</sup> Floor,  
Ahuja Tower, Rajabhau Anant Desai Marg,  
Prabhadevi, Mumbai – 400025

Place: Mumbai  
Date : April 27, 2024

## Directors' Report *Contd...*

# Annexure – 6

## AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or Joint ventures

### Part A - Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ )

1. Name of the subsidiary: SBFC Home Finance Private Limited
2. The date since when subsidiary was acquired: The subsidiary of the Company was incorporated on December 6, 2022
3. Reporting period for the subsidiary concerned, if different from the holding Company's reporting period.- Same period as holding Company's reporting period.
4. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.- N.A.
5. Share capital - ₹ 210,500,000 (Issued Share Capital)
6. Reserves and surplus - (₹ 1,612,358)
7. Total assets - ₹ 211,824,139
8. Total Liabilities - ₹ 2,936,498
9. Investments - Nil
10. Turnover - ₹ 997,260
11. Profit before taxation - ₹ 761,510
12. Provision for taxation - ₹ 85,221
13. Profit after taxation - ₹ 676,290
14. Proposed Dividend - Nil
15. Extent of shareholding (in percentage) - 100 %
  - Names of subsidiaries which are yet to commence operations: SBFC Home Finance Private Limited shall commence its operations after obtaining the housing finance license from the Reserve Bank of India.
  - Names of subsidiaries which have been liquidated or sold during the year.: Nil

### Part B - Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures - N.A.

- Names of associates or joint ventures which are yet to commence operations: NA
- Names of associates or joint ventures which have been liquidated or sold during the year.: NA

For & on behalf of Board of Directors of SBFC Finance Limited  
(Erstwhile SBFC Finance Private Limited)

**Neeraj Swaroop**  
Chairperson & Independent Director  
DIN: 00061170

**Aseem Dhru**  
Managing Director & CEO  
DIN: 01761455

**Narayan Barasia**  
Chief Financial Officer

**Jay Mistry**  
Company Secretary & Chief Compliance Officer  
ACS: A34264

Place: Mumbai  
Date : April 27, 2024

## Directors' Report *Contd...*

### Annexure – 7

#### REMUNERATION DETAILS UNDER RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014, AS AMENDED FOR FY 2024

Name of the Director/ Key Managerial Personnel	Designation	Ratio of remuneration of Director to median remuneration of employees	% increase in remuneration over previous year
<b>(A) Whole-time Director</b>			
Aseem Dhru	Managing Director & CEO	92.69:1	13.50%
<b>(B) Non- executive directors</b>			
Neeraj Swaroop	Chairperson and Independent Director	8.17:1	Note 1
Rajesh Mannalal Agrawal	Independent Director	2.92:1	Note 1
Surekha Marandi	Independent Director	7.58:1	Note 1
Koni Uttam Nayak <sup>§</sup>	Independent Director	Note 1	Note 1
Ravi Venkatraman <sup>§</sup>	Independent Director	0.87:1	Note 1
John Mescall	Nominee Director	Note 2	Note 2
Jonathan Tadeusz Tatur	Nominee Director	Note 2	Note 2
Arjun Sakhuja*	Nominee Director	Note 2	Note 2
Amol Jain*	Director	Note 2	Note 2
<b>(C) Key Managerial Personnel</b>			
Aseem Dhru	Managing Director & CEO		13.50%
Narayan Barasia	Chief Financial Officer		12.63%
Jay Mistry	Company Secretary & Chief Compliance Officer		8%

\*Mr. Arjun Sakhuja has resigned from the directorship w.e.f. March 29, 2024 and Mr. Amol Jain resigned from the directorship w.e.f. February 21, 2024.

<sup>§</sup> Mr. Koni Uttam Nayak was appointed as an Independent Director on March 26, 2024 and Mr. Ravi Venkatraman was appointed as an Independent Director on February 21, 2024

Note 1-The Independent Directors have been paid only sitting fees during the financial year, hence their remuneration with the median remuneration of the employees are not comparable. However, their ratio of sitting fees paid to the median remuneration of employees have been provided above.

Note 2- The Non-Executive Nominee Directors are not paid any remuneration by the Company.

(D) Percentage increase in the median remuneration of employees in the financial year: 0.38%

(E) Number of permanent employees on the rolls of the Company as on March 31, 2024: 3,758

(F) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Particulars	% change in remuneration
Average increase in salary of employees (other than key managerial personnel)	11.11%
Average increase in remuneration of key managerial personnel	11.38%

(G) The key parameters for any variable component of remuneration availed by the directors:

Mr. Aseem Dhru, Managing Director and CEO is entitled to the performance pay in addition to the salary, perquisites and allowances granted. Further, the Non-Executive Directors are not entitled to any variable remuneration, however the Non-Executive Independent Directors are entitled to receive a sitting fee of ₹ 100,000 per meeting for attending meetings of the Board and the Committees of the Board.

## Directors' Report *Contd...*

(H) Affirmation:

The Company affirms that the remuneration is in line with its Remuneration Policy.

Remuneration details under Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended for FY 2024 - Details of top ten employees in terms of the remuneration and

employees in receipt of remuneration as prescribed under rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, containing details prescribed under rule 5(3) of the said rules, which form part of the Directors' Report, will be made available to any member on request, as per provisions of section 136(1) of the Act

For & on behalf of Board of Directors of SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

**Neeraj Swaroop**  
Chairperson & Independent Director  
DIN: 00061170

Address: 1104, Signia Isles, G Block,  
Near Dhirubhai International School,  
Bandra Kurla Complex, Bandra (East),  
Mumbai – 400051

Place: Mumbai  
Date : April 27, 2024

**Aseem Dhru**  
Managing Director & CEO  
DIN: 01761455

Address: B-12, 12<sup>th</sup> Floor,  
Ahuja Tower, Rajabhai Anant Desai Marg,  
Prabhadevi, Mumbai – 400025

## Directors' Report *Contd...*

# Annexure – 8 Corporate Governance Report



This Corporate Governance Report for the financial year ended on March 31, 2024, has been prepared in compliance with the requirements of Regulation 34(3) read together with Para C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, from time to time, (SEBI LODR) and forms a part of the Directors Report of the Company for the aforesaid financial year.

### 1. Company's philosophy on Code of Governance

Corporate Governance refers to, but is not limited to, a set of laws, regulations and good practices and systems that enable an organisation to perform efficiently and ethically to generate long-term wealth and create value for all its stakeholders. Sound governance practices and responsible corporate behaviour contribute to the superior long-term performance of organisations. Corporate Governance requires everyone to raise their level of competency and capability to meet the expectations in managing the enterprise and its resources optimally with prudent ethical standards. The Company recognises that good corporate governance is a continuous exercise. Adherence to transparency, accountability, fairness and ethical standards are an integral part of the Company's function.

The Company's structure, business dealings, administration and disclosure practices are aligned to good corporate governance philosophy and to add value to customers' businesses by providing financial services that allow them to increase the efficiency, quality and profitability of their operations while upholding the Company's core values, courage, ownership, respect and energy and include the values of creativity, co-operation, reliability, integrity, embracing diversity and compliance with the laws. The Company has an adequate system of control in place to ensure that the executive decisions

## Corporate Governance Report *Contd...*

taken should result in optimum growth and development which benefits all the stakeholders and aims to increase and sustain its corporate values through growth and innovation. The Company's Code of Conduct serves as a guide to each Director and employee on the standards and values, ethics and business principles which govern their conduct. The Company's policy on internal controls requires a periodical review of all controls including financial, operational, compliance and risk management.

The Company has adhered to the requirements stipulated under Regulations 17 to 27 read with Para C and D of Schedule V and clauses (b) to (i) and (t) of Regulation 46(2) of the SEBI LODR as applicable with regard to Corporate Governance.

### 2. Board of Directors

The Company recognises the importance of a diverse board for its success. The Board is entrusted with the ultimate responsibilities of the management, direction and performance of the Company and has been vested with the requisite powers, authorities and

duties. The SEBI LODR mandates that the top 1000 listed companies shall have an optimum combination of executive and non-executive directors with at least one independent woman director and not less than fifty percent of the board of directors shall comprise of non-executive directors and where a non-executive director is the chairman, at least one-third of the board should comprise of independent directors.

As on March 31, 2024, the Board comprised of 8 (eight) directors, with 7 (seven) Non-Executive Directors of which 5 (five) are Independent Directors including the Chairman and an Woman Independent Director. The composition of the Board is in conformity with the requirements of Regulation 17 of the SEBI LODR read with Sections 149 and 152 of the Act.

The composition of the Board of Directors, category of directors, the number of other committees of which a director is a Member/Chairperson and the attendance at the last Annual General Meeting (AGM) of the Company were as follows:

Name of the Directors and Category	DIN	No. of Shares held in Company as on March 31, 2024	No. of memberships in Audit/ Stakeholder Committee(s) including the Company <sup>^</sup>	No. of post of Chairperson in Audit/ Stakeholder Committee held in listed entities including the Company <sup>^</sup>	Whether attended last AGM held on May 31, 2023
Mr. Neeraj Swaroop (Chairperson & Independent Director)	00061170	-	3	1	Yes
Ms. Surekha Marandi (Independent Director)	06952573	-	3	1	No
Mr. Rajesh Mannal Agrawal (Independent Director)	00302467	-	1	0	No
Mr. Aseem Dhru (Managing Director & CEO)	01761455	3,41,58,167	2	1	Yes
Mr. Ravi Venkatraman <sup>§</sup> (Independent Director, Additional)	00307328	-	8	4	NA
Mr. Koni Uttam Nayak* (Independent Director, Additional)	02543830	-	0	0	NA
Mr. John Mescall <sup>#</sup> (Nominee Director)	08385575	-	2	0	Yes
Mr. Jonathan Tadeusz Tatur <sup>#</sup> (Nominee Director)	08639243	-	0	0	Yes
Mr. Amol Jain (Director)**	00334710	-	0	0	No
Mr. Arjun Sakhuja <sup>§§</sup> (Nominee Director)	08669224	-	0	0	No

<sup>^</sup>Only membership/chairmanship of the Audit Committee and Stakeholders' Relationship Committee of Indian public limited companies have been considered and positions held in various chambers/bodies, private limited companies, foreign companies, companies registered under Section 8 of the Companies Act, 2013 (the Act) have been excluded.

<sup>§</sup>Appointed as Independent Director (Additional) by the Board of Directors on February 21, 2024.

\*Appointed as Independent Director (Additional) by the Board of Directors on March 26, 2024.

\*\*Resigned from Directorship with effect from February 21, 2024.

<sup>§§</sup> Resigned from Directorship with effect from March 29, 2024.

<sup>#</sup> Nominee of Promoter Holding Company – SBFC Holdings Pte. Ltd.

## Corporate Governance Report *Contd...*

The Company has not issued any convertible instruments during the year under review.

The Committee positions are based on the latest disclosures received by the Company. None of the directors on the Board of the Company is a member of more than 10 committees or Chairperson of more than 5 committees, reckoned in accordance with Regulation 26 of the SEBI LODR.

All the Directors have confirmed that they are free from any disqualification mentioned under Section 164 and/or any other provisions of the Act. The Independent Directors, namely, Mr. Neeraj Swaroop, Mr. Rajesh Mannalal Agrawal, Ms. Surekha Marandi, Mr. Ravi Venkatraman and Mr. Koni Uttam Nayak have given the declaration and confirmed that they fulfill the criteria for "independence" and/or "eligibility" as prescribed under the SEBI LODR and Section 149 of the Act and they have also affirmed compliance with the Code of Conduct of the Company and the Code for Independent Directors mentioned in Schedule IV of the Act. In terms

of Regulation 25(8) of the SEBI LODR, the Independent Directors have confirmed that they are not aware of any circumstances or situations which exist or may be reasonably anticipated that could impair or impact their ability to discharge their duties. In the opinion of the Board, the Independent Directors of the Company fulfill the conditions specified under the SEBI LODR and are Independent of the management. None of the directors of the Company is related to each other or to any Key Managerial Personnel of the Company. All the Independent Directors of the Company have obtained registration with the databank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

As required under Para C of Schedule V to the SEBI LODR, based on the latest disclosures received by the Company, the following are the number of Directorships and the names of the listed entities where the directors of the Company are also a Director and the category of their directorships therein as on March 31, 2024:

Name of the Directors	No. of Directorships	Directorships and its category in listed entities
Mr. Neeraj Swaroop	4	SBFC Finance Limited (ID) Avanse Financial Services Limited (ID) HDFC Securities Limited (ID) Spandana Sphoorty Financial Limited (ND)
Ms. Surekha Marandi	2	SBFC Finance Limited (ID) Satya MicroCapital Limited (ID)
Mr. Rajesh Mannalal Agrawal	2	SBFC Finance Limited (ID) Ajanta Pharma Limited (JMD)
Mr. Aseem Dhru	3	SBFC Finance Limited (MD) Safari Industries (India) Limited (ID) Rossari Biotech Limited (ID)
Mr. Ravi Venkatraman	7	SBFC Finance Limited (ID) Avanse Financial Services Limited (ID) Kotak Mahindra Prime Limited (ID) Bajaj Finserv Mutual Fund Trustee Limited (ID) ESAF Small Finance Bank Limited (ID) Aditya Birla ARC Limited (ID) Kotak Mahindra General Insurance Limited (ID)
Mr. Koni Uttam Nayak	1	SBFC Finance Limited (ID)
Mr. Jonathan Tadeusz Tatur	1	SBFC Finance Limited (ND)
Mr. John Mescall	1	SBFC Finance Limited (ND)

ID-Independent, Non-Executive; ND – Nominee Director, Non-Executive; JMD – Joint Managing Director, MD – Managing Director

None of the Directors hold office in more than ten (10) public limited companies as prescribed under Section 165(1) of the Act.

The Independent Directors of the Company do not serve in more than 7 listed companies and none of them is a whole-time director in any listed Company except Mr. Rajesh Mannalal Agrawal who is the Joint Managing Director of Ajanta Pharma Limited.

## Corporate Governance Report *Contd...*

The Board has devised a proper system to ensure compliance with the provisions of all applicable laws and periodically reviews the compliance reports of all laws applicable to the Company and takes necessary steps to ensure the compliance in letter and spirit.

The Board of Directors of the Company met 13 (thirteen) times during the financial year ended March 31, 2024. At least one meeting of the Board was held in every quarter and the time gap between any two consecutive Board Meetings did not exceed 120 days during the financial year ended March 31, 2024. The details of the Board Meetings held and attendance thereat are as follows:

Sr. No.	Date of Board Meetings	Board Strength (No. of Directors)	No. of Directors Present	No. of Independent Directors Present
1	April 27, 2023	8	6	1
2	May 17, 2023	8	8	3
3	July 12, 2023	8	6	2
4	July 25, 2023	8	7	3
5	July 26, 2023	8	7	3
6	July 28, 2023	8	8	3
7	August 8, 2023	8	8	3
8	August 11, 2023	8	7	3
9	August 29, 2023	8	8	3
10	October 27, 2023	8	8	3
11	December 21, 2023	8	7	2
12	January 25, 2024	8	8	3
13	March 26, 2024	8	6	3

The attendance of Directors at the Board meetings are as follows:

Name of Director	Category	Eligible to attend	Attended
Mr. Neeraj Swaroop	Chairperson & Independent Director	13	12
Ms. Surekha Marandi	Independent Director	13	13
Mr. Rajesh Mannalal Agrawal	Independent Director	13	9
Mr. Aseem Dhru	Managing Director & CEO	13	13
Mr. Ravi Venkatraman <sup>§</sup>	Independent Director	1	1
Mr. Koni Uttam Nayak <sup>†</sup>	Independent Director	0	0
Mr. Jonathan Tadeusz Tatur	Nominee Director	13	11
Mr. John Mescall	Nominee Director	13	13
Mr. Amol Jain <sup>**</sup>	Director	12	11
Mr. Arjun Sakhuja <sup>§§</sup>	Nominee Director	13	11

<sup>§</sup>Appointed as Independent Director (Additional) by the Board of Directors on February 21, 2024.

<sup>†</sup>Appointed as Independent Director (Additional) by the Board of Directors on March 26, 2024.

<sup>\*\*</sup>Resigned from Directorship with effect from February 21, 2024.

<sup>§§</sup>Resigned from Directorship with effect from March 29, 2024.

The information as required under Regulation 17(7) read with Part A of Schedule II to the SEBI LODR is periodically placed before the Board. The Board periodically reviews the strategy, annual business plan, business performance of the Company, risk management, compliance reports of the laws applicable to the Company, internal financial controls and financial reporting systems, minutes of the Board Meetings of the Company's subsidiary companies, adoption of quarterly/half-yearly/annual results.



## Corporate Governance Report *Contd...*

### Core Skills / Expertise / Competencies available with the Board of Directors of the Company

The Board comprises qualified members who bring in the required skills, competence and expertise to enable them to effectively contribute in deliberations at Board and Committee meetings. As required under Schedule V of the SEBI LODR, the below matrix summarizes a mix of skills, expertise and competencies possessed by our individual Directors, which are key to corporate governance and Board effectiveness:

Parameters	Mr. Neeraj Swaroop	Ms. Surekha Marandi	Mr. Rajesh Mannalal Agrawal	Mr. Ravi Venkatraman	Mr. Koni Uttam Nayak	Mr. Jonathan Tadeusz Tatur	Mr. John Mescall	Mr. Aseem Dhru
Industry Experience	✓	✓		✓				✓
Financial Expertise	✓			✓		✓		✓
Consumer Behavior	✓		✓		✓		✓	✓
Legal and Compliance		✓		✓				✓
Corporate Governance	✓	✓	✓	✓	✓	✓	✓	✓
Strategy	✓		✓	✓	✓	✓	✓	✓
Risk Management	✓	✓	✓	✓	✓	✓	✓	✓
Information Technology					✓			✓
Investor Relationship	✓	✓	✓	✓	✓	✓	✓	✓

### Board Training and Familiarisation Programme

In terms of Regulation 25(7) of the SEBI LODR, the Company is required to conduct various programmes for the Independent Directors of the Company to familiarise them with their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company etc.

The Independent Directors of the Company, namely, Mr. Neeraj Swaroop, Ms. Surekha Marandi, Mr. Rajesh Mannalal Agrawal are already familiar with the nature of the industry, business model and other aspects of the Company since they have been directors of the Company for a long period, had discussions and meetings with directors and senior executives of the Company and were constantly updated with information about the Company and the industry. Mr. Ravi Venkatraman and Mr. Koni Uttam Nayak have been provided familiarisation training by the Company.

Details of familiarisation programmes imparted to Independent Directors is disclosed on its website at <https://www.sbfc.com/investors>.

### Independent Directors' Separate Meeting

The SEBI LODR and Schedule IV to the Act mandate the Independent Directors of the Company to hold at least one meeting in every financial year, without the attendance of non-independent directors and members

of the management. During the financial year ended on March 31, 2024, the Independent Directors met on March 26, 2024, inter alia, to review the performance of Non-Independent Directors and the Board as a whole, to review the performance of the Chairperson of the Company and to assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board.

A separate meeting of independent Directors was also held on July 28, 2023 to, inter-alia, recommend to Board of Directors the Price Band of ₹ 54 per Equity Share (floor price) - ₹ 57 per Equity Share (cap price) for the Initial Public Offer of the Company as per the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

### Re-appointment of Directors

As required under Regulation 36(3) of the SEBI LODR and Secretarial Standard - 2 on General Meetings issued by the Institute of Company Secretaries of India, particulars of the Directors seeking re-appointment are given in the Notice of the 17<sup>th</sup> AGM of the Company which forms part of the Annual Report.

### Code of Conduct

Regulation 17(5) of the SEBI LODR requires every listed company to have a Code of Conduct for its directors and senior management personnel. Further, schedule IV of the Act requires the appointment of Independent

## Corporate Governance Report *Contd...*

Director to be formalised through a letter of appointment, which shall set out the Code for Business Ethics that the Company expects its directors and employees to follow. The said schedule also requires the Independent Directors to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy.

The Code of Conduct has been adopted by the Board of Directors, which is applicable to all Directors and senior management personnel of the Company. This Code of Conduct emphasises the Company's commitment to compliance with the highest standards of legal and ethical behaviour. The Code of Conduct is available on the website of the Company at <https://www.sbfc.com/faq>. During the year under review, all Directors, key managerial personnel and senior management personnel have adhered to the Code of Conduct of the Company and have given their affirmation on the same. The declaration signed by Mr. Aseem Dhru, Managing Director & CEO, is attached separately with this report.

### 3. Board Committees

The Board of Directors of the Company has various committees consisting of Executive, Non-Executive and Independent Directors to meet various statutory requirements of the Companies Act, 2013 and the SEBI LODR Regulations and to perform various specific and critical functions. Currently, the Board has 7 (seven) committees, viz.:

- Audit Committee
- Nomination and Remuneration Committee (NRC)
- Corporate Social Responsibility Committee (CSR)
- Stakeholders' Relationship Committee (SRC)
- Risk Management Committee (RMC)
- IT Strategy Committee (ITSC)
- IPO Committee

The Company Secretary acts as the Secretary to all the Committees of the Board. The composition, terms of reference, attendance and other details of these Committees are mentioned later in this Report.

#### a) Audit Committee

Constitution and Composition: The Board of Directors of the Company has a qualified and independent Audit Committee that acts as a link between the Management, the Statutory Auditors, Internal Auditors and the Board.

The Audit Committee as on March 31, 2024, consists of 4 (four) members, the details are mentioned in table below.

The Managing Director & CEO and Chief Financial Officer attend the meetings of the Audit Committee as invitees. The Company Secretary is the Secretary of the Audit Committee. All Directors are financially literate and Mr. Ravi Venkatraman has accounting or related financial management expertise in addition to investor relationship, start up and scaling up of businesses, processes etc. The Statutory Auditors and Internal Auditors are invited to the meetings to discuss with the Directors the scope of audit, their comments and recommendation on the accounts, records, risks, internal procedures and internal controls of the Company and to discuss the Internal Audit Reports. The minutes of the Audit Committee meetings were also circulated to the Board, discussed and taken note of. All recommendations made by the Audit Committee during the year were accepted by the Board.

Mr. Narayan Barasia is the Chief Financial Officer (whole-time key managerial personnel) of the Company, as per the provisions of Section 203 of the Act.

**Terms of Reference:** The terms of reference of the Audit Committee cover all the areas mentioned under Section 177 of the Act and Regulation 18 read together with Part C of Schedule II of the SEBI LODR.

The broad terms of reference of the Audit Committee, inter-alia, include, review of financial reporting process and all financial results, statements and disclosures and recommending the same to the Board, review the internal audit reports and discuss the same with the internal auditors, review internal control systems and procedures, evaluation of internal financial controls and risk management systems and their effectiveness, to meet the statutory auditors and discuss their findings, their scope of audit, post audit discussion, auditor's independence, adequacy of internal audit functions, audit qualifications, if any, appointment/removal of auditors, changes in accounting policies and practices, if any, reviewing, approval and disclosure of all related party transactions, reviewing with the management the performance of the statutory and internal auditors and their remuneration in compliance with the Act, the SEBI LODR and other legal requirements and compliances, reviewing ongoing litigations and their impact on the Company and compliance with the statutory requirements.

**Attendance:** During the financial year ended on March 31, 2024, 5 (five) meetings of the Audit Committee were

## Corporate Governance Report *Contd...*

held on April 27, 2023, July 12, 2023, August 29, 2023, October 27, 2023 and January 25, 2024.

The composition of the Committee and attendance of its members at the meetings held during the year are as follows:

Name of Director	Position	Category	No. of meetings held	Eligible to attend	Attended
Mr. Ravi Venkatraman*	Chairperson	Independent Director	5	0	0
Ms. Surekha Marandi <sup>#</sup>	Member	Independent Director	5	5	5
Mr. Neeraj Swaroop	Member	Independent Director	5	5	5
Mr. John Mescall	Member	Nominee Director	5	5	5

\* Appointed as Chairperson of the Committee with effect from February 21, 2024. No meeting of Audit Committee was held after his appointment.

<sup>#</sup>Ms. Surekha Marandi was the Chairperson upto February 20, 2024 after which she continues to be a member of the Committee.

### b) Nomination and Remuneration Committee

**Constitution and Composition:** The Board of Directors of the Company has a qualified and independent Nomination and Remuneration Committee (NRC) as per the provisions of Section 178 of the Act and Regulation 19 of the SEBI LODR. As on March 31, 2024, the NRC consists of three members the details of which are mentioned in the table below.

**Terms of Reference:** The terms of reference of the NRC cover all the areas mentioned under Section 178 of the Act and Regulation 19 read together with Part D of Schedule II of the SEBI LODR. The broad terms of reference of the NRC, inter alia, include, recommending and reviewing the policy relating to remuneration and

terms of employment of managing/ whole-time directors and senior management personnel, formulating the criteria and identify persons who may be appointed as directors or senior management personnel of the Company, preliminary evaluation of every Director's performance, Board diversity, recommending draft of the report required under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and any other matters which the Board of Directors may direct from time to time.

**Attendance:** During the financial year ended on March 31, 2024, 3 (three) meetings of the NRC were held i.e., on April 26, 2023, July 12, 2023 and March 26, 2024. The composition of the NRC and attendance of its members at the meetings held during the year are as under:

Name of Director	Position	Category	No. of meetings held	Eligible to attend	Attended
Mr. Rajesh Mannalal Agrawal	Chairman	Independent Director	3	3	1
Mr. Neeraj Swaroop	Member	Independent Director	3	3	3
Mr. John Mescall	Member	Nominee Director	3	3	3

**Performance Evaluation:** Pursuant to Section 178 of the Act and Regulation 17 of the SEBI LODR, the manner of evaluation specified by the Nomination and Remuneration Committee in line with the evaluation criteria prescribed under the Guidance Note issued by the Institute of Company Secretaries of India and SEBI vide its Circular no. SEBI/HO/CFD/CMD/ CIR/P/2017/004 dated January 05, 2017, the Board carried out annual performance evaluation of the Board, its Committees and Individual Directors and expressed its satisfaction with the evaluation process and the result thereof.

The performance evaluation of the Board, its Chairman and the Non-Executive Directors were carried out by the Independent Directors at their separate meeting held on March 26, 2024 and, as intimated, were found satisfactory.

### c) Corporate Social Responsibility Committee

As required under Section 135 of the Act, the Board of Directors of the Company has constituted a Corporate Social Responsibility Committee (CSR Committee). As on March 31, 2024, the CSR Committee consists of 3 (three) members, the details of which are mentioned in the table below.

The terms of reference of the CSR Committee are in conformity with the requirements of Section 135 of the Act and the Rules made thereunder. Corporate Social Responsibility Policy is available on the Company's website [www.sbfc.com](http://www.sbfc.com). The CSR Committee met thrice during the year i.e., on April 27, 2023, August 29, 2023 and January 25, 2024.

## Corporate Governance Report *Contd...*

The composition of the CSR Committee and attendance of its members at the meetings held during the year are as under:

Name of Director	Position	Category	No. of meetings held	Eligible to attend	Attended
Ms. Surekha Marandi	Chairperson	Independent Director	3	3	3
Mr. John Mescall	Member	Nominee Director	3	3	3
Mr. Aseem Dhru*	Member	Managing Director & CEO	3	3	3
Mr. Ravi Venkatraman <sup>§</sup>	Member	Independent Director	3	0	0

<sup>§</sup> Appointed as member of CSR Committee with effect from February 21, 2024. No meeting of the Committee was held after his appointment as member of CSR Committee.

\*Mr. Aseem Dhru ceased to be member of CSR Committee with effect from February 21, 2024.

### d) Stakeholders' Relationship Committee

The Company has a Stakeholders' Relationship Committee (SRC) in accordance with the provisions of Section 178 of the Act and Regulation 20 of the SEBI LODR. The Committee considers and resolves grievances of the security holders of the Company, inter alia, grievances in relation to shares, non-receipt of the annual report, dividend, etc., and oversees all

matters stipulated in Part of D of Schedule II to the SEBI LODR. As on March 31, 2024, the SRC consists of 3 (three) members, details of which are provided in the table below. During the year, only 1 (one) meeting of the Committee was held on March 26, 2024.

The composition of the SRC and attendance of its Members at the meeting held during the year are as follows:

Name of Director	Position	Category	No. of meetings held	Eligible to attend	Attended
Ms. Surekha Marandi	Chairperson	Independent Director	1	1	1
Mr. John Mescall	Member	Nominee Director	1	1	1
Mr. Ravi Venkatraman*	Member	Independent Director	1	1	1

\*Mr. Ravi Venkatraman was appointed on the Committee with effect from February 21, 2024.

### e) Risk Management Committee

In compliance with Regulation 21 of the SEBI LODR and the provisions of RBI Regulations, the Board of Directors of the Company has a Risk Management Committee (RMC).

The terms of reference of the RMC, inter alia, include formulation of a detailed risk management policy which shall include (a) framework for identification of internal and external risks specifically faced by the Company, including financial, operational, sectoral, sustainability, information, cyber security risks or any other risk as may be determined by the Committee (b) measures for risk mitigation including systems and processes for internal control of identified risks, and (c) business

continuity plan and other functions specified in Part D of Schedule II to the SEBI LODR and as prescribed under RBI Regulations.

The RMC consists of 6 (six) Directors and 2 (two) senior management personnel of the Company, the details of which are given in the table below. During the financial year ended on March 31, 2024, 3 (three) meetings of the RMC were held on August 8, 2023, December 21, 2023 and January 25, 2024 and the time gap between any two consecutive meetings did not exceed 180 days during the year 2024. The composition of the RMC and attendance of its members at the meetings held during the year are as follows:

## Corporate Governance Report *Contd...*

Name of Member	Position	Category Designation	No. of meetings held	Eligible to attend	Attended
Ms. Surekha Marandi	Chairperson	Independent Director	3	3	3
Mr. Neeraj Swaroop	Member	Independent Director	3	3	3
Mr. Aseem Dhru	Member	Managing Director & CEO	3	3	3
Mr. Ravi Venkatraman*	Member	Independent Director	3	0	0
Mr. John Mescall	Member	Nominee Director	3	3	2
Mr. Koni Uttam Nayak <sup>§</sup>	Member	Independent Director	3	0	0
Mr. Pankaj Poddar <sup>§</sup>	Member	Chief Risk Officer	3	3	3
Mr. Sanket Agrawal <sup>§</sup>	Member	Chief Strategy Officer & IR	3	2	2
Mr. Mahesh Dayani <sup>®</sup>	Member	Chief Business Officer	3	3	2
Mr. Narayan Barasia <sup>®</sup>	Member	Chief Financial Officer	3	3	1
Mr. Shanesh Jain <sup>®</sup>	Member	Head – Internal Audit	3	1	1

\* Appointed a member of Committee with effect from February 21, 2024.

<sup>§</sup> Appointed as member of Committee with effect from March 26, 2024.

<sup>®</sup> Senior management personnel of the Company.

<sup>°</sup> Ceased to be members of Committee with effect from February 21, 2024

The Risk Management Policy of the Company is available on the Company's website [www.safc.com](http://www.safc.com).

### f) IT Strategy Committee

The Board of Directors of the Company has constituted an IT Strategy Committee (ITSC) in terms of the applicable provisions of RBI Regulations.

The terms of reference of ITSC includes, inter-alia, the following:

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Sourcing and use of IT resources;
- Ensuring that Company has an effective IT strategic planning process in place;

(d) Company to have in place processes for assessing and managing IT and cybersecurity risks;

(e) Adequate budgetary allocations for the IT function; and

(f) Review adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the Company.

The ITSC consists of 7 (seven) members, the details of which is provided in the table below. During the financial year ended on March 31, 2024, 2 (two) meetings of the ITSC were held on August 29, 2023 and January 25, 2024. The composition of the ITSC and attendance of its members at the meetings held during the year are as follows:

Name of Member	Position	Category	No. of meetings held	Eligible to attend	Attended
Mr. Koni Uttam Nayak <sup>§</sup>	Chairperson	Independent Director	2	0	0
Mr. Neeraj Swaroop	Member	Independent Director	2	2	1
Mr. Ravi Venkatraman*	Member	Independent Director	2	0	0
Mr. Aseem Dhru	Member	Managing Director & CEO	2	2	2
Mr. Jonathan Tadeusz Tatur*	Member	Nominee Director	2	0	0
Mr. Ganesh Vaidya	Member	Chief Technology Officer	2	2	2
Mr. Sanket Agrawal <sup>§</sup>	Member	Chief Strategy Officer & IR	2	0	0
Mr. Amol Jain <sup>®</sup>	Member	Director	2	2	0
Mr. John Mescall <sup>®</sup>	Member	Nominee Director	2	2	2

<sup>§</sup>Appointed as Chairperson Committee with effect from March 26, 2024.

\*Appointed as member of Committee with effect from February 21, 2024.

<sup>§</sup>Appointed as member of Committee with effect from March 26, 2024.

<sup>°</sup>Ceased to be members of Committee with effect from February 21, 2024.

## Corporate Governance Report *Contd...*

### g) IPO Committee

The IPO Committee was constituted and delegated with various authorities in relation to the Initial Public Offer (IPO) of the Company including but limited to allotment of equity shares under aforesaid IPO. Two meetings of the Committee were held during the year on July 15, 2023 and August 2, 2023.

During the year under review, the Company made its maiden public offer of 179,863,285 Equity Shares of face value of ₹10 each of the Company (comprising of

a fresh issue of 105,301,883 equity shares and an offer for sale of 74,561,402 equity shares) issued for cash at a price of ₹ 57/- per equity share (IPO) in compliance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. The equity shares of the Company were listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) with effect from August 16, 2023.

The composition of the Committee and attendance of its members at its meetings held during the year is as follows:

Name of the Director	Category	No. of meetings held during tenure	No. of meetings attended
Mr. John Mescall	Nominee Director	2	2
Mr. Amol Jain <sup>®</sup>	Director	2	2
Mr. Aseem Dhru	Managing Director & CEO	2	2

<sup>®</sup> Ceased to be member of Committee with effect from February 21, 2024 due to resignation from directorship.

### 4. Stock Option Policies

The Company has adopted and implemented the following stock option policies:

- SBFC Stock Option Policy I 2018
- SBFC Stock Option Policy II 2018
- SBFC Stock Option Policy 2021 –I
- SBFC Stock Option Policy 2021 –II
- SBFC Stock Option Policy 2021 –III – Special Grant
- SBFC Stock Option Policy 2021 –IV
- SBFC Stock Option Policy 2021 –V
- SBFC Stock Option Policy 2023 –I
- SBFC Stock Option Policy 2023 –II
- SBFC Stock Option Policy 2023 –III

In terms of the provisions of the Companies Act, 2013 and the relevant provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, the necessary disclosure with respect to Stock Option Policies is provided in the Directors Report of the Company.

The Board has delegated the powers to allot Equity Shares of the face value of ₹10/- each, fully paid-up, in the

Company, to eligible employees pursuant to the exercise of Stock Options vested in accordance with the terms of the Stock Option Policies, to the Managing Director & CEO and Chief Financial Officer.

Remuneration Policy: The Remuneration Policy of the Company and the Terms and Conditions of appointment of Independent Directors are available on the website of the Company [www.safc.com](http://www.safc.com).

### 5. Remuneration to Directors

The Independent Directors are entitled to sitting fees for every meeting of the Board or Committee thereof attended by them. The Nominee Directors nominated by the Promoter Company(ies) are not entitled to any sitting fee or commission on the profits of the Company. The Managing Director & CEO is not entitled to receive any sitting fees for attending meetings of the Board or any Committee thereof nor does he receive any commission on net profits. The Managing Director & CEO is entitled to salary, performance pay and other perquisites and benefits as per the approval of shareholders. None of the Directors had any other pecuniary relationship or transaction with the Company during the financial year ended on March 31, 2024.

## Corporate Governance Report *Contd...*

The details of remuneration paid to Directors for the financial year ended on March 31, 2024 are as under:

(Amount in ₹)

Name of Director	Salary & Allowances	Perquisites /Benefits	Sitting Fees (₹)	Total (₹)	Service Contract, etc.
Mr. Neeraj Swaroop	-	-	2,800,000	2,800,000	Re-appointed as an Independent Director upto November 20, 2027. Not liable to retire by rotation.
Mr. Rajesh Mannalal Agrawal	-	-	1,000,000	1,000,000	Appointed as an Independent Director upto November 10, 2025 Not liable to retire by rotation.
Ms. Surekha Marandi	-	-	2,600,000	2,600,000	Appointed as an Independent Director upto September 22, 2027. Not liable to retire by rotation.
Mr. Ravi Venkatraman	-	-	300,000	300,000	Appointed as an Independent Director upto February 20, 2029 Not liable to retire by rotation.
Mr. Koni Uttam Nayak	-	-	-	-	Appointed as an Independent Director upto March 25, 2029 Not liable to retire by rotation.
Mr. Aseem Dhru	58,231,513*	-	-	58,231,513*	Re-appointed as Managing Director upto September 27, 2027. Liable to retire by rotation.
Mr. Jonathan Tadeusz Tatur	-	-	-	-	Liable to retire by rotation.
Mr. John Mescall	-	-	-	-	Liable to retire by rotation.

Note: None of the directors other than Mr. Aseem Dhru, Managing Director & CEO is entitled to any stock options.

The remuneration paid to Mr. Aseem Dhru, the Managing Director & CEO of the Company for FY 2023-24 is given below:

Particulars	Amount in ₹
Basic Salary	27,519,900
Benefits, Perquisites and Allowances (includes payment in lieu of pension)	14,804,813
Commission, Bonus and Performance Linked Incentive Remuneration	14,000,000
Retirement Benefits <sup>(1)</sup>	1,906,800
<b>Total Remuneration</b>	<b>58,231,513</b>

<sup>(1)</sup> Comprises contribution to Provident Fund and Superannuation fund as per the policies of the Company.

\* Remuneration of Mr. Aseem Dhru includes salary, bonus, allowances, company's contribution to provident fund and gratuity fund computed as per the Income Tax Act / Rules but excludes the perquisite value of ESOPs granted / exercised. The terms of appointment and remuneration and perquisites of Mr. Aseem Dhru is as per the special resolution of the shareholders of the Company approved through postal ballot on January 26, 2024. During the financial year 2023-24, Mr. Aseem Dhru was granted 7,400,000 employee stock options under the SBFC Stock Option Policy 2023 II at an exercise price of ₹. 55, to be vested over a period of 48 months from the date of grant and exercisable within a period of 6 months from the date of vesting.

Other terms and conditions of appointment of the Non- Executive Directors including criteria for making payments have been disclosed in the Nomination and Remuneration Policy placed on the website of the Company at [www.safc.com](http://www.safc.com). The Managing Director & CEO was re-appointed by the shareholders for a period of 5 years with effect from September 28, 2022 and his revised terms of remuneration were approved by shareholders on January 26, 2024. Mr. Aseem Dhru is not entitled to any severance fees and his tenure is in terms of resolution passed by the shareholders on January 26, 2024. The Company has obtained a Directors and Officers Liability Insurance Policy covering all Directors and Officers of the Company in respect of any legal action that might be initiated against any Director or Officer of the Company.

Remuneration Policy: The Remuneration Policy of the Company and the terms and conditions of appointment of Independent Directors are available on the website of the Company [www.safc.com](http://www.safc.com).

## Corporate Governance Report *Contd...*

### 6. Senior Management Personnel

Particulars of senior management personnel of the Company as on March 31, 2024 are as follows:

Name	Designation
Mr. Narayan Barasia	Chief Financial Officer
Mr. Mahesh Dayani	Chief Business Officer
Mr. Saiprashant Menon	Chief Collections Officer
Mr. Pankaj Poddar	Chief Risk Officer
Mr. VM Maneesh	Chief Operations Officer
Mr. Sanket Agrawal	Chief Strategy Officer & IR
Mr. Sumeet Raj Ghai	Chief Human Resource Officer
Mr. Ganesh Vaidya	Chief Technology Officer
Mr. Jay Mistry	Company Secretary & Chief Compliance Officer
Mr. Viney Vaid	Head – Credit
Mr. Shanesh Jain	Head-Internal Audit

Mr. Shanesh Jain was appointed as Head-Internal Audit on August 29, 2023. Mr. Jay Mistry was appointed as Chief Compliance Officer in addition to being Company Secretary & Compliance Officer of the Company on August 29, 2023.

Mr. Sanket Agrawal was appointed as Chief Strategy Officer & Investor Relation Officer ("IR") on August 29, 2023.

### 7. General Body Meetings

Particulars of last three Annual General Meetings (AGM) are given below:

Financial Year	Date of AGM	Location	Time	Special Resolution passed
March 31, 2023	May 31, 2023	The AGM was held through video conferencing at the registered office of the Company at Unit No. 103, 1 <sup>st</sup> Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri (East), Mumbai - 400 059	4:00 pm	None
March 31, 2022	June 27, 2022	The AGM was held through video conferencing at the registered office of the Company at Unit No. 103, 1 <sup>st</sup> Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri (East), Mumbai - 400 059	12:00 pm	None
March 31, 2021	June 21, 2021	The AGM was held through video conferencing at the registered office of the Company at Unit No. 103, 1 <sup>st</sup> Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri (East), Mumbai - 400 059	12:00 pm	None

#### Details of Special Resolution passed through Postal Ballot:

During the year ended on March 31, 2024, following special resolutions were passed through postal ballot.

**Date of Postal Ballot Notice:** December 21, 2023

**Date of result of Postal Ballot:** January 26, 2024

#### Special Resolutions:

a) Increase the borrowing limits of the Company pursuant to Section 180(1)(c) of the Companies Act, 2013 from ₹ 6,500 crore to ₹ 10,000 crore;

b) Approval of creation of charges over the assets of the Company (or any part thereof) up to a limit of ₹ 10,000 crore under Section 180(1)(a) of the Companies Act, 2013;

c) Approval for issuance of Non-Convertible Debentures and / or bonds upto ₹ 2,000 crore;

d) Approval of SBFC Stock Option Policy 2023 – III;

e) Revision in the terms of remuneration of Mr. Aseem Dhru, Managing Director & CEO (DIN: 01761455) of the Company.

## Corporate Governance Report *Contd...*

The Board of Directors had appointed Ms. Jigyasa N. Ved (Membership No. FCS 6488, CP No. 6018) or failing her, Mr. Mitesh Dhabliwala (Membership No. FCS 8331, CP No. 9511) of M/s. Parikh & Associates, Practising Company Secretaries, as the Scrutinizer to scrutinize the postal ballot process in fair and transparent manner.

### Procedure for postal ballot:

The postal ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Rules framed thereunder and read with the General Circular nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, and subsequent circulars the latest being Circular no. 09/2023 dated September 25, 2023 issued by the Ministry of Corporate Affairs ("MCA Circulars").

The Company had engaged the services of KFin Technologies Limited (KFin) for providing remote

e-Voting facilities to the members, enabling them to cast their vote electronically and in a secure manner.

In accordance with the MCA Circulars, the Postal Ballot Notice dated December 21, 2023 was sent only through electronic mode to those members whose e-mail addresses were registered with the Company / Depositories / Registrar and Share Transfer Agent and whose names are recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on December 15, 2023 ('Cut-off date'). Members exercised their vote(s) by e-voting during the period from Thursday, December 28, 2023 at 09:00 a.m. (IST) to Friday, January 26, 2024 at 05:00 p.m. (IST). The Scrutinizer submitted its report on January 29, 2024 after the completion of scrutiny and result of the e-voting was announced on January 29, 2024. The summary of voting result is given below:

Resolution passed through Postal Ballot	Resolution Required	Votes in favour of the resolution (% of total number of valid votes)	Votes against the resolution (% of total number of valid votes)	Result
Increase the borrowing limits of the Company pursuant to Section 180(1)(c) of the Companies Act, 2013 from ₹ 6,500 crore to ₹ 10,000 crore	Special	98.85	1.15	Approved
Approval of creation of charges over the assets of the Company (or any part thereof) up to a limit of ₹ 10,000 crore under Section 180(1)(a) of the Companies Act, 2013	Special	98.85	1.15	Approved
Approval for issuance of Non-Convertible Debentures and / or bonds upto ₹ 2000 crore	Special	98.85	1.15	Approved
Approval of SBFC Stock Option Policy 2023 – III	Special	98.35	1.65	Approved
Revision in the terms of remuneration of Mr. Aseem Dhru, Managing Director & CEO (DIN: 01761455) of the Company	Special	98.43	1.57	Approved

### Details of special resolution proposed to be conducted through postal ballot:

None of the businesses proposed to be transacted at the ensuing AGM requires passing of a special resolution through postal ballot.

The Company has dispatched a notice of postal ballot dated March 26, 2024 to the shareholders of the Company holding shares on Friday, April 5, 2024 for seeking approval of following special resolutions:

Sr. No.	Description	Nature of Resolution
1	Appointment of Mr. Ravi Venkatraman (DIN: 00307328) as Independent Director for a period of five years	Special
2	Appointment of Mr. Koni Uttam Nayak (DIN: 02543830) as Independent Director for a period of five years	Special

The voting period in respect of above postal ballot commenced from Saturday, April 20, 2024 at 9:00 a.m. (IST) to end on Sunday, May 19, 2024 at 5:00 p.m. (IST).

## Corporate Governance Report *Contd...*

### 8. Means of Communication

**Quarterly financial results:** The Company's quarterly / half-yearly / annual financial results are filed with the Stock Exchanges on NSE Electronic Application Processing System (NEAPS) and BSE Corporate Compliance & Listing Centre (the Listing Centre) and are available on their websites, [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com). They are also available on the website of the Company [www.sbfc.com](http://www.sbfc.com). The financial results of the Company are also published in the newspapers as prescribed under the SEBI LODR.

**News releases, presentations:** Official news releases and official media releases, if any, are generally submitted to Stock Exchanges and are also available on the website of the Company.

**Presentations to institutional investors / analysts:** The Company organizes on quarterly basis, earnings call for its investors, including institutional investors and financial analysts to discuss the quarterly financial and operational performance. The audio recordings and transcript of the meeting as submitted to Stock Exchanges and are also available on the website of the Company.

**Website:** The Company's website ([www.sbfc.com](http://www.sbfc.com)) contains a separate dedicated section 'Investors' where shareholders' information is available.

**Annual Report:** The Annual Report containing, inter alia, Audited Financial Statement, Directors Report, Auditors' Report and other important information are circulated to the members and others entitled thereto. The Management Discussion and Analysis Report and Business Responsibility & Sustainability Report forms part of the Annual Report. The Annual Report is also available on the website of the Company.

Apart from the Annual Report and Notices of the General Meetings, etc., the Company sends quarterly results to all members whose emails are registered with the Company/its RTA or the Depository Participant

**SEBI Complaints Redress System (SCORES):** Investor complaints are processed at SEBI 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 complaints and their current status.

**Address for communication:** All communication, service requests, queries, such as change of address, bank mandates, nominations, etc. should be addressed to the Registrar and Share Transfer Agent (RTA) of the Company at the following address:

### KFin Technologies Limited

Selenium, Tower-B, Plot 31 & 32,  
Financial District, Nanakramguda, Serilingampally,  
Hyderabad, Rangareddi - 500 032, Telangana, India  
Tel: +91 40 6716 2222 / 79611000  
Email: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Web site: [www.kfintech.com](http://www.kfintech.com)

Service requests/complaints, if any, may also be addressed to the Company Secretary at the Registered Office of the Company at Unit No. 103, 1<sup>st</sup> Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri (East), Mumbai - 400 059 or sent by email at [complianceofficer@sbfc.com](mailto:complianceofficer@sbfc.com).

Shareholders are encouraged to correspond with the RTA and the Company via email to speed up response, reduce paperwork and to help the Company to redress complaints faster. Shareholders are requested to mention their Folio nos./DP-ID and Client ID, mobile number and their Email ID for a prompt response. However, for instructions like change of bank mandate, change of address, transfers/transmission of shares, etc. letters duly signed by the shareholders should be sent to the Company/RTA. In case of email communication, the Company/RTA respond to only those emails which are registered with the Company/ RTA/Depositories.

The SEBI, vide its circular dated November 03, 2021 (subsequently amended by circulars dated December 14, 2021, March 16, 2023 and November 17, 2023) mandated that the security holders (holding securities in physical form), whose folio(s) do not have PAN or choice of nomination or contact details or mobile number or bank account details or specimen signature updated, shall be eligible for any payment including dividend, interest or redemption in respect of such folios, only through electronic mode with effect from April 01, 2024 upon completion of all the documents/details in entirety as mentioned above. Copies of relevant forms are available on the website of Company's RTA at [www.kfintech.com](http://www.kfintech.com).

## Corporate Governance Report *Contd...*

### 9. General Shareholder Information

The date, time and venue of the ensuing 17<sup>th</sup> Annual General Meeting is as follows:

Financial Year	Day & Date	Mode & Venue	Time
2024	Friday, June 28, 2024	Video Conference. The deemed venue of Annual General Meeting shall be the registered office of the Company.	3:00 pm (IST)

None of the businesses proposed to be transacted at the ensuing AGM requires passing of a special resolution through postal ballot.

#### Cut Off and Record Date:

The cut off date is Thursday, June 21, 2024 for determining members who will be entitled to avail the facility of remote e-voting as well as e-voting at the AGM venue. Record date is not applicable as no dividend is proposed by the Board of Directors.

#### Electronic Voting:

Pursuant to Section 108 and other applicable provisions of the Act read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI LODR and all other notifications/ circulars as may be applicable, voting at the ensuing AGM will be made through electronic mode.

#### Financial Year:

The Company follows 1<sup>st</sup> April to 31<sup>st</sup> March as its financial year.

### 10. Movement of Share Price & Shareholding

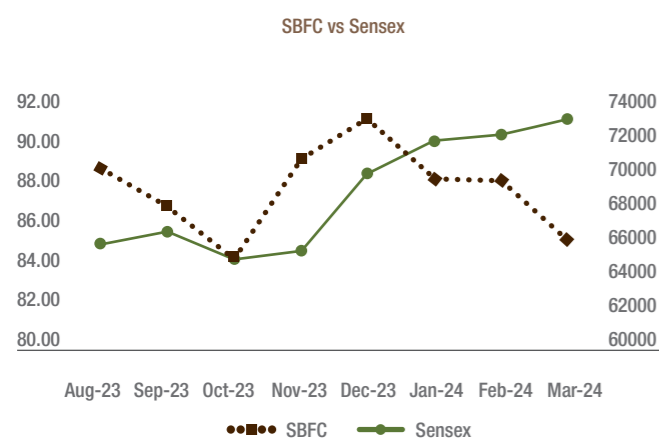
(a) The details of monthly high and low share price of the Company on NSE and BSE during the financial year ended on March 31, 2024 are given below:

Month	BSE		NSE	
	High Price (₹)	Low Price (₹)	High Price (₹)	Low Price (₹)
Aug-23	95.30	81.99	95.45	82.00
Sep-23	91.34	82.20	91.35	82.10
Oct-23	88.25	80.15	88.35	80.20
Nov-23	96.81	81.49	96.90	81.60
Dec-23	97.72	84.51	97.80	84.10
Jan-24	92.30	83.96	92.30	83.90
Feb-24	92.99	83.20	91.90	83.10
Mar-24	97.99	72.23	98.00	72.40

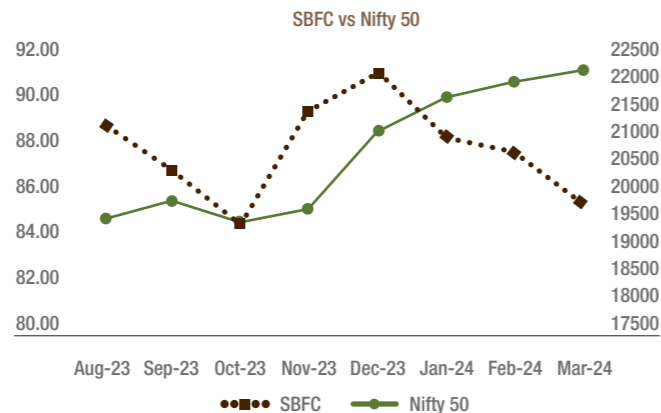
Source: This information is compiled from the data available on the websites of NSE and BSE

(b) Stock performance in comparison to broad based indices:

#### Share Price of Company vs BSE Sensex



#### Share Price of Company vs Nifty 50



Note: The share price details and stock performance in comparison to broad-based indices are provided from August, 2023 as the Company's equity shares were listed on BSE and NSE on August 16, 2023.

## Corporate Governance Report *Contd...*

c) Distribution of shareholding as on March 31, 2024:

Sr. No.	Category (Shares)	No of Holders	% to Holders	No. of Shares	% to Equity
1	1 - 500	115,343	84.96	16,705,214	1.56
2	501 - 1,000	10,081	7.43	7,704,119	0.72
3	1,001 - 2,000	5,276	3.89	7,783,729	0.72
4	2,001 - 3,000	1,748	1.29	4,389,682	0.41
5	3,001 - 4,000	1,091	0.80	3,888,233	0.36
6	4,001 - 5,000	597	0.44	2,803,288	0.26
7	5,001 - 10,000	860	0.63	6,253,787	0.58
8	10,001 - 20,000	350	0.26	4,991,388	0.46
9	20,001 and above	422	0.31	1,019,235,546	94.92
<b>Total</b>		<b>135,768</b>	<b>100.00</b>	<b>1,073,754,986</b>	<b>100.00</b>

d) Dematerialisation of shares and Liquidity as on March 31, 2024:

Sr. No.	Description	Shares	Percentage %
1	NSDL	1,011,576,519	94.21
2	CDSL	62,178,467	5.79
<b>Total:</b>		<b>1,073,754,986</b>	<b>100.00</b>

The Company does not have any shares issued in physical form as on March 31, 2024. The Company's shares are compulsorily traded in dematerialized form on NSE and BSE. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE423Y01016.

e) Shareholding pattern as on March 31, 2024:

Summary of Shareholding Pattern	No. of Shares	% Equity
Promoters	651,356,226	60.66
Mutual Funds, AIF, Insurance	145,217,171	13.52
Foreign Portfolio Investors	30,739,499	2.86
Individuals, Bodies Corporate	139,014,274	12.95
Foreign Companies	107,427,816	10.00
<b>Total</b>	<b>1,073,754,986</b>	<b>100.00</b>

No pledge has been created over the Equity Shares held by the Promoter as on March 31, 2024.

f) Outstanding global depository receipts or american depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity:

The Company does not have any outstanding global depository receipts or american depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity.

### 11. Shareholders Information

(a) Details of Listing of Equity Shares and Stock Code:

#### National Stock Exchange of India Limited (NSE)

Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C/1, G Block, Bandra - Kurla Complex, Bandra (E), Mumbai 400 051  
Scrip Code: SBFC

#### BSE Limited (BSE)

Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001  
Scrip Code: 543959

Annual listing fee for the year 2024-25 has been paid by the Company to National Stock Exchange of India Limited and BSE Limited.

(b) The ISIN number allotted to the Company (for equity share) is INE423Y01016.

(c) Status of Investor Complaints

The status of investor complaints as on March 31, 2024 as reported under Regulation 13(3) of the SEBI LODR is as under:

Pending as on April 1, 2023	0
Received during the year	25
Resolved during the year	25
Pending as on March 31, 2024	0

## Corporate Governance Report *Contd...*

The complaints have been resolved to the satisfaction of the shareholders. The Company supports SCORES by using it as a platform for communication between the SEBI and the Company. There is no pending complaint on the SCORES platform.

### (d) Name, designation and address of the Compliance Officer:

#### Mr. Jay Mistry

Company Secretary & Chief Compliance Officer

SBFC Finance Limited

Email ID: [complianceofficer@sbfc.com](mailto:complianceofficer@sbfc.com)

Tel: +91-22-67875344

**Compliance Officer:** Mr. Jay Mistry, the Company Secretary & Chief Compliance Officer of the Company is also the Compliance Officer.

### (e) Depositories:

#### National Securities Depository Limited

Trade World, 4<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013

#### Central Depository Services (India) Limited

Marathon Futurex, A-Wing, 25<sup>th</sup> Floor, NM Joshi Marg, Lower Parel, Mumbai - 400013

### (f) The details of Non Convertible Debentures issued and outstanding as on March 31, 2024 are as under:

Series No.	Stock Exchange Listing	ISIN	Principal Amount (₹ in crores)	Date of Maturity
-	BSE Limited	INE423Y07062	43	August 06, 2024
A1-Tranche 1	BSE Limited	INE423Y07088	100	May 27, 2025
A1-Tranche 2	BSE Limited	INE423Y07070	50	March 19, 2025
A2	BSE Limited	INE423Y07096	200	March 04, 2027

### (g) Registrar & Share Transfer Agents:

The share management work, both physical and demat, are being handled by the Registrar and Share Transfer Agent (RTA), KFin Technologies Limited and their address is given below:

Selenium, Tower-B, Plot 31 & 32,

Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi - 500 032, Telangana, India  
Tel: +91-40-6716 2222/ 79611000

Investor grievance e-mail: [inward.ris@kfintech.com](mailto:inward.ris@kfintech.com)

Website: [www.kfintech.com](http://www.kfintech.com)

### (h) Share Transfer and Transmission System:

In terms of the SEBI LODR, securities of the Company can only be transferred in dematerialized form. Further, SEBI vide its Circular No. SEBI/HO/MIRSD\_RTAMB/P/CIR/2022/8 dated January 24, 2022, mandated all the listed companies to issue securities in dematerialised form only.

### (i) Certificate from PCS - Regulation 40(9) of the SEBI LODR:

The Company has received a certificate from a Company Secretary in Practice, certifying that during the year, all certificates / Letters of confirmation for transfer,

transmission, transposition, subdivision, consolidation, renewal, exchange and change/ deletion of names of shareholders, were issued as per the requirements of Regulation 40(9) of the SEBI LODR. The said certificate was duly filed with the Stock Exchanges.

### (j) Status of Unpaid Dividends / Unclaimed Dividends/Shares:

The Company has not declared any dividend and hence IEPF Rules are not applicable.

The Company does not have any Unpaid Dividends / Unclaimed Dividends/Shares Transferred to IEPF under sections 124 and 125 of the Companies Act, 2013.

As on March 31, 2024, there were no shares of any shareholder lying unclaimed with the Company or lying in the suspense account. The disclosures required to be given under Regulation 34(3) read with Para F of Schedule V of the SEBI LODR are therefore not applicable.

### (k) Factory/Plant Location:

The Company does not have any Factory / Plant Location.

### (l) Investors Correspondence:

Mr. Jay Mistry, Company Secretary & Chief Compliance Officer, SBFC Finance Limited

## Corporate Governance Report *Contd...*

Unit No. 103, 1<sup>st</sup> Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri (East), Mumbai - 400 059

Tel.: +91-22-67875300

The Company has designated [complianceofficer@sbfc.com](mailto:complianceofficer@sbfc.com) for the purpose of registering complaints by investors.

### (m) Commodity price risk or foreign exchange risk and hedging activities:

The Company has borrowed Foreign Currency Term Loan (FCNRB-TL) which is completely hedged towards its entire exposure for the full tenure of FCNRB-TL as per Board approved Foreign Exchange Risk Management Policy.

The Company's products are not in the nature of commodity and hence there is no commodity price risk.

### (n) 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:

The details of credit rating has been provided in the Directors Report.

## 12. Disclosures

a) The Company does not have any materially significant related party transaction, which may have potential conflict with the interests of the Company at large. All the transactions with related parties are in the ordinary course of business and on arm's length basis and have been disclosed separately in the Notes to the Financial Statements. The policy on materiality of related party transactions and dealing with related party transactions is available on the Company's website [www.sbfc.com](http://www.sbfc.com).

b) There were no instances of any non-compliance by the Company related to capital markets during the year under review and no penalties or strictures were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years except the following:

The Company has had instances of non compliances with provisions with SEBI LODR with respect to Regulation 53(2), 50(2) and Regulations 13(3) in the

financial year 2022-23. The Company has paid the applicable fine to BSE Limited and has strengthened the internal systems to ensure timely compliances.

c) The Company has established a vigil mechanism system and has in place a Whistle Blower Policy, a copy of which is available on the Company's website [www.sbfc.com](http://www.sbfc.com). Adequate safeguards have been provided against the victimisation of persons who use the vigil mechanism. No person has been denied access to the Audit Committee to lodge their grievances.

d) The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). All the Ind AS issued and notified by the Ministry of Corporate Affairs till the date of the financial statements have been considered in preparing these financial statements.

e) The Company has appropriately complied with all mandatory requirements under the SEBI LODR.

### f) Subsidiary of the Company:

The Company does have a wholly owned subsidiary – SBFC Home Finance Private Limited.

No loan / advance was given by the Company to any firms / companies in which directors are interested.

Details of material subsidiaries of the listed entity, including the date and place of incorporation and the name and date of appointment of statutory auditors of such subsidiaries – The Company does not have any material subsidiary.

The Company has framed 'policy on determination of material subsidiary' which is made available on the website of the Company at [www.sbfc.com](http://www.sbfc.com)

During the financial year 2023-24, the Company did not have any material subsidiary companies, hence the provisions of SEBI LODR with respect to appointment of at least one Independent Director of the Company on the Board of unlisted material subsidiaries, are not applicable to the Company.

The minutes of the subsidiary company are placed before the Board of Directors of the Company on a quarterly basis and the attention of the Directors is drawn to significant transactions and arrangements entered into by the subsidiary companies.

The Company is compliant with other requirements under Regulation 24 of the SEBI LODR with regard to its subsidiary companies.

## Corporate Governance Report *Contd...*

- g) Further, the Company has adequate internal control systems to identify risks at the appropriate time and to ensure that the management controls the risk through a properly defined framework.
- h) During the year, there has been no preferential allotment or qualified institutional placement. The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments. Hence corresponding disclosures have not been made.
- i) A certificate has been obtained from M/s. Parikh & Associates, Practicing Company Secretaries confirming that none of the Directors of the Company have been debarred or disqualified by Securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority from being appointed or continuing as director of the Company and the same forms part of the Directors Report.
- j) All recommendations made by the Committees of the Board during the year were accepted by the Board. During the financial year ended on March 31, 2024, there was no such instance wherein the Board had not accepted any recommendation of any committee of the Board.
- k) Details of total fees for all services paid by the Company and its subsidiary for the financial year 2023-24 on a consolidated basis, to the Statutory Auditors of the Company and all entities in the network firm/ network entity of which the Statutory Auditors are a part, given below:
- | Particulars                         | ₹ in Lakh    |
|-------------------------------------|--------------|
| Audit Fees                          | 51.80        |
| Tax audit                           | 2.70         |
| Other tax matters and certification | 10.00        |
| Reimbursement of expenses           | 4.80         |
|                                     | <b>69.30</b> |
- l) The disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are given in the Board's Report.
- m) In terms of the SEBI LODR, the Management Discussion and Analysis Report forms part of the Annual Report. Details of significant changes in key financial ratios, along with detailed explanations thereof (including details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof) have been adequately made under the Management Discussion and Analysis Report.
- n) The Company makes presentations to institutional investors and analysts during earnings call held for quarterly / annual results. The audio recording and transcript of the same are available on the website of the Company.
- o) The Company has duly complied with the requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI LODR.
- p) The CEO & CFO Certification for the financial year ended on March 31, 2024 forms part of the Directors Report.
- q) Other items which are not mentioned in this Report are mentioned in the Directors Report and those items which are not applicable to the Company have not been separately commented upon.
- r) The Company has not entered into any agreement as referred to under Regulation 30A of the SEBI LODR as on March 31, 2024.
- s) **Breach of covenant:** There was no of breach of covenant of loan availed or debt securities issued by SBFC Finance Limited during the financial year ended March 31, 2024.

Payment to Statutory Auditors of the Company during the financial year 2023-24 towards IPO expenses was ₹ 49.87 lakhs.

### For & on behalf of Board of Directors of SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

**Neeraj Swaroop**  
Chairperson & Independent Director  
DIN: 00061170

Address: 1104, Signia Isles, G Block,  
Near Dhirubhai International School,  
Bandra Kurla Complex, Bandra (East),  
Mumbai – 400051

Place: Mumbai  
Date : April 27, 2024

**Aseem Dhru**  
Managing Director & CEO  
DIN: 01761455

Address: B-12, 12<sup>th</sup> Floor,  
Ahuja Tower, Rajabhau Anant Desai Marg,  
Prabhadevi, Mumbai – 400025

## Corporate Governance Report *Contd...*

### PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members,  
SBFC Finance Limited  
(formerly SBFC Finance Private Limited)

We have examined the compliance of the conditions of Corporate Governance by SBFC Finance Limited ('the Company') (formerly SBFC Finance Private Limited) for the year ended on March 31, 2024, as stipulated under Regulations 17 to 27, clauses (a) to (i) of sub-regulation (1A) of Regulation 62 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") which became applicable upon the listing of the Equity shares of the Company on the stock exchanges i.e. BSE Limited and the National Stock Exchange of India Limited w.e.f. August 16, 2023.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance

with conditions of Corporate Governance. 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 the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2024.

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

### For Parikh & Associates Company Secretaries

**Jigyasa N. Ved**  
Partner  
FCS No: 6488 CP No: 6018  
UDIN:F006488F000283875  
PR No.: 1129/2021

Place: Mumbai  
Date : 27.04.2024



## Directors' Report *Contd...*

# Annexure – 9

## FORM NO. MR-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,  
SBFC Finance Limited  
(formerly SBFC Finance Private Limited)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SBFC Finance Limited (formerly SBFC Finance Private Limited) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

During the year made an Initial Public Offer ("IPO") of equity shares (comprising of a fresh issue and an offer for sale) and the Equity shares of the Company got listed on the stock exchanges on 16<sup>th</sup> August, 2023.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, to the extent the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on March 31, 2024 according to the provisions of:

- i) The Companies Act, 2013 (the 'Act') and the rules made thereunder;
- ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to 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')
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the audit period) and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)
- vi) Other laws applicable specifically to the Company namely:
  - 1) The Reserve Bank of India Act, 1934 and regulations made thereunder
  - 2) The Foreign Exchange Management Act, 1999 (FEMA) and regulations made thereunder

## Directors' Report *Contd...*

- 3) The Indian Contracts Act, 1872
- 4) The Depositories Act, 1996
- 5) The Trade Marks Act, 1999
- 6) The Copyright Act, 1957
- 7) The Information Technology Act, 2000
- 8) The Prevention of Money Laundering Act (PMLA), 2002

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and general meetings.
- ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We report that the Company received an order of Regional Director dated May 31, 2023 in respect of the Compounding application u/s 441 of the Companies Act, 2013 for violation of section 179(3)(d), 179(3)(f) of the Companies Act, 2013 and pursuant to the order the Company has paid a compounding fee of Rs 318,000/-.

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 in compliance of the applicable provisions.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, 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.

As per the minutes, the decisions at the Board Meetings were taken unanimously.

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

We further report that during the audit period the Company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

- 1) The Board of Directors of the Company allotted 2,72,72,727 fully paid equity shares of face value of ₹ 10 each at a premium of ₹ 45 per equity share amounting to ₹ 1,49,99,99,985/- on 23<sup>rd</sup> May, 2023 through Private Placement.
- 2) During the audit period, the Company made a Initial Public Offer ("IPO") of 179,863,285 equity shares of face value of ₹ 10 each (comprising of a fresh issue of 105,301,883 equity shares and an offer for sale of 74,561,402 equity shares) at an Offer price of ₹ 57 per equity share. The Equity shares of the Company got listed on the stock exchanges on 16<sup>th</sup> August, 2023.
- 3) In order to undertake the Initial Public Offer ("IPO") and in accordance with the directions received from SEBI the shareholders of the Company in its meeting held on 13<sup>th</sup> July, 2023 approved the adoption of revised Article of Association of the Company.
- 4) The Shareholders of the Company in its meeting held on 13<sup>th</sup> July, 2023 approved the amendment of the Object Clause of Memorandum of Association.
- 5) The Company has approved SBFC Stock Option policies (ESOP Policies) which is implemented through the SBFC Welfare Trust ("Trust") to whom the Company had allotted Equity Shares in the past. During the year, the Trust has transferred 55,86,000 Equity Shares to the employees of the Company under the said ESOP Policies.
- 6) During the financial year ended March 31, 2024, the Company has allotted 4,41,56,694 equity shares of face value of ₹ 10 each under the various SBFC Stock Option Policies.
- 7) Issued and allotted :
  - a) 15,000 (fifteen thousand) secured, listed, rated, redeemable, non-convertible debentures having a

## Directors' Report *Contd...*

face value of INR 1,00,000/- (Indian Rupees One Lakh only) each, for cash at par, aggregating up to INR 150,00,00,000/- (Indian Rupees One Hundred and Fifty Crores Only) in two tranches on a private placement basis.

- b) 20,000 (Twenty thousand) secured, listed, rated, redeemable, non-convertible debentures having a face value of INR 1,00,000/- (Indian Rupees One Lakh only) each, for cash at par, aggregating up to INR 200,00,00,000/- (Indian Rupees Two Hundred Crores Only), on a private placement basis.

**For Parikh & Associates**  
Company Secretaries

**Jigyasa N. Ved**

Partner

FCS No: 6488 CP No: 6018

UDIN: F006488F000255528

PR No.: 1129/2021

Place: Mumbai

Date : 27.04.2024

*This Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this Report.*

### 'Annexure A'

To,  
The Members,  
SBFC Finance Limited

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

- Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- We have followed the audit practices and process 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 process 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.
- Where ever 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 procedure 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 Parikh & Associates**  
Company Secretaries

**Jigyasa N. Ved**

Partner

FCS No: 6488 CP No: 6018

UDIN: F006488F000255528

PR No.: 1129/2021

Place: Mumbai

Date : 27.04.2024

## Directors' Report *Contd...*

# Annexure – 10

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) read with sub-clause (10)(i) of Clause C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
The Members,  
SBFC Finance Limited  
(formerly SBFC Finance Private Limited)

Sub-clause 10(i) of Clause C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of SBFC FINANCE LIMITED having CIN U67190MH2008PLC178270 and having registered office at 103, 1<sup>st</sup> Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala Andheri (East), Mumbai City, Mumbai, Maharashtra, India, 400059 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Date of appointment / re-appointment
1.	John Mescall	08385575	29/05/2019
2.	Neeraj Swaroop	00061170	21/11/2017
3.	Aseem Dhru	01761455	29/09/2018
4.	Jonathan Tadeusz Tatur	08639243	17/12/2019
5.	Rajesh Mannalal Agrawal	00302467	11/11/2020
6.	Surekha Marandi	06952573	23/09/2022
7.	Koni Uttam Nayak	02543830	26/03/2024
8.	Ravi Venkatraman	00307328	21/02/2024

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Parikh & Associates**  
Company Secretaries

**Jigyasa N. Ved**

Partner

FCS No: 6488 CP No: 6018

UDIN: F006488F000283930

PR No.: 1129/2021

Place: Mumbai

Date : 27.04.2024

**Directors' Report** *Contd...***Annexure – 11****CERTIFICATE BY THE MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER**

PURSUANT TO REGULATION 17(8) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 WE, THE UNDERSIGNED, IN OUR RESPECTIVE CAPACITIES AS MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF SBFC FINANCE LIMITED ("THE COMPANY") TO THE BEST OF OUR KNOWLEDGE AND BELIEF, HEREBY CERTIFY THAT:

- A. We have reviewed the financial statements and cash flow statement for the year ended March 31, 2024, and that to the best of our knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of 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 such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee that there has been no:
1. significant changes in internal control over financial reporting during the year;
  2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  3. instances of significant fraud 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 & on behalf of SBFC Finance Limited  
(Erstwhile SBFC Finance Private Limited)**

**Narayan Barasia**  
Chief Financial Officer

**Aseem Dhru**  
Managing Director & CEO  
DIN: 01761455

Place: Mumbai  
Date : April 27, 2024

**Directors' Report** *Contd...***Annexure – 12****MANAGING DIRECTOR & CEO'S CERTIFICATE ON COMPLIANCE WITH THE CODE OF CONDUCT**

DECLARATION UNDER REGULATION 34(3) READ WITH PART D OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

SBFC Finance Limited ("the Company") has adopted the Code of Conduct for its Board Members and Senior Management Personnel and the same is available on the website of the Company.

Regulations, 2015, it is hereby declared that all Members of the Board of Directors and the Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended on December 31, 2023.

Pursuant to Regulation 34(3) read with Para D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements)

**For & on behalf of SBFC Finance Limited  
(Erstwhile SBFC Finance Private Limited)**

**Aseem Dhru**  
Managing Director & CEO  
DIN: 01761455

Place: Mumbai  
Date : 27 April 2024

## Directors' Report *Contd...*

# Annexure – 13

## Business Responsibility and Sustainability Report

### SECTION A: GENERAL DISCLOSURES

#### I. Details

1.	Corporate Identity Number (CIN) of Company	U67190MH2008PLC178270
2.	Name of the Company	SBFC Finance Limited
3.	Year of incorporation	25 January 2008
4.	Registered office address	Unit No. 103, 1 <sup>st</sup> Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri (East), Mumbai - 400059.
5.	Corporate address	Unit No. 103, 1 <sup>st</sup> Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri (East), Mumbai - 400059.
6.	E-mail	<a href="mailto:companysecretary@sbfc.com">companysecretary@sbfc.com</a>
7.	Telephone	+91-22-67875300
8.	Website	<a href="http://www.sbfc.com">www.sbfc.com</a>
9.	Financial year for which reporting is being done	2023-2024
10.	Name of the Stock Exchange(s) where shares are listed	SBFC Finance Limited is listed on both National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) with effect from August 16, 2023.
11.	Paid-up capital	1,073,754,986 shares of face value of ₹ 10 each, amounting to ₹ 10,737,549,860 as of March 31, 2024.
12.	Name and contact details of the person who may be contacted in case of any queries on the BRSR report	All queries related to the BRSR report from both internal and external stakeholders can be directed to the following individual: Name: Shekhar Bhoral Designation: Head - Centre of excellence Telephone: +91-8894348622 <b>Email ID: <a href="mailto:shekhar.bhoral@sbfc.com">shekhar.bhoral@sbfc.com</a></b>
13.	Reporting boundary	The non-financial information in this report covers the activities and progress of SBFC Finance Limited on a standalone basis. The reporting boundary for all environmental, social, and governance disclosures include all our 183 branches and 2 offices in India as of March 31, 2024. The reporting period for the information covers the period from April 1, 2023 to March 31, 2024.
14.	Name of the assurance provider	N.A.**
15.	Type of assurance obtained	N.A.**

\*\* Third-party assurance has not been taken for any disclosure part of this BRSR report for the reporting period FY 2023-24.

#### II. Products/services

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

Description of main activity	Description of business activity	% of turnover
Other Credit Granting	SBFC Finance Limited is a non-banking financial company (NBFC) focused on providing loans to the underserved section of the society that includes entrepreneurs, small business owners, self-employed individuals, as well as salaried and working-class individuals.	100%

## Business Responsibility and Sustainability Report *Contd...*

17. Products/services sold by the entity (accounting for 90% of the entity's turnover):

Sr. No.	Product/service	NIC Code	% of total turnover contributed
1.	Other Credit Granting As a Non-Banking Financial Company, SBFC Finance Limited primarily offers fund-based products, including secured MSME loan and loan against gold.	64920	More than 90%

#### III. Operations

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

Location	Number of Offices	Number of branches	Total
National	2	183	185
International	-	-	-

19. Markets served by the entity:

a) Number of locations

Locations	Number
National (No. of states)	16 States and 2 UTs
International (No. of countries)	-

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

This disclosure is not applicable as we are a Non-Banking Financial Company (NBFC) offering financial services, particularly secured MSME and gold loans to the underserved section of society, in India.

c) A brief on types of customers

Our customers primarily comprise of entrepreneurs, small business owners, self-employed individuals as well as salaried and working-class individuals who are underserved.

#### IV. Employees

20. Details as at the end of Financial Year:

a) Employees and workers (including differently abled):

Sr. No.	Particulars	Total		Female		
		(A)	No. (B)	% (B / A)	No. (C)	% (C / A)
1.	Permanent (D)*	3,758	3,484	92.7%	274	7.3%
2.	Other than permanent (E)	16	15	93.8%	1	6.3%
<b>3.</b>	<b>Total employees (D + E)</b>	<b>3,774</b>	<b>3,499</b>	<b>92.7%</b>	<b>275</b>	<b>7.3%</b>

Note - Details related to workers are not applicable as we have not employed any workers during the reporting period.

\*The total permanent employees count also includes 3 key management personnel, who are part of the total permanent employees list.

b) Differently abled employees and workers.

Sr. No.	Particulars	Total		Female		
		(A)	No. (B)	% (B / A)	No. (C)	% (C / A)
1.	Permanent (D)*	3758	1	0.027%	-	-
2.	Other than permanent (E)	16	-	-	-	-
<b>3.</b>	<b>Total employees (D + E)</b>	<b>3774</b>	<b>1</b>	<b>0.03%</b>	<b>-</b>	<b>-</b>

Note - Details related to workers are not applicable as we have not employed any workers during the reporting period.

\*Total Permanent employees count also includes 3 Key Management Personnel as they are part of the total permanent employees listing.

## Business Responsibility and Sustainability Report *Contd...*

### 21. Participation/inclusion/representation of women

Particulars	Total	No. and % of females	
	(A)	No. (B)	% (B / A)
Board of Directors	8	1	12.5%
Key Management Personnel	3	-	-

### 22. Turnover rate for permanent employees and workers

Particulars	FY 2023-24			FY 2022-23			FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	44.3%	43.1%	44.2%	36.5%	36.9%	36.5%	32.8%	35.3%	33.1%

Note: Details of confirmed employee have been taken for employee turnover calculation during the reporting period.

## V. Holding, subsidiary and associate companies (including joint ventures)

### 23. Names of holding / subsidiary / associate companies / joint ventures.

Sr. 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	SBFC Home Finance Private Limited	Subsidiary	100%	No

## VI. CSR details

24. (i) Whether CSR is applicable as per section 135 of the Companies Act, 2013 - Yes
- (ii) Turnover - Standalone - ₹ 10,185.40 million
- (iii) Net worth - Standalone - ₹ 27,782.55 million

## Business Responsibility and Sustainability Report *Contd...*

## 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 (NGBRC):

Stakeholder group from whom the complaint is received	Grievance Redressal Mechanism in Place (Yes/No). (If yes, then provide a web-link for the grievance redress policy.)*	FY 2023-24			FY 2022-23		
		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	-	-	-	-	-	-
Investors (other than shareholders)	Yes	-	-	-	-	-	-
Shareholders	Yes	25	-	-	-	-	-
Employees and workers	Yes	-	-	-	-	-	-
Customers	Yes	753	-	-	762	2	-
Value Chain Partners	Yes	-	-	-	-	-	-
Others (violation of code of business conduct and ethics)	Yes	-	-	-	-	-	-

\* For all our other key stakeholders, we have a dedicated email address for them to raise their grievances, that is then dealt with by either the Human Resources team or another team as applicable.

\* Our whistleblower policy is available on our website through this link: <https://www.sbfc.com/cmsproject/mediaGallery/docs/Whistle%20Blower%20Policy-1667053329.pdf?rm=1694197800>

\* Our privacy policy is available on our website through this link: <https://www.sbfc.com/privacy-policy>

\* Our Grievance Redressal Policy is available on our website through this link: <https://www.sbfc.com/cmsproject/mediaGallery/docs/Grievance%20Redressal%20Policy-1704795424.pdf?rm=1702233000>

## Business Responsibility and Sustainability Report *Contd...*

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, and approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	Approach to adapt or mitigate	Positive/negative implications
1.	Sustainable Finance	0	<p>Financing has an important role to play in enabling businesses and economies to transition to a sustainable economy.</p> <p>The MSME sector in India is one of the key drivers of the economy and significantly contributes to the country’s GDP as well as employment. As a financial services company, we recognize that directing capital towards such enterprises presents a substantial opportunity for us to make a meaningful impact. We firmly believe that achieving financial success should be intricately linked with our contribution to the greater good of society.</p>	<p>Being an NBFC, focusing on providing loans to businesses and individuals in the MSME sector that are underserved, we are addressing a major financing gap, thus, enabling such businesses and entrepreneurs to obtain loans to scale up their operations, improve efficiency or for other business expansion-related purposes.</p> <p>Our efforts involve placing a heightened focus on providing loans to entrepreneurs and small businesses with a focus on sustainability and inclusive growth.</p>	<p>Attracting Impact Investors (Positive): Sustainable finance initiatives often attract impact investors and institutions focused on impactful investments. By aligning with sustainability goals, we may gain access to a new source of funding and partnerships with organizations that are keen on supporting socially responsible initiatives.</p> <p>Risk Mitigation (Positive): Assessing and promoting sustainability in lending can help identify risks and opportunities more effectively. It can lead to better risk management by avoiding high-risk industries or projects, reducing the likelihood of loan defaults and losses.</p> <p>Improved Reputation (Positive): Incorporating sustainability into your business model can enhance your brand image and reputation. Customers, especially those from younger generations, are increasingly choosing businesses that align with their values, including environmental and social responsibility.</p>

## Business Responsibility and Sustainability Report *Contd...*

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	Approach to adapt or mitigate	Positive/negative implications
2.	Climate Change and GHG Emissions	R	<p>We recognize that climate change poses a risk to our operations, our clients and the broader economy. The increasing levels of greenhouse gas (GHG) emissions contribute to global warming, resulting in more frequent and severe climate-related events such as hurricanes, floods, droughts and heatwaves. These events can potentially disrupt businesses, communities, and the availability of natural resources, impacting our operations and portfolio. Additionally, regulatory changes aimed at mitigating climate change, such as carbon pricing and emissions reduction targets, may affect our loan portfolio.</p>	<p>We are committed to addressing climate change risks through proactive measures. We are also working on proactively reporting on environmental data to assess our environmental impact and formulate strategies to mitigate emissions.</p>	<p>Financial Implications (Negative): We acknowledge that climate change-related risks may have adverse financial implications for SBFC Finance Limited. These risks include the potential for increased loan defaults, reduced asset values and losses on investments in sectors vulnerable to climate impacts such as fossil fuels and agriculture. Furthermore, extreme weather events can disrupt our business operations, leading to financial losses for us and our clients.</p>

## Business Responsibility and Sustainability Report *Contd...*

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	Approach to adapt or mitigate	Positive/negative implications
3.	Financial Inclusion and Capacity Building	0	MSMEs contribute significantly to India's growth story by making up a substantial portion of the country's GDP as well as employment. However, they do not have required access to formal credit or lending. As a result, financing becomes a major obstacle for such entrepreneurs and business owners as traditional banks do not provide financing tailored to their requirements. At SBFC, we aim to fill this gap by providing financing opportunities to underserved business owners and further unlocking India's growth story. We are also deeply associated with uplifting other marginalized groups of society, including women, rural and local borrowers, people in old age, etc., ensuring overall inclusion.	As an NBFC engaged in providing loans to small businesses and entrepreneurs in the MSME sector, women, and other marginalized groups, our business model aligns with key principles of financial inclusion. Some of our current approaches to capture the opportunity include: <ol style="list-style-type: none"> <li>Partnerships: Collaborating with government agencies, non-governmental organizations and other stakeholders to effectively promote financial inclusion and address challenges. We can leverage expertise, resources, and networks through partnerships to scale our impact.</li> <li>Data and Analytics: Leveraging data and analytics to identify regions and communities with limited financial services access. This data-driven approach will enable us to prioritize our efforts and allocate resources where they are most needed.</li> <li>Ethical Selling and Responsible Marketing: Ensuring the highest quality of ethics during the sale of our products. Our training programs ensure that all the product-related terms and conditions are appropriately explained to the customer during the loan process. In case of grievances or complaints, the customer can raise their grievance with us through multiple channels at their disposal.</li> </ol>	Embracing financial inclusion and climate change as an opportunity can lead to several positive financial implications: <ol style="list-style-type: none"> <li>Market Expansion: Reaching previously underserved markets can expand our customer base and unlock new business opportunities.</li> <li>Customer Loyalty and Retention: Providing tailored financial solutions can foster customer loyalty and retention, enhancing long-term profitability.</li> <li>Reputation and Branding: Demonstrating our commitment to financial inclusion aligns with evolving consumer preferences and enhances our reputation as a socially responsible financial institution, attracting ethically minded customers and investors.</li> </ol>

## Business Responsibility and Sustainability Report *Contd...*

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	Approach to adapt or mitigate	Positive/negative implications
4.	Employee Health and Well-being	0	At SBFC, we recognize that our employees' health and well-being are paramount to our organisation's success and sustainability. Emphasizing employee health and well-being presents a significant opportunity to create a positive and productive work environment while fostering a culture of care and support.	To prioritize employee health and well-being, we have developed a comprehensive approach that demonstrates our commitment to our most valuable asset - our employees: <ol style="list-style-type: none"> <li>Health Benefits and Insurance: Providing robust health benefits and insurance coverage to ensure our employees have access to quality medical care and support in times of need.</li> <li>Workplace Safety: Ensuring a safe and secure work environment by adhering to rigorous safety standards and promoting a culture of safety awareness among employees.</li> <li>Flexible Work Arrangements: Offering flexible work arrangements, such as remote work options or flexible hours, to accommodate our employees' diverse needs and responsibilities.</li> </ol>	Financial Implications (Positive): Prioritizing employee health and well-being can lead to several positive financial implications: <ol style="list-style-type: none"> <li>Increased Productivity: Healthy and engaged employees tend to be more productive, improving operational efficiency and enhanced customer service.</li> <li>Reduced Absenteeism and Turnover: By investing in employee well-being, we can potentially reduce absenteeism and turnover, leading to cost savings associated with recruitment and training.</li> <li>Enhanced Employee Engagement: Focusing on health and well-being fosters a positive work culture, leading to higher employee satisfaction and increased organisational loyalty.</li> <li>Attracting Talent: Demonstrating our commitment to employee health and well-being makes us an attractive employer, helping us attract and retain top talent in the industry.</li> </ol>

## Business Responsibility and Sustainability Report *Contd...*

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	Approach to adapt or mitigate	Positive/negative implications
5.	Customer Experience	0	Customer experience is a significant opportunity to enhance our competitiveness and build lasting relationships with our clients. By delivering exceptional services and products, we can increase customer satisfaction, retention and loyalty.	<p>To maximize the opportunity of customer experience, we have adopted the following approach:</p> <ol style="list-style-type: none"> <li>1. Digital Innovation: Embracing digitalization and leveraging innovative technologies through our “PhyGital” model, which uses technology and authentic in-person service to create loans that support our customers’ ambitions. We engage directly with small business owners and work through loan applications together, in person, at the customer’s pace.</li> <li>2. Grievance Redressal Mechanisms: We have a dedicated grievance redressal mechanism to promptly address customer-related complaints and grievances through multiple channels. Each complaint is thoroughly reviewed, monitored and resolved to achieve customer satisfaction. To bolster our support, a dedicated Grievance Redressal Officer is appointed and prominently displayed in all our branches.</li> <li>3. Continuous Improvement: Continuously reviewing and upgrading our processes and systems to stay ahead in the dynamic financial landscape and provide the best possible experience to our customers.</li> </ol>	<p>Financial Implications (Positive): Improving customer experience can lead to several positive financial implications such as:</p> <ol style="list-style-type: none"> <li>1. Customer Loyalty: Satisfied customers are more likely to remain loyal and utilize a broader range of our services, increasing customer retention and lifetime value.</li> <li>2. Word-of-Mouth Referrals: Delighted customers are more inclined to refer friends and family to our services, expanding our customer base through word-of-mouth referrals.</li> <li>3. Competitive Advantage: By providing superior customer experience, we can differentiate ourselves from competitors and attract new customers seeking exceptional financial services.</li> </ol>

## Business Responsibility and Sustainability Report *Contd...*

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	Approach to adapt or mitigate	Positive/negative implications
6.	Diversity and Inclusion	0	Diversity and inclusion is a tremendous opportunity for us to foster a culture of innovation, creativity and equality within our organization. Embracing diversity can help us tap into a broader talent pool and enhance decision-making processes.	<p>To leverage the opportunity of diversity and inclusion, we have implemented the following approach:</p> <ol style="list-style-type: none"> <li>1. Diverse Hiring Practices: Promoting a diverse and inclusive workforce by adopting fair and unbiased hiring practices that attract talent from various backgrounds.</li> <li>2. Inclusive Workplace: Creating an inclusive workplace where all employees feel valued, respected and empowered to contribute their unique perspectives and ideas.</li> <li>3. Training and Development: Providing training and development opportunities that foster cultural awareness, sensitivity and understanding among employees.</li> <li>4. Human Rights: Factoring in Human Rights considerations in our HR policies.</li> <li>5. Fair Wage: Compliant with minimum wage requirements to ensure that our employees are appropriately compensated.</li> <li>6. Grievance redressal mechanism: Implementing a mechanism for employees to report and seek resolution for their grievances.</li> </ol>	<p>Financial Implications (Positive): Embracing diversity and inclusion can lead to several positive financial implications, including:</p> <ol style="list-style-type: none"> <li>1. Increased Innovation: A diverse workforce brings together varied perspectives, driving innovation and creativity, which can lead to the development of innovative financial products and services.</li> <li>2. Enhanced Employee Productivity: Inclusive workplaces tend to have higher employee satisfaction and productivity, contributing to overall organizational efficiency and effectiveness.</li> <li>3. Talent Attraction and Retention: Demonstrating a commitment to diversity and inclusion can attract top talent and reduce employee turnover, resulting in cost savings associated with recruitment and training.</li> </ol>



## Business Responsibility and Sustainability Report *Contd...*

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	Approach to adapt or mitigate	Positive/negative implications
7.	Data privacy and Cyber security	R	Data privacy and cybersecurity is a significant risk for us due to data breaches' potential financial and reputational consequences. In the event of a security breach, sensitive customer information could be exposed, leading to regulatory fines, legal liabilities, loss of customer trust and damage to the company's brand image. Ensuring robust data protection measures is essential to safeguard the institution's and its customers' interests.	<p>We have a well-defined framework and policy on cyber security and data privacy. This policy assures users that all personal information provided through the website is treated with the utmost confidentiality and is not shared with third parties in most circumstances, unless explicitly solicited and permitted by the user.</p> <p>In alignment with our commitment to providing safe and secure banking services, we have a defined cyber security and data privacy policy for client data protection. Our Phygital Model blends technology with human touch, effectively allowing us to understand and underwrite credit for our valued customers.</p>	<p>Financial Implications (Negative): Data privacy and cybersecurity risks can have several adverse financial implications for us at SBFC. Some of these implications include, but are not limited to:</p> <ol style="list-style-type: none"> <li>1. Reputation Damage: A data breach or cybersecurity incident can severely impact our reputation, leading to a loss of customer trust and potential business opportunities.</li> <li>2. Financial Losses: Cyberattacks may result in financial losses, such as regulatory fines, legal costs, and compensating affected customers for any damages incurred.</li> </ol>

## Business Responsibility and Sustainability Report *Contd...*

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	Approach to adapt or mitigate	Positive/negative implications
8.	Economic Performance	0	For SBFC, strong economic performance opens doors to greater access to funding sources, enabling them to expand their lending capabilities and reach a wider customer base. It enhances the organization's ability to offer competitive interest rates and attractive financial products, attracting potential borrowers and investors. Additionally, a solid financial track record builds trust and credibility in the eyes of regulatory authorities and customers, fostering long-term relationships and ensuring sustained profitability for the organization.	<p>To leverage the opportunity of economic performance, we have developed the following approach:</p> <ol style="list-style-type: none"> <li>1. Financial Strength: We have the capital to grow confidently and are backed by investors.</li> <li>2. Skilled workforce: We have a hand-picked team of people with diverse skills, relevant experience and a passion for customer service.</li> <li>3. Risk Management: We have implemented effective risk management practices to identify and mitigate potential financial risks that could impact our economic performance.</li> <li>4. Analytics: We optimize business processes and customer service using advanced data analysis.</li> <li>5. Innovation and Technology: We use smart technology to enhance efficiency and simplify customer journeys.</li> <li>6. Responsible Investments: Making responsible and sustainable investments that align with our values and contribute to long-term economic growth.</li> </ol>	<p>Financial Implications (Positive): Maintaining strong economic performance can lead to several positive financial implications for us. Some of these key implications include:</p> <ol style="list-style-type: none"> <li>1. Investor Confidence: A strong financial performance can enhance investor confidence and attract new investors seeking profitable opportunities.</li> <li>2. Competitive Advantage: A robust economic performance positions us favourably among competitors and strengthens our position in the financial market.</li> <li>3. Capital Access: Improved economic performance enhances our ability to access capital for expansion and strategic investments.</li> </ol>

## Business Responsibility and Sustainability Report *Contd...*

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	Approach to adapt or mitigate	Positive/negative implications
9.	Business Ethics and Governance	0	At SBFC, we recognize that having strong business ethics and governance presents significant opportunities for us to establish ourselves as responsible and trustworthy organizations in the financial industry. This is particularly crucial considering the inherent risks associated with the financial sector and the need to safeguard the interests of customers, investors and stakeholders.	By adhering to strong ethical practices and adopting robust governance mechanisms, we seek to enhance our reputation in the market. Trust is a vital asset in the financial sector and customers are more likely to engage with an organization that prioritizes ethics and governance. We have a strong Code of Conduct at place along with other policies to ensure that ethical practices are upheld at all times and throughout the hierarchy of our operational system.	Financial Implications (Positive):  Ethical behaviour improves the reputation of the company, attracting more customers, thereby increasing revenue. It may also help to attract more investments and capital. Compliance with ethical standards reduces legal and regulatory expenses and also facilitate easier access to capital markets for further growth.
10.	Risk Management	0	Risk Management presents a significant opportunity for SBFC since it helps us to enhance our stability, resilience and sustainable growth. As we operate in an inherently risk-prone financial environment, effective risk management strategies help us minimize our losses, maintain regulatory compliance and enhance investor confidence which in turn helps us in optimizing our capital allocations, thus maximizing returns on investments.	We have a highly comprehensive risk management strategy that helps us to navigate uncertainties and achieve long term success in our business.  We have identified potential sources of risks specific to our business model, operations and industry and accordingly we have implemented risk mitigation strategies and controls to reduce the likelihood and impact of the identified risks.  We have also established a robust system to continuously monitor risks and ensure the proper approach towards mitigation of the risks.	Financial Implications (Positive):  1. A comprehensive risk management strategy will positively impact our financial performance by reducing losses, enhancing profitability, optimizing capital allocation, improving creditworthiness, ensuring compliance, attracting investments and fostering customer trust.  2. Proactive management of risks reduces the likelihood and severity of financial losses and avoid potential expenses associated with managing and recovering from risk related incidents.  3. It positions the company as a stable and reliable financial institution, supporting sustainable growth and success in the competitive financial industry.

## Business Responsibility and Sustainability Report *Contd...*

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	Approach to adapt or mitigate	Positive/negative implications
11.	Digitalization and Innovation	0	Digitalization and innovation present a remarkable opportunity for SBFC to revolutionize its lending operations. By leveraging advanced data analytics and AI-driven processes, the organization can assess creditworthiness more accurately and tailor financial solutions that cater to the specific needs and ambitions of small business owners.	To leverage the opportunity of digitalization and innovation, we have embraced the following approach:  1. Digital Transformation: Investing in digital technologies to streamline our processes, enhance efficiency, and provide more convenient services to our customers.  2. Analytics: We optimize business processes and customer service using advanced data analysis.  3. Innovation and Technology: We use smart technology to enhance efficiency and make the customer journey easier.  4. PhyGital Model: It combines the efficiency and speed of technology with personalized, face-to-face interactions, providing a unique customer experience.  5. Customer-Centric Solutions: Prioritizing customer needs and preferences while developing digital solutions to create seamless and user-friendly experiences.	Financial Implications (Positive): Some key positive financial implications include:  1. Operational Efficiency: Digitalization streamlines operations, reduces costs and improves efficiency, leading to potential cost savings and increased profitability.  2. Competitive Edge: By adopting innovative technologies, we gain a competitive edge in the market, attracting tech-savvy customers and staying ahead of competitors.  3. New Revenue Streams: Innovative financial products and services open up new revenue streams, expanding our business opportunities and revenue generation.  4. Enhanced Customer Acquisition: Digital solutions that offer convenience and personalized experiences attract new customers and enhance customer acquisition rates.

## Business Responsibility and Sustainability Report *Contd...*

### SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

#### ESSENTIAL INDICATORS

This section is aimed at helping businesses demonstrate the structures, policies, and processes put in place towards adopting the NGRBC principles and core elements

Sr. No.	Principle description
P1	Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive to all their stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect and make efforts to protect and restore the environment
P7	Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>Policy and management processes</b>									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web-link of the policies, if available.	Our employee Code of Conduct is made accessible to all our employees through the company's intranet and thus it is not possible to provide a publicly available link. To access our Code of Conduct of Board of Directors and Senior Management available on our website, please refer to the following link: <a href="https://www.sbfc.com/cmsproject/mediaGallery/docs/Code%20of%20Conduct%20-%20Board%20and%20Senior%20Management-1679632545.pdf?rm=">https://www.sbfc.com/cmsproject/mediaGallery/docs/Code%20of%20Conduct%20-%20Board%20and%20Senior%20Management-1679632545.pdf?rm=</a> To access our privacy policy available on our website, please refer to the following link: <a href="https://www.sbfc.com/privacy-policy">https://www.sbfc.com/privacy-policy</a> To access our Grievance Redressal Policy available on our website, please refer to the following link: <a href="https://www.sbfc.com/cmsproject/mediaGallery/docs/Grievance%20Redressal%20Policy-1704795424.pdf?rm=1702233000">https://www.sbfc.com/cmsproject/mediaGallery/docs/Grievance%20Redressal%20Policy-1704795424.pdf?rm=1702233000</a> To access our CSR policy available on our website, please refer to the following link: <a href="https://www.sbfc.com/cmsproject/mediaGallery/docs/Corporate%20Social%20Responsibility%20Policy-1683527618.pdf?rm=">https://www.sbfc.com/cmsproject/mediaGallery/docs/Corporate%20Social%20Responsibility%20Policy-1683527618.pdf?rm=</a> To access our Corporate Governance Policy available on our website, please refer to the following link: <a href="https://www.sbfc.com/cmsproject/mediaGallery/docs/Corporate%20Governance%20Policy-1644468392.pdf?rm=1694197800">https://www.sbfc.com/cmsproject/mediaGallery/docs/Corporate%20Governance%20Policy-1644468392.pdf?rm=1694197800</a> To access our Nomination and Remuneration policy available on our website, please refer to the following link: <a href="https://www.sbfc.com/cmsproject/mediaGallery/docs/Nomination%20and%20Remuneration%20Policy-1644468634.pdf?rm=1694197800">https://www.sbfc.com/cmsproject/mediaGallery/docs/Nomination%20and%20Remuneration%20Policy-1644468634.pdf?rm=1694197800</a> Our whistleblower policy available on our website, please refer to the following link: <a href="https://www.sbfc.com/cmsproject/mediaGallery/docs/Whistle%20Blower%20Policy-1667053329.pdf?rm=1694197800">https://www.sbfc.com/cmsproject/mediaGallery/docs/Whistle%20Blower%20Policy-1667053329.pdf?rm=1694197800</a>								

## Business Responsibility and Sustainability Report *Contd...*

Disclosure questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	N	Y	N	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes, all the policies have been extended to all our stakeholders including our value chain partners, wherever applicable.								
4. Name of the national and international codes/certifications/labels/standards (e.g. Forest stewardship council, Fairtrade, Rainforest alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) mapped to each principle.	Principle 1 Principle 2 Principle 3 Principle 4 Principle 5 Principle 6 Principle 7 Principle 8 Principle 9 SBFC adheres to Fair Practice Code guidelines issued by the Reserve Bank of India for Non-Banking Financial Companies (NBFCs) detailing standards for fair business and corporate practices while dealing with their customers. SBFC is ISO 27001:2022 certified w.e.f January 29, 2024.								
5. Specific commitments, goals, and targets set by the entity	We are currently in the process of assessing our baseline performance as presented in this BRSR report based on which we will set tangible commitments, goals and targets.								
6. Performance of the entity against the specific commitments, goals, and targets along with reasons in case the same are not met.	We are currently in the process of establishing our data baseline, which will serve as the foundation for defining our environmental, social and governance targets.								
<b>Governance, leadership and oversight</b>									
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)	SBFC is building on certain pillars to drive its institutional value for all its stakeholders. These pillars include providing services to micro enterprises or the small businesses that are at the heart of the segment in which SBFC operates. Focusing on small businesses in small towns for which branches are opened accordingly taking SBFC closer to where these small businesses are located, creation of skillful opportunities for the members of society with focus on good opportunity for everyone and engaging and extending its support by way of CSR activities like reconstruction of school in remote areas of the country, working closely with NGOs and promoting education and skillful training for youth. We strive to balance profitability with principles, adhering to stringent Governance, Compliance and Risk Management measures while proactively working towards empowering the under banked and underserved sectors of the society. As we chart our course towards a sustainable future, we stand united, committed to empowering dreams and transforming lives. In the dynamic world of MSME lending, we stand firm in our commitment to Excellence, Resilience and most importantly, Growth that is truly Sustainable.								
8. Details of the highest authority responsible for implementation and oversight of the business responsibility policy/policies	As of March 31, 2024, the highest authority responsible for the implementation and oversight of business responsibility policy/policies is the Board of Directors of the Company.								
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.	The CSR Committee of the board is currently responsible for decision-making on sustainability-related issues.  The ESG policy has been approved by Board on April 27, 2023, we are currently in the process of establishing a dedicated ESG Management Committee that would be responsible for driving communication and oversee the implementation of ESG related policy and commitments.								

## Business Responsibility and Sustainability Report *Contd...*

10. Details of review of NGRBCs by the company:

Subject for review	Indicate whether the review was undertaken by the 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
Performance against the above policies and follow-up action	All the policies are reviewed by the Board members and others in senior management.	The reviews are done on an annual basis.								
Compliance with statutory requirements of relevance to the principles and the rectification of any non-compliance	SBFC strives to comply with all applicable statutory requirements. There have been no instances of non-compliance during the financial year.									

11. Has the entity carried out an independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.

No, we have not carried out any independent assessment/ evaluation of the working of our policies by an external agency during the reporting period.

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)	N	N	N	N	N	N	N	N	N
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	No. SBFC has commenced its ESG journey in the financial year 2022-23. The company is making active efforts to establish systems in place to formulate and implement all policies related to the principles of NGBRC.								
The entity does not have the financial or/ human and technical resources available for the task (Yes/No)	No. SBFC has the necessary financial, human and technical resources for this task. However, this is the first year of reporting. The company is still in the process of strengthening its position in ESG management.								
It is planned to be done in the next financial year (Yes/No)	SBFC has commenced its ESG journey in the financial year 2022-23. The company is making active efforts to establish systems in place to formulate and implement all policies related to the principles of NGBRC during the year 2023-24, however, we are currently working on respective roadmap for 3 years starting from the FY 2024-25 to FY 2026-27.								
Any other reason (please specify)	-								

## Business Responsibility and Sustainability Report *Contd...*

### SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

**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 programme 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	% of persons in respective category covered by the awareness programmes
Board of Directors*	1	Review and Adoption of departmental policies of the company, including human resource, compliance and IT, among others.	100% of the board of directors attended the policy resolution meeting.
Key managerial personnel*	1	Review and Adoption of departmental policies of the company, including human resource, compliance and IT, among others.	100% of the board of directors attended the policy resolution meeting.
Employees other than BoD and KMPs**	10	Mandatory Training: <ul style="list-style-type: none"> <li>Cyber Security</li> <li>POSH</li> <li>Code of Conduct,</li> <li>KYC &amp; AML Awareness,</li> </ul> Leadership Development Program: Prarambh- The Induction Program covers <ul style="list-style-type: none"> <li>About Company</li> <li>Our Leadership</li> <li>Our Values</li> <li>Product Training</li> <li>Grooming &amp; Uniform</li> <li>New Software and process launch.</li> </ul>	100% of the eligible employees were covered by these training and awareness programmes.

\* All the draft policies are subject to board review before their adoption. Draft copies of all policies subject to resolution are circulated among all the board members and senior management before the meeting. They are also briefed and made aware regarding the context and key updates related to such policies.

\*\* All the new joiners are subject to mandatory induction training that covers topics such as POSH, Cybersecurity, Code of Conduct, KYC and other mandatory trainings. Moreover, some trainings on key topics such as POSH, CoC, Cyber-security and KYC & AML awareness are mandatorily provided to all eligible employees as well.

Note : In FY 2023-24, Board and Committee meetings kept Independent Directors informed on various topics like regulatory changes, economic landscape, IT updates and risk indicators.

Note : Details related to workers are not applicable as we have not employed any workers during the reporting period.

## Business Responsibility and Sustainability Report *Contd...*

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

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/Fine					No
Settlement	-	-	-	-	-
Compounding	P1	Ministry of Corporate Affairs	969,000	Our Company had, suo moto, filed a compounding application dated January 25, 2021 with the RoC under the Companies Act. The Compounding Application pertained to compounding the offence committed under Section 179(3)(d) and Section 179(3)(f) of the Companies Act read with Secretarial Standards 1 on "Meetings of the Board of Directors" with respect to items of business which should not have been passed by a circular resolution. In accordance with the second explanation to paragraph 1.3.8 and the explanation to paragraph 6.1.1 of the Secretarial Standards 1, items of business in relation to borrowing money other than by issue of debentures and providing security in respect of loans should be placed in a board meeting of a company and shall not be passed by a circular resolution. In contravention of the above, our Company has passed certain circular resolutions to avail credit and loan facilities. By way of an order signed on May 31, 2023, the RoC has disposed of the Compounding Applications and the offences thereunder have been compounded, after payment of the fees by the Company and the KMP's	No
Non-Monetary					
Imprisonment	-	-	-	-	-
Punishment	-	-	-	-	-

Note : We are not aware of any additional instances of fines, penalties, punishment, award, compounding fees and settlement amount paid in proceedings by the entity or its directors and KMPs apart from the instances reported during the reporting period, FY 2023-24 in the above disclosure.

## Business Responsibility and Sustainability Report *Contd...*

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision are 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 no such appeals were filed during the reporting period.	

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.

Our comprehensive Code of Conduct (CoC) applies to all employees and it includes stringent provisions against bribery. SBFC Finance Limited is committed to upholding the highest standards of integrity confidentiality and ethical behaviour both within and outside the organization. This ensures that all our employees are bound by these principles. Our Code of Conduct for employees is made accessible to all employees through the company's intranet. Moreover, we are in the process of formulating a dedicated anti-corruption or anti-bribery policy.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ : Nil.

Note : We are not aware of any instances of disciplinary action taken by any law enforcement agency for the charges of bribery/ corruption against any Director, KMP, employee or worker for the FY 2023-24.

6. Details of complaints with regard to conflict of interest: Nil

Note - We are not aware of any complaints in relation to issues of Conflict of Interest of the Directors and KMPs against any Director or KMPs during the reporting period, FY 2023-24.

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.

Not applicable as there were no instances of disciplinary action taken by any law enforcement agency against the Directors and KMPs for the charges of bribery/ corruption during the reporting period, FY 2023-24.

8. Number of days of accounts payables ((Accounts payable \*365) / Cost of goods/services procured) in the following format:

Particulars	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Number of days of Account Payables	3.89	2.24

## Business Responsibility and Sustainability Report *Contd...*

### 9. Open-ness of business

Provide details of the 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 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Concentration of Purchases	a. Purchases from trading houses as % of total purchases		
	b. Number of trading houses where purchases are made from		
	c. Purchases from top 10 trading houses as % of total purchases from trading houses		
Concentration of Sales	a. Sales to dealers / distributors as % of total sales		
	b. Number of dealers / distributors to whom sales are made		
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors		
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	Nil	Nil
	b. Sales (Sales to related parties / Total Sales)	Nil	Nil
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	Nil	0.0024726
	d. Investments (Investments in related parties / Total Investments made)	4.93%	0.00824%

Being a financial services company, these disclosures are not applicable to us.

### LEADERSHIP INDICATORS

1. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details.

Yes.

The company has a separate Code of Conduct for the Board of Directors and the Senior Management, which provides that all the members of the Board and the Senior Management shall conduct their activities and fulfil their fiduciary obligations on behalf of the Company, with honesty, integrity and fairness and in the best interest of the Company. They are prohibited from engaging in any activity that interferes with their performance or responsibilities or otherwise is in conflict with or prejudicial to the company.

In addition to the above, SBFC Finance Limited's CoC covers potential areas where conflict of interest may be countered. It also provides specific guidelines on avoiding and dealing with possible conflicts of interest and the requirement to disclose potential conflicts of interest by employees.

The Code of Conduct for BOD and Senior Management can be accessed from this link:

<https://www.safc.com/cmsproject/mediaGallery/docs/Code%20of%20Conduct%20-%20Board%20and%20Senior%20Management-1679632545.pdf?rm=1694197800>

## Business Responsibility and Sustainability Report *Contd...*

### 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 product and processes' environmental and social impacts to total R&D and capex investments made by the entity, respectively

Particulars	FY 2023-24	FY 2022-23	Details of improvements in environmental and social impacts
R&D			
Capex			We did not make any R&D and capital expenditure (CAPEX) investments during the reporting period in specific technologies to improve the environmental and social impact of our products and processes. However, moving forward, we intend to identify areas in which we can invest in technologies to enhance the environmental and social impact of our products and processes.

2. a) Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes, we have formulated a Sustainable Value Chain policy to ensure that the limited procurement we undertake is further aligned with sustainable sourcing practices.

SBFC Finance Limited is a financial services company engaged in providing loans to entrepreneurs, small business owners, self-employed individuals, as well as salaried and working-class individuals. Consequently, we do not procure any raw materials to produce physical goods due to the nature of our services. The only procurement we engage in is for domestic or office use, and for that, we ensure that it is done in a sustainable manner, giving preference to medium and small enterprises.

- b) If yes, what percentage of inputs were sourced sustainably?

We have formulated a sustainable value chain policy that is applicable to our value chain.

3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposal at the end of life, for  
a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Waste type	Waste management procedure in place
Plastic (including packaging)	
E-waste	Due to the service-oriented nature of our operations, we do not consume a lot of material resources. Moreover, there is minimal waste generation at our offices, but we prioritize responsible management of any waste generated.
Hazardous waste	
Other waste (wastepaper and paper products)	

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the EPR plan submitted to Pollution Control Boards? If yes, whether the waste collection plan is in line with the EPR plan submitted to Pollution Control Boards?

Given the nature of our operations and the absence of product manufacturing, Extended Producer Responsibility (EPR) does not apply to our business.

## Business Responsibility and Sustainability Report *Contd...*

**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		Daycare facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent employees</b>											
Male	3,484	3,484	100%	3,484	100%	-	-	3,484	100%	-	-
Female	274	274	100%	274	100%	274	100%	-	-	-	-
<b>Total</b>	<b>3,758</b>	<b>3,758</b>	<b>100%</b>	<b>3,758</b>	<b>100%</b>	<b>274</b>	<b>7.29%</b>	<b>3,484</b>	<b>92.71%</b>	<b>-</b>	<b>-</b>
<b>Other than Permanent employees</b>											
Male	15	15	100%	15	100%	-	-	-	-	-	-
Female	1	1	100%	1	100%	1	100%	-	-	-	-
<b>Total</b>	<b>16</b>	<b>16</b>	<b>100%</b>	<b>16</b>	<b>100%</b>	<b>1</b>	<b>6.3%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- b) Spending on measures towards the well-being of employees and workers (including permanent and other than permanent) in the following format:

Particulars	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
The cost incurred on well-being measures as a % of the total revenue of the company	0.20%	0.31%

2. Details of retirement benefits:

Benefits	FY 2023-24 (Current Financial Year)		FY 2022-23 (Previous Financial Year)	
	No. of employees covered as a % of total employees*	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees*	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	Y	100%	Y
Gratuity	100%	Y	100%	Y
ESI	17%	Y	16%	Y

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.

No, as currently all our premises, including our branches and offices are leased premises. We have taken appropriate measures to ensure that our offices are accessible to differently-abled employees wherever possible as per the requirements of the Rights of Persons with Disabilities Act, 2016.

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. The provision of equal opportunity is part of the employee Code of Conduct, which is made accessible to all employees through the company's intranet. We strive to provide equal opportunities to all employees and

## Business Responsibility and Sustainability Report *Contd...*

qualified applicants without discrimination on the grounds of race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin, or special ability.

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%	100.00%	NA	NA
Female	100%	33.00%	NA	NA
<b>Total</b>	<b>100%</b>	<b>64.00%</b>	<b>NA</b>	<b>NA</b>

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.

(If Yes, then give details of the mechanism in brief)	
Permanent employees	Employees can share grievances to the respective HR team members through email communication wherein the grievances are addressed and concluded. The HR team is responsible for timely redressal of employee-related grievances. The mechanism ensures that they can report and address their concerns confidentially and anonymously, without facing any reprisals or adverse consequences. All investigations conducted by SBFC are treated as confidential matters.
Other than permanent employees	

Note : Details related to workers are not applicable as we have not employed any workers during the reporting period.

7. Membership of employees and workers in association(s) or Unions recognized by the listed entity:

Category	FY 2023-24			FY 2022-23		
	Total employees/workers in the respective category (A)	No. of employees/workers in the respective category, who are part of the association(s) or Union (B)	% (B/A)	Total employees/workers in the respective category (C)	No. of employees/workers in the respective category, who are part of the association(s) or Union (D)	% (D/C)
Total permanent employees	3,758	-	-	2,822	-	-
Male	3,484	-	-	2,589	-	-
Female	274	-	-	233	-	-

8. Details of training given to employees and workers:

Category	FY 2023-24					FY 2022-23				
	Total (A)	On health and safety measures		On skill upgradation		Total (D)	On health and safety measures		On skill upgradation	
		Number (B)	% (B / A)	Number (C)	% (C / A)		Number (E)	% (E / D)	Number (F)	% (F / D)
<b>Employees</b>										
Male	3,499	3,499	100%	2,289	65.4%	2,605	-	-	1,525	58.5%
Female	275	275	100%	252	91.6%	235	-	-	171	72.8%
<b>Total</b>	<b>3,774</b>	<b>3,774</b>	<b>100%</b>	<b>2,541</b>	<b>67.3%</b>	<b>2,840</b>	<b>-</b>	<b>-</b>	<b>1,696</b>	<b>59.7%</b>

## Business Responsibility and Sustainability Report *Contd...*

9. Details of performance and career development reviews of employees and workers:

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
<b>Employees*</b>						
Male	1,760	1,760	100%	1,251	1,251	100%
Female	173	173	100%	136	136	100%
<b>Total</b>	<b>1,933</b>	<b>1,933</b>	<b>100%</b>	<b>1,387</b>	<b>1,387</b>	<b>100%</b>

\* The coverage of performance and career development reviews of employees only includes employees that were eligible for review as per the company policy.

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?

No, however, all our corporate offices and branches have provisions for proper ventilation, branch hygiene & sanitation, emergency exits, and first aid boxes. Moreover, we are also in the process of further enhancing health and safety across all our premises, including establishing a dedicated occupational health and safety management system.

b) What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

As a responsible business entity, we understand the importance of providing a workplace that is free of work-related hazards and risks. In order to ensure the best interest of our employees and to safeguard the health and wellbeing of all, we put active efforts towards providing a work environment that uplifts the mental and physical wellness of all. We comply with all necessary requirements of a safe workplace, and we conduct routine checks to eliminate any possible risk that might exist in our premises.

c) Whether you have processes for workers to report work-related hazards and to remove themselves from such risks.

No, however we will be implementing a mechanism for workers to report work-related hazards.

d) Do the employees/ workers of the entity have access to non-occupational medical and healthcare services?

Yes. All our branches and offices are near local hospitals and medical care centres. In addition, all our permanent employees and their eligible dependents are covered by our Group Health Insurance Policy. In addition, we extend accidental insurance coverage to our other than permanent employees as well.

11. Details of safety related incidents, in the following format:

Safety incident/number	Category	FY 2023-24	FY 2022-23
		(Current Financial Year)	(Previous Financial Year)
Lost Time Injury Frequency Rate (LTIFR) (per one-million-person hours worked)	Employees		
	Workers		
Total recordable work-related injuries	Employees		
	Workers	No such cases have been reported, however, we have implemented a well-structured process to track these parameters since March 2024.	
No. of fatalities	Employees		
	Workers		
High consequence work-related injury or ill-health (excluding fatalities)	Employees		
	Workers		

## Business Responsibility and Sustainability Report *Contd...*

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

We adhere to all the relevant regulations and laws governing workplace health and safety. In a bid to continuously improve on health and safety related parameters, employees can communicate their grievances related to health and safety at the workplace through email to the Human Resources team. Employees can verbally communicate their grievances related to health and safety to the concerned HR across our offices and branches.

13. Number of complaints on the following made by employees and workers:

	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Working conditions	-	-	-	-	-	-
Health & safety	-	-	-	-	-	-

Note : Details related to workers are not applicable as we have not employed any workers during the reporting period.

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	No assessments were carried out during the financial year 2023-24.
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 as no such assessments were conducted. However, we are currently evaluating the requirements and feasibility of conducting health and safety practices and working conditions related assessment for our offices and branches.

### LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of the death of (A) Employees (Y/N) (B) Workers (Y/N).

(A) Yes, health insurance and accidental death insurance are part of the employee benefits that we provide to all our permanent employees. (B) Details related to workers are not applicable as we have not employed any workers during the reporting period.

2. 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:

Particulars	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	FY 2022-23	FY 2023-24	FY 2022-23
Employees			NA, No such cases reported	



## Business Responsibility and Sustainability Report *Contd...*

**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.

At SBFC, we firmly believe that engaging with stakeholders is a crucial aspect of understanding the impact of our actions. To gain comprehensive insights into how our organization affects various parties, we initiated a series of discussions with our board and senior management. Through multiple rounds of dialogue and careful consideration, we meticulously identified the key stakeholder groups that hold significant relevance to our operations. These essential stakeholder groups encompass Shareholders and Investors, Customers, Government and Regulators, Employees, Value Chain Partners and the Community.

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
Shareholder and Investor	No	Emails, Meetings, Website	Quarterly	To inform about the performance, major developments and other relevant updates regarding the Company and its subsidiaries.
Customer	Yes	SMS, Newspaper, Advertisement, Website	Need basis	Servicing throughout the lifecycle of the customer and addressing queries/grievances that the customer may have.
Government and Regulators	No	Emails, Website	Need basis	Adhere to the guidelines and issues of the regulator and take feedback on questions, if any. Provide opinion on draft policies rolled out before getting implemented.
Employees	No	Emails, SMS, Advertisement, Notice board, Website	Need basis	To record and address employee grievances that may arise as a result of our operations.  To collect input and feedback and communicate regarding implemented policies and other relevant initiatives related to our operations.
Value Chain partners	No	Emails, SMS, Newspaper, Advertisement, Website	Need basis	Communicate and update regarding key changes related to our business operations and communicate or inform contractual requirements.
Community	Yes	Newspaper, Advertisement, Website	Need basis	To promote social welfare activities for inclusive growth, fair and equitable development, and well-being of society through our business functioning.

## Business Responsibility and Sustainability Report *Contd...*

### 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 feedback from such consultations is provided to the board.

We have conducted a materiality assessment to determine key factors that affect the Society, Environment and our business at large. These material factors have been communicated to the board and we are in the process of deriving management solutions to ensure that such stakeholder feedback is incorporated into crucial business decisions for further improvement and value creation for all.

2. Whether stakeholder consultation is used to support the identification and management of environmental and social topics (Yes / No). If so, provide details of instances as to how the input received from stakeholders on these topics were incorporated into the policies and activities of the entity.

We have conducted a Materiality Assessment to identify the environmental, social, and economic concerns that affect our stakeholders, society, environment and our business at large. This effort is to further our commitment to continuously enhancing existing processes and systems. As per the feedback received, we have already initiated the development and enhancement of existing company policies and addressing key stakeholder needs by formulating initiatives and management solutions. Examples include our Environmental, Social, and Governance (ESG) policy that outlines our commitment to environmentally responsible practices, social welfare, robust governance, and stakeholder engagement. It guides our decisions, promotes sustainable value creation, and ensures ethical conduct, transparency, and accountability across our operations.

3. Provide details of instances of engagement with and actions taken to address the concerns of vulnerable/ marginalized stakeholder groups.

We have implemented a formal grievance mechanism for our customers to raise their concerns. Our multi-channel grievance redressal mechanism is designed to address all customer-related issues. Additionally, community members can raise grievances through a dedicated channel on our website. As part of our commitment to engaging with marginalized stakeholder groups, we have conducted an initiative to gather testimonials from some of our customers regarding their experiences with us. These testimonials are publicly available on our website. Moreover, it's noteworthy that in more than 90% of our loan agreements, women either serve as primary applicants or co-applicants.

## Business Responsibility and Sustainability Report *Contd...*

### 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 (C)	No. of employees/workers covered (D)	% (D / C)
<b>Employees</b>						
Permanent	3,758	3,758	100%	2,822	-	-
Other than permanent	16	16	100%	18	-	-
<b>Total employees</b>	<b>3,774</b>	<b>3,774</b>	<b>100%</b>	<b>2,840</b>	<b>-</b>	<b>-</b>

Note : Human rights were covered as part of our mandatory Code of Conduct training provided to all employees. We have formulated a specific Human Rights Policy.

2. Details of minimum wages paid to employees and workers

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	
		Number (B)	% (B / A)	Number (C)	% (C / A)		Number (E)	% (E / D)	Number (F)	% (F / D)
<b>Employees</b>										
Permanent	3,758	8	0.21%	3,750	99.79%	2,822	6	0.2%	2,816	99.79%
Other than permanent	16	-	-	16	100%	18	-	-	18	100%
<b>Total employees</b>	<b>3,774</b>	<b>8</b>	<b>0.19%</b>	<b>3,766</b>	<b>99.81%</b>	<b>2,840</b>	<b>6</b>	<b>0.2%</b>	<b>2,834</b>	<b>99.79%</b>

3. Details of remuneration/salary/wages

- a) Median remuneration/wages:

	Male		Female	
	Number	Median remuneration/ salary/ wages of the respective category	Number	Median remuneration/ salary/ wages of the respective category
Board of Directors (BoD)	4*	₹ 1,900,000	1	₹ 2,600,000
Key managerial personnel	3	₹ 20,029,308	-	-
Employees other than BOD and KMP**	3,481	₹ 345,067	274	₹ 318,240

\* The total number of male Directors of the Company is 7. However, '4' is mentioned in the column for the number of Directors as only 4 out of 7 Directors were entitled to remuneration and the remaining '3' male Directors are not entitled to remuneration for the financial year ended 31st March 2024.

\*\* Employees other than BOD and KMP account for remuneration related disclosure for permanent employees only, excluding 3 KMPs as part of the total employee listing.

## Business Responsibility and Sustainability Report *Contd...*

- b) Gross wages paid to females as % of total wages paid by the entity, in the following format:

Particulars	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Gross wages paid to females as % of total wages*	5.88%	6.61%

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)

No, however, the Internal Complaints Committee is currently responsible for addressing POSH related complaints. Moreover, we are in the process of formulating a human rights policy.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Internal Complaints Committee (ICC), established in accordance with the Prevention of Sexual Harassment (POSH) Act, is responsible for addressing POSH related complaints and ensuring resolution and confidentiality throughout the duration of the case. We have email as a communication channel for our employees to officially submit their grievances and concerns including human rights related issues to the HR department. It is the responsibility of the HR team to promptly address these employee-related grievances.

6. Number of complaints on the following made by employees and workers:

Particulars	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Discrimination at workplace	-	-	-	-	-	-
Child Labour	-	-	-	-	-	-
Forced labour/Involuntary labour	-	-	-	-	-	-
Wages	-	-	-	-	-	-
Other human rights-related issues	-	-	-	-	-	-

Note : Details related to workers are not applicable as we have not employed any workers during the reporting period.

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

Particulars	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total Complaints reported under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	-	-
Complaints on POSH as a % of female employees/workers	-	-
Complaints on POSH upheld	-	-

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

All employees have access to a grievance mechanism, which ensures that they can report and address their concerns confidentially and anonymously without facing any reprisals or adverse consequences. Employees are required to cooperate fully with any investigation into alleged violations of the Code of Conduct, Laws, Regulations, Policies, or Procedures. During such investigations, employees are expected to provide truthful and comprehensive information. All investigations conducted by SBFC are treated as confidential matters. Employees are prohibited from discussing any aspect of an investigation, including its existence, with anyone except members of the disciplinary action committees authorized under the policy guidelines. Moreover, the Internal Complaints Committee (ICC), as mandated by the Prevention of Sexual Harassment (POSH) Act, is applicable to all companies, to ensure a secure and inclusive work environment.

## Business Responsibility and Sustainability Report *Contd...*

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

No, at present, human rights requirements do not explicitly form part of our business agreements and contracts. However, we adhere to the guidelines laid down by the Reserve Bank of India which are related to directions on managing risks and a code of conduct in outsourcing financial services applicable to NBFCs.

10. Assessments for the year:

	% of your plants and offices that were assessed (by the entity or statutory authorities or third parties)
Child labour	During the reporting period, no third-party assessments were conducted. Nevertheless, our hiring policy and employee Code of Conduct (CoC) diligently adhere to the statutory requirements outlined in the country's laws. These provisions include preventing child labour, forced/involuntary labour practices, workplace discrimination, and wage-based discrimination on any grounds within our premises. Our employee CoC is designed to foster a workplace free from sexual harassment and discrimination. Furthermore, we have established an Internal Complaints Committee (ICC) in accordance with the Protection of Women from Sexual Harassment Act, 2013 (POSH). This committee serves as a robust grievance mechanism, empowering all employees to confidentially report concerns and ensuring a prompt and comprehensive resolution.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others	

11. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 10 above.

Not applicable as no assessments have been carried out for the financial year 2023-24.

## Business Responsibility and Sustainability Report *Contd...*

**Principle 6: Businesses should respect and make efforts to protect and restore the environment.**

### ESSENTIAL INDICATORS

1. Details of total energy consumption (in giga Joules) and energy intensity:

Parameter	FY 2023-24	FY 2022-23
<b>From Renewable Sources</b>		
Total electricity consumption (in GJ) (A)	-	-
Total fuel consumption (in GJ) (B)	-	-
Energy consumption through other sources (in GJ) (C)	-	-
Total Energy Consumed from Renewable Sources (in GJ) (A+B+C)	-	-
<b>From Non Renewable Sources</b>		
Total electricity consumption (in GJ) (D)	9733.78	8273.38
Total fuel consumption (in GJ) (E)	-	-
Energy consumption through other sources (in GJ) (F)	-	-
Total Energy Consumed from Non-renewable Sources (in GJ) (D+E+F)	9733.78	8273.38
<b>Total Energy Consumed (in GJ) (A+B+C+D+E+F)</b>	<b>9733.78</b>	<b>8273.38</b>
<b>Energy intensity per rupee of turnover</b> (Total energy consumption/ turnover in rupees)	0.00000095 GJ per rupee (₹) turnover	0.00000113 GJ per rupee (₹) turnover
<b>Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)*</b> (Total energy consumed / Revenue from operations adjusted for PPP)	0.0000218 GJ per rupee (₹) turnover adjusted for PPP	0.0000256 GJ per rupee (₹) turnover adjusted for PPP
<b>Energy Intensity in terms of Physical Output**</b>	0.00000020 GJ per rupee of loan disbursed	0.00000023 GJ per rupee of loan disbursed
<b>Energy Intensity (Per employee) #</b> (Total energy consumed / Total employees in the organization)	2.59 GJ per employee	2.92 GJ per employee

\* We have calculated energy intensity per rupee of turnover adjusted for PPP. We have divided by Total Revenue from operations for FY 2023-24 and FY 2022-23 by Purchasing Power Parity (Total, National currency units/US dollar) obtained from the OECD database: <https://data.oecd.org/conversion/purchasing-power-parities-ppp.htm#indicator-chart>

\*\* Since SBFC is a financial services company, the physical output has been considered to be the total amount of loan disbursed (in ₹). As a result, the disclosure provides the amount of energy used per rupee of loan disbursed.

# Energy Intensity per employee is calculated by dividing the total energy consumed by the total employees employed during the reporting periods FY 2023-24 and FY 2022-23, respectively. The total number of employees only includes permanent employees, as no other than permanent employees were employed during the reporting periods.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency. (Y/N) If yes, the name of the external agency.

No external assurance has been taken for the energy-related disclosures for the reporting period FY 2023-24.

2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the performance, achieve, and trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved provide the remedial action taken, if any.

Not applicable as we do not have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India.

3. Provide details of the following disclosures related to water in the following format:

## Business Responsibility and Sustainability Report *Contd...*

Parameter	FY 2023-24	FY 2022-23
<b>Water withdrawal by source (in kiloliters)</b>		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third-party water (municipal water supplies)	2080.55	2132.72
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
<b>Total volume of water withdrawal (in kilolitres) (I + ii + iii + iv + v)</b>	<b>2080.55</b>	<b>2132.72</b>
<b>Total volume of water consumption (in kilolitres)</b>	<b>2080.55</b>	<b>2132.72</b>
<b>Water intensity per rupee of turnover</b> (Total water consumption / Revenue from operations)	0.00000204 kilolitres per rupee turnover	0.00000291 kilolitres per rupee turnover
<b>Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)*</b> (Total water consumption / Revenue from operations adjusted for PPP)	0.0000047 kilolitres per rupee turnover adjusted for PPP	0.0000066 kilolitres per rupee turnover adjusted for PPP
<b>Water Intensity in terms of Physical Output**</b>	0.00000043 kilolitres per rupee of loan disbursed	0.00000059 kilolitres per rupee of loan disbursed
<b>Water Intensity (Per employee) #</b> (Total water consumed / Total employees in the organization)	0.55 kilolitres per employee	0.75 kilolitres per employee

\* We have calculated water intensity per rupee of turnover adjusted for PPP. We have divided Total Revenue from operations for FY 2023-24 and FY 2022-23 by Purchasing Power Parity (Total, National currency units/US dollar) obtained from the OECD database: <https://data.oecd.org/conversion/purchasing-power-parities-ppp.htm#indicator-chart>

\*\* Since SBFC is a financial services company, the physical output has been considered to be the total amount of loan disbursed (in ₹). As a result, the disclosure provides the amount of water used per rupee of the loan disbursed.

# Water Intensity per employee is calculated by dividing the total water consumed by the total number of employees in the organization during the reporting periods FY 2023-24 and FY 2022-23. The total number of employees only includes permanent employees, as no other than permanent employees were employed during the reporting periods.

Note : SBFC is dedicated to the preservation of water as a precious resource, limiting its use strictly to household needs and drinking purposes. Our water supply is sourced from municipal providers or third-party vendors.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency. (Y/N) If yes, the name of the external agency.

No external assurance has been taken for the water-related disclosures for the reporting period FY 2023-24.

#### 4. Provide the following details related to water discharged:

Parameter	FY 2023-24	FY 2022-23
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) To surface-water		
- No treatment		
- With treatment – please specify the level of treatment		
(ii) To groundwater		
- No treatment		
- With treatment – please specify the level of treatment		
(iii) To seawater		
- No treatment		
- With treatment – please specify the level of treatment		
(iv) Sent to third parties		
- No treatment		
- With treatment – please specify the level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify the level of treatment		
<b>Total water discharged (in kiloliters)</b>		

Currently, all our premises, including our branches and offices, are leased premises, and thus we do not have direct control over this parameter. However, given the nature of our business operation, the usage of water is restricted to domestic purposes only.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, the name of the external agency.

No external assurance has been taken for the water-related disclosures for the reporting period FY 2023-24.

## Business Responsibility and Sustainability Report *Contd...*

#### 5. Has the entity implemented a mechanism for zero liquid discharge? If yes, provide details of its coverage and implementation.

No, being a financial services company, our branches and offices limit water consumption to domestic use only. Moreover, all our offices and branches are leased premises over which we have no operational control.

#### 6. Please provide details of air emissions (other than GHG emissions) by the entity:

Parameter	Unit	FY 2023-24	FY 2022-23
NOx			
SOx			
Particulate matter (PM)			
Persistent organic pollutants (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others – ozone-depleting substances (HCFC - 22 or R-22)			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No external assurance has been taken for the emission related disclosures for the reporting period FY 2023-24.

#### 7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity:

Parameter	Unit	FY 2023-24	FY 2022-23
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	-	-
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)*	Metric tonnes of CO2 equivalent	2190.10	1861.51
<b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	Metric tonnes of CO2 equivalent per rupee turnover	0.00000215	0.00000254
<b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)**	Metric tonnes of CO2 equivalent per rupee turnover adjusted for PPP	0.0000049	0.0000057
<b>Total Scope 1 and Scope 2 emission intensity in terms of physical output***</b>	Metric tonnes of CO2 equivalent per rupee in loan disbursed	0.00000045	0.00000051
<b>Total Scope 1 and Scope 2 emission intensity (per Employee)</b> (Total Scope 1 and Scope 2 emissions / total employees in the organization)*	Metric tonnes of CO2 equivalent per employee	0.58	0.66

\* Scope 2 emissions = Grid Electricity Consumption \* 0.71. Electricity consumption is calculated.

\*\* We have calculated Scope 1 and Scope 2 intensity in terms of per rupee of turnover adjusted for PPP. We have divided by Total Revenue from operations for FY 2023-24 and FY 2022-23 by Purchasing Power Parity (Total, National currency units/US dollar) obtained from the OECD database: <https://data.oecd.org/conversion/purchasing-power-parities-ppp.htm#indicator-chart>

\*\*\* Since SBFC is a financial services company, the physical output has been considered to be the total amount of loan disbursed (in ₹). As a result, the disclosure provides the amount of Scope 1 and Scope 2 emissions emitted per rupee of loan disbursed.

# Scope 1 and Scope 2 Intensity per employee is calculated by dividing total Scope 1 and Scope 2 emissions by the total number of employees in the organization during the reporting periods FY 2023-24 and FY 2022-23, respectively. The total number of employees only includes permanent employees, as no other than permanent employees were reported during the reporting periods.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No external assurance has been taken for the emission related disclosures for the reporting period FY 2023-24.

#### 8. Does the entity have any project related to reducing greenhouse gas emission? If yes, then provide details.

## Business Responsibility and Sustainability Report *Contd...*

No. Currently, we do not have any ongoing projects related to reducing greenhouse gas emissions.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023-24*	FY 2022-23**
<b>Total waste generated (in metric tonnes)</b>		
Plastic waste (A)	1.8	1.5
E-waste (B)	0.29	N.A.
Bio-medical waste (C)***	-	N.A.
Construction and demolition waste (D)***	-	N.A.
Battery waste (E)***	-	N.A.
Radioactive waste (F)***	-	N.A.
Other Hazardous waste. Please specify, if any. (G)***	-	N.A.
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition, i.e., by materials relevant to the sector)	Paper 3.46	Paper Waste: 2.82
<b>Total (A+B+C+D+E+F+G+H)</b>	<b>5.56</b>	<b>4.32</b>
Waste intensity per rupee of turnover (Total Waste consumption / Revenue from operations)	0.0000000055 MT per rupee turnover	0.0000000059 MT per rupee turnover
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)	0.0000001248 MT per rupee turnover adjusted for PPP	0.0000001334 MT per rupee turnover adjusted for PPP
Waste Intensity in terms of Physical Output <sup>§</sup>	0.0000000011 MT per rupee in loan disbursed	0.0000000012 MT per rupee in loan disbursed
Waste Intensity (Per employee) (Total Waste consumed / Total employees in the organization) <sup>#</sup>	0.0015 MT per employee	0.0017 MT per employee

### For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

Category of waste	Details
(i) Recycled	Since we are a financial services company, the waste generated across our offices and branches primarily comprises of domestic and office-related waste such as food waste, paper waste, and e-waste. Our recyclable waste is managed by a third-party vendor, and we ensure that whatever recyclable waste is generated in our facilities is handled and taken care of responsibly.
(ii) Re-used	
(iii) Other recovery operations	
<b>Total</b>	

### For each category of waste generated, the total waste disposed of by nature of disposal method (in metric tonnes)

Category of waste	Details
(i) Incineration	As a financial services company, we do not generate any production-related waste. Office and domestic waste generated at our offices are responsibly managed through the municipal waste management system as applicable.
(ii) Landfilling	
(iii) Other disposal operations	
<b>Total</b>	

\* Waste-related data is calculated for two offices (1 Head Office and 1 Regional Office) only. We are currently in the process of implementing mechanisms to collect and report waste-related data from all the offices and branches within our operational boundary.

\*\* We have started monitoring and categorization of data related to waste from the current reporting period, i.e., FY 2023-24. Thus, earlier data is not available.

\*\*\* SBFC operates in the services industry, and the products and services we offer do not require any material inputs such as construction materials or any other raw materials. Thus, disclosures related to C&D waste, biomedical waste, and radioactive or hazardous waste are not applicable.

<sup>§</sup> We have calculated waste intensity per rupee of turnover adjusted for PPP. We have divided by Total Revenue from operations for FY 2023-24 and FY 2022-23 by Purchasing Power Parity (Total, National currency units/US dollar) obtained from the OECD database: <https://data.oecd.org/conversion/purchasing-power-parities-ppp.htm#indicator-chart>

<sup>§</sup> Since SBFC is a financial services company, the physical output has been considered to be the total amount of loan disbursed (in ₹). As a result, the disclosure provides the amount of Waste generated per rupee of loan disbursed.

<sup>#</sup> Waste Intensity per employee is calculated by dividing total waste by the total number of employees in the organization during the reporting periods FY 2023-24 and FY 2022-23, respectively. The total number of employees only includes permanent employees, as no other than permanent employees were reported during the reporting periods.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency. (Y/N) If yes, the name of the external agency.

No external assurance has been received for waste-related disclosures for the reporting period.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce the usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

## Business Responsibility and Sustainability Report *Contd...*

SBFC Finance Limited operates in the services industry, specializing in providing essential financial services across India. Our dedication to responsible environmental practices is evident through our commitment to digital communication and documentation, which significantly reduces paper waste. None of our products or services generate hazardous waste or make use of toxic chemicals, as we do not have any physical product offerings. The waste generated as a result of our operations is primarily domestic and office waste, such as food waste, paper waste, and e-waste. We ensure that all recyclable waste generated is handled responsibly by a third-party vendor wherever possible.

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:

Sr. 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.
The disclosure is not applicable as 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 the public domain (Yes / No)	Relevant web link
The above disclosure is not applicable as no projects have been undertaken during the reporting period for which the Environmental Impact Assessment was applicable.					

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 there under (Y/N). If not, provide details of all such non-compliances:

Sr. 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
Yes, we are compliant with all the applicable environmental laws/ regulations/ guidelines in India.				

### LEADERSHIP INDICATORS

1. 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 the outcome of such initiatives:

Sr. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along with summary)	The outcome of the initiative
1.	In strict adherence to the guidelines laid out by the Reserve Bank of India (RBI), lending companies are mandated to furnish welcome kits to their borrowers. To align with these directives and bolster sustainable practices, SBFC has transitioned to delivering digital welcome kits to all borrowers. This strategic shift has yielded twofold benefits. Firstly, it has substantially curtailed direct paper consumption, leading to a reduction in our ecological footprint. Secondly, by circumventing the need for physical transit, the initiative has tangibly minimized indirect fuel consumption, contributing to a more environmentally conscious operation.		
2.	All loan documentation files stored in our warehouses were meticulously digitized and are now accessible in electronic format. This transformation has notably diminished the need for physical transportation of files across various locations, thus significantly decreasing indirect fuel consumption. Formerly, these files necessitated transport for verification, audit, and inspection purposes. As a result of this forward-looking endeavour, we have not only streamlined our operational processes but also achieved a substantial reduction in our carbon emissions footprint.		

## Business Responsibility and Sustainability Report *Contd...*

**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.

SBFC Finance Limited has applied for affiliation with FIDC in March 2024 and have received the membership which is valid till March 31, 2025.

- 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.

Sr. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)	About the chambers
1	FIDC	National	Finance Industry Development Council (FIDC) is a Representative Body of NBFCs registered with the Reserve Bank of India. FIDC was formed 19 years ago and is the recognized face of the NBFC sector. FIDC has been engaged in regular interaction both with Reserve Bank of India and Govt. of India, which include pre-budget meetings and also important policy related meetings with RBI. Almost all the leading NBFCs and a large number of small and medium sized NBFCs are our members.

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

Not applicable as there were no reported instances of anti-competitive conduct by the entity during the reporting period.

## Business Responsibility and Sustainability Report *Contd...*

**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 the project	SIA notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in the public domain (Yes/No)	Relevant web link
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The above disclosure is not applicable as no projects have been undertaken during the reporting period for which Social Impact Assessment was applicable.

2. Provide information on the project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity:

Sr. No.	Name of the 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 ₹)
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The above disclosure is not applicable as no projects have been undertaken during the reporting period for which Rehabilitation and Resettlement (R&R) was applicable.

3. Describe the mechanisms to receive and redress grievances of the community.

We have a channel to receive and address grievances received from the larger community. An email address and phone number are made accessible for members from the general community to share their grievances or complaints.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Particulars	FY 2023-24	FY 2022-23
Directly sourced from MSMEs/ small producers	14.39%	12.49%
Directly from within India	100%	100%

*Note: Being a financial services company, we are not engaged in manufacturing of any physical goods, and thus, we do not source any raw materials. Thus, our procurement is limited to procuring materials for domestic and office purposes only across our branches and offices.*

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as & of total wage cost.

Location	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Rural	The disclosure requires data to be categorized as rural, semi-urban, urban, or metropolitan based on the RBI classification system, which is derived from Census 2011 data. However, since the last census, there have been significant changes in both the population and the country's overall geography. Therefore, we are seeking more clarity regarding the disclosure requirements before applying the necessary categorization and reporting the data in the format required by this indicator.	
Semi-Urban		
Urban		
Metropolitan		

## Business Responsibility and Sustainability Report *Contd...*

### LEADERSHIP INDICATORS

1. a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/vulnerable group

Being a NBFC, our service offerings include financial products and services to a wide range of consumers. Since such activities neither involve the procurement of raw materials nor the production of tangible goods, the procurement activities associated with our operations remain low and of limited scope. However, we are committed to upholding and promoting sustainability throughout our value chain, including the materials we procure for our day-to-day functioning, including administrative needs at offices and branches. Consequently, we are developing a Value Chain Policy that reflects our commitment to incorporate sustainable practices and develop a holistic approach to address ESG risks across our value chain. We ensure that the limited procurement activities that we conduct are conducted in a manner that aligns with our ESG principles and objectives and caters to sustainable value chains.

- b) From which marginalized/vulnerable groups do you procure?

While our current activities do not involve the procurement of raw materials or the production of tangible goods, our procurement activities associated with operations are currently negligible. Nevertheless, we are dedicated to a future where we actively enhance representation from diverse groups within our value chain whenever applicable.

2. Details of beneficiaries of CSR projects:

Sr. No.	CSR project	No. of persons benefited from CSR projects	% of beneficiaries from vulnerable and marginalized groups
1.	Supporting Little Angel's School for specially-abled children (i.e., Human Development Centre)	12	100%
2.	Improvement in School Infrastructure Shri Swaminarayan Vidyalaya, YUVA UNSTOPPABLE	101	100%
3.	National Apprenticeship Promotion Schemes (NAPS)	402	33.80%
4.	Tree Plantation, with Pangea EcoNetAssets Pvt Ltd	N.A.	N.A.

**Note:** Our CSR initiatives revolve around offering support to education, skill development, tree plantation, and NGOs, with a specific focus on aiding small and marginalized segments of society. This aligns with our core business objective of serving underserved sections of society. Total contribution towards these projects ₹ 26,072,803, ₹ 23,206,903 towards NAPS, ₹ 1,500,000 Improvement in School Infrastructure Shri Swaminarayan Vidyalaya, YUVA UNSTOPPABLE, ₹ 1,238,400 for supporting Little Angel's School and ₹127,500 against the tree plantations of 1,500 saplings.

## Business Responsibility and Sustainability Report *Contd...*

### Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner.

### ESSENTIAL INDICATORS

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

SBFC has set up a Vigil Mechanism for its employees to report their concerns or grievances. The said mechanism includes the Whistle Blower Policy and supplies adequate safeguards against the victimization of persons who use it. Information about the mechanism and the channels for reporting concerns (including a third-party reporting channel) is communicated to the relevant stakeholders.

At SBFC, our customers are paramount, and their feedback is crucial for us. We have a well-structured grievance redressal mechanism to promptly address any concerns. All disputes related to business practices, lending decisions, credit management, and recovery are diligently heard and responded to. Customers can easily reach us through several communication modes, including toll-free numbers and customer service emails. Each complaint is thoroughly reviewed, monitored, and resolved to achieve complete customer satisfaction. To bolster our support, a dedicated Grievance Redressal Officer has been appointed and is prominently displayed in all our branches. If needed, we have an escalation matrix, and unresolved issues can be appealed to the RBI Ombudsman, emphasizing our commitment to exemplary customer service.

For more information, please visit our Grievance Redressal Policy, which is available on our website through this link: <https://www.sbfc.com/cmsproject/mediaGallery/docs/Grievance%20Redressal%20Policy-1704795424.pdf?rm=1702233000>

Our whistleblower policy is also available on our website:

<https://www.sbfc.com/cmsproject/mediaGallery/docs/Whistle%20Blower%20Policy-1667053329.pdf?rm=1694197800>

Customer satisfaction is essential for continuous improvement and delivering exceptional experiences. We actively encourage and appreciate feedback to shape our offerings and ensure customer satisfaction remains our top priority. For more information, please refer to the Customer Testimonial section of our website through this link: <https://www.sbfc.com/customer-testimonials>

2. Turnover of products and/or services as a percentage of turnover from all products/services that carry information about:

Particulars	As a % of total turnover
Environmental and social parameters relevant to the product	N.A.
Safe and responsible usage	N.A.
Recycling and/or safe disposal	N.A.

**Note:** The above disclosure is not applicable as we are a financial services company and do not manufacture any physical products or goods

3. Number of consumer complaints in respect of the following:

Particulars	FY 2023-24		Remarks	FY 2022-23		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 (Customers)	753	-	-	762	2	-

## Business Responsibility and Sustainability Report *Contd...*

### 4. Details of instances of product recalls on account of safety issues.

The above disclosure is not applicable as we are a financial services company and do not manufacture any physical products or goods.

### 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 to the policy.

SBFC Finance Limited has a well-defined framework and policy on cyber security and data privacy, as stated in our privacy policy, which is available on our website (<https://www.sbfc.com/privacy-policy>). This policy assures users that all personal information provided through the website is treated with the utmost confidentiality and is not shared with third parties in most circumstances unless explicitly solicited and permitted by the user. We deeply respect user privacy and strive to provide a hassle-free experience on our website.

### 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 the safety of products/services.

Corrective actions were not required as there were no issues related to advertising, the delivery of essential services, cybersecurity, data privacy of customers, repeated product recalls, or penalties/actions taken by regulatory authorities regarding the safety of products/services during the reporting period.

### 7. Provide the following information relating to data breaches:

#### a) Number of instances of data breaches.

No data breaches have been recorded during the reporting period, FY 2023-24.

#### b) Percentage of data breaches involving personally identifiable information of customers.

No data breaches have been recorded during the reporting period, FY 2023-24.

#### c) Impact, if any, of the data breaches.

Not applicable as no data breaches have been recorded during the reporting period, FY 2023-24.

## Business Responsibility and Sustainability Report *Contd...*

### LEADERSHIP INDICATORS

#### 1. Channels/ platforms where information on products and services of the entity can be accessed.

As a Non-Banking Financial Company (NBFC), SBFC focuses on providing financing opportunities to business owners deemed underserved by traditional banks. Our key offering includes a fund-based product that includes secured MSME loans and loans against gold. Detailed information about our product offerings is available on the company's official website (<https://www.sbfc.com>), SBFC mobile application, and Annual Report. Information about our offerings can also be enquired through the customer care number, email, and offline branches.

#### 2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

As a responsible corporate citizen, we strive to educate consumers about the safe and responsible use of our services. This is achieved through effective customer service management and addressing queries related to financial products and services, and providing other customer support. Additionally, we have transformed a substantial part of the loan process from application to disbursal into a digital format through our website, [www.sbfc.com](http://www.sbfc.com), utilizing our in-house LOS/App named LeviOSa (Light). We operate using an assisted digital "PhyGital" model. In this model, our Loan Officers utilize the app to digitalize the application process either at the customer's office or residence.

#### 3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

All contact(s) with the customer(s) by SBFC and/or its associates, designated third parties, is conducted through mail, e-mails, SMS, monthly statements, letters, phone or toll-free customer care numbers, and branch visits.

#### 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. 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, all information related to the loan is available on our website. As per the relevant regulation, we also communicate all relevant information during the loan sanction process to the customer. Moreover, a welcome kit containing all the relevant details related to loans is sent to the customer.

Yes, we have taken customer testimonials to gather feedback related to our product and services and further make improvements and enhancements to it.

### For & on behalf of Board of Directors of SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

**Neeraj Swaroop**  
Chairperson & Independent Director  
DIN: 00061170

Address: 1104, Signia Isles, G Block,  
Near Dhirubhai International School,  
Bandra Kurla Complex, Bandra (East),  
Mumbai – 400051

Place: Mumbai  
Date : April 27, 2024

**Aseem Dhru**  
Managing Director & CEO  
DIN: 01761455

Address: B-12, 12<sup>th</sup> Floor,  
Ahuja Tower, Rajabhau Anant Desai Marg,  
Prabhadevi, Mumbai – 400025



# Financial Statements



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# Independent Auditors' Report

To

**The Members of SBFC Finance Limited  
(Erstwhile SBFC Finance Private Limited)**

**Report on the Audit of the Standalone Financial Statements**

## Opinion

We have audited the accompanying Standalone Financial Statements of **SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)** ("the Company"), which comprise the balance sheet as at 31 March 2024, the statement of profit and loss including other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the standalone financial statements, including a summary of the material accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA")s specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## 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 for the financial year ended 31 March 2024. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our audit addressed the key audit matter
<p><b>1. Impairment of Loans based on expected credit loss model (ECL):</b></p> <p>As at 31 March 2024, the carrying value of loan assets carried at amortised cost, aggregated ₹ 58,364.91 million (net of allowance for expected credit loss ₹1,104.15 million) constituting approximately 82.64% of the Company's total assets has been recorded as at reporting date in accordance with Ind AS 109 – Financial Instruments ('Ind AS 109').</p> <p>Significant management judgement is used in classifying these loan assets, applying appropriate measurement principles, use of different modelling techniques and assumptions which could have a material impact on reported profits. ECL on such loan assets carried at amortised cost is a critical estimate involving greater level of management judgement. As part of our risk assessment, we determined that the ECL on such loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the standalone financial statements.</p> <p>The elements of estimating ECL which involved increased level of audit focus in measuring ECL especially while calculating the PD and LGD and which also includes management overlays involves the following critical factors which are applied to such modelling techniques:</p>	<p><b>Principal audit procedure performed:</b></p> <ul style="list-style-type: none"> <li>We examined Board Policy approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company. The parameters and assumptions used and their rationale and basis are clearly documented.</li> <li>We evaluated the design and operating effectiveness of controls across the processes relevant to ECL, including the judgements and estimates.</li> <li>These controls, among others, included controls over the allocation of assets into stages including management's monitoring of stage effectiveness, model monitoring including the need for post model adjustments, model validation, credit monitoring, multiple economic scenarios, individual provisions and recording of journal entries and disclosures.</li> <li>We tested the completeness of loans and advances included in the Expected Credit Loss calculations as of 31 March 2024 by reconciling it with the balances as per loan balance register.</li> </ul>

# Independent Auditors' Report *Contd...*

Key Audit Matters	How our audit addressed the key audit matter
<ul style="list-style-type: none"> <li>Segmentation of portfolios into homogenous risk pools</li> <li>Qualitative and quantitative factors used in staging the loan assets carried at amortised cost using criteria in accordance with Ind AS 109,</li> <li>Basis used for estimating of probability of defaults (PD) at product level with past trends,</li> <li>Basis used for estimating loss given defaults (LGD) based on the value of collaterals at product level with past trends,</li> <li>Estimation of exposure at defaults (EAD),</li> <li>Consideration of probability weighted scenarios and forward-looking factors, micro and macro-economic scenarios in estimating the expected credit losses.</li> <li>Criteria for a significant increase in credit risk</li> <li>Use of judgement for identification and classification of loans as Stage 3 / NPAs applying quantitative as well as qualitative factors. The risk of identification of such assets as Stage 3 / NPAs is affected by factors like stress and liquidity concerns of such assets.</li> </ul> <p>Further, the management has adopted a methodology which in addition to the model adopted as above is further analyzed on case-to-case basis and wherever impairment impact needs to be changed the same is considered in the financial statements.</p> <p>The disclosures made in standalone financial statements for ECL especially in relation to judgements and estimates made by the Management in determination of the ECL. Refer note 48.1.1 to the standalone financial statements.</p>	<ul style="list-style-type: none"> <li>We tested assets in stage 1, 2 and 3 on sample basis to verify that they were allocated to the appropriate stage. For samples of exposure, we tested the appropriateness of determining EAD, PD and LGD and performed test of details over calculation of impairment allowance for assessing completeness and accuracy of data.</li> <li>For exposure determined to be individually impaired, we tested samples of loans and advances and examined management's estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations.</li> <li>We read the Company's policies for identification, classification and assessing compliance for Stage 3 / NPAs customers in line with the norms. We performed substantial audit procedure relating to identification and classification of Stage 3 / NPAs by the Company.</li> <li>We have checked on sample basis that the stage classification for the borrowers has been given in accordance with the Resolution Framework issued by Reserve Bank of India (the 'RBI') and the Board approved policy for ECL provisioning and stage classification with respect to such accounts.</li> <li>Assessed the criteria for staging of loans based on their past due status as per the requirements of Ind AS 109. Tested a sample of performing loans to assess whether any significant increase in credit risk or loss indicators were present requiring them to be classified under higher stages.</li> <li>We assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 in relation to ECL especially in relation to judgements used in estimation of ECL provision.</li> <li>We have Involved internal experts for testing of the ECL model and computation, including factors that affect the PD, LGD and EAD considering various forward looking, micro and macro-economic factors.</li> </ul>

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

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report and Shareholder's Information/ Management Analysis and Discussion but does not include the standalone financial statements and our auditor's report thereon. The Reports are expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 (Revised) 'The Auditor's responsibilities Relating to Other Information'.

## Independent Auditors' Report *Contd...*

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act, with respect to the preparation of these 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 and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud

or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to the standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

## Independent Auditors' Report *Contd...*

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 standalone financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
  2. As required by Section 143(3) of the Act, we report that:
    - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph i (vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014;
    - c) The Balance sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity, and Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
    - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
    - e) On the basis of written representations received from the directors as on 31 March 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024, from being appointed as a director in terms of Section 164(2) of the Act;
    - f) The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(b) above on reporting under Section 143(3)(b)

of the Act and paragraph i (vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial control over financial reporting.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors, including sitting fees paid to directors, during the year is in excess of the limits prescribed under Section 197 of the Act, in respect of which approvals from the shareholders have been obtained as prescribed,
  - i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of pending litigations as at 31 March 2024 on its financial position in its standalone financial statements (Refer Note 47 to the standalone financial statements);
    - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - (iv) (a) The management has represented to us that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any

## Independent Auditors' Report *Contd...*

guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The management has also represented to us, that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend to 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.

(c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) The Company has not declared or paid any dividend during the year and has not proposed a final dividend for the year.

(vi) Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year except in respect of software which is used for maintenance of accounting and financial records (Oracle) wherein the features of recording audit trail (edit log) facility was not enabled at the data base level to log any direct data changes and at application layer for the period from April 1, 2023 to June 30, 2023. Further, for the audit periods where audit trail (edit log) facility was enabled and operated throughout the year, we did not come across any instance of the audit trail feature being tampered with.

Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024

### For Suresh Surana & Associates LLP Chartered Accountants

Firm's Reg. No.: 121750W / W-100010

### Ramesh Gupta

Partner

Membership No. 102306

UDIN: 24102306BKCFZW1697

Place: Mumbai

Date : April 27, 2024

## Independent Auditors' Report *Contd...*

### ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date)

I. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

a) (A) The Company is in the process of updating / compiling proper records showing full particulars including quantitative details and situation of its Property, Plant and Equipment and relevant details of right of use assets.

(B) The Company has maintained proper records showing full particulars of its Intangible assets.

b) The Company has a regular programme of physical verification of Property, Plant and Equipment in phased manner so as to cover all the asset over the period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain Property, Plant and equipment have been physically verified by the management during the year. According to the information and explanations given to us, no major discrepancies were noticed on such verification.

c) The Company does not have any immovable properties. Accordingly, the provision of the clause 3(i)(c) of the Order is not applicable to the Company.

d) In our opinion and according to the information and explanation given to us, the Company has not revalued its Property, Plant and Equipment (including Right of Use Assets) and intangible assets during the year.

e) According to information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

II. a) The Company is in the business of providing loans and does not have any physical inventories. Accordingly, the provision of the clause 3(ii)(a) of the Order is not applicable to the Company.

b) According to information and explanations given to us, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion and according to information and explanations given to us and the records examined by

us, the quarterly returns or statements for the quarters ended June 2023, September 2023 and December 2023 and March 2024 filed by the Company during the year with such banks or financial institutions are in agreement with unaudited books of account except for the instances mentioned in note no 51.3 to the standalone financial statements:

III. During the year, the Company has made investments in and granted loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties. The Company has not provided any guarantee or security to any entity during the year. With respect to such investments and loans and advances:

a) The Company's principal business is to give loans. Accordingly, the provision of the clause 3(iii)(a) of the Order is not applicable to the Company.

b) In our opinion and according to information and explanations given to us, the investments made and the terms and conditions of the grant of all the loans and advances in the nature of loans, during the year are, prima facie, not prejudicial to the Company's interest.

c) The Company, being a Non-Banking Financial Company ('NBFC'), registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its borrowers as stipulated. In our opinion and according to the information and explanations given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and in cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer note 55 to the standalone financial statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where repayment of principal and interest have not been regular. According to the information and explanations made available to us, reasonable steps are taken by the Company for recovery thereof;

## Independent Auditors' Report *Contd...*

- d) The Company, being a NBFC, registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors and report total amount overdue including principal and/or payment of interest by its customers for more than 90 days. In cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer note 55 to the standalone financial statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations. According to the information and explanation made available to us, reasonable steps are taken by the Company for recovery thereof.
- e) The Company's principal business is to give loans. Accordingly, the provision of the clause 3(iii)(e) of the Order is not applicable to the Company.
- f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Accordingly, the provision of the clause 3(iii)(f) is not applicable to the Company.
- IV. In opinion and according to the information and explanations given to us, the Company has not given loan to any director in accordance with the provisions of Section 185 of the Companies Act, 2013. The Company has not given any loans or guarantees and being a Non-banking financial company, its investments are exempted under Section 186(11) (b), hence the Company has complied with the provisions of Section 185 and 186 of the Act, as applicable.
- V. According to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits during the year and no order in this respect has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals in regard to the Company. Accordingly, the provision of the clause 3(v) of the Order is not applicable to the Company.
- VI. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company. Accordingly, the provision of the clause 3(vi) of the Order is not applicable to the Company.
- VII. According to the information and explanations given to us, in respect of statutory dues:
- a) The Company has generally been regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, duty of customs, cess and any other statutory dues as applicable to the appropriate authorities except, in one instance there was delay in deduction and payment of TDS on interest on debt securities.
- There are no arrears of outstanding statutory dues as at the last day of the financial year for the period of more than six month from the date they became payable. No undisputed amounts payable in respect of aforesaid statutory dues were outstanding as on the last day of the financial year for a period of more than six months from the date they became payable.
- b) There are no dues referred in sub clause (a) which have not been deposited with the appropriate authorities on account of any dispute as on 31 March 2024.
- VIII. According to the information and explanations given to us, no transactions relating to previously unrecorded income were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- IX. According to the information and explanations given to us, in respect of borrowings:
- a) The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- b) The Company has not been declared willful defaulter by any bank or financial institution or other lender.
- c) Term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment of the funds in debt mutual funds, balances in banks and short-term fixed deposits pending application in respect of term loans raised towards the end of the year.
- d) On an overall examination of the standalone financial statements of the Company, no funds raised on short-term basis have been prima facie used for long-term purposes during the year by the Company.
- e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary.

## Independent Auditors' Report *Contd...*

- 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.
- X. a) During the year, monies raised by the Company by way of initial public offer (All equity) were applied for the purpose for which they were raised, though unutilised amount of ₹ 70.53 million is held back by Book Running Lead Managers towards amount to be paid by Promoter Company and will be released to the Company once the said payment is made.
- b) In our opinion and according to the information and explanations given to us, the Company has utilized funds raised by way of private placement for the purposes for which they were raised. The Company has complied with the requirements of section 42 and 62 of the Companies Act 2013 in this regard.
- XI. a) During the course of our examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year except as reported in note no. 53.14.7 of the standalone financial statement of the Company.
- b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- c) We have taken into consideration, the whistle blower complaints received by the Company during the year.
- XII. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provision of the clause 3(xii) of the Order is not applicable to the Company.
- XIII. According to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements, etc. as required by the applicable accounting standards.
- XIV. a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto 31 March 2024.
- XV. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year. Accordingly, the provision of the clause 3(xv) of the Order is not applicable to the Company and hence provisions of Section 192 of the Companies Act, 2013 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 (2 of 1934) and the Company has obtained the required registration.
- b) According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid CoR from the Reserve Bank of India 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 under the Regulations by the Reserve Bank of India.
- d) According to the information and explanations given to us, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly, the provision of the clause 3(xvi) of the Order is not applicable to the Company.
- XVII. According to the information and explanations given to us, the Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- XVIII. There has been no resignation of the auditor during the year and hence, there is no requirement to report under this clause.
- XIX. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the 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

## Independent Auditors' Report *Contd...*

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) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act, in compliance with second proviso to sub section (5) of section 135 of the Act. However, Subsidy received from Government, out of the CSR activities required to be ploughed back into the same project or to be transferred to the Unspent CSR Account and to be spent in pursuance of CSR policy or such surplus amount to a Fund specified in Schedule

VII, within a period of six months of the expiry of the financial year. The time period for such transfer, i.e., six months of the expiry of the financial year as permitted under the second proviso to subsection (5) of Section 135 of the Act has not elapsed until the date of our report.

- b) As per the information and explanations given to us, there are no ongoing projects, where the Company has any unspent Corporate Social Responsibility (CSR) amount as at the end of the year to be transferred to a Special account within a period of 30 days from the end of the year as per the provision of section 135(6) of the Act. Accordingly, the provision of the clause 3(xx) of the Order is not applicable for the year to the Company.

### For Suresh Surana & Associates LLP Chartered Accountants

Firm's Reg. No.: 121750W / W-100010

#### Ramesh Gupta

Partner

Membership No. 102306

UDIN: 24102306BKCFZW1697

Place: Mumbai

Date : April 27, 2024

## Independent Auditors' Report *Contd...*

### ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(g) under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date)

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of SBFC Finance Limited (Erstwhile SBFC Finance Private Limited) (hereinafter referred to as "the Company") as of 31 March 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its 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

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls over financial reporting. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone 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 standalone financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to further periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

### For Suresh Surana & Associates LLP Chartered Accountants

Firm's Reg. No.: 121750W / W-100010

#### Ramesh Gupta

Partner

Membership No. 102306

UDIN: 24102306BKCFZW1697

Place: Mumbai

Date : April 27, 2024

# Standalone Balance Sheet

as at 31 March 2024

(₹ In Million)			
Particulars	Note No.	As at 31 March 2024	As at 31 March 2023
<b>ASSETS</b>			
<b>I. Financial assets</b>			
(a) Cash and cash equivalents	3	2,241.86	1,837.57
(b) Bank balances other than cash and cash equivalents	4	2,416.15	2,169.99
(c) Receivables			
(i) Trade receivables	5	145.80	108.29
(d) Loans	6	58,364.91	44,153.10
(e) Investments	7	4,271.60	6,066.42
(f) Other financial assets	8	73.46	39.67
<b>Total Financial Assets</b>		<b>67,513.78</b>	<b>54,375.04</b>
<b>II. Non-Financial assets</b>			
(a) Current tax assets (net)	9	60.54	-
(b) Property, plant and equipment	10	379.83	336.53
(c) Intangible assets under development	10	15.27	7.49
(d) Goodwill	10	2,603.92	2,603.92
(e) Other intangible assets	10	14.95	23.54
(f) Other non-financial assets	11	41.38	118.57
<b>Total Non-Financial Assets</b>		<b>3,115.89</b>	<b>3,090.05</b>
<b>TOTAL ASSETS</b>		<b>70,629.67</b>	<b>57,465.09</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>I. Financial Liabilities</b>			
(a) Derivative financial instruments	12	45.13	-
(b) Payables	13		
(A) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		6.96	2.96
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		105.52	89.24
(B) 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		107.99	36.28
(c) Debt securities	14	3,949.59	454.03
(d) Borrowings (other than debt securities)	15	36,010.62	36,936.59
(e) Other financial liabilities	16	2,455.23	2,509.83
<b>Total Financial Liabilities</b>		<b>42,681.04</b>	<b>40,028.93</b>
<b>II. Non-Financial Liabilities</b>			
(a) Current tax liabilities (net)	17	-	0.53
(b) Provisions	18	2.26	1.32
(c) Deferred tax liabilities (net)	19	110.05	126.11
(d) Other non-financial liabilities	20	53.77	34.92
<b>Total Non-Financial Liabilities</b>		<b>166.08</b>	<b>162.88</b>
<b>TOTAL LIABILITIES</b>		<b>42,847.12</b>	<b>40,191.81</b>
<b>EQUITY</b>			
(a) Equity share capital	21	10,718.89	8,895.72
(b) Other equity	22	17,063.66	8,377.56
<b>TOTAL EQUITY</b>		<b>27,782.55</b>	<b>17,273.28</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>70,629.67</b>	<b>57,465.09</b>

Corporate Information and Material Accounting Policies

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

**For Suresh Surana & Associates LLP**

Chartered Accountants

Firm's Registration No. 121750W/W-100010

**Ramesh Gupta**

Partner

Membership No: 102306

**For and on behalf of the Board of Directors of**

**SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**

CIN: U67190MH2008PLC178270

**Mr. Neeraj Swaroop**

Chairperson & Independent

Director

DIN: 00061170

**Mr. Narayan Barasia**

Chief Financial Officer

**Mr. Aseem Dhru**

Managing Director & CEO

DIN: 01761455

**Mr. Jay Mistry**

Company Secretary & Chief

Compliance Officer

ACS: A34264

Place: Mumbai

Date: April 27, 2024

Place: Mumbai

Date: April 27, 2024

# Standalone Statement of Profit and Loss

for the year ended 31 March 2024

(₹ In Million)			
Particulars	Note No.	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>(I) Revenue from operations</b>			
Interest income	23	9,182.59	6,541.52
Fees and commission income	24	551.89	412.52
Net gain on fair value changes	25	172.83	119.76
Net gain on derecognition of financial instruments under amortised cost category	26	2.31	28.30
Other operating income	27	275.78	226.02
<b>Total Revenue from operations</b>		<b>10,185.40</b>	<b>7,328.12</b>
<b>(II) Other income</b>	28	12.80	75.49
<b>(III) Total Income (I+II)</b>		<b>10,198.20</b>	<b>7,403.61</b>
<b>(IV) Expenses</b>			
Finance costs	29	3,506.37	2,764.52
Impairment on financial instruments	30	470.26	320.56
Employee benefits expense	31	2,171.32	1,601.23
Depreciation and amortisation expense	10	134.14	127.14
Other expenses	32	755.50	575.70
<b>Total expenses</b>		<b>7,037.59</b>	<b>5,389.15</b>
<b>(V) Profit before tax (III - IV)</b>		<b>3,160.61</b>	<b>2,014.46</b>
<b>(VI) Tax expense</b>			
- Current tax	33	862.65	584.90
- Short/ (excess) provision for tax for earlier years		(88.65)	-
- Deferred tax charge/ (credit)	34	16.40	(68.40)
<b>Total tax expense</b>		<b>790.40</b>	<b>516.50</b>
<b>(VII) Profit after tax (V-VI)</b>		<b>2,370.21</b>	<b>1,497.96</b>
<b>(VIII) Other comprehensive income</b>	35		
(A) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit liability/ asset (net)		0.15	1.89
- Income tax relating to items that will not be reclassified to profit or loss		(0.04)	(0.48)
(B) Items that will be reclassified to profit or loss			
- Changes in the value of forward contracts		(28.10)	-
- Income tax relating to items that will not be reclassified to profit or loss		7.07	-
<b>Other Comprehensive Income</b>		<b>(20.92)</b>	<b>1.41</b>
<b>(IX) Total comprehensive income for the year (VII + VIII)</b>		<b>2,349.29</b>	<b>1,499.37</b>
<b>(X) Earnings per equity share (Face value ₹ 10/- per share)</b>			
Basic (₹)	45	2.35	1.71
Diluted (₹)		2.29	1.62

Corporate Information and Material Accounting Policies

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

**For Suresh Surana & Associates LLP**

Chartered Accountants

Firm's Registration No. 121750W/W-100010

**Ramesh Gupta**

Partner

Membership No: 102306

**For and on behalf of the Board of Directors of**

**SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**

CIN: U67190MH2008PLC178270

**Mr. Neeraj Swaroop**

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**Mr. Aseem Dhru**

Managing Director & CEO

DIN: 01761455

**Mr. Jay Mistry**

Company Secretary & Chief

Compliance Officer

ACS: A34264

Place: Mumbai

Date: April 27, 2024

Place: Mumbai

Date: April 27, 2024

# Standalone Statement Cash Flows

## for the year ended 31 March 2024

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Cash flow from Operating activities</b>		
Profit before tax	3,160.61	2,014.46
<b>Adjustments for:</b>		
Depreciation and amortisation expenses	134.14	127.14
Interest income on loans	(8,660.66)	(5,952.92)
Interest income on investment in PTC	(163.68)	(416.28)
Interest income on investment in Government Securities	(52.77)	(26.62)
Interest income on investment in T-bill	(89.67)	-
Interest income on fixed deposits	(215.81)	(145.70)
Fees and commission income	(551.89)	(412.52)
Finance costs on borrowings and debt securities	3,496.37	2,752.14
Finance costs on lease liability	8.85	11.66
Net gain on financial instruments at fair value through profit or loss	(172.83)	(119.76)
Net gain on derecognition of financial instruments under amortised cost	(2.31)	(28.30)
Impairment on financial instruments	470.26	320.56
Employee share based payment	222.22	89.32
Net gain on termination of lease liability	(8.10)	(4.55)
Loss on sale/ discard of Property, plant and equipment/ Intangible assets	1.68	7.70
<b>Operational Cash Flows:</b>		
Cash inflow from interest on loans	8,791.25	5,686.18
Cash inflow from interest on investment in PTC	175.92	432.84
Cash inflow from interest on investment in Government Securities	72.77	81.67
Cash inflow from interest on investment in T-bill	43.85	-
Cash inflow from interest on fixed deposits	248.52	133.02
Cash inflow from fees and commission income including other operating income	591.46	474.49
Cash outflow towards finance cost on borrowings & debt securities	(3,423.58)	(2,730.76)
<b>Operating Profit before working capital changes</b>	<b>4,076.60</b>	<b>2,293.77</b>
<b>Changes in working capital:</b>		
Increase/ (Decrease) in payables	109.17	7.30
Increase/ (Decrease) in Other financial liabilities	(54.60)	48.84
Increase/ (Decrease) in Other non-financial liabilities	18.85	(25.35)
Increase/ (Decrease) in provision	0.94	0.74
(Increase)/ Decrease in trade receivables	(77.08)	(87.58)
(Increase)/ Decrease in loans and advances	(14,812.66)	(14,382.80)
(Increase)/ Decrease in other financial assets	(31.48)	20.64
(Increase)/ Decrease in other non-financial assets	116.74	301.17
<b>Cash flows used in Operating activities</b>	<b>(10,653.54)</b>	<b>(11,823.27)</b>
Income taxes refund/ (paid) [Refer Note (c) below]	(900.01)	(622.65)
<b>Net cash used in Operating activities</b>	<b>(11,553.55)</b>	<b>(12,445.92)</b>
<b>Cash flow from Investing activities</b>		
Purchase of property, plant and equipment	(110.93)	(77.75)
Purchase of intangible assets (including intangible assets under development)	(7.96)	(7.65)
Proceeds from sale of property, plant and equipment	0.22	0.34
Investment in Subsidiary	(210.00)	(0.50)
Purchase of investments at fair value through profit and loss	(25,115.55)	(18,714.34)
Sale of investments at fair value through profit and loss	24,574.27	21,178.46
Redemption of investment in PTC	1,986.23	2,807.02
Purchase of investment in Government Securities	-	(3,160.32)
Redemption/ Sale of investment in Government Securities	2,769.09	352.54
Purchase of investment in T-Bill	(2,978.96)	-
Redemption/ Sale of investment in T-Bill	956.14	-
Amount retained in IPO Proceeds account	(125.84)	-
Placement of fixed deposits	(3,439.19)	(3,364.03)
Maturity/ Redemption of fixed deposits	3,286.16	3,044.89
<b>Net cash generated from Investing activities</b>	<b>1,583.68</b>	<b>2,058.66</b>

# Standalone Statement Cash Flows

## for the year ended 31 March 2024 Contd...

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Cash flow from Financing activities</b>		
Proceeds from issuance of equity share capital including securities premium	8,277.69	2,813.67
Transaction cost on issue of shares	(339.93)	(1.23)
Proceeds from borrowings other than debt securities	13,700.00	17,115.74
Repayment of borrowings other than debt securities	(14,703.22)	(9,145.57)
Debt securities issued	3,500.00	-
Principal repayment of lease liabilities	(51.54)	(60.88)
Interest paid on lease liabilities	(8.85)	(11.66)
<b>Net cash (used in)/ generated from Financing activities</b>	<b>10,374.15</b>	<b>10,710.07</b>
<b>Net increase in cash and cash equivalents</b>	<b>404.29</b>	<b>322.81</b>
Cash and cash equivalents at beginning of year (Refer Note 3)	1,837.57	1,514.76
<b>Cash and cash equivalents at end of year (Refer Note 3)</b>	<b>2,241.86</b>	<b>1,837.57</b>
<b>Cash and cash equivalents at the end of the year comprises of:</b>		
Cash in hand	97.72	70.94
Balance with banks		
- In current accounts	841.35	1,166.54
- In fixed deposit with original maturity of less than 3 months	1,300.00	600.00
- Interest accrued but not due	2.79	0.09
<b>Total</b>	<b>2,241.86</b>	<b>1,837.57</b>

**Notes:**

- (a) The above Cash Flows Statement has been prepared under the Indirect method set out in Indian Accounting Standard (Ind AS) 7 'Statement of Cash Flows'.
- (b) Figures in brackets indicate cash outflow.
- (c) Income taxes refund/ (paid) is treated as arising from operating activities and is not bifurcated between investing and financing activities.

Corporate Information and Material Accounting Policies

1-2

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

**For Suresh Surana & Associates LLP**

Chartered Accountants

Firm's Registration No. 121750W/W-100010

**Ramesh Gupta**

Partner

Membership No: 102306

**For and on behalf of the Board of Directors of****SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**

CIN: U67190MH2008PLC178270

**Mr. Neeraj Swaroop**Chairperson & Independent  
Director

DIN: 00061170

**Mr. Aseem Dhru**

Managing Director &amp; CEO

DIN: 01761455

**Mr. Narayan Barasia**

Chief Financial Officer

**Mr. Jay Mistry**Company Secretary & Chief  
Compliance Officer

ACS: A34264

Place: Mumbai

Date : April 27, 2024

Place: Mumbai

Date : April 27, 2024



# Standalone Statement of changes in equity

## for the year ended 31 March 2024

Equity Share Capital								(₹ In Million)
Particulars	Amount							
<b>Balance as at 31 March 2022</b>	<b>8,068.00</b>							
Changes in equity share capital due to prior period errors	-							
Restated Balance at the beginning of the previous reporting period	8,068.00							
Changes in equity share capital during the current year	827.72							
<b>Balance as at 31 March 2023</b>	<b>8,895.72</b>							
Changes in equity share capital due to prior period errors	-							
Restated Balance at the beginning of the previous reporting period	8,895.72							
Changes in equity share capital during the current year	1,823.17							
<b>Balance as at 31 March 2024</b>	<b>10,718.89</b>							

Other Equity								(₹ In Million)
Particulars	Reserves and Surplus				Other comprehensive income on			
	Statutory Reserve	Securities Premium	Employee Share Option Outstanding	Retained Earnings	Remeasurement gain/ (loss) on defined benefit plans	Effective portion of Cash Flow Hedge	Total	
<b>Balance as at 31 March 2022</b>	<b>419.48</b>	<b>2,453.76</b>	<b>213.89</b>	<b>1,711.27</b>	<b>5.27</b>	-	<b>4,803.67</b>	
Issue of share capital	-	1,984.89	-	-	-	-	1,984.89	
Adjustment on account of treasury shares held through ESOP trust	-	1.06	-	-	-	-	1.06	
Exercise of stock options outstanding	-	1.70	(1.70)	-	-	-	-	
Employee share based payment expenses	-	-	89.32	-	-	-	89.32	
Profit for the year	-	-	-	1,497.96	-	-	1,497.96	
Other comprehensive income for the year (net of taxes)	-	-	-	-	1.89	-	1.89	
Transfer to statutory reserves from retained earnings	299.59	-	-	(299.59)	-	-	-	
Share issue expenses (net of taxes)	-	(1.23)	-	-	-	-	(1.23)	
<b>Balance as at 31 March 2023</b>	<b>719.07</b>	<b>4,440.18</b>	<b>301.51</b>	<b>2,909.64</b>	<b>7.16</b>	-	<b>8,377.56</b>	
Issue of share capital	-	6,431.26	-	-	-	-	6,431.26	
Adjustment on account of treasury shares held through ESOP trust	-	23.26	-	-	-	-	23.26	
Exercise of stock options outstanding	-	233.84	(233.84)	-	-	-	(0.00)	
Employee share based payment expenses	-	-	222.22	-	-	-	222.22	
Profit for the year	-	-	-	2,370.21	-	-	2,370.21	
Other comprehensive income for the year (net of taxes)	-	-	-	-	0.11	(21.03)	(20.92)	
Transfer to statutory reserves from retained earnings	474.04	-	-	(474.04)	-	-	-	
Share issue expenses (net of taxes)	-	(339.93)	-	-	-	-	(339.93)	
<b>Balance as at 31 March 2024</b>	<b>1,193.11</b>	<b>10,788.61</b>	<b>289.89</b>	<b>4,805.81</b>	<b>7.27</b>	<b>(21.03)</b>	<b>17,063.66</b>	

Corporate Information and Material Accounting Policies

1-2

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

**For Suresh Surana & Associates LLP**

Chartered Accountants

Firm's Registration No. 121750W/W-100010

**Ramesh Gupta**  
Partner

Membership No: 102306

**For and on behalf of the Board of Directors of  
SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**

CIN: U67190MH2008PLC178270

**Mr. Neeraj Swaroop**  
Chairperson & Independent  
Director  
DIN: 00061170**Mr. Narayan Barasia**  
Chief Financial Officer**Mr. Aseem Dhru**  
Managing Director & CEO  
DIN: 01761455**Mr. Jay Mistry**  
Company Secretary & Chief  
Compliance Officer  
ACS: A34264

Place: Mumbai

Date : April 27, 2024

Place: Mumbai

Date : April 27, 2024

# Notes forming part of Standalone financial statements

## for the year ended 31 March 2024

### 1. Corporate Information

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited) ('the Company') is a limited company incorporated in India under the Companies Act, 1956, having its registered office at First Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Chakala, Andheri (East), Mumbai- 400059, Maharashtra. The Company is registered with the Reserve Bank of India (RBI) as a Non deposit taking Non-Banking Financial Company ("NBFC") as defined under section 45-IA of the Reserve Bank of India (RBI) Act, 1934. The Company is classified under "Middle Layer" pursuant to Master Direction- Reserve Bank of India (Non-Banking Financial Company- Scale Based Regulation) Directions, 2023.

The registration details are as follows:

Reserve Bank of India Registration no : N-13.01913  
Corporate Identity Number (CIN) :U67190MH200  
PLC178270

The Company has changed its name from 'SBFC Finance Private Limited' to 'SBFC Finance Limited' w.e.f September 30, 2022.

The Company is in the business of giving loans to Micro Enterprise secured by residential or commercial property. The Company also gives Loan against Gold, which offers the Company superior yields with almost liquid security assets. The Company also gives unsecured personal loans and unsecured business loans.

The standalone financial statement for the year ended 31 March 2024 were authorised for issue in accordance with a resolution of the board of directors on 27 April 2024.

### 2. Material accounting policies

#### 2.1 Basis of preparation

The standalone financial statement of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other accounting principles generally accepted in India mainly considering the Master Directions issued by the Reserve Bank of India ('RBI') as applicable to Non deposit taking Non-Banking Finance Companies. The standalone financial statement have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The preparation of standalone financial statement requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 2.15- Significant accounting judgements, estimates and assumptions.

The standalone financial statement are presented in Indian Rupees (₹) in Million and all values are rounded to the nearest Rupee in Ten Thousands, except when otherwise indicated.

#### 2.2 Presentation of standalone financial statement

The standalone financial statement of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013, applicable to NBFCs as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/ or its counterparties

#### 2.3 Statement of compliance

The standalone financial statement have been prepared in accordance with the Indian Accounting Standards (Ind AS) on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below and the relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Company has adopted the amendments to Ind AS 1 for the first time in the current year as per Companies (Indian Accounting Standards) Amendment Rules, 2023 and applicable from 1 April 2023. The amendments change the requirements in Ind AS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting

## Notes forming part of Standalone financial statements

for the year ended 31 March 2024 *Contd...*

policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

### 2.4 Financial instruments

#### (i) Classification of financial instruments

The Company classifies its financial assets into the following measurement categories:

- Financial assets to be measured at amortised cost
- Financial assets to be measured at fair value through other comprehensive income
- Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets which are explained below:

##### Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is

based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

##### The Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company classifies its financial liabilities at amortised costs.

#### (ii) Financial assets measured at amortised cost

These financial assets comprise bank balances, receivables, investments and other financial assets.

These are measured at amortised cost where they have:

- Contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost.

## Notes forming part of Standalone financial statements

for the year ended 31 March 2024 *Contd...*

#### (iii) Items at fair value through profit or loss (FVTPL)

- Items at fair value through profit or loss comprise:
- Investments (including equity shares) held for trading;
- Items specifically designated as FVTPL on initial recognition; and
- debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at FVTPL are initially recognised at fair value, with transaction costs recognised in the standalone statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the standalone statement of profit and loss as they arise.

#### (iv) Debt securities and other borrowed funds

After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

#### (v) Reclassification

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

#### (vi) Recognition and Derecognition of financial assets and liabilities

##### Recognition

- Loans and Advances are initially recognised when the Financial Instruments are transferred to the customers.
- Investments are initially recognised on the trade date.
- Debt securities, deposits and borrowings are initially recognised when funds reach the Company.
- Other Financial assets and liabilities are initially recognised on the trade date, i.e., the date that

the Company becomes a party to the contractual provisions of the instrument.

##### Derecognition of financial assets

#### a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, the Company has transferred its contractual rights to receive cash flows from the financial asset.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset, or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

#### b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the standalone statement of profit and loss.

## Notes forming part of Standalone financial statements

for the year ended 31 March 2024 *Contd...*

### (vii) Impairment of financial assets

#### Overview of the ECL principles

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis.

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. The Company does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

#### **Stage 1**

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all standard advances and advances up to 0-29 days default under this category. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

#### **Stage 2**

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Financial assets past due for 30-89 days are classified under this stage. The Company uses the below criteria for assessing movement to Stage 2:

- a. Financial assets past due between 30-89
- b. The Company becomes aware about any deterioration in the financial condition and reputation of the obligor which the management believes may lead to significant deterioration in credit risk

#### **Stage 3**

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 days Past Due is considered as default for classifying a financial instrument as credit impaired. If an event warrants a provision higher than as mandated under ECL methodology, the Company may classify the financial asset in Stage 3 accordingly.

Non performing Asset classification is done in line with Reserve Bank of India Master Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances and Clarifications dated 12 November 2021 and dated February 15, 2022.

#### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVTOCI are credit-impaired. 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. Significant financial difficulty of the borrower or issuer;
- b. A breach of contract such as a default or past due event; or

## Notes forming part of Standalone financial statements

for the year ended 31 March 2024 *Contd...*

- c. The disappearance of an active market for a security because of financial difficulties.

#### The mechanics of ECL

The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company and the cash flows that the Company expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

**Probability of Default (PD)** – Probability of default ("PD") is defined as the likelihood of default over a particular time horizon. The PD of an obligor is a fundamental risk parameter in credit risk analysis and depends on obligor specific as well as macroeconomic risk factors. The impact of macroeconomic criteria on the PD results in two different PD estimates, through-the-cycle ("TTC") and the point-in-time ("PIT") PD. A TTC PD estimate remains largely unaffected by the economic cycle, while a PIT PD estimate varies with the economic cycle.

**Exposure at Default (EAD)** – EAD is taken as the gross exposure under a facility upon default of an obligor. The amortized principal and the interest accrued is considered as EAD for the purpose of ECL computation

**Loss Given Default (LGD)** – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

#### Repossessed assets

In Loan Against Property / Mortgage Loan, the collateral on a loan can be repossessed as part of legal process through SARFAESI, arbitration etc. In such scenario, property value assessment to be done based on existing valuation done for NPA cases or fresh valuation done post repossession of the property. Basis the assessment of the valuation, additional provision to be done to the extent of shortfall in the value of asset not covered with the existing ECL provision.

Further, property auction/sale to be conducted for such repossessed assets as per legal process and guidelines basis collection manual. Once the property is sold, based on the actual realization the ECL shortfall or surplus to be accounted for.

If any repossessed asset is not sold for 24 months post repossession, the account should be marked for accelerated provision and account should be fully provided.

### (viii) Write-offs

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. 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 write-offs/subsequent recoveries against such loans are debited/credited in the Statement of Profit and Loss under the heading "Impairments on financial instruments".

### (ix) Determination of fair value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments (as explained in Note 2.4) at fair value on each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

## Notes forming part of Standalone financial statements

for the year ended 31 March 2024 *Contd...*

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

**Level 1 financial instruments** - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

**Level 2 financial instruments** - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

**Level 3 financial instruments** - Those that include one or more unobservable input that is significant to the measurement as whole.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### Difference between transaction price and fair value at initial recognition

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

When such evidence exists, the Company recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is not recognised at the initial recognition stage.

### (x) Derivatives and hedging activity

The Company uses derivative contracts like forward contracts to hedge its risk associated with foreign currency and interest rate fluctuation relating to foreign currency floating rate borrowings. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain/loss is recognized in the Statement of Profit and Loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on nature and type of the hedge relationship designated.

### Cash flow hedges that qualify for hedge accounting

The hedge instruments are designated and documented as hedges at the inception of the contract. The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified in net foreign exchange gains in the statement of profit and loss.

The effective portion of change in the fair value of the designated hedging instrument is recognised in the other comprehensive income and accumulated under the heading cash flow hedging reserve. Such amounts are reclassified into the statement of profit and loss when the related hedged items affect profit and loss.

## Notes forming part of Standalone financial statements

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Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time remains and is recognised in the statement of profit and loss when the forecasted transaction ultimately affects profit and loss. Any gain or loss is recognised immediately in the statement of profit and loss when the hedge becomes ineffective.

### 2.5 Investment in subsidiaries

Investment in subsidiaries and associates are recognised at cost. Cost of investment represents amount paid for acquisition of the said investment.

The Company assesses at the end of each reporting period if there are any indications of impairment on such investments. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

### 2.6 Share Capital

The Company has only one class of equity shares. Par value of the equity share is recorded as the share capital and the amount received in excess of par value is classified as share premium. Equity shares issued by the Company are recognised at the proceeds received net of direct issue cost.

Treasury shares represent the consideration paid by the Company, including any directly attributable costs, to repurchase its own ordinary shares. Treasury shares are presented as a deduction from total equity. On cancellation of treasury shares, the amount paid is adjusted against share capital, to the extent of the par value of ordinary shares repurchased, and the balance is adjusted against share premium.

### 2.7 Revenue from operations

#### (i) Interest Income

Interest income is recognised by applying (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL, taking into account the amount outstanding and the applicable interest rate.

Processing fees on loans is collected towards processing of loan and are considered integral part of loan. This is amortised on EIR basis over the contractual life of the loan.

The EIR is computed:

- As the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset
- By considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) in estimating the cash flows
- Including all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows are recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Delayed payment interest (penal interest) levied on customers for delay in repayments/ non-payment of contractual cashflows is recognised on realisation.

#### (ii) Fees & Commission Income

Fees and commission income that are not integral part of loans and advances and therefore excluded for effective interest calculation, is recognised when the Company satisfies the performance obligation, at transaction price when the consideration received or receivable based on a five-step model as set out below.:

**Step 1:** Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2:** Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3:** Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4:** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to

## Notes forming part of Standalone financial statements

for the year ended 31 March 2024 *Contd...*

which the Company expects to be entitled in exchange for satisfying each performance obligation.

**Step 5:** Recognise revenue when (or as) the Company satisfies a performance obligation

Initial money Deposit charges are collected from customers for document processing, which is non refundable in the nature and are recognized on realization basis

### (iii) Net gain on Fair value changes

Any differences between the fair values of financial assets classified as FVTPL held by the Company on the balance sheet date is recognised as an unrealised gain/ loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed as "Net loss on fair value changes" under Expenses in the standalone statement of profit and loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL is recognised in net gain/ loss on fair value changes.

### (iv) Advertisement income

The Company recognises advertisement income on realisation or when the right to receive the same without any uncertainties of recovery is established.

### (v) Other Operating Income

The Company recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established.

Foreclosure charges are collected from loan customers for early payment/ closure of loan and are recognized on realization.

## 2.8 Expenses

### (i) Finance costs

Finance costs on borrowings is paid towards availing of loan, is amortised on EIR basis over the contractual life of loan.

The EIR in case of a financial liability is computed

- a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.

- b. By considering all the contractual terms of the financial instrument in estimating the cash flows

- c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows are recognised in interest expense with the corresponding adjustment to the carrying amount of the liability.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

### (ii) Retirement and other employee benefits

#### Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ ex-gratia are recognised in the period in which the employee renders the related service.

#### Post-employment employee benefits

##### a. Defined contribution schemes

All the eligible employees of the Company who have opted to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date,

## Notes forming part of Standalone financial statements

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then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

##### b. Defined Benefit schemes

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an 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.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Company fully contributes all ascertained liabilities to The Trustees – "SBFC Finance Private Limited employees group gratuity cash accumulation scheme". Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Company- Life Insurance Corporation of India.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained

earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

#### Other employee benefits

Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the standalone statement of profit and loss.

The Company presents the Provision for compensated absences under provisions in the Balance Sheet.

#### Share-based payment arrangements

The stock options granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity. The employee stock option outstanding account is shown under Reserves and Surplus.

The Company has created an Employee Welfare Trust for providing share-based payment to its employees for (a) SBFC Stock Option Policy I 2018 and (b) SBFC Stock Option Policy 2021 – I policies. The Company uses the Trust as a vehicle for distributing shares to employees under the employee remuneration schemes for the above mentioned two policies. The Company allots shares to the Trustee of the Trust, for giving shares to employees. The Company treats Trust as its extension and shares held by the Trust are treated as treasury shares.

### (iii) Leases

In accordance with Ind AS 116 – Leases at the date of commencement of the lease, the Company has recognised a Lease Liability, except for leases with a term of 12 months or less (short-term leases) and low value leases.

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease,

## Notes forming part of Standalone financial statements

for the year ended 31 March 2024 *Contd...*

together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any option to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to termination of lease and the importance of the underlying to the Company's operation taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflect the current economic circumstances.

The right-of-use assets is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any, and adjusted for any remeasurement of the lease liability.

The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the standalone statement of profit and loss.

The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and standalone statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in standalone statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lock in period of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are

recognized as an expense on a straight-line basis over the lease term.

### (iv) Other income and expenses

All Other income and expense are recognized in the period they occur.

### (v) Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired entity at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses. Impairment loss on goodwill is not reversed. Goodwill is not subject to amortization and tested at least annually for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

### (vi) Taxes

#### Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the

## Notes forming part of Standalone financial statements

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underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity.

Goods and services tax/ service tax/ value added taxes paid on acquisition of assets or on incurring expenses:

Expenses and assets are recognised net of the goods and services tax/ service tax/ value added taxes paid, except:

- (i) When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- (ii) When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### 2.9 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in

value. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

### 2.10 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

#### Depreciation

Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Act except for Leasehold improvements which are amortised on a straight-line basis over the period of lease or 3 years whichever is less. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The estimated useful lives as used by the Company are listed below:

Nature of assets	Useful life in years
Computers	
End user machines	3
Servers and networks	6
Furniture and Fixtures	10
Office equipment	5
Vehicle	8

## Notes forming part of Standalone financial statements

for the year ended 31 March 2024 *Contd...*

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income/expense in the standalone statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

### 2.11 Intangible assets

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the standalone statement of profit and loss. Amortisation on assets acquired/ sold during the year is recognised on a pro-rata basis to the standalone statement of profit and loss from/ upto the date of acquisition/ sale.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 5 years, unless it has a shorter useful life.

Intangible assets with indefinite useful life is tested for impairment at each reporting period.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the standalone statement of profit and loss when the asset is derecognised.

### 2.12 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the standalone statement of profit and loss net of any reimbursement.

### 2.13 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statement.

### 2.14 Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares including the treasury shares held by the Company to satisfy the exercise of the share options by the employees. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued

## Notes forming part of Standalone financial statements

for the year ended 31 March 2024 *Contd...*

at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

### 2.15 Segments

Based on "Management Approach" as defined by Ind AS 108, The Chief Operating Decision Maker (CODM) evaluates the "Operating Segments". Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company.

### 2.16 Significant accounting judgements, estimates and assumptions

The preparation of financial statement in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statement is included in the following notes:

#### 2.16.1 Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

#### 2.16.2 Share-Based Payments

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Company measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield.

Further details used for estimating fair value for share-based payment transactions are disclosed in Note 41.

#### 2.17 Operating Cycle

Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months.

#### 2.18 Foreign Currency

Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Exchange differences arising on the settlement or translation of monetary items are recognised in Standalone Statement of profit or loss in the year in which they arise.

#### 2.19 Recent Accounting Pronouncements

Ministry of Corporate Affairs ('MCA') notifies new standard 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 applicable to the Company.

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 3. Cash and cash equivalents

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Cash on hand	97.72	70.94
Balances with banks:		
- In current accounts	841.35	1,166.54
- In fixed deposit with original maturity of less than 3 months	1,300.00	600.00
- Interest accrued but not due	2.79	0.09
<b>Total</b>	<b>2,241.86</b>	<b>1,837.57</b>

3.1 Short-term deposits are made for varying periods of between one day to three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

### 4. Bank balances other than cash and cash equivalents

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Balances with banks:		
- In current accounts [Refer Note 4.1]	125.84	-
Fixed deposit with banks:		
- original maturity more than 3 months [Refer Note 4.2]	2,277.06	2,124.03
- Interest accrued but not due	13.25	45.96
<b>Total</b>	<b>2,416.15</b>	<b>2,169.99</b>

4.1 Balance with banks includes restricted bank balance of ₹ 125.84 Million with ICICI Bank in which proceeds from IPO have been received. The remaining balance out of this account will be paid to selling shareholders post deduction of expenses incurred in relation to IPO.

### 4.2 Details of fixed deposits under lien

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Credit enhancement in securitisation transactions	349.95	364.00
In connection with borrowings in the form of term loans from SBI	1,369.03	1,180.43
In connection with Investment in usage of Adhar authentication service	2.57	-
In connection with IPO	72.50	-
In connection with Investment in Pass Through Certificates	-	329.60
<b>Total</b>	<b>1,794.05</b>	<b>1,874.03</b>

### 5. Trade receivables

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Receivables considered good- Secured	-	-
Receivables considered good- Unsecured	38.66	85.41
Receivables which have significant increase in credit risk	-	-
Receivables credit impaired	-	-
Unbilled Trade receivables	107.14	22.88
	<b>145.80</b>	<b>108.29</b>
Less: Expected credit loss	-	-
<b>Total</b>	<b>145.80</b>	<b>108.29</b>

5.1 No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Further, no trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

5.2 No expected credit loss provision is required due to the short term nature of these receivables.

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 5.3 Ageing of Trade receivables

Ageing of Trade receivables as on 31 March 2024:

(₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables- considered good - Unsecured	107.14	-	31.10	3.68	3.88	-	-	<b>145.80</b>
<b>Total</b>	<b>107.14</b>	<b>-</b>	<b>31.10</b>	<b>3.68</b>	<b>3.88</b>	<b>-</b>	<b>-</b>	<b>145.80</b>

Ageing of Trade receivables as on 31 March 2023:

(₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables- considered good - Unsecured	22.88	-	16.13	69.28	-	-	-	<b>108.29</b>
<b>Total</b>	<b>22.88</b>	<b>-</b>	<b>16.13</b>	<b>69.28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108.29</b>

### 6. Loans

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Measured at amortised cost</b>		
Loan against Property	48,061.19	34,419.71
Loan against Gold	10,565.00	8,969.45
Unsecured loan	832.32	1,579.74
Staff loans	10.55	18.54
<b>Total (A)- Gross</b>	<b>59,469.06</b>	<b>44,987.44</b>
Less: Expected credit loss	(1,104.15)	(834.34)
<b>Total (A)- Net</b>	<b>58,364.91</b>	<b>44,153.10</b>
(a) Secured by tangible assets [Refer Note 6.2]	58,627.60	43,392.32
(b) Unsecured	841.46	1,595.12
<b>Total (B)- Gross</b>	<b>59,469.06</b>	<b>44,987.44</b>
Less: Expected credit loss	(1,104.15)	(834.34)
<b>Total (B)- Net</b>	<b>58,364.91</b>	<b>44,153.10</b>
<b>Loans in India</b>		
(i) Public sector	-	-
(ii) Others	59,469.06	44,987.44
<b>Total (C)- Gross</b>	<b>59,469.06</b>	<b>44,987.44</b>
Less: Expected credit loss	(1,104.15)	(834.34)
<b>Total (C)- Net</b>	<b>58,364.91</b>	<b>44,153.10</b>

6.1 The Company's business model is to collect contractual cash flows, being the payment of Principal and Interest and accordingly the loans are measured at amortized cost.

6.2 Loans granted by the Company are secured or partly secured by one or a combination of the following securities:- Registered/ equitable mortgage of property, Hypothecation of assets including Gold.

6.3 Loans where fraud has been committed and reported for the year is ₹ Nil (31 March 2023: ₹ Nil)

6.4 The Company has not provided any loans or advances to promoters, directors, KMPs and the related parties.



## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

6.5 The Company has securitised certain term loans and managed servicing of such loan accounts. The carrying value of these assets have not been de-recognised in the books. Refer Note 49 for securitised term loans not derecognised in their entirety.

6.6 Unsecured Loans includes unsecured business loans which is guaranteed by Credit Guarantee Fund Trust for Micro and Small Enterprises amounting to ₹ 2.27 Million (31 March 2023: ₹ 14.03 Million)

### 7. Investments

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>At fair value through profit or loss</b>		
Investment in mutual funds- (Quoted)	1,416.57	739.62
<b>At cost</b>		
Investment in equity instrument (Unquoted)		
Investment in Subsidiary (at cost)		
21,050,000 equity shares of ₹ 10 each in SBFC Home Finance Private Limited [Refer Note 7.1]	210.50	0.50
<b>At amortized cost</b>		
Investment in Government Securities (Quoted) [Refer Note 7.2]	-	2,751.94
Investment in Treasury Bills (Quoted) [Refer Note 7.2]	2,068.64	-
Investment in Pass through certificates (PTC) [Refer Note 7.3]	575.89	2,574.36
<b>Total (A)</b>	<b>4,271.60</b>	<b>6,066.42</b>
(i) Investments outside India	-	-
(ii) Investments in India	4,271.60	6,066.42
<b>Total (B)</b>	<b>4,271.60</b>	<b>6,066.42</b>
Less: Allowance for Impairment loss (C)	-	-
<b>Total - Net (D)= (A)-(C)</b>	<b>4,271.60</b>	<b>6,066.42</b>

7.1 On 6 December 2022, the Company has incorporated a wholly owned subsidiary, namely SBFC Home Finance Private Limited ("Subsidiary"), with Corporate Identification Number U65992MH2022PTC394642. The Subsidiary has made an application to the RBI for obtaining a Certificate of Registration to operate as a 'Housing Finance Company' on 29 March 2023. In order to meet the minimum net owned funds requirement of the Subsidiary under Paragraph 5.1 of the Master Directions – Non Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, on 18 January 2024 the Subsidiary had made a rights issue of equity shares during the year where 20,996,640 equity shares were offered to the Company and the remaining 8 nominee shareholders were offered 420 equity shares each. Further all the nominee shareholders renounced their shares in the favor of the Company. The Board of Directors of Subsidiary approved the allotment of 21,000,000 equity shares of ₹ 10 each, aggregating to ₹ 210,000,000 shares on rights basis. The said equity shares so allotted, shall rank pari passu with the existing equity shares issued.

7.2 The Company has invested in Government Securities and Treasury Bills which are sovereign in nature. Hence, the Company has not provided for any impairment allowance on these investments.

7.3 There is no impairment allowance for existing Investment in Pass Through Certificates considering the performance of the underlying loans and the risk cover.

### 8. Other financial assets

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Unsecured, considered good</b>		
Security deposits	68.82	34.67
Receivables on sale of Investment in PTC [Refer Note 8.1]	-	3.99
Other receivables	4.64	1.01
<b>Total</b>	<b>73.46</b>	<b>39.67</b>

8.1 With respect to Receivable on sale of Investment in PTC, the Company has created an interest receivable strip, with corresponding credit to statement of profit and loss, which has been computed by discounting excess interest spread to present value.

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

Particulars	Current tax assets (net)		Property, plant and equipment, Other intangible assets under development, Goodwill											
	As at 31 March 2024	As at 31 March 2023	Property, plant and equipment		Buildings Right-of-use (Refer Note 44.1)			Other intangible assets		Goodwill		Goodwill (Refer Note 46)		
			Computers and furniture	Office equipments	Motor car	Leasehold Improvements	Computer Software	Trademark and Patent	Total	Computer Software	Total	Computer Software	Goodwill	
<b>Gross Block:</b>														
<b>As at 31 March 2022</b>			64.50	229.35	52.71	2.91	-	269.15	618.62	56.08	0.69	56.77	-	2,603.92
Additions			21.06	18.86	18.46	-	19.37	49.33	127.08	0.16	-	0.16	-	7.49
Disposals			0.21	14.95	0.50	-	0.24	112.12	128.02	-	-	-	-	-
<b>As at 31 March 2023</b>			<b>85.35</b>	<b>233.26</b>	<b>70.67</b>	<b>2.91</b>	<b>19.13</b>	<b>206.36</b>	<b>617.68</b>	<b>56.24</b>	<b>0.69</b>	<b>56.93</b>	<b>7.49</b>	<b>2,603.92</b>
Additions			44.08	8.76	22.09	-	36.00	62.60	173.53	0.18	-	0.18	-	7.78
Reclassification			0.77	(2.52)	2.52	-	(0.77)	-	-	-	-	-	-	-
Disposals			0.99	4.62	1.97	-	-	8.52	16.10	-	-	-	-	-
<b>As at 31 March 2024</b>			<b>129.21</b>	<b>234.88</b>	<b>93.31</b>	<b>2.91</b>	<b>54.36</b>	<b>260.44</b>	<b>775.11</b>	<b>56.42</b>	<b>0.69</b>	<b>57.11</b>	<b>15.27</b>	<b>2,603.92</b>
<b>Depreciation and Amortization:</b>														
<b>As at 31 March 2022</b>			33.35	59.96	22.94	0.52	-	144.79	261.56	23.29	0.61	23.90	-	-
Additions			19.58	23.30	11.12	0.36	1.39	61.91	117.66	9.41	0.08	9.49	-	-
Disposals			0.17	7.41	0.26	-	0.02	90.21	98.07	-	-	-	-	-
<b>As at 31 March 2023</b>			<b>52.76</b>	<b>75.85</b>	<b>33.80</b>	<b>0.88</b>	<b>1.37</b>	<b>116.49</b>	<b>281.15</b>	<b>32.70</b>	<b>0.69</b>	<b>33.39</b>	-	-
Additions			25.93	21.86	15.04	0.36	12.40	49.78	125.37	8.77	-	8.77	-	-
Reclassification			0.40	(0.55)	0.55	-	(0.40)	-	-	-	-	-	-	-
Disposals			0.99	2.82	1.87	-	-	5.56	11.24	-	-	-	-	-
<b>As at 31 March 2024</b>			<b>78.10</b>	<b>94.34</b>	<b>47.52</b>	<b>1.24</b>	<b>13.37</b>	<b>160.71</b>	<b>395.28</b>	<b>41.47</b>	<b>0.69</b>	<b>42.16</b>	-	-
<b>Net Block:</b>														
<b>As at 31 March 2023</b>			<b>32.59</b>	<b>157.41</b>	<b>36.87</b>	<b>2.03</b>	<b>17.76</b>	<b>89.87</b>	<b>336.53</b>	<b>23.54</b>	<b>-</b>	<b>23.54</b>	<b>7.49</b>	<b>2,603.92</b>
<b>As at 31 March 2024</b>			<b>51.11</b>	<b>140.54</b>	<b>45.79</b>	<b>1.67</b>	<b>40.99</b>	<b>99.73</b>	<b>379.83</b>	<b>14.95</b>	<b>-</b>	<b>14.95</b>	<b>15.27</b>	<b>2,603.92</b>

Note: There is no revaluation of Property, plant and equipment and other intangible assets during the year ended 31 March 2024 and 31 March 2023.

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 10.1 Intangible assets under development ageing schedule:

(₹ In Million)

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at 31 March 2023</b>					
Loan Management System	7.11	-	-	-	<b>7.11</b>
Others	0.38	-	-	-	<b>0.38</b>
<b>Total</b>	<b>7.49</b>	-	-	-	<b>7.49</b>
<b>As at 31 March 2024</b>					
Loan Management System	6.88	7.11	-	-	<b>13.99</b>
Others	0.90	0.38	-	-	<b>1.28</b>
<b>Total</b>	<b>7.78</b>	<b>7.49</b>	-	-	<b>15.27</b>

### 10.2 Intangible assets under development, whose completion is overdue compared to its original plan:

(₹ In Million)

Intangible assets under development	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at 31 March 2023</b>					
Loan Management System	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
<b>As at 31 March 2024</b>					
Loan Management System	13.99	-	-	-	<b>13.99</b>
Others	1.28	-	-	-	<b>1.28</b>
<b>Total</b>	<b>15.27</b>	-	-	-	<b>15.27</b>

10.3 The Company does not have any intangible asset under development temporarily suspended or has exceeded its cost compared to its original plan.

### 11. Other non-financial assets

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Prepaid expenses	24.79	107.38
Advance to creditors	12.97	6.22
Capital advances	1.33	3.66
Advances to employees	2.29	1.31
<b>Total</b>	<b>41.38</b>	<b>118.57</b>

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 12. Derivative financial instruments

(₹ In Million)

Particulars	As at 31 March 2024				As at 31 March 2023			
	Notional Amounts	Fair Value - Assets	Notional Amounts	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Notional Amounts	Fair Value - Liabilities
<b>Part I</b>								
Currency derivatives								
Spot and forwards	-	-	8,337.39	45.13	-	-	-	-
<b>Part II</b>								
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:								
<b>Cash flow hedging:</b>								
- Currency derivatives	-	-	8,337.39	45.13	-	-	-	-

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Company's risk management strategy and how it is applied to manage risk are explained in note 48.4.

### 13. Payables

#### (A) Trade payables

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Total outstanding dues of micro enterprises and small enterprises	6.96	2.96
Total outstanding dues of creditors other than micro enterprises and small enterprises	105.52	89.24
<b>Total</b>	<b>112.48</b>	<b>92.20</b>

13.1 The Company had requested its supplier to confirm the status so as to whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006 and is in the continuous process of obtaining such confirmation from its suppliers. The disclosure relating to unpaid amount as at the year end together with interest paid/ payable as required under the said Act have been given to the extent such parties could be identified on the basis of the information available with the Company regarding the status of the suppliers under MSMED Act, 2006.

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Principal amount due to suppliers under MSMED Act, as at the year end	6.51	2.76
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	0.25	0.01
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	0.20	0.19
Interest accrued and remaining unpaid at the end of year to suppliers under MSMED Act	0.45	0.20

The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act. This has been relied upon by the auditors.

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### Ageing of Trade payables as on 31 March 2024:

(₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date				Total
			Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	4.69	-	2.27	-	-	-	6.96
(ii) Others	98.96	-	4.23	1.13	0.55	0.65	105.52
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>103.65</b>	<b>-</b>	<b>6.50</b>	<b>1.13</b>	<b>0.55</b>	<b>0.65</b>	<b>112.48</b>

### Ageing of Trade payables as on 31 March 2023:

(₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date				Total
			Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	2.73	-	0.20	0.03	-	-	2.96
(ii) Others	84.61	-	3.06	0.95	0.62	-	89.24
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>87.34</b>	<b>-</b>	<b>3.26</b>	<b>0.98</b>	<b>0.62</b>	<b>-</b>	<b>92.20</b>

### (B) Other payables

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	107.99	36.28
<b>Total</b>	<b>107.99</b>	<b>36.28</b>

## 14. Debt securities

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>At amortized cost</b>		
<b>Secured</b>		
- Listed redeemable Non Convertible Debentures		
<b>Gross amount</b>	3,966.45	454.03
Less: Effective interest rate adjustment	(16.86)	-
<b>Net amount</b>	3,949.59	454.03
<b>Total (A)</b>	<b>3,949.59</b>	<b>454.03</b>
Debt securities in India	3,949.59	454.03
Debt securities outside India	-	-
<b>Total (B)</b>	<b>3,949.59</b>	<b>454.03</b>

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

14.1 No Non Convertible Debentures is guaranteed by directors and/ or others.

14.2 Terms of repayment of privately placed redeemable non convertible debentures:

(₹ In Million)

Tenure (from the date of Balance Sheet)	As at 31 March 2024		As at 31 March 2023	
	Rate of Interest	Amount	Rate of Interest	Amount
Due within 1 years	8.57% - 9.37%	930.00	-	-
Due within 1 year to 3 years	9.00% - 9.37%	3,000.00	8.57%	430.00
<b>Total</b>		<b>3,930.00</b>		<b>430.00</b>
Interest accrued		36.45		24.03
Effective interest rate adjustment		(16.86)		-
<b>Net Amount</b>		<b>3,949.59</b>		<b>454.03</b>

14.3 Details of Secured Redeemable Non Convertible Debentures:

(₹ In Million)

Name of Securities	Number	Allotment Date	Redemption Date	As at 31 March 2024	As at 31 March 2023
8.57% Secured Rated Listed Redeemable Non-Convertible Debentures	430	06-Aug-21	06-Aug-24	450.38	454.03
Secured Rated Listed Redeemable Non Convertible Debenture Series A1 Tranche 1	10,000	27-Feb-24	27-May-25	1,000.23	-
Secured Rated Listed Redeemable Non Convertible Debenture Series A1 Tranche 2	5,000	27-Feb-24	19-Mar-25	500.27	-
9.00% Secured Rated Listed Redeemable Non Convertible Debenture Series A2	20,000	04-Mar-24	04-Mar-27	1,998.71	-

8.57% Secured Rated Listed Redeemable Non-Convertible Debentures: Face value of Non Convertible Debentures is ₹ 1.00 Million. These debentures are redeemable at the end of 36 months from the date of allotment. Payment of Interest is yearly and principal repayment at maturity.

Secured Rated Listed Redeemable Non Convertible Debenture Series A1 Tranche 1 Date Of Maturity 27/05/2025 (9.37% - March 2024): Face value of Non Convertible Debentures is ₹0.10 Million. These debentures are redeemable at the end of 15 months from the date of allotment. Payment of Interest is Monthly and principal repayment at maturity.

Secured Rated Listed Redeemable Non Convertible Debenture Series A1 Tranche 2 Date Of Maturity 19/03/2025 (9.37% - March 2024): Face value of Non Convertible Debentures is ₹ 0.10 Million. These debentures are redeemable at the end of 12 months 20 days from the date of allotment. Payment of Interest is Monthly and principal repayment at maturity.

9.00% Secured Rated Listed Redeemable Non Convertible Debenture Series A2 Date Of Maturity 04/03/2027: Face value of Non Convertible Debentures is ₹ 0.10 Million. These debentures are redeemable at the end of 36 months from the date of allotment. Payment of Interest is Yearly and principal repayment at maturity.

14.4 The debentures are secured by way of first pari passu charge against the book debts, Investment in PTC and loan assets of the Company which are standard. Minimum security cover of 1.1 times is required to be maintained throughout the year.

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 15. Borrowings (other than debt securities)

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>At amortized cost</b>		
<b>Secured</b>		
<b>Term loans</b>		
<b>Indian rupee loan from banks</b>		
Gross amount	19,775.18	29,135.41
Less: Effective interest rate adjustment	(102.00)	(120.49)
<b>Net amount</b>	<b>19,673.18</b>	<b>29,014.92</b>
<b>Indian rupee loan from financial institutions</b>		
Gross amount	5,351.24	3,680.87
Less: Effective interest rate adjustment	(10.81)	(7.50)
<b>Net amount</b>	<b>5,340.43</b>	<b>3,673.37</b>
<b>Foreign Currency loan from banks</b>		
Gross amount	8,384.04	-
<b>Working capital demand loan</b>		
Indian rupee loan from banks	-	602.53
<b>Collateralized borrowings</b>	<b>2,612.97</b>	<b>3,645.77</b>
<b>Total (A)</b>	<b>36,010.62</b>	<b>36,936.59</b>
Borrowings in India	36,010.62	36,936.59
Borrowings outside India	-	-
<b>Total (B)</b>	<b>36,010.62</b>	<b>36,936.59</b>

- 15.1 a) Term loan from banks: These are secured by First Pari Passu charge by way of hypothecation of standard loan receivables of the Company, Investments in PTC and on all other book debts and current assets of the Company. Minimum security cover of 1.1 times is required to be maintained throughout the year.
- b) Term loan from financial institutions: These are secured by First Pari Passu charge by way of hypothecation of standard loan receivables of the Company, Investments in PTC and on all other book debts and current assets of the Company. Minimum security cover of 1.1 times is required to be maintained throughout the year.
- c) Working capital demand loan from banks: These are secured by First Pari Passu charge by way of hypothecation of standard loan receivables of the Company, Investments in PTC and on all other book debts and current assets of the Company. Minimum security cover of 1.1 times is required to be maintained throughout the year.
- d) Foreign Currency loan from banks: These are secured by First Pari Passu charge by way of hypothecation of standard loan receivables of the Company, Investments in PTC and on all other book debts and current assets of the Company. Minimum security cover of 1.1 times is required to be maintained throughout the year.
- e) Collateralized borrowings are secured against pool of Loan Assets. Refer Note 49 for more details.

15.2 No term loan and any other borrowing is guaranteed by directors and/ or others.

15.3 The Company has not defaulted in repayment of principal and interest during the year ended 31 March 2024 and year ended 31 March 2023.

15.4 The repayment of borrowings is done monthly and quarterly as per the sanctioned terms.

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### As at 31 March 2024

(₹ In Million)

Terms of Repayment	Indian rupee loan from banks		Indian rupee loan from financial institutions		Collateralized Borrowings		Foreign Currency loan from banks	
	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount
<b>Tenure (from the date of Balance Sheet)</b>								
Due within 3 years	8.00% - 10.95%	17,368.67	9.15% - 10.25%	5,276.67	9.00% - 10.15%	778.27	6.50%	8,337.39
Due within 3-5 years	9.05% - 9.95%	2,225.61	10.25%	46.67	9.00% - 10.15%	614.59	-	-
Above 5 years	9.95%	166.05	-	-	9.00% - 10.15%	1,211.20	-	-
<b>Total</b>		<b>19,760.33</b>		<b>5,323.34</b>		<b>2,604.06</b>		<b>8,337.39</b>
Interest Accrued		14.85		27.90		8.91		46.65
Effective interest rate adjustment		(102.00)		(10.81)		-		-
<b>Net amount</b>		<b>19,673.18</b>		<b>5,340.43</b>		<b>2,612.97</b>		<b>8,384.04</b>

### As at 31 March 2023

(₹ In Million)

Terms of Repayment	Indian rupee loan from banks		Indian rupee loan from financial institutions		Collateralized Borrowings		Foreign Currency loan from banks	
	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount
<b>Tenure (from the date of Balance Sheet)</b>								
Due within 3 years	8.00% - 10.95%	23,528.28	9.00% - 9.85%	3,445.83	8.05% - 9.80%	1,030.00	8.80%	600.00
Due within 3-5 years	8.00% - 10.95%	5,388.39	9.00% - 9.85%	226.66	8.05% - 9.80%	867.15	-	-
Above 5 years	8.00% - 10.95%	205.06	-	-	8.05% - 9.80%	1,736.95	-	-
<b>Total</b>		<b>29,121.73</b>		<b>3,672.49</b>		<b>3,634.10</b>		<b>600.00</b>
Interest Accrued		13.68		8.38		11.67		2.53
Effective interest rate adjustment		(120.49)		(7.50)		-		-
<b>Net amount</b>		<b>29,014.92</b>		<b>3,673.37</b>		<b>3,645.77</b>		<b>602.53</b>

### 16. Other financial liabilities

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Employee benefits payable	239.92	157.03
Lease liabilities [Refer Note 44.2]	107.02	100.90
Book overdraft	1,753.39	1,880.21
Payable on account of PTC pool	231.25	277.60
Payable to trusts	2.78	2.44
Other liabilities [Refer Note 16.1]	120.87	91.65
<b>Total</b>	<b>2,455.23</b>	<b>2,509.83</b>

16.1 Other liabilities majorly includes amounts payable to co-origination partners and unapplied receipts.

### 17. Current tax liabilities (net)

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Income tax liability	-	0.53
<b>Total</b>	<b>-</b>	<b>0.53</b>

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2024 Contd...

### 18. Provisions (₹ In Million)

Particulars	As at	
	31 March 2024	31 March 2023
Provision for employee benefits		
Gratuity (funded) [Refer Note 40]	2.26	1.32
<b>Total</b>	<b>2.26</b>	<b>1.32</b>

### 19. Deferred tax liabilities (net) (₹ In Million)

Particulars	As at	
	31 March 2024	31 March 2023
<b>Deferred tax liabilities</b>		
Depreciation and amortization	481.63	367.36
Unamortized processing fees on term loan	32.64	32.21
Income on sale of investment in PTC	-	1.00
Investment in government securities measured at amortized cost	-	5.03
Mark to market gain on mutual funds	1.17	0.31
<b>Total Deferred tax liabilities</b>	<b>515.44</b>	<b>405.91</b>
<b>Deferred tax assets</b>		
Expected credit losses	228.49	175.72
Provision for expenses	7.47	-
Transaction cost of Loan assets	134.30	100.22
Net movement on effective portion of cash flow hedge	7.07	-
Deduction u/s 35D of Income Tax Act, 1961	25.40	-
Impact on account of leases	2.66	3.86
<b>Total Deferred tax assets</b>	<b>405.39</b>	<b>279.80</b>
<b>Deferred tax liabilities (net)</b>	<b>110.05</b>	<b>126.11</b>

### 20. Other non-financial liabilities (₹ In Million)

Particulars	As at	
	31 March 2024	31 March 2023
Capital creditors	5.04	-
Statutory dues	48.73	34.92
<b>Total</b>	<b>53.77</b>	<b>34.92</b>

### 21. Equity share capital (₹ In Million)

Particulars	As at		As at	
	31 March 2024		31 March 2023	
	No of shares	Amount	No of shares	Amount
<b>Authorized</b>				
Equity Shares of ₹ 10 each	1,300,000,000	13,000.00	1,300,000,000	13,000.00
	<b>1,300,000,000</b>	<b>13,000.00</b>	<b>1,300,000,000</b>	<b>13,000.00</b>
<b>Issued, subscribed and fully paid-up (A)</b>				
Equity Shares of ₹ 10 each, fully paid up	1,073,754,986	10,737.55	897,023,682	8,970.24
	<b>1,073,754,986</b>	<b>10,737.55</b>	<b>897,023,682</b>	<b>8,970.24</b>
<b>Treasury shares held through ESOP trust (B)</b>				
Equity Shares of ₹ 10 each, fully paid up	(1,866,000)	(18.66)	(7,452,000)	(74.52)
<b>Equity shares [net of treasury shares] [A + B]</b>	<b>1,071,888,986</b>	<b>10,718.89</b>	<b>889,571,682</b>	<b>8,895.72</b>

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2024 Contd...

### 21.1 Reconciliation of number of shares outstanding at the beginning and end of the reporting period: (₹ In Million)

Particulars	As at		As at	
	31 March 2024		31 March 2023	
	No. of shares	Amount	No. of shares	Amount
Equity shares outstanding as at the beginning of the year	897,023,682	8,970.24	834,523,682	8,146.76
Add: Equity shares issued during the year	132,574,610	1,325.74	62,500,000	625.00
Add: Equity shares called up and paid up during the year	-	-	-	198.48
Add: Equity shares issued upon exercise of options under employee share option plan	44,156,694	441.57	-	-
<b>Equity shares outstanding as at the end of the year</b>	<b>1,073,754,986</b>	<b>10,737.55</b>	<b>897,023,682</b>	<b>8,970.24</b>

### Reconciliation of number of treasury shares outstanding at the beginning and end of the reporting period:

Particulars	As at		As at	
	31 March 2024		31 March 2023	
	No. of shares	Amount	No. of shares	Amount
Equity shares outstanding as at the beginning of the year	7,452,000	74.52	7,875,500	78.76
Add: Equity shares issued during the year	-	-	-	-
Less: Equity shares transferred upon exercise of options under employee share option plan	(5,586,000)	(55.86)	(423,500)	(4.24)
<b>Equity shares outstanding as at the end of the year</b>	<b>1,866,000</b>	<b>18.66</b>	<b>7,452,000</b>	<b>74.52</b>

For details of shares reserved for issue under ESOP of the Company and shares exercised under ESOP, refer note 41.

### 21.2 Terms and rights attached to equity shares:

The Company has single class equity shares having a par value of ₹ 10 per equity share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders if any. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held. Upon show of hands, every Member present in person and holding any equity share capital therein, shall have one vote, in respect of such capital, on every resolution placed before the Company.

The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting.

### 21.3 Details of share held by the Holding Company:

Particulars	As at		As at	
	31 March 2024		31 March 2023	
	No. of shares	% of Holding	No. of shares	% of Holding
SBFC Holdings Pte Ltd.	592,813,525	55.21%	657,040,000	73.25%

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 21.4 Details of shareholders holding more than five percent shares in the Company:

Particulars	As at 31 March 2024		As at 31 March 2023	
	No. of shares	% of Holding	No. of shares	% of Holding
SBFC Holdings Pte Ltd.	592,813,525	55.21%	657,040,000	73.25%
SBI Small CAP Fund	77,516,317	7.22%	-	-
Arpwood Partners Investment Advisors LLP	45,109,526	4.20%	122,217,177	13.62%

### 21.5 Details of shareholding of Promoters of the Company:

Particulars	As at 31 March 2024			As at 31 March 2023		
	No. of shares	% of Holding	% of Change during the year	No. of shares	% of Holding	% of Change during the year
Arpwood Partners Investment Advisors LLP	45,109,526	4.20%	(9.42%)	122,217,177	13.62%	(1.03%)
Eight 45 Services LLP	2,362,153	0.22%	(2.49%)	24,272,805	2.71%	(0.20%)
SBFC Holdings Pte Ltd	592,813,525	55.21%	(18.04%)	657,040,000	73.25%	1.35%
Arpwood Capital Private Limited	11,071,022	1.03%	(2.31%)	29,995,300	3.34%	(0.25%)

21.6 There are no bonus shares issued or shares bought back or shares issued for consideration other than cash by the Company during five years immediately preceding the balance sheet date.

21.7 The Company's equity shares have been listed on National Stock Exchange of India Limited ("NSE") and on BSE Limited ("BSE") on 16 August 2023, by completing the Initial Public Offering (IPO) of 179,863,285 equity shares of face value of ₹ 10 each at an issue price of ₹ 57 (employees were issued at ₹ 55) per equity share, consisting of fresh issue of 105,301,883 equity shares and an offer for sale of 74,561,402 equity shares by the selling shareholders. The Company had received an amount of ₹ 5,520.30 million (net off estimated offer expenses ₹ 479.70 million, including pre IPO related estimated expenses) from proceeds of fresh issue of equity shares. Further, the fund raised from Offer for sale were remitted to the selling shareholders (net off estimated offer expenses borne by the selling shareholders). The utilisation of the net proceeds is summarised as below:

(₹ In Million)

Objects of the issue as per prospectus	Amount to be utilised as per prospectus	Utilisation up to 31 March 2024	Unutilised amount up to 31 March 2024*
The net proceeds from the fresh issue of shares to be used towards augmenting our Company's capital base to meet our future capital requirements arising out of the growth of our business and assets	5,590.83	5,520.30	70.53

\*unutilised amount of ₹ 70.53 million is held back by Book Running Lead Managers towards amount to be paid by SBFC Holdings Pte Ltd and will be released to the Company once the said payment is made.

21.8 5,586,000 equity shares have been transferred from Vistra ITCL (India) Limited, Trustee of SBFC Employee Welfare Trust to eligible employees pursuant to exercise of the outstanding vested options during the year. 44,156,694 equity shares have been issued to eligible employees pursuant to exercise of the outstanding vested Options under various SBFC Stock option policies during the year.

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

21.9 Pursuant to the share purchase agreement dated 25 July 2023, certain Promoters of the Company i.e. SBFC Holdings Pte Ltd, Arpwood Partners Investment Advisors LLP, Arpwood Capital Private Limited and Eight45 Services LLP have sold an aggregate of 15,789,473 Equity Shares at ₹ 57 per share to SBI Optimal Equity Fund- Long Term, ICICI Prudential Banking and Financial Services Fund, HDFC Banking and Financial Services Fund, SBI Retirement Benefit Fund- Aggressive Plan, SBI Retirement Benefit Fund Conservative Plan, SBI Retirement Benefit Fund - Conservative Hybrid Plan, SBI Retirement Benefit Fund - Aggressive Hybrid Plan.

### 22. Other equity

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Statutory reserve u/s 45-IC of the RBI Act, 1934</b>		
Balance as at the beginning of the year	719.07	419.48
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	474.04	299.59
<b>Balance as at the end of the year</b>	<b>1,193.11</b>	<b>719.07</b>
<b>Securities premium</b>		
Balance as at the beginning of the year	4,440.18	2,453.76
Add: Transfer from employee share option outstanding pursuant to stock options exercised	233.84	1.70
Add: Premium on issue of share capital	6,431.26	1,875.00
Add: Premium on conversion of shares from partly paid up to fully paid up	-	109.89
Less: Share issue expenses (net of taxes)	(339.93)	(1.23)
Add/ (Less): Loan to Employee Welfare Trust	23.26	1.06
<b>Balance as at the end of the year</b>	<b>10,788.61</b>	<b>4,440.18</b>
<b>Employee share option outstanding</b>		
Balance as at the beginning of the year	301.51	213.89
Add: Charge for the year	222.22	89.32
Less: Transferred to securities premium pursuant to stock options exercised	(233.84)	(1.70)
<b>Balance as at the end of the year</b>	<b>289.89</b>	<b>301.51</b>
<b>Retained Earnings</b>		
Surplus in Statement of Profit and Loss as at the beginning of the year	2,909.64	1,711.27
Add: Profit for the year	2,370.21	1,497.96
Less: Transfer to statutory reserve	(474.04)	(299.59)
<b>Balance as at the end of the year</b>	<b>4,805.81</b>	<b>2,909.64</b>
<b>Remeasurement gain/ (loss) on defined benefit plans</b>		
Balance as at the beginning of the year	7.16	5.27
Add: Other comprehensive income for the year (net of taxes)	0.11	1.89
Less: Deletions during the year	-	-
<b>Balance as at the end of the year</b>	<b>7.27</b>	<b>7.16</b>
<b>Other comprehensive income on cash flow hedge reserve</b>		
Balance as at the beginning of the year	-	-
Add: Other comprehensive income for the year (net of taxes)	(21.03)	-
Less: Deletions during the year	-	-
<b>Balance as at the end of the year</b>	<b>(21.03)</b>	<b>-</b>
<b>TOTAL</b>	<b>17,063.66</b>	<b>8,377.56</b>

Statutory reserve u/s 45-IC of the RBI Act, 1934: As required by section 45-IC of the RBI Act 1934, the Company maintains a reserve fund and transfers there in a sum not less than twenty per cent of its net profit every year as disclosed in the statement of profit and loss and before any dividend is declared.

Employee share option outstanding: The Company has a share option scheme under which options to subscribe for the Company's shares have been granted to certain employees including key management personnel. The share-based payment reserve is used to recognize the value of equity-settled share-based payments provided to employees, as part of their remuneration.

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2024 Contd...

**Securities Premium Reserve:** Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013. In case of equity settled share based payment transactions, the difference between fair value on grant date and nominal value share is accounted as securities premium.

**Retained Earnings:** Retained earnings are the profits that the Company has earned till date, less any transfers to statutory reserve.

**Remeasurement gain/ (loss) on defined benefit plans:** It represents the gains/ (losses) arising on account of actuarial valuation of defined benefit obligation.

**Other comprehensive income on cash flow hedge reserve:** It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI and underlying hedged items.

### 23. Interest income

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>On Financial Assets measured at Amortized Cost:</b>		
Interest on loans	8,660.66	5,952.92
Interest on deposits from banks	215.81	145.70
Interest on Government Securities	52.77	26.62
Interest on Treasury Bills	89.67	-
Interest on investment in Pass Through certificates (PTC)	163.68	416.28
<b>Total</b>	<b>9,182.59</b>	<b>6,541.52</b>

### 24. Fees and commission income

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Loan management services fee income	101.25	94.37
Other fee income [Refer Note 24.1]	450.64	318.15
<b>Total</b>	<b>551.89</b>	<b>412.52</b>

24.1 Fee Income includes Processing Fee on loan against Gold (not subject to EIR), Initial Money Deposit fees and Co-origination fees.

### 25. Net gain on fair value changes

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>On Financial Assets measured at Amortized Cost:</b>		
Mutual Fund and Government Securities		
(A) Total net gain on fair value changes	172.83	119.76
(B) Fair value changes:		
- Realized	168.20	118.52
- Unrealized	4.63	1.24
<b>Total net gain on fair value changes</b>	<b>172.83</b>	<b>119.76</b>

### 26. Net gain on derecognition of financial instruments under amortised cost category

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Income on remeasurement of investment in Pass through certificates (PTC)	2.31	28.30
<b>Total</b>	<b>2.31</b>	<b>28.30</b>

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2024 Contd...

### 27. Other operating income

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Advertisement income	77.08	87.59
Other charges [Refer Note 27.1]	198.70	138.43
<b>Total</b>	<b>275.78</b>	<b>226.02</b>

27.1 Other charges includes Prepayment charges, foreclosure charges recovered from the customer amounting to ₹ 157.17 Million (31 March 2023: ₹ 106.71 Million)

### 28. Other income

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest on income tax refund	4.32	16.02
Gain on lease termination (net of losses) [Refer Note 44]	0.55	4.30
Others [Refer Note 28.1]	7.93	55.17
<b>Total</b>	<b>12.80</b>	<b>75.49</b>

28.1 Others include excess amount received from customers, insurance refund, subsidy received from government and unwinding of lease deposit.

### 29. Finance costs (on financial liabilities measured at amortized cost)

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest on debt securities	63.48	36.85
Interest on borrowings	3,432.89	2,715.29
Interest on lease liabilities [Refer Note 44.2]	8.85	11.66
Other interest expenses	1.15	0.72
<b>Total</b>	<b>3,506.37</b>	<b>2,764.52</b>

### 30. Impairment on financial instruments

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>On financial instruments measured at amortised cost</b>		
Impairment on loans*	269.80	169.89
Loans written off (net of recovery)	200.46	150.67
<b>Total</b>	<b>470.26</b>	<b>320.56</b>

\*net of recovery from Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) Scheme Nil (31 March 2023 ₹ 1.70 Million)

### 31. Employee benefits expense

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Salaries and bonus	1,809.92	1,409.93
Contribution to provident fund and other funds [Refer Note 40(a)]	106.24	75.66
Gratuity expenses [Refer Note 40(b)]	11.71	9.50
Employee share based payment expenses [Refer Note 41]	224.43	89.32
Staff training and welfare expenses	19.02	16.82
<b>Total</b>	<b>2,171.32</b>	<b>1,601.23</b>

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 32 Other expenses

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Travelling and conveyance	81.21	56.91
Printing and stationery	27.33	23.11
Communication Expenses	26.94	23.54
Business promotion expenses	14.35	17.08
Loss on sale/ discard of Property, plant and equipment/ Intangible assets	1.68	7.70
Repairs and maintenance	8.90	5.26
Office maintenance	105.74	93.56
Legal & professional expenses	190.93	141.08
Director sitting fees	6.70	6.20
Auditors' remuneration [Refer Note 32.1]	6.93	4.00
Corporate social responsibility expenditure [Refer Note 32.2]	26.07	16.61
Rent [Refer Note 44.4]	49.36	27.75
Rates and taxes	27.27	20.11
Electricity charges	23.30	18.81
Insurance charges	12.74	10.81
IT expenses	112.71	74.53
Balance written off	2.51	1.71
Bank charges	18.62	17.38
Seminar Expenses	6.45	4.89
Miscellaneous expenses	5.76	4.66
<b>Total</b>	<b>755.50</b>	<b>575.70</b>

### 32.1 Payments to auditors (excluding taxes)

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Audit fees	5.18	3.57
Tax audit	0.27	0.22
Other tax matters and certification	1.00	0.19
Reimbursement of expenses	0.48	0.02
<b>Total</b>	<b>6.93</b>	<b>4.00</b>

### 32.2 Corporate Social Responsibility expenditure

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
a) Amount required to be spent by the Company during the year	26.07	16.57
b) Amount of expenditure incurred	26.07	16.61
c) (Excess)/ shortfall at the end of the year	-	(0.04)
d) Total of previous years shortfall	-	-
e) Reason for shortfall	-	-

#### f) Nature of CSR activities:

- Apprenticeship under Apprenticeship Act (31 March 2024; 31 March 2023)
- Promoting education among girl child (31 March 2024; 31 March 2023)
- Development of School infrastructure (31 March 2024; 31 March 2023)
- Tree Plantation (31 March 2024)

#### g) Where a provision is made with respect to a liability

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Opening provision balance	-	-
Provision created during the year	3.93	-
Amount spent during the year	(0.07)	-
<b>Closing provision balance</b>	<b>3.86</b>	<b>-</b>

32.2.1 No amount has been spent by the Company for the construction/ acquisition of any new asset during the year ended 31 March 2024 and year ended 31 March 2023.

32.2.2 There have been no related party transactions during the year ended 31 March 2024 and 31 March 2023 in respect of CSR activities.

32.2.3 Section 198(4)(a) allows usual working charges to be deducted while computing the net profits for the purpose of section 198. The usual working charges can be interpreted as the expenditure incurred by the Company in the ordinary course of the business. Being an NBFC, the Company provides loans to various customers with or without collaterals. Given the fact that the Company is into the lending business, any credit losses incurred by the Company could be construed and 'usual working charges' i.e. credit losses are integral part of the lending business and should not be considered as capital in nature. Accordingly, Expected Credit Loss (ECL) provision has been treated as an allowable expenditure for the purpose of calculation of profits under section 198 of the Companies Act, 2013 for Corporate Social Responsibility.

### 33 Income Taxes

#### 33.1 Income Tax recognized in Statement of Profit and Loss

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Current tax</b>		
In respect of the current year	862.65	584.90
In respect of the earlier year	(88.65)	-
<b>Deferred tax</b>		
In respect of the current year	16.40	(68.40)
<b>Total income tax expense recognized in the Statement of Profit and Loss</b>	<b>790.40</b>	<b>516.50</b>

#### 33.2 Reconciliation of income tax expense of the year:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all the profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate is as follows:

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Profit before income tax expense</b>	<b>3,160.61</b>	<b>2,014.46</b>
Income tax rate	25.168%	25.168%
Tax at statutory income tax rate	795.46	507.00
<b>Tax effect of amounts which are non deductible/ not taxable in calculating taxable income</b>		
CSR expense	6.56	4.18
Deduction u/s 80JJAA	(2.27)	-
Reversal of deferred tax liability on government securities	(5.03)	-
Items on which deferred tax asset (net) was not created	(7.58)	5.32
Income tax impact of previous year	(88.65)	-
Deferred tax impact of previous year	90.93	-
Other differences	0.98	-
<b>Income tax expense</b>	<b>790.40</b>	<b>516.50</b>



## Notes forming part of Standalone Financial Statements for the year ended 31 March 2024 Contd...

### 34. Deferred tax

The following table shows deferred tax recorded in the Balance sheet and changes recorded in the Income tax expense:

(₹ In Million)

Deferred tax liability (net)	As at 1 April 2023	Recognized in Statement of Profit and Loss	Recognized in Securities Premium	Recognized in OCI	As at 31 March 2024
<b>Deferred tax liability on account of:</b>					
Depreciation and amortization	367.36	114.27	-	-	481.63
Unamortized processing fees on term loan	32.21	0.43	-	-	32.64
Income on sale of investment in PTC	1.00	(1.00)	-	-	-
Investment in government securities measured at amortized cost	5.03	(5.03)	-	-	-
Mark to market gain on mutual funds	0.31	0.86	-	-	1.17
	<b>405.91</b>	<b>109.53</b>	-	-	<b>515.44</b>
<b>Deferred tax asset on account of:</b>					
Expected credit losses	175.72	52.77	-	-	228.49
Provision for expenses	-	7.47	-	-	7.47
Transaction cost of Loan assets	100.22	34.09	-	-	134.31
Net movement on effective portion of cash flow hedge	-	-	-	7.07	7.07
Deduction u/s 35D of Income Tax Act, 1961	-	-	25.39	-	25.39
Impact on account of leases	3.86	(1.20)	-	-	2.66
	<b>279.80</b>	<b>93.13</b>	<b>25.39</b>	<b>7.07</b>	<b>405.39</b>
<b>Deferred tax liability (net) and expense/credit for the year</b>	<b>126.11</b>	<b>16.40</b>	<b>(25.39)</b>	<b>(7.07)</b>	<b>110.05</b>

(₹ In Million)

Deferred tax liability (net)	As at 1 April 2022	Recognized in Statement of Profit and Loss	Recognized in OCI	As at 31 March 2023
<b>Deferred tax liability on account of:</b>				
Depreciation and amortization	372.32	(4.96)	-	367.36
Unamortized processing fees on term loan	-	32.21	-	32.21
Income on sale of investment in PTC	-	1.00	-	1.00
Investment in government securities measured at amortized cost	20.04	(15.01)	-	5.03
Mark to market gain on mutual funds	31.85	(31.54)	-	0.31
	<b>424.21</b>	<b>(18.30)</b>	-	<b>405.91</b>
<b>Deferred tax asset on account of:</b>				
Expected credit losses	164.63	11.09	-	175.72
Transaction cost of Loan assets	59.33	40.89	-	100.22
Impact on account of leases	5.74	(1.88)	-	3.86
	<b>229.70</b>	<b>50.10</b>	-	<b>279.80</b>
<b>Deferred tax liability (net) and credit for the year</b>	<b>194.51</b>	<b>(68.40)</b>	-	<b>126.11</b>

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2024 Contd...

### 35. Other comprehensive income

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Other comprehensive income</b>		
(A) Items that will not be reclassified to profit or loss		
- Remeasurement of defined benefit liability/ asset (net)	0.15	1.89
- Income tax relating to items that will not be reclassified to profit or loss	(0.04)	(0.48)
(B) Items that will be reclassified to profit or loss		
- Changes in the value of forward contracts	(28.10)	-
- Income tax relating to items that will not be reclassified to profit or loss	7.07	-
<b>Other comprehensive income for the year (Net of tax)</b>	<b>(20.92)</b>	<b>1.41</b>

### 36. Expected Credit Loss

#### 36.1 Loan against Property

##### 36.1.1 Credit quality of assets

(₹ In Million)

Particulars	As at 31 March 2024				As at 31 March 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Internal rating grade*</b>								
<b>Performing</b>								
High grade	45,210.97	-	-	<b>45,210.97</b>	32,453.00	-	-	<b>32,453.00</b>
Medium grade	-	1,533.62	-	<b>1,533.62</b>	-	1,033.73	-	<b>1,033.73</b>
<b>Non-performing</b>								
Individually impaired	-	-	1,318.01	<b>1,318.01</b>	-	-	936.14	<b>936.14</b>
<b>Total #</b>	<b>45,210.97</b>	<b>1,533.62</b>	<b>1,318.01</b>	<b>48,062.60</b>	<b>32,453.00</b>	<b>1,033.73</b>	<b>936.14</b>	<b>34,422.87</b>

##### 36.1.2 An analysis of changes in the gross carrying amount and the corresponding Expected Credit Loss allowances in relation to lending is as follows:

(₹ In Million)

Particulars	As at 31 March 2024				As at 31 March 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount opening balance</b>	<b>32,453.00</b>	<b>1,033.73</b>	<b>936.14</b>	<b>34,422.87</b>	<b>19,874.06</b>	<b>1,170.96</b>	<b>669.75</b>	<b>21,714.77</b>
New assets originated/ Assets derecognized/ repaid (excluding write offs/ recovery)	14,033.03	(65.78)	(257.53)	<b>13,709.72</b>	13,061.96	(149.45)	(158.65)	<b>12,753.86</b>
Transfers to Stage 1	101.90	(64.79)	(37.11)	-	115.79	(62.78)	(53.01)	-
Transfers to Stage 2	(753.06)	839.91	(86.85)	-	(260.12)	297.50	(37.38)	-
Transfers to Stage 3	(615.89)	(205.30)	821.19	-	(329.18)	(207.35)	536.53	-
Amounts written off (net of recovery)	(8.01)	(4.15)	(57.83)	<b>(69.99)</b>	(9.51)	(15.15)	(21.10)	<b>(45.76)</b>
<b>Gross carrying amount closing balance #</b>	<b>45,210.97</b>	<b>1,533.62</b>	<b>1,318.01</b>	<b>48,062.60</b>	<b>32,453.00</b>	<b>1,033.73</b>	<b>936.14</b>	<b>34,422.87</b>

# Gross carrying amount includes staff loan of ₹ 1.41 Million (31 March 2023 : ₹ 3.16 Million)



## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 36.3.3 Reconciliation of Expected Credit Loss (ECL) balance is given below:

(₹ In Million)

Particulars	As at 31 March 2024				As at 31 March 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>ECL allowance - opening balance</b>	<b>20.37</b>	<b>8.11</b>	<b>86.62</b>	<b>115.10</b>	<b>29.92</b>	<b>6.45</b>	<b>68.13</b>	<b>104.50</b>
Assets derecognized/repaid (excluding write offs/recovery)	(0.91)	3.93	57.42	<b>60.44</b>	57.85	9.25	(7.59)	<b>59.51</b>
Transfers to Stage 1	3.23	(0.84)	(2.39)	-	0.16	(0.09)	(0.07)	-
Transfers to Stage 2	(1.06)	2.46	(1.40)	-	(6.06)	6.34	(0.28)	-
Transfers to Stage 3	(0.96)	(1.65)	2.61	-	(60.96)	(12.65)	73.61	-
Amounts written off (net of recovery)	(0.72)	(2.91)	(72.21)	<b>(75.84)</b>	(0.54)	(1.19)	(47.18)	<b>(48.91)</b>
<b>ECL allowance - closing balance</b>	<b>19.95</b>	<b>9.10</b>	<b>70.65</b>	<b>99.70</b>	<b>20.37</b>	<b>8.11</b>	<b>86.62</b>	<b>115.10</b>

#### \*Internal rating grades are classified on below basis

Grade	Classification Basis	Stage
High grade	0-30 DPD	Stage 1
Medium grade	31-89 DPD	Stage 2
Individually impaired	>=90 DPD & Daily NPA	Stage 3

### 37. Change in liabilities arising from financing activities

(₹ In Million)

Particulars	As at 1 April 2023	Cash Flow (Principal Component)	Cash Flow (Interest Component)	Interest Expenses	Amortization of Transaction Costs	Other Non-Cash Changes	As at 31 March 2024
Lease liabilities	100.90	(51.54)	(8.85)	8.85	-	57.66	107.02
Borrowings (other than debt securities)	36,936.59	(1,003.22)	(3,370.82)	3,432.89	15.18	-	36,010.62
<b>Total liabilities from financing activities</b>	<b>37,491.52</b>	<b>2,445.24</b>	<b>(3,430.73)</b>	<b>3,505.22</b>	<b>(1.68)</b>	<b>57.66</b>	<b>40,067.23</b>

(₹ In Million)

Particulars	As at 1 April 2022	Cash Flow (Principal Component)	Cash Flow (Interest Component)	Interest Expenses	Amortization of Transaction Costs	Other Non-Cash Changes	As at 31 March 2023
Lease liabilities	141.08	(60.88)	(11.66)	11.66	-	20.70	100.90
Borrowings (other than debt securities)	28,945.04	7,970.17	(2,752.18)	2,715.29	58.27	-	36,936.59
<b>Total liabilities from financing activities</b>	<b>29,540.15</b>	<b>7,909.29</b>	<b>(2,800.69)</b>	<b>2,763.80</b>	<b>58.27</b>	<b>20.70</b>	<b>37,491.52</b>

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 38. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled. They have been classified to mature and/or be repaid within 12 months or after 12 months. With regard to loans and advances to customers, the Company uses the same basis of expected repayment as used for estimating the Effective Interest Rate (EIR).

(₹ In Million)

Particulars	As at 31 March 2024			As at 31 March 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>ASSETS</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	2,241.86	-	<b>2,241.86</b>	1,833.94	-	<b>1,833.94</b>
Bank Balance	928.91	1,487.25	<b>2,416.15</b>	-	2,169.99	<b>2,169.99</b>
Trade receivables	145.80	-	<b>145.80</b>	108.29	-	<b>108.29</b>
Loans	19,330.12	39,034.79	<b>58,364.91</b>	11,326.93	32,826.17	<b>44,153.10</b>
Investments	4,061.10	210.50	<b>4,271.60</b>	1,794.06	4,272.36	<b>6,066.42</b>
Other financial asset	21.95	51.51	<b>73.46</b>	3.99	35.68	<b>39.67</b>
<b>Non-Financial assets</b>						
Current tax assets (net)	-	60.54	<b>60.54</b>	-	-	<b>-</b>
Property, plant and equipment	-	379.83	<b>379.83</b>	-	336.53	<b>336.53</b>
Intangible assets under development	-	15.27	<b>15.27</b>	-	7.49	<b>7.49</b>
Goodwill	-	2,603.92	<b>2,603.92</b>	-	2,603.92	<b>2,603.92</b>
Other intangible assets	-	14.95	<b>14.95</b>	-	23.54	<b>23.54</b>
Other non-financial assets	40.05	1.33	<b>41.38</b>	118.31	3.89	<b>122.20</b>
<b>Total Assets</b>	<b>26,769.78</b>	<b>43,859.89</b>	<b>70,629.67</b>	<b>15,185.52</b>	<b>42,279.57</b>	<b>57,465.09</b>
<b>LIABILITIES</b>						
<b>Financial Liabilities</b>						
Derivative financial instruments	45.13	-	<b>45.13</b>	-	-	<b>-</b>
Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	6.96	-	<b>6.96</b>	2.96	-	<b>2.96</b>
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	105.52	-	<b>105.52</b>	89.24	-	<b>89.24</b>
Other payables						
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	107.99	-	<b>107.99</b>	36.28	-	<b>36.28</b>
Debt securities	959.66	2,989.93	<b>3,949.59</b>	24.03	430.00	<b>454.03</b>
Borrowings (other than debt securities)	13,285.83	22,724.79	<b>36,010.62</b>	11,252.01	25,684.58	<b>36,936.59</b>
Other financial liabilities	2,390.39	64.84	<b>2,455.23</b>	2,454.62	55.21	<b>2,509.83</b>
<b>Non-Financial Liabilities</b>						
Current tax liabilities (net)	-	-	<b>-</b>	0.53	-	<b>0.53</b>
Provisions	2.26	-	<b>2.26</b>	1.32	-	<b>1.32</b>
Deferred tax liabilities (net)	-	110.05	<b>110.05</b>	-	126.11	<b>126.11</b>
Other non-financial liabilities	53.77	-	<b>53.77</b>	34.92	-	<b>34.92</b>
<b>Total liabilities</b>	<b>16,957.51</b>	<b>25,889.61</b>	<b>42,847.12</b>	<b>13,895.91</b>	<b>26,295.90</b>	<b>40,191.81</b>
<b>Net</b>	<b>9,812.27</b>	<b>17,970.28</b>	<b>27,782.55</b>	<b>1,289.61</b>	<b>15,983.67</b>	<b>17,273.28</b>

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

**Capital Management**  
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 Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. Capital Management Policy, objectives and processes are under constant review by the Board. For details of Capital to Risk Assets Ratio (CRAR) [Refer Note 53.2]

### 39. Fair value measurements

Financial instruments by category

Particulars	As at 31 March 2024				As at 31 March 2023			
	Fair value through Profit or Loss	Amortized cost	Fair value through Other Comprehensive Income	Total	Fair value through Profit or Loss	Amortized cost	Fair value through Other Comprehensive Income	Total
<b>Financial Assets</b>								
Investments	1,416.57	-	-	1,416.57	739.62	-	-	739.62
- Mutual funds	-	-	-	1,416.57	-	-	-	1,416.57
- Government Securities	-	2,068.64	-	2,068.64	-	2,751.94	-	2,751.94
- Pass-through certificates	-	575.89	-	575.89	-	2,574.36	-	2,574.36
Trade receivables	-	145.80	-	145.80	-	108.29	-	108.29
Loans	-	58,364.91	-	58,364.91	-	44,153.10	-	44,153.10
Cash and cash equivalents	-	2,241.86	-	2,241.86	-	1,837.57	-	1,837.57
Bank Balances other than cash and cash equivalents	-	2,416.15	-	2,416.15	-	2,169.99	-	2,169.99
Other financial assets	-	73.46	-	73.46	-	39.67	-	39.67
<b>Total Financial Assets</b>	<b>1,416.57</b>	<b>65,886.71</b>	<b>-</b>	<b>67,303.28</b>	<b>739.62</b>	<b>53,634.92</b>	<b>-</b>	<b>54,374.54</b>
<b>Financial Liabilities</b>								
Derivative financial instruments	-	-	45.13	45.13	-	-	-	-
Trade payables	-	112.48	-	112.48	-	92.20	-	92.20
Other payables	-	107.99	-	107.99	-	36.28	-	36.28
Borrowings (other than debt securities)	-	36,010.62	-	36,010.62	-	36,936.59	-	36,936.59
Debt securities	-	3,949.59	-	3,949.59	-	454.03	-	454.03
Other financial liabilities	-	2,455.23	-	2,455.23	-	2,509.83	-	2,509.83
<b>Total Financial Liabilities</b>	<b>-</b>	<b>42,635.91</b>	<b>45.13</b>	<b>42,681.04</b>	<b>-</b>	<b>40,028.93</b>	<b>-</b>	<b>40,028.93</b>

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 39.1 Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized 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.

(₹ In Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Note No.	Carrying Amount	Level 1	Level 2	Level 3	Total
<b>As at 31 March 2024</b>						
<b>Financial assets</b>						
<i>Financial Investments at Fair Value Through Profit or Loss</i>						
Mutual funds	7	1,416.57	1,416.57	-	-	1,416.57
<i>Financial Assets at Amortized Cost</i>						
Investment in Government Securities	7	2,068.64	2,068.84	-	-	2,068.84
Investment in Pass-through Certificates	7	575.89	-	-	575.89	575.89
Cash and cash equivalents	3	2,241.86	2,241.86	-	-	2,241.86
Bank Balances other than cash and cash equivalents	4	2,416.15	2,416.15	-	-	2,416.15
Trade receivables	5	145.80	-	-	145.80	145.80
Loans	6	58,364.91	-	-	59,874.07	59,874.07
Other financial assets	8	73.46	-	-	73.46	73.46
<b>Total Financial Assets</b>		<b>67,303.28</b>	<b>8,143.42</b>	<b>-</b>	<b>60,669.22</b>	<b>68,812.64</b>
<b>Financial liabilities</b>						
<i>Financial Liabilities at Fair value through Other Comprehensive Income</i>						
Derivative financial instruments	12	45.13	-	45.13	-	45.13
<i>Financial Liabilities at Amortized Cost</i>						
Trade payables	13	112.48	-	-	112.48	112.48
Other payables	13	107.99	-	-	107.99	107.99
Debt securities	14	36,010.62	-	-	36,010.62	36,010.62
Borrowings (other than debt securities)	15	3,949.59	-	-	3,949.59	3,949.59
Other financial liabilities	16	2,455.23	-	-	2,455.23	2,455.23
<b>Total Financial Liabilities</b>		<b>42,681.04</b>	<b>-</b>	<b>45.13</b>	<b>42,635.91</b>	<b>42,681.04</b>

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

(₹ In Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Note No.	Carrying Amount	Level 1	Level 2	Level 3	Total
<b>As at 31 March 2023</b>						
<b>Financial assets</b>						
<i>Financial Investments at Fair Value Through Profit or Loss</i>						
Mutual funds	7	739.62	739.62	-	-	739.62
<i>Financial Assets at Amortized Cost</i>						
Investment in Government Securities	7	2,751.94	2,759.61	-	-	2,759.61
Investment in Pass-through Certificates	7	2,574.36	-	-	2,574.36	2,574.36
Cash and cash equivalents	3	1,837.57	1,837.57	-	-	1,837.57
Bank Balances other than cash and cash equivalents	4	2,169.99	2,169.99	-	-	2,169.99
Trade receivables	5	108.29	-	-	108.29	108.29
Loans	6	44,153.10	-	-	45,276.69	45,276.69
Other financial assets	8	39.67	-	-	39.67	39.67
<b>Total Financial Assets</b>		<b>54,374.54</b>	<b>7,506.79</b>	<b>-</b>	<b>47,999.01</b>	<b>55,505.80</b>
<b>Financial liabilities</b>						
<i>Financial Liabilities at Fair value through Other Comprehensive Income</i>						
Derivative financial instruments	12	-	-	-	-	-
<i>Financial Liabilities at Amortized Cost</i>						
Trade payables	13	92.20	-	-	92.20	92.20
Other payables	13	36.28	-	-	36.28	36.28
Debt securities	14	2,509.83	-	-	2,509.83	2,509.83
Borrowings (other than debt securities)	15	454.03	-	-	454.03	454.03
Other financial liabilities	16	36,936.59	-	-	36,936.59	36,936.59
<b>Total Financial Liabilities</b>		<b>40,028.93</b>	<b>-</b>	<b>-</b>	<b>40,028.93</b>	<b>40,028.93</b>

### 39.2 Valuation technique used to determine fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

**Quoted prices in an active market (Level 1):** This level of hierarchy includes financial assets that are measured by reference to quoted prices (adjusted/unadjusted) for identical assets. This category consists of quoted mutual fund units and government securities.

**Valuation techniques with observable inputs (Level 2):** This level of hierarchy includes financial assets, measured using inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e.; as prices) or indirectly (i.e.; derived from prices). This category includes derivative financial instruments.

**Valuation techniques with significant unobservable inputs (Level 3):** This level of hierarchy includes financial assets measured using inputs that are not based on observable market data. Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This category includes investment in Pass-through Certificates.

There has been no transfer between level 1, level 2 and level 3 for the year ended 31 March 2024 and 31 March 2023.

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair value of Loan approximates the carrying amount.

For financial assets and liabilities measured at fair value, the carrying amounts approximates the fair values. Fair

### 40. Employee Benefits

#### a) Defined Contribution plans

##### *Provident Fund*

The Company makes Provident Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the Employee Provident Fund Organization (Government).

The Company recognized expense as contribution to provident fund amounting to ₹ 95.78 Million (31 March 2023: ₹ 67.01 Million) in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

#### b) Defined benefit plans

##### *Gratuity Fund*

##### *Characteristics of defined benefit plan*

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to SBFC Finance Limited employees group gratuity cash accumulation scheme.

##### *Risks associated with defined benefit plan*

Gratuity is a defined benefit plan and Company is exposed to the following risks:

**A. Actuarial Risk:** It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

**Adverse Salary Growth Experience:** Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

**Variability in mortality rates:** If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

**Variability in withdrawal rates:** If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

**B. 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.

**C. Liquidity Risk:** Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/ retire from the Company there can be strain on the cashflows.

**D. Market Risk:** Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. 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.

**E. Legislative Risk:** Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

During the year ended 31 March 2024 and 31 March 2023, there were no plan amendments, curtailments and settlements.

The Life Insurance Corporation is managing the Gratuity Plan and the contributions to it is done as guided by rule 103 of Income Tax Rules, 1962.

### Other Post Retirement Benefit Plan

The details of the Company's post-retirement benefit plans for its employees including whole-time directors are given below which is as certified by the actuary and relied upon by the auditors.

#### c) Code on Social Security

The Indian parliament has approved Code on Social Security, 2020 ("the Code") which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13 November 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

(₹ In Million)		
Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Change in the Benefit Obligations:</b>		
Liability at the beginning of the year	31.26	24.59
Current service cost	12.05	9.66
Interest cost	2.18	1.61
Benefits paid	(2.15)	(2.15)
Actuarial gains - due to change in financials assumptions	0.37	(1.23)
Actuarial gains - due to change in demographic assumptions	-	-
Actuarial losses - due to experience adjustments	(0.84)	(1.22)
<b>Liability at the end of the year</b>	<b>42.87</b>	<b>31.26</b>
<b>Fair value of plan assets:</b>		
Fair value of plan assets at the beginning of the year	29.94	22.12
Interest income	2.52	1.77
Actual return on plan assets	(0.32)	(0.56)
Contributions	10.62	8.76
Benefits paid	(2.15)	(2.15)
<b>Fair value of plan assets at the end of the year</b>	<b>40.61</b>	<b>29.94</b>
<b>Actual return on plan assets:</b>		
Expected return on plan assets	-	-
Actuarial loss on plan assets	-	-
Actual return on plan assets	(0.32)	(0.56)
<b>Reconciliation of the Liability Recognized in the Balance Sheet:</b>		
Opening net Liability/ (Asset)	1.32	2.47
Transfer in obligation	-	-
Expense recognized in Profit and Loss	11.71	9.50
Expense recognized in Other Comprehensive Income	(0.15)	(1.89)
Contribution by the Company	(10.62)	(8.76)
Benefits paid by the Company / Insurance Companies	-	-
Amount recognized in the Balance Sheet under Liabilities- Provisions as on 31 March 2024: ₹ 2.26 Million (31 March 2023: ₹ 1.32 Million) [Refer Note 18]	<b>2.26</b>	<b>1.32</b>

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

(₹ In Million)		
Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Expense Recognized in the Statement of Profit and Loss:</b>		
Current service cost	12.05	9.66
Interest cost (net)	(0.34)	(0.16)
<b>Expense recognized in the Statement of Profit and Loss</b>	<b>11.71</b>	<b>9.50</b>

(₹ In Million)		
Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Expense Recognized in the Statement of Other Comprehensive Income:</b>		
Due to change in financial assumptions	0.37	(1.23)
Due to change in demographic assumptions	-	0.00
Due to experience adjustments	(0.84)	(1.22)
Return on plan assets, excluding interest income	0.32	0.56
<b>Net (Income)/ Expense for the year recognized in Statement of Other Comprehensive Income</b>	<b>(0.15)</b>	<b>(1.89)</b>

(₹ In Million)		
Amount Recognized in the Balance Sheet:		
Particulars	As at 31 March 2024	As at 31 March 2023
Liability at the end of the year	42.87	31.26
Fair Value of Plan Assets at the end of the year	40.61	29.94
Amount recognized in the Balance Sheet	2.26	1.32
<b>Experience Adjustment :</b>		
On Plan Liabilities	-	-
On Plan Assets	-	-
Estimated contribution for next year	2.26	1.32

% Invested		
Investment Pattern:		
Particulars	As at 31 March 2024	As at 31 March 2023
Policy of Insurance	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at 31 March 2024: 7.20% (31 March 2023: 7.35%)

(% p.a.)		
Principal Assumptions:		
Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Discount rate	7.20%	7.35%
Return on plan assets	7.20%	7.35%
Salary escalation	7.50%	7.50%
<b>Withdrawal Rate (as per age band)</b>		
25 & Below	20.00%	20.00%
25 to 35	20.00%	20.00%
35 to 45	20.00%	20.00%
45 to 55	10.00%	10.00%
55 & Above	5.00%	5.00%

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

# Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

# Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

## Sensitivity Analysis:

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Projected Benefit Obligation on Current Assumptions		
Delta Effect of +0.50% Change in Rate of Discounting	41.67	30.37
Delta Effect of -0.50% Change in Rate of Discounting	44.14	32.21
Delta Effect of +0.50% Change in Rate of Salary Growth	43.81	32.03
Delta Effect of -0.50% Change in Rate of Salary Growth	41.91	30.55
Delta Effect of +10% Change in Withdrawal Rate	42.15	30.70
Delta Effect of -10% Change in Withdrawal Rate	43.62	31.85

The sensitivity analysis have been performed by varying a single parameter while keeping all other parameters unchanged.

The sensitivity analysis presented above fails to focus on the inter-relationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

## Maturity Analysis of the Benefit Payments from the Fund:

(₹ In Million)

Projected Benefits Payable in Future Years From the Date of Reporting	For the year ended 31 March 2024	For the year ended 31 March 2023
1 <sup>st</sup> Following Year	4.83	3.27
2 <sup>nd</sup> Following Year	4.60	3.56
3 <sup>rd</sup> Following Year	4.88	3.50
4 <sup>th</sup> Following Year	5.54	3.69
5 <sup>th</sup> Following Year	6.44	4.14
Sum of Years 6 to 10	22.72	17.59

## 41 Employee Stock Option

In accordance with resolution approved by the shareholders, the Company has reserved shares, for issue to employees through ESOP Scheme. On the approval of Nomination and Remuneration Committee (NRC), each ESOP scheme is issued. The NRC has approved below stock option schemes. Under the term of the schemes, the Company may issue stock options to employees and directors of the Company, each of which is convertible into one equity share.

### Employee Stock Option Plans

A summary of the general terms of grants under stock options plans are as under: -

Particulars	SBFC Stock Option Policy I 2018	SBFC Stock Option Policy II 2018	SBFC Stock Option Policy 2021 - I	SBFC Stock Option Policy 2021 - II	SBFC Stock Option Policy 2021 - III	SBFC Stock Option Policy 2021 - IV	SBFC Stock Option Policy 2021 - V	SBFC Stock Option Policy 2023 - I	SBFC Stock Option Policy 2023 - II
Number of options under the Plan	10,840,000	40,560,000	3,000,000	6,375,000	2,975,000	14,291,666	10,500,000	5,730,000	20,300,000
Exercise Price	12.50	12.50	19.00	40.00	40.00	21.45	40.00	55.00	55.00
Fair Value of options as at Grant Date (in ₹)	(Refer fair value table below)	4.58	6.60	11-Jan-22 : 2.60, 21-Apr-22 : 13.27, 19-Nov-22: 13.36	11-Jan-22 : 3.80, 21-Apr-22 : 16.40, 19-Nov-22: 16.33	7.60	3.80	24-Feb-23: 11.85; 26-Apr-23: 19.01; 12-Jul-23: 19.55	24.17
Maximum Term of Options Granted	Refer Note 41.1	Refer Note 41.3	Refer Note 41.1	Refer Note 41.2	Refer Note 41.2	Refer Note 41.2	Refer Note 41.2	Refer Note 41.1	Refer Note 41.1
Method of Settlement	Equity settled	Equity settled	Equity settled	Equity Settled	Equity Settled	Equity settled	Equity settled	Equity settled	Equity settled
Grant Date	1 Oct 18 to 26 May 21	01-Oct-18	30-Oct-21	11-Jan-22, 21-Apr-22 & 19-Nov-22	11-Jan-22, 21-Apr-22 & 19-Nov-22	23-Dec-21	23-Dec-21	24-Feb-23; 26-Apr-23; 12-Jul-23	12-Jul-23
Vesting requirements (No of months from Grant Date & Vesting schedule)	(Refer vesting schedule below)	Months Vesting Schedule	Months Vesting Schedule	Months Vesting Schedule	Months Vesting Schedule	Months Vesting Schedule	Months Vesting Schedule	Months Vesting Schedule	Months Vesting Schedule
	12	50%	12	25.00%	24	25.00%	24	25.00%	27
	24	25%	15	6.25%	27	9.38%	27	9.38%	30
	30	25%	18	6.25%	30	9.38%	30	9.38%	33
			21	6.25%	33	9.38%	33	9.38%	36
			24	6.25%	36	9.38%	36	9.38%	39
			27	10.0%	39	9.38%	39	9.38%	42
			30	10.0%	42	9.38%	42	9.38%	45
			33	15.0%	45	9.38%	45	9.38%	48
			36	15.0%	48	9.38%	48	9.38%	
					51	6.25%			
					54	6.25%			
					57	6.25%			
					60	6.25%			

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### Fair value as at Grant Date for SBFC Stock Option Policy I 2018:

Grant Date	01-Oct-18	01-Oct-18	24-Dec-18	24-Dec-18	15-Mar-19	29-May-19	15-Feb-20	30-Mar-20	23-Dec-20	26-May-21
Fair Value of options as at Grant Date (in ₹)	3.61	3.55	3.31	3.24	3.13	4.07	4.30	4.52	3.95	8.90

### Vesting schedule for SBFC Stock Option Policy I 2018:

Grant Date	01-Oct-18	01-Oct-18	24-Dec-18	24-Dec-18	15-Mar-19	29-May-19	15-Feb-20	30-Mar-20	23-Dec-20	26-May-21
12 months	17.5%	25.0%	17.5%	25.0%	25.0%	25.0%	17.5%	25.0%	25.0%	25.0%
15 months	7.5%	5.0%	7.5%	5.0%	5.0%	5.0%	7.5%	5.0%	5.0%	5.0%
18 months	7.5%	5.0%	7.5%	5.0%	5.0%	5.0%	7.5%	5.0%	5.0%	5.0%
21 months	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
24 months	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
27 months	7.5%	10.0%	7.5%	10.0%	10.0%	10.0%	7.5%	10.0%	10.0%	10.0%
30 months	7.5%	10.0%	7.5%	10.0%	10.0%	10.0%	7.5%	10.0%	10.0%	10.0%
33 months	7.5%	15.0%	7.5%	15.0%	15.0%	15.0%	7.5%	15.0%	15.0%	15.0%
36 months	10.0%	15.0%	10.0%	15.0%	15.0%	15.0%	10.0%	15.0%	15.0%	15.0%
39 months	10.0%	-	10.0%	0.0%	0.0%	0.0%	10.0%	-	-	-
42 months	10.0%	-	10.0%	0.0%	0.0%	0.0%	10.0%	-	-	-

41.1 If Vesting prior to IPO then upto 6 months from date of IPO, If Vesting after IPO then upto 6 months from date of Vesting

41.2 If Vesting prior to IPO then within 12 months from the date of the IPO, If Vesting after IPO then within 12 (Twelve) months from the date of the vesting

41.3 If Vesting prior to IPO then 24 months from date of IPO, If Vesting after IPO then 6 months from date of Vesting,

### 41.4 Method used for accounting for shared based payment plan:

The Company uses fair value to account for the compensation cost of stock options to employees of the Company.

### 41.5 Fair value methodology:

The fair value of options have been estimated on the dates of each grant using the Black-Scholes model. The shares of Company are not listed on any stock exchange. Accordingly, the Company had considered the volatility of the Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model for the stock options granted by the Company are:

Particulars	SBFC Stock Option Policy I - 2018	SBFC Stock Option Policy II - 2018	SBFC Stock Option Policy 2021 - I	SBFC Stock Option Policy 2021 - II	SBFC Stock Option Policy 2021 - III Special Grant	SBFC Stock Option Policy 2021 - IV	SBFC Stock Option Policy 2021 - V	SBFC Stock Option Policy 2023 - I	SBFC Stock Option Policy 2023 - II
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility	20.00%	49.18%	46.33%	47.23%	48.77%	48.77%	54.84%	53.66%	
Risk free interest rate	(Refer table below)	8.00%	4.55%	5.26%	5.69%	5.07%	5.07%	7.42%	7.24%
Expected life of the option	5 years	3 years 6 months	5 years	6 years	5 years	5 years	4 years 6 months	4 years 6 months	

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### Fair value methodology for SBFC Stock Option Policy I 2018:

Grant Date	01-Oct-18	01-Oct-18	24-Dec-18	24-Dec-18	15-Mar-19	29-May-19	15-Feb-20	30-Mar-20	23-Dec-20	26-May-21
Dividend yield	-	-	-	-	-	-	-	-	-	-
Expected volatility	20.00%	20.00%	20.00%	20.00%	20.00%	36.45%	37.43%	43.92%	49.24%	52.61%
Risk free interest rate	8%	7.87%	7.08%	7.07%	7.06%	6.34%	5.43%	5.11%	4.33%	4.50%
Expected life of the option	4 years	3 years 6 months	4 years	3 years 6 months	3 years 6 months	3 years 6 months	4 years	3 years 6 months	3 years 6 months	3 years 6 months

### 41.6 Option Movement during the year ended 31 March 2024

Particulars	Small Business		SBFC Stock		SBFC Stock		SBFC Stock		SBFC Stock		Weighted average exercise price (₹)
	Fincredit Stock Option Policy I 2018	Fincredit Stock Option Policy II 2018	SBFC Stock Option Policy 2021 - I	SBFC Stock Option Policy 2021 - II	SBFC Stock Option Policy 2021 - III Special Grant	SBFC Stock Option Policy 2021 - IV	SBFC Stock Option Policy 2021 - V	SBFC Stock Option Policy 2023 - I	SBFC Stock Option Policy 2023 - II		
Exercise Price per Share	12.50	12.50	19.00	40.00	40.00	21.45	40.00	55.00	55.00		
No. of options outstanding at 01 April 2023	4,287,500	38,060,000	2,763,000	6,125,250	2,925,500	14,291,666	10,500,000	5,730,000	-	23.45	
Options granted during the year	-	-	-	-	-	-	-	140,000	20,300,000	55.00	
Options exercised during the year	(4,156,000)	(38,060,000)	(1,430,000)	(2,315,574)	(329,875)	(1,531,249)	(1,575,000)	(344,996)	-	15.59	
Options forfeited/lapsed during the year	(77,500)	-	(153,000)	(291,562)	(166,000)	-	-	(485,000)	-	41.65	
Number of options outstanding at 31 March 2024	54,000	-	1,180,000	3,518,114	2,429,625	12,760,417	8,925,000	5,040,004	20,300,000	42.16	

### Option Movement during the year ended 31 March 2023

Particulars	Small Business		SBFC Stock		SBFC Stock		SBFC Stock		Weighted average exercise price (₹)
	Fincredit Stock Option Policy I 2018	Fincredit Stock Option Policy II 2018	SBFC Stock Option Policy 2021 - I	SBFC Stock Option Policy 2021 - II	SBFC Stock Option Policy 2021 - III Special Grant	SBFC Stock Option Policy 2021 - IV	SBFC Stock Option Policy 2021 - V	SBFC Stock Option Policy 2023 - I	
Exercise Price per Share	12.50	12.50	19.00	40.00	40.00	21.45	40.00	60.00	
No. of options outstanding at 01 April 2022	4,852,500	38,060,000	2,930,000	5,651,000	2,776,000	14,291,666	10,500,000	-	20.94
Options granted during the year	-	-	-	1,414,000	559,000	-	-	5,730,000	54.88
Options exercised during the year	(423,500)	-	-	-	-	-	-	-	12.50
Options forfeited/lapsed during the year	(141,500)	-	(167,000)	(939,750)	(409,500)	-	-	-	35.54
Number of options outstanding at 31 March 2023	4,287,500	38,060,000	2,763,000	6,125,250	2,925,500	14,291,666	10,500,000	5,730,000	23.79



## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 41.7 The following table summarizes information about stock option plans:-

Policy Name	Exercise Price (₹)	Year ended 31 March 2024		Year ended 31 March 2023	
		Numbers	Weighted Average Remaining Life (Months)*	Numbers	Weighted Average Remaining Life (Months)*
SBFC Stock Option Policy I 2018	12.50	54,000	1.46	4,287,500	4.33
SBFC Stock Option Policy II 2018	12.50	-	-	38,060,000	-
SBFC Stock Option Policy 2021 - I	19.00	1,180,000	3.30	2,763,000	7.99
SBFC Stock Option Policy 2021 - II	40.00	3,518,114	8.53	6,125,250	11.47
SBFC Stock Option Policy 2021 - III	40.00	2,429,625	12.04	2,925,500	12.00
SBFC Stock Option Policy 2021 - IV	21.45	12,760,417	7.67	14,291,666	11.39
SBFC Stock Option Policy 2021 - V	40.00	8,925,000	7.67	10,500,000	11.39
SBFC Stock Option Policy 2023 - I	55.00	5,040,004	11.54	5,730,000	13.96
SBFC Stock Option Policy 2023 - II	55.00	20,300,000	15.36	-	-

Notes: \*Weighted Average Remaining life represents the life for vesting. Exercise period life is in addition to the vesting life.

During the year 2018-19 & 2021-22, the Company has provided loan to the Employee welfare trust for purchase of shares issued by the Company. These shares will be vested to the employee and will be settled through issue of own equity instrument.

The charge under employee benefit expense for the year ended 31 March 2024 amounted to ₹ 224.43 Million (includes ₹ 2.21 Million pertains to discount of ₹ 2 per share to employees at the time of Initial Public Offer) (31 March 2023: ₹ 89.32 Million)

### 42. Segment Information

The Company operates mainly in the business segment of fund based financing activity. All other activities revolve around the main business. Further, all activities are carried out within India. As such, there are no separate reportable segments as per the provisions of Ind AS 108 on 'Operating Segments'.

### 43. Related party disclosures

#### a) Compensation of key management personnel of the Company

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company includes the members of the Board of Directors which include independent directors (and its sub-committees) and Executive Committee to be key management personnel for the purposes of Ind AS 24 Related Party Disclosures.

#### b) Key management personnel of the Company:

Sr No	Name of Key Management Personnel	Designation
1	Mr. Aseem Dhru	Managing Director & CEO
2	Mr. Neeraj Swaroop	Independent Director and Chairperson
3	Mr. Rajesh Mannalal Agrawal	Independent Director
4	Mr. Robin Banerjee	Independent Director (w.e.f. 15 October 2022 upto 20 December 2022)
5	Ms. Surekha Marandi	Independent Director (w.e.f. 23 September 2022)
6	Mr. Ravi Venkatraman	Independent Director (w.e.f. 21 February 2024)
7	Mr. Koni Uttam Nayak	Independent Director (w.e.f. 26 March 2024)
8	Mr. Arjun Sakhuja	Nominee Director (upto 29 March 2024)
9	Mr. John Mescall	Non-Executive Nominee Director
10	Mr. Jonathan Tadeusz Tatur	Non-Executive Nominee Director
11	Mr. Rajeev Gupta	Director (upto 18 July 2022)
12	Mr. Amol Krishna Jain	Director (upto 21 February 2024)
13	Mr. Narayan Barasia	Chief Financial Officer
14	Mr. Jay Mistry	Company Secretary

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### c) Related parties where control exists:

Sr No	Name of Key Management Personnel	Designation
1	Holding Company	SBFC Holdings Pte. Limited
2	Subsidiary Company	SBFC Home Finance Private Limited (w.e.f. 06 December 2022)
3	Entities in which KMP Exercise Significant Influence	Arpwood Partners Investment Advisors LLP (upto 21 February 2024) Arpwood Capital Private Limited (upto 21 February 2024) Arpwood Consultants LLP (upto 21 February 2024) Eight45 Services LLP (upto 21 February 2024)
4	Post-employment benefit plan	SBFC Finance Private Limited Employees GGCA Scheme
5	Controlled Employee Welfare trust	SBFC Employee Welfare Trust

### d) Related party transactions

(₹ In Million)

Particulars	31-Mar-24	31-Mar-23
<b>Key Management Personnel</b>		
<b>Sitting Fees:</b>		
Mr. Neeraj Swaroop	2.80	3.20
Mr. Rajesh Mannalal Agrawal	1.00	1.10
Mr. Robin Banerjee	-	0.50
Ms. Surekha Marandi	2.60	1.40
Mr. Ravi Venkatraman	0.30	-
<b>Remuneration to KMPs:</b>		
Mr. Aseem Dhru	58.23	65.26
Mr. Narayan Barasia	25.03	22.28
Mr. Jay Mistry	2.58	2.32
<b>Employee Share Based Payment:</b>		
Mr. Aseem Dhru	69.10	29.15
Mr. Narayan Barasia	28.48	6.52
Mr. Jay Mistry	0.25	0.07
<b>ESOP Exercise through ESOP trust:</b>		
Mr. Narayan Barasia	8.88	2.13
<b>Issue of Equity Share Capital/ Conversion of partly paid to fully paid up equity share:</b>		
Mr. Aseem Dhru	338.00	219.67
Mr. Narayan Barasia	26.47	8.45
Mr. Jay Mistry	1.41	-
<b>Controlled Employee Welfare trust</b>		
<b>Loan repaid:</b>		
Trustee of Employee welfare Trust	79.12	5.29
<b>Post-employment benefit plan</b>		
<b>Gratuity:</b>		
SBFC Finance Private Limited Employees GGCA Scheme	10.62	8.76
<b>Holding Company</b>		
<b>Issue of Equity Share Capital:</b>		
SBFC Holdings Pte Limited	-	2,000.00
<b>Subsidiary Company</b>		
<b>Investment In Equity Share Capital:</b>		
SBFC Home Finance Private Limited	210.00	0.50
<b>Reimbursement of Expenses:</b>		
SBFC Home Finance Private Limited	2.15	0.69

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### Related party balances (₹ In Million)

Particulars	As at 31-Mar-24	As at 31-Mar-23
<b>Loan given:</b>		
Trustee of Employee welfare trust	32.39	111.51
<b>Other Receivables:</b>		
SBFC Home Finance Private Limited	2.84	0.69
<b>Investment In Equity Share Capital:</b>		
SBFC Home Finance Private Limited	210.50	0.50

### 44. Leases

#### 44.1 The changes in the carrying value of right of use assets are as follows: (₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Balance as at beginning of the year</b>	<b>89.87</b>	<b>124.36</b>
Addition during the year	62.60	49.33
Deletion/ Termination during the year	(8.52)	(112.12)
Depreciation charge for the year	(49.78)	(61.91)
Depreciation on deletion/ termination	5.56	90.21
<b>Balance as at end of the year</b>	<b>99.73</b>	<b>89.87</b>

#### 44.2 The following is the movement in lease liabilities: (₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Balance as at beginning of the year</b>	<b>100.90</b>	<b>141.08</b>
Addition during the year	60.11	47.17
Deletion/ Termination during the year	(2.45)	(26.47)
Finance cost accrued during the year	8.85	11.66
Payment made during the year	(60.39)	(72.54)
<b>Balance as at end of the year</b>	<b>107.02</b>	<b>100.90</b>

#### 44.3 Contractual maturities of lease liabilities on an undiscounted basis:

##### Maturity Profile of Lease liabilities: (₹ In Million)

Lease Liabilities	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
31 March 2024	55.97	62.72	1.37	0.75	<b>120.81</b>
31 March 2023	54.37	46.19	16.80	2.12	<b>119.48</b>

#### 44.4 Impact of Ind AS 116 in the Statement of Profit and Loss:

- Rental expense recorded for short-term leases for the year ended 31 March 2024 was ₹ 49.36 Million (31 March 2023: ₹ 27.75 Million)
- The aggregate depreciation on Right to use assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss.
- The aggregate interest on Lease liabilities has been included under Finance costs in the Statement of Profit and Loss.

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 45. In accordance with Ind AS 33- Earnings per Share, the computation of earnings per share is set out below:

Particulars			For the year ended 31 March 2024	For the year ended 31 March 2023
Net Profit after tax as per Statement of Profit and Loss	(A)	₹ in Million	2,370.21	1,497.96
Weighted average number of equity shares for calculating Basic EPS	(B)	Nos.	1,010,691,659	877,743,681
Add: Equity shares for no consideration arising on grant of stock options under ESOP		Nos.	22,184,168	48,197,462
Weighted average number of equity shares for calculating Diluted EPS	(C)	Nos.	1,032,875,826	925,941,143
Basic earnings per equity share (in ₹) (Face value of ₹ 10 per share)	(A)/(B)	₹ per share	2.35	1.71
Diluted earnings per equity share (in ₹) (Face value of ₹ 10 per share)	(A)/(C)	₹ per share	2.29	1.62

46. As on the date of balance sheet, there were no internal or external indications exists that require management to assess the recoverability amount of the asset. Therefore, the Company believes no impairment of assets is required as per Ind AS 36 "Impairment of Assets".

The Company has carried impairment testing by discounting the projected future cash flows and has enough head room against the carrying amount of ₹ 2,603.92 Million Considering the head room that the Company has, there is no need for impairment. Therefore, there is no Impairment of Goodwill in the books as on 31 March 2024 and 31 March 2023.

### 47. Contingent Liabilities and other commitments to the extent not provided for: (₹ In Million)

Particulars	As at 31-Mar-24	As at 31-Mar-23
<b>a) Contingent liabilities</b>		
Claims against the Company not acknowledged as Debts	13.89	6.36
<b>b) Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	14.92	12.01
Commitments related to loans sanctioned but undrawn	-	-
Other Commitments	-	-

- 47.1 The Company's pending litigations comprise of claims against the Company by the customers and proceedings pending with other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in the financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

### 48. Risk Disclosures

The Company's risk is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk, interest rate risk and price risk.

It is the Company's policy to ensure that a robust risk awareness is embedded in its organizational risk culture.

#### 48.1 Credit risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties.

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 *Contd...*

### 48.1.1 Impairment assessment

#### Exposure at Default

EAD is taken as the gross exposure under a facility upon default of an obligor. The amortized principal and the interest accrued is considered as EAD for the purpose of ECL computation

The advances have been bifurcated into following three stages:

#### Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all standard advances and advances up to 0-29 days default under this category. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

#### Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Financial assets past due for 30-89 days are classified under this stage. The Company uses the below criteria for assessing movement to Stage 2:

- Financial assets past due between 30-89
- The Company becomes aware about any deterioration in the financial condition and reputation of the obligor which the management believes may lead to significant deterioration in credit risk

#### Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 days Past Due is considered as default for classifying a financial instrument as credit impaired. If an event warrants a provision higher than as mandated under ECL methodology, the Company may classify the financial asset in Stage 3 accordingly.

Non performing Asset classification is done in line with Reserve Bank of India Master Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances and Clarifications dated 12 November 2021 and dated February 15, 2022.

#### Significant increase in credit risk

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

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. The Company does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

#### PD estimation process

Probability of default ("PD") is defined as the likelihood of default over a particular time horizon. The PD of an obligor is a fundamental risk parameter in credit risk analysis and depends on obligor specific as well as macroeconomic risk factors. The impact of macroeconomic criteria on the PD results in two different PD estimates, through-the-cycle ("TTC") and the point-in-time ("PIT") PD. A TTC PD estimate remains largely unaffected by the economic cycle, while a PIT PD estimate varies with the economic cycle.

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 *Contd...*

#### Loss given default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

### 48.1.2 Analysis of risk concentration - Refer Note 53.14.3

### 48.1.3 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Company has Guidelines in place covering the acceptability and valuation of each type of collateral. The Company also adheres to the RBI guidelines in respect of maintenance of adequate Loan to Value Ratios.

The main types of collateral for loans are Registered / equitable mortgage of property, Hypothecation of assets including Gold.

Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement.

In case of defaults by customers, where the Company is unable to recover the dues, the Company through a legal process enforces the security and recover the dues.

### 48.2 Liquidity risk and funding management

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

Liquidity risk is managed in accordance with our Asset Liability Management Policy. This policy is framed as per the current regulatory guidelines and is approved by the Board of Directors. The Asset Liability Management Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Company also maintains LCR in accordance with RBI guidelines and board approved Liquidity risk framework. The Asset Liability Committee (ALCO) of the Company formulates and reviews strategies, LCR and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

Analysis of financial assets and liabilities by remaining contractual maturities is provided in Note 38

#### Maturity Profile of financial liabilities:

The table below summarises the maturity profile of the Company's financial liabilities on discounted basis

(₹ In Million)

31 March 2024	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
Derivative financial instruments	45.13	-	-	-	45.13
Trade Payables	112.48	-	-	-	112.48
Other Payables	107.99	-	-	-	107.99
Debt securities	959.66	2,989.93	-	-	3,949.59
Borrowings other than debt securities	13,053.91	17,907.78	2,270.07	165.89	33,397.65
Collateralized borrowings	231.92	555.25	614.59	1,211.21	2,612.97
Other financial liabilities*	2,348.21	-	-	-	2,348.21
<b>Total</b>	<b>16,859.30</b>	<b>21,452.96</b>	<b>2,884.66</b>	<b>1,377.10</b>	<b>42,574.02</b>

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2024 Contd...

(₹ In Million)

31 March 2023	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
Trade Payables	92.20	-	-	-	92.20
Other Payables	36.28	-	-	-	36.28
Debt securities	24.03	430.00	-	-	454.03
Borrowings other than debt securities	10,900.99	16,576.85	5,608.20	204.78	33,290.82
Collateralized borrowings	350.98	690.68	867.15	1,736.96	3,645.77
Other financial liabilities*	2,408.93	-	-	-	2,408.93
<b>Total</b>	<b>13,813.41</b>	<b>17,697.53</b>	<b>6,475.35</b>	<b>1,941.74</b>	<b>39,928.03</b>

\* Excluding lease liabilities. Refer note 44.3 for Contractual maturities of lease liabilities on an undiscounted basis.

### 48.3 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The core business of the Company is providing loan against property, loan against gold and personal loans. The Company borrows through various financial instruments to finance its core lending activity. These activities expose the Company to interest rate risk.

Interest rate risk is measured through earnings at risk from an earnings perspective and through duration of equity from an economic value perspective. Further, exposure to fluctuations in interest rates is also measured by way of gap analysis, providing a static view of the maturity and re-pricing characteristic of Balance sheet positions. An interest rate sensitivity gap report is prepared by classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to contracted/ behavioural maturities or anticipated re-pricing date. The difference in the amount of rate sensitive assets and rate sensitive liabilities maturing or being re-priced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. The interest rate risk is monitored on a quarterly basis.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being considered as constant) of the Company's statement of profit and loss and equity.

(₹ In Million)

For the year ended 31 March 2024	Hypothetical Increase / (decrease) in basis points	Impact in profit or loss	Impact in equity
Borrowings (₹)	25/ (25)	(55.10)	(41.23)
	50/ (50)	(110.19)	(82.46)
Loans (₹)	25/ (25)	101.19	75.72
	50/ (50)	202.39	151.45
Investments in PTC (₹)	25/ (25)	3.67	2.75
	50/ (50)	7.33	5.49

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2024 Contd...

(₹ In Million)

For the year ended 31 March 2023	Hypothetical Increase / (decrease) in basis points	Impact in profit or loss	Impact in equity
Borrowings (₹)	25/ (25)	(74.92)	(56.06)
	50/ (50)	(149.83)	(112.12)
Loans (₹)	25/ (25)	67.63	50.61
	50/ (50)	135.26	101.22
Investments in PTC (₹)	25/ (25)	9.54	7.14
	50/ (50)	19.08	14.28

### 48.4 Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company is mainly exposed to changes in USD. The below table demonstrates the sensitivity to a 5% increase or decrease in the respective foreign currency rates against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings from banks and vendor payments. The Company has hedged its foreign currency exposure arising from bank borrowings through forward contracts in such a manner that it has fixed determinate outflows in its functional currency and as such there would be no significant impact of movement in foreign currency rates on the Company.

As of balance sheet date, Company's net foreign currency exposure expressed in INR that is not hedged is ₹ Nil (31 March 2023 - ₹ 10.91 million)

(₹ In Million)

Foreign Currency	Hypothetical Increase / (decrease) by %	Impact in profit or loss	Impact in equity
<b>For the year ended 31 March 2024</b>			
Currency Sensitivity - USD	5/ (5)	-	-
<b>For the year ended 31 March 2023</b>			
Currency Sensitivity - USD	5/ (5)	(0.55)	(0.41)

### 49. Transferred financial assets that are not derecognized in their entirety

The Company has entered into securitization arrangements to transfer the part of its portfolio of Loan against property and Loan against gold. The terms of the arrangement included over collateralization of the assets of the Company through lien on Fixed deposits. Since the Company had retained significant risk in the transfer of the portfolio, the asset is retained in the books. Consequently, the amount received as sale consideration is shown as Collateralized borrowings in the financial statements.

(₹ In Million)

Securitisations	As at 31 March 2024	As at 31 March 2023
Carrying amount of transferred assets measured at amortised cost	2,951.40	3,927.76
Carrying amount of associated liabilities	2,612.97	3,645.77
Fair value of assets	2,976.41	3,964.58
Fair value of associated liabilities	2,612.97	3,645.77

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 50. Disclosure pursuant to Reserve Bank of India notification RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 5 May 2021 read with Notification no.RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020.

(₹ In Million)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 30 September 2023 (A)	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 31 March 2024
Personal Loans #	38.20	0.87	0.86	1.02	36.31
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>38.20</b>	<b>0.87</b>	<b>0.86</b>	<b>1.02</b>	<b>36.31</b>

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

# This represents Salaried customers.

(₹ In Million)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 31 March 2023 (A)	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 30 September 2023
Personal Loans #	44.84	-	1.13	5.51	38.20
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>44.84</b>	<b>-</b>	<b>1.13</b>	<b>5.51</b>	<b>38.20</b>

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

# This represents Salaried customers.

(₹ In Million)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 30 September 2022 (A)	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 31 March 2023
Personal Loans #	50.74	0.54	0.16	5.94	44.84
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>50.74</b>	<b>0.54</b>	<b>0.16</b>	<b>5.94</b>	<b>44.84</b>

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

# This represents Salaried customers.

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

(₹ In Million)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 31 March 2022 (A)	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 30 September 2022
Personal Loans #	70.64	7.56	1.94	17.87	50.74
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>70.64</b>	<b>7.56</b>	<b>1.94</b>	<b>17.87</b>	<b>50.74</b>

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

# This represents Salaried customers.

### 51. Following are the additional disclosures required as per Schedule III to the Companies Act, 2013 vide Notification dated March 24, 2021:

#### 51.1 Relationship with Struck off Companies:

To the best of the abilities, the Company has not identified any relationship with Company except mentioned below which has been struck off by the respective Registrar of Companies and such information is available vide public notice (Form No. STK-7) u/s 248 of the Act.

(₹ In Million)

Sr. No.	Name of Struck off Company	Nature of transaction	As at 31 March 2024	As at 31 March 2023	Relationship with the struck off Company, if any, to be disclosed
1	Sri Lakshmi Sai Telecom Constructions Private Limited	Loan given	-	13.28	Borrower
2	Fulgent Interior Private Limited	Loan given	1.28	1.40	Borrower
3	S S Institute of Technical Studies Private Limited	Loan given	2.41	2.44	Borrower
4	Bhatia Forex Private Limited	Loan given	-	-	Borrower

#### 51.2 Registration of charges or satisfaction with Registrar of Companies (ROC):

There was no delay in filing form for charge creation/modification/satisfaction for the year ended March 31, 2024

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

Details of delay in filing form for charge creation/modification/satisfaction for the year ended March 31, 2023:

Brief Description of Charge	Location of Registrar	Period by which charge had to be satisfied	Reason for delay
Registration of charge of Aditya Birla Finance Limited as per Registration letter dated 21 November 2022 in relation to Registration of charge for loan facility aggregating to ₹ 40000.00 Million	ROC- Mumbai	30 days	The Form CHG-1 has been filed with an inadvertent delay.
Registration of charge of Axis Bank as per Registration letter dated 11 November 2022 in relation to Registration of charge for loan facility aggregating to ₹ 40000.00 Million	ROC- Mumbai	30 days	The Form CHG-1 has been filed with an inadvertent delay.
Registration of charge of Yes Bank as per Registration letter dated 12 November 2022 in relation to Registration of charge for loan facility aggregating to ₹ 40000.00 Million	ROC- Mumbai	30 days	The Form CHG-1 has been filed with an inadvertent delay.
Registration of charge of Mahindra & Mahindra Financial Services Limited as per Registration letter dated 16 November 2022 in relation to Registration of charge for loan facility aggregating to ₹ 40000.00 Million	ROC- Mumbai	30 days	The Form CHG-1 has been filed with an inadvertent delay.
Registration of charge of NABKISAN Finance Limited as per Registration letter dated 17 November 2022 in relation to Registration of charge for loan facility aggregating to ₹ 40000.00 Million	ROC- Mumbai	30 days	The Form CHG-1 has been filed with an inadvertent delay.
Satisfaction of charge of SIDBI as per satisfaction letter dated 09 November 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 1130.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of Federal Bank as per satisfaction letter dated 19 January 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 500.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of Federal Bank as per satisfaction letter dated 19 January 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 500.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of Federal Bank as per satisfaction letter dated 19 January 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 500.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of Bajaj Finance Limited as per satisfaction letter dated 22 January 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 300.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of Indusind Bank as per satisfaction letter dated 23 March 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 550.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of ICICI Bank as per satisfaction letter dated 26 March 2021 in relation to satisfaction of charge for loan facility aggregating to ₹ 767.29 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.

- 51.3** The Company has borrowings from banks and financial institutions on the basis of security of current assets and the quarterly returns filed by the Company with the banks and financial institutions are in accordance with the unaudited books of accounts of the Company for the respective quarters, except for the following:

(₹ In Million)

Quarter ended	Nature of current Assets/ Liabilities where differences were observed	Amount as per books of accounts	Amount disclosed as per quarterly return/ statement	Difference	Reasons for material variance
Mar-24	Loan against Property Receivable	48,588.56	48,652.10	(63.54)	Note-1

Notes:

Note 1: Provisional quarterly statement have been submitted to lenders. The Company is in process of submission of updated quarterly statement.

(₹ In Million)

Quarter ended	Nature of current Assets/ Liabilities where differences were observed	Amount as per books of accounts	Amount disclosed as per quarterly return/ statement	Difference	Reasons for material variance
June-2022	Loan against Property Receivable	25,082.36	25,088.75	(6.39)	Refer Note-1
	Loan against Gold Receivable	7,309.62	7,309.48	0.14	Refer Note-1
	Unsecured Loan Receivable	2,253.20	2,256.23	(3.03)	Refer Note-1
September-2022	Non Performing Receivables	989.58	994.77	(5.19)	Refer Note-2
	Non Performing Receivables	953.56	975.19	(21.63)	Refer Note-2
December -2022	Non Performing Receivables	1,100.69	1,104.27	(3.58)	Refer Note-2
	Non Performing Receivables	1,100.69	1,104.27	(3.58)	Refer Note-2
March-2023	Loan against Property Receivable	34,801.37	34,801.14	0.23	Refer Note-3
	Loan against Gold Receivable	8,969.45	8,985.90	(16.45)	Refer Note-3
	Unsecured Loan Receivable	1,614.84	1,614.76	0.08	Refer Note-3
	Investment in PTC	2,574.36	2,574.24	0.12	Refer Note-3
	Non Performing Receivables	1,163.39	1,182.37	(18.98)	Refer Note-2

Notes:

Note 1: The amount disclosed as per quarterly returns/ statements reconciles with principal and interest receivable balance without adjustment of provision.

Note 2: Higher interest receivable on NPA reduced from total assets in returns/ statements submitted to bank.

Note 3: Provisional quarterly statement have been submitted to lenders. The Company is in process of submission of updated quarterly statement.

- 51.4** The Company has taken borrowings from banks and financial institutions and utilised them for the specific purpose for which they were taken as at the Balance sheet date. Unutilised funds as at 31 March 2024 are held by the Company in the form of bank balances, debt mutual funds and short term fixed deposits till the time the utilisation is made subsequently.

### 51.5 Details of Benami Property held:

No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder, as at 31 March 2024 and 31 March 2023.

### 51.6 Wilful Defaulter:

The Company is not a declared wilful defaulter by any bank or financial Institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the year ended 31 March 2024 and 31 March 2023.

### 51.7 Compliance with number of layers of companies:

The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

### 51.8 Undisclosed Income:

There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended 31 March 2024 and 31 March 2023, in the tax assessments under the Income Tax Act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of account during the year ended 31 March 2024 and 31 March 2023.

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 51.9 Details of Crypto Currency or Virtual Currency:

The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended 31 March 2024 and 31 March 2023.

### 51.10 Title Deeds of Immovable Properties not held in the name of the Company:

The Company does not hold any immovable property as on 31 March 2024 and 31 March 2023. All the lease agreements are duly executed in favour of the Company for properties where the Company is the lessee.

### 51.11 Revaluation of Property, plant and equipment and Intangible assets

There is no revaluation of Property, plant and equipment and other intangible assets during the year ended 31 March 2024 and 31 March 2023.

### 51.12 Utilisation of Borrowed funds and share premium:

As a part of normal lending business, the Company grants loans and advances on the basis of security/ guarantee provided by the Borrower/ co-borrower and makes investments. These transactions are part of Company's normal non-banking finance business, which is conducted ensuring adherence to all regulatory requirements.

- 51.13 a) Other than the transactions described above, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).
- b) The Company has also not received any fund from any parties (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

### 51.14 Analytical Ratios

	31-Mar-24	31-Mar-23
Capital to Risk Weighted Assets Ratio	40.52%	31.90%
Tier I Capital	40.52%	31.71%
Tier II Capital	-	0.19%

	% variance (31-Mar-24 v/s 31-Mar-23)	Remarks	% variance (31-Mar-23 v/s 31-Mar-22)	Remarks
Capital to Risk Weighted Assets Ratio	27.02%	Increase in CRAR due to Equity Infusion	21.71%	Increase in CRAR due to Equity Infusion
Tier I Capital	27.78%	Increase in CRAR due to Equity Infusion	22.43%	Increase in CRAR due to Equity Infusion
Tier II Capital	(100.00%)	Fixed Deposit Encumbered against Collateralised Borrowings	(38.71%)	Fixed Deposit Encumbered against Collateralised Borrowings

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 52. Disclosure of Restructured Accounts as per Appendix III-D of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Updated as on March 21, 2024)

(₹ In Million)

Sl No.	Other than SME and CDR Debt Restructuring Mechanism Asset Classification Details	31-Mar-24					31-Mar-23					
		Standard	Sub-		Loss	Total	Standard	Sub-		Loss	Total	
			Standard	Doubtful				Standard	Doubtful			
1.	Restructured Accounts as on beginning of the year*	<b>No. of borrowers</b>	792	313	-	-	1,105	1,084	244	-	-	1,328
	<b>Amount outstanding</b>	655.87	260.32	-	-	916.19	962.41	215.20	-	-	1,177.61	
	<b>Provision thereon</b>	97.18	99.02	-	-	196.20	144.57	66.95	-	-	211.52	
Fresh restructuring/ repayments during the year	No. of borrowers	(84)	(65)	-	-	(149)	(149)	(37)	-	-	(186)	
	Amount outstanding	(72.16)	(81.31)	-	-	(153.47)	(186.20)	(69.88)	-	-	(256.08)	
	Provision thereon	(10.82)	(11.07)	-	-	(21.89)	(29.36)	(4.71)	-	-	(34.07)	
3.	Upgradations to restructured standard category during the year	No. of borrowers	48	(48)	-	-	-	35	(35)	-	-	-
	Amount outstanding	54.04	(57.35)	-	-	(3.31)	27.37	(31.54)	-	-	(4.17)	
	Provision thereon	8.00	(18.15)	-	-	(10.15)	4.08	(9.59)	-	-	(5.51)	
4.	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-
5.	Downgradations of restructured accounts during the FY	No. of borrowers	(93)	93	-	-	-	(174)	174	-	-	-
	Amount outstanding	(65.57)	63.60	-	-	(1.97)	(146.93)	150.70	-	-	3.77	
	Provision thereon	(9.65)	22.85	-	-	13.20	(21.99)	48.52	-	-	26.53	
6.	Write-offs of restructured accounts during the FY	No. of borrowers	(9)	(34)	-	-	(43)	(4.00)	(33)	-	-	(37)
	Amount outstanding	(0.76)	(11.43)	-	-	(12.19)	(0.78)	(4.16)	-	-	(4.94)	
	Provision thereon	(0.11)	(11.10)	-	-	(11.21)	(0.12)	(2.15)	-	-	(2.27)	
7.	Restructured Accounts as on end of the year*	<b>No. of borrowers</b>	654	259	-	-	913	792	313	-	-	1,105
	<b>Amount outstanding</b>	571.42	173.83	-	-	745.25	655.87	260.32	-	-	916.19	
	<b>Provision thereon</b>	84.60	81.55	-	-	166.15	97.18	99.02	-	-	196.20	

\*Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

#### Notes:

- a) Since the disclosure of restructured advance account pertains to section "Others", the section "Under CDR Mechanism" and "Under SME Debt Restructuring Mechanism" as per format prescribed in the guidelines are not included above.
- b) Provision has been considered as per ECL.

### 53. Disclosure as per Annex XXII of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Updated as on March 21, 2024)

#### 53.1 Summary of Material accounting policies

The accounting policies regarding key areas of operations are disclosed as note 2 to the standalone financial statements.

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 53.2 Capital (₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
i) CRAR (%)	40.52%	31.90%
ii) CRAR - Tier 1 Capital (%)	40.52%	31.71%
iii) CRAR - Tier 2 Capital (%)	0.00%	0.19%
iv) Amount of subordinated debt raised as Tier - 2 capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-

### 53.3 Investments (₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Value of Investments</b>		
i) Gross Value of Investments		
a) In India	4,271.60	6,066.42
b) Outside India	-	-
ii) Provisions for Depreciation		
a) In India	-	-
b) Outside India	-	-
iii) Net Value of Investments		
a) In India	4,271.60	6,066.42
b) Outside India	-	-
<b>Movement of provisions held towards depreciation on investments</b>		
i) Opening balance	-	-
ii) Add : Provisions made during the year	-	-
iii) Less : Write-off / write-back of excess provisions during the year	-	-
iv) Closing balance	-	-

### 53.4 Derivatives

#### 53.4.1 Forward Rate Agreement / Interest Rate Swap (₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
i) The notional principal of swap agreements	-	-
ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
iii) Collateral required by the NBFC upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swaps	-	-
v) The fair value of the swap book	-	-

#### 53.4.2 Exchange Traded Interest Rate (IR) Derivatives (₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
i) Notional principal amount of exchange traded IR derivatives undertaken during the year	-	-
ii) Notional principal amount of exchange traded IR derivatives outstanding as at end of the year	-	-
iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
v) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-

#### 53.4.3 Disclosures on Risk Exposure in Derivatives

##### Qualitative Disclosures

The Company has a Board approved policy in dealing with derivative transactions. Derivative transaction consists of hedging of foreign exchange transactions, which includes forward contracts. The Company undertakes derivative

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

transactions for hedging on-balance sheet assets and liabilities. Such outstanding derivative transactions are accounted on accrual basis over the life of the underlying instrument. The Asset Liability Management Committee and Risk Management Committee closely monitors such transactions and reviews the risks involved.

The Company has entered into derivative agreement to mitigate the foreign exchange risk pertaining to foreign currency borrowing. The description of risk policies and risk mitigation strategies are disclosed in note 48.4 of the standalone financial statements.

#### Quantitative Disclosures (₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
	Currency Derivatives	Currency Derivatives
i) Derivatives (Notional Principal Amount) For Hedging	(8,337.39)	-
ii) Marked to Market Positions		
a) Asset (+)	-	-
b) Liability (-)	-	-
iii) Credit Exposure	-	-
v) Unhedged Exposures (Refer Note 48.1.5)	-	10.91

#### 53.4 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

As at 31 March 2024	1 to 7 days	8 to 14 days	15 to 30/31 days	Over 1 month and upto 2 months	Over 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
	Advances [Refer Notes ii and iv below]	1,200.56	386.29	919.13	1,574.35	1,678.57	6,691.38	6,879.84	16,213.44	22,068.51	752.84
Investment [Refer Notes ii and iv below]	1,916.22	64.56	-	61.68	61.98	576.73	1,379.93	-	-	210.50	<b>4,271.60</b>
Borrowings	120.17	26.98	85.19	584.25	(6,034.34)	3,856.41	7,222.79	21,452.96	2,884.66	1,377.10	<b>31,576.17</b>
Foreign Currency liabilities [Refer Notes iii and vi below]	46.65	-	-	-	8,337.39	-	-	-	-	-	<b>8,384.04</b>
<b>As at 31 March 2023</b>											
Advances [Refer Notes ii and iv below]	1,044.84	142.82	279.32	586.56	1,026.14	2,351.91	5,895.34	4,650.75	5,425.75	22,749.67	<b>44,153.10</b>
Investment [Refer Notes ii and iv below]	-	838.13	-	83.70	83.69	256.09	532.45	1,519.92	-	2,752.44	<b>6,066.42</b>
Borrowings	59.65	92.85	135.60	588.86	2,316.14	2,647.85	5,435.09	17,697.51	6,475.89	1,941.18	<b>37,390.62</b>
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

##### Notes:

- Maturity pattern of assets and liability has been compiled by management on contractual payment basis and relied upon by the auditors.
- Amount shown in the tables are after netting off the provision
- Amount disclosed represents the amortised cost of the borrowings and foreign currency liabilities as per Ind AS as given in Note 2.4 of the standalone financial statement.
- Amount disclosed represents the amortised cost of loans and advances and Investments and fair value in case of FVTPL instruments as per Ind AS as given in Note 2.4 of the standalone financial statements.
- Assets and liabilities bifurcation into various buckets is based on RBI guidelines.
- Foreign Currency Liability (borrowing in foreign currency) will get converted into Rupee term loan in the month of June 2024 as per agreement with the bank and therefore, Foreign Currency Liability shown as paid and corresponding liabilities towards payment of term loan has been created and shown under Borrowings in same period.



## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 53.5 Exposures

#### 53.5.1 Exposure to Real Estate Sector

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Direct Exposure:</b>		
i) <b>Residential Mortgages</b>		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	42,334.58	30,369.75
ii) <b>Commercial Real Estate</b>		
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	5,728.02	4,053.12
iii) <b>Investments in Mortgage Backed Securities (MBS) and other securitised exposures -</b>		
a. Residential	-	-
b. Commercial Real Estate	-	-
<b>Total Exposure to Real Estate sector</b>	<b>48,062.60</b>	<b>34,422.87</b>

#### 53.5.2 Exposures to Capital Market

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
ii) Advances against shares/ bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/ convertible debentures/ units of equity oriented mutual funds 'does not fully cover the advances';	-	-
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
vi) Loans sanctioned to corporates against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii) Bridge loans to companies against expected equity flows/ issues;	-	-
viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	-	-
<b>Total Exposure to Capital Market</b>	<b>-</b>	<b>-</b>

#### 53.5.3 Details of financing of parent Company products

The Company does not finance parent Company products

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

#### 53.5.4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

(₹ In Million)

Single borrower limit exceeded during the year	Name of the Company	Outstanding Loans and Advances
The Company has not exceeded Single Borrower Limit (SGL) / Group Borrower Limit (GBL) during the year 31 March 2024 (31 March 2023: Nil)	-	-

#### 53.5.5 Unsecured Advances

Gross carrying amount of Unsecured Loans as on 31 March 2024 is ₹ 841.46 Million (31 March 2023: ₹ 1,595.12 Million).

#### 53.6 Registration obtained from other financial sector regulators

The Company has not engaged into any business activity which are governed by other financial sector regulator. Hence, no registration was obtained.

#### 53.7 Disclosure of Penalties imposed by RBI and other regulators

During the current year, the Company had, suo moto, filed a compounding application dated January 25, 2021 with the Registrar of Companies ("ROC") under the Companies Act. The Compounding Application pertained to compounding the offence committed under Section 179(3)(d) and Section 179(3)(f) of the Companies Act read with Secretarial Standards 1 on "Meetings of the Board of Directors" with respect to items of business which should not have been passed by a circular resolution. In accordance with the second explanation to paragraph 1.3.8 and the explanation to paragraph 6.1.1 of the Secretarial Standards 1, items of business in relation to borrowing money other than by issue of debentures and providing security in respect of loans should be placed in a board meeting of a company and shall not be passed by a circular resolution. In contravention of the above, our Company had passed certain circular resolutions to avail credit and loan facilities. By way of order signed on May 31, 2023, the RoC has disposed off the Compounding Applications and the offences thereunder have been compounded, after payment of fees of ₹ 0.97 million by the Company and the KMP's.

There is no other instance of penalty or stricture imposed on the Company by RBI or any other regulatory on matter during the current or previous year.

#### 53.8 Related Party Transaction

Refer Note 43 for details in relation to Related party transactions.

#### 53.9 Ratings assigned by credit rating agencies and migration of ratings during the year ended:

Facility	31-Mar-24		
	ICRA	IndiaRatings	CARE
Bank Loan & Non - Convertible Debentures Rating	[ICRA]A+(Stable)	Ind AA- (Stable)	[CARE]A+(Positive)

Facility	31-Mar-23	
	ICRA	IndiaRatings
Bank Loan & Non - Convertible Debentures Rating	[ICRA]A+(Stable)	Ind A+/ Stable

#### 53.10 Remuneration to Directors

Refer Note 43 (d) for details in relation to remuneration to Directors.

#### 53.11 Management

Refer Director's report for the relevant disclosures

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2024 Contd...

### 53.12 Net profit or loss for the period, prior period items and changes in accounting policies

There are no prior period items that have impact on the current year's or previous year's profit and loss.

### 53.13 Revenue Recognition

There is no transaction in which the Revenue recognition has been postponed or pending the resolution of significant uncertainty

### 53.14 Indian Accounting Standard 110 - Consolidated Financial Statements (CFS)

On December 6, 2022, the Company has incorporated a wholly owned subsidiary in the name of – SBFC Home Finance Private Limited having Corporate Identification Number U65992MH2022PTC394642. The consolidated financial statements are separately presented.

### 53.15 Additional disclosures

#### 53.15.1 Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss:

(₹ In Million)		
Particulars	As at 31 March 2024	As at 31 March 2023
a) Provisions for depreciation on Investment	-	-
b) Provision towards NPA*	191.70	118.69
c) Provision made towards income tax	774.00	584.90
d) Other provisions and Contingencies	-	-
e) Provision for gratuity	11.71	9.50
f) Provision for leave encashment	-	-
g) Provision for depreciation	134.14	127.14
h) Provision for standard assets	78.11	52.90

\*excluding recovery form Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) Scheme ₹ Nil (31 March 2023 ₹ 1.70 Million)

#### 53.15.2 Draw Down from Reserves

The Company has not drawn down any reserves during the current or previous year.

#### 53.15.3 Concentration of Deposits, Advances, Exposures and NPAs

##### a) Concentration of Deposits (for deposit taking NBFCs)

(₹ In Million)		
Particulars	As at 31 March 2024	As at 31 March 2023
Total Deposits of twenty largest depositors	-	-
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	-	-

Note: The Company is not a deposit taking NBFC and has not obtained any deposits from public

##### b) Concentration of Advances

(₹ In Million)		
Particulars	As at 31 March 2024	As at 31 March 2023
Total Advances to twenty largest borrowers	268.58	300.44
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.45%	0.67%

##### c) Concentration of Exposures

(₹ In Million)		
Particulars	As at 31 March 2024	As at 31 March 2023
Total Exposure to twenty largest borrowers/ customers	268.58	300.44
Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the NBFC on borrowers / customers	0.45%	0.67%

## Notes forming part of Standalone Financial Statements for the year ended 31 March 2024 Contd...

### d) Concentration of NPAs

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Total Exposure to top four NPA accounts	38.80	57.92

### e) Sector wise NPAs

(₹ In Million)

Sector	Percentage of NPAs to Total Advances in that sector	
	As at 31 March 2024	As at 31 March 2023
1) Agriculture & allied activities	-	-
2) MSME	2.20%	1.85%
3) Corporate borrowers	-	-
4) Services	2.80%	2.81%
5) Unsecured personal loans	9.02%	6.66%
6) Auto loans	-	-
7) Other loans	0.48%	1.27%

### f) Movement of NPAs

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Net NPAs to Net Advances (%)</b>	<b>1.37%</b>	<b>1.59%</b>
<b>Movement of NPAs (Gross)</b>		
a) Opening balance	1,156.60	886.62
b) Additions during the year	915.37	664.17
c) Reductions during the year	(626.97)	(394.19)
d) Closing balance	<b>1,445.00</b>	<b>1,156.60</b>
<b>Movement of NPAs (Gross)</b>		
a) Opening balance	701.83	550.54
b) Additions during the year	525.14	414.59
c) Reductions during the year	(428.44)	(263.30)
d) Closing balance	<b>798.53</b>	<b>701.83</b>
<b>Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
a) Opening balance	454.77	336.08
b) Provisions made during the year	390.23	249.58
c) Write-off/ write-back of excess provisions	(198.53)	(130.89)
d) Closing balance	<b>646.47</b>	<b>454.77</b>

#### 53.15.4 Overseas Assets

The Company does not have any overseas assets.

#### 53.15.5 Off Balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company does not have SPVs sponsored (which are required to be consolidated as per accounting norms)

#### 53.15.6 Customer Complaints

(₹ In Million)

Particulars	Percentage of NPAs to Total Advances in that sector	
	As at 31 March 2024	As at 31 March 2023
a) No. of complaints pending at the beginning of the year	2	-
b) No. of complaints received during the year	753	762
c) No. of complaints redressed during the year	755	760
d) No. of complaints pending at the end of the year*	-	2

\*Subsequently redressed

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 53.15.7 Disclosure of Frauds reported during the year vide DNBS.PD.CC NO.256/03.10.042/2011-12 Dated 2 March 2012

#### Instances of fraud reported upto 31 March 2024:

(₹ In Million)

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount write off
Fraud committed by employees	1	-	-	-

The Whistleblower Committee received an information dated 29<sup>th</sup> September 2023 against the concerned staff of Surat branch on certain unapproved cash transactions. The committee conducted a thorough investigation in line with the informer's statement and has observed that the Information was correct. The branch regularly engaged in the practice of giving cash out without recording in the system. On investigation it was observed, hat a certain individual would take cash out in the morning and return with the same amount of cash in the evening.

### 54. Disclosure pursuant to Reserve Bank of India notification RBI/DNBR/2016-17/45 Master Direction DNBR. PD.008/03.10.119/2016-17 updated as on 29 December 2022 pertaining to gold loans.

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
No of loan Accounts*	5,198	1,713
Outstanding Loan Amount	290.21	98.67
Sale Consideration	372.88	111.57

\*There is no sister concern participation in any of the above accounts.

### 55. Disclosure of provisions required under IRACP and impairment allowances made under Ind AS 109 as per Annex II of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Updated as on March 21, 2024)

(₹ In Million)

Asset Classification as per RBI Norms as at 31 March 2024 (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)
<b>Performing Assets</b>						
Standard	Stage 1	55,425.96	327.16	55,098.80	224.12	103.04
	Stage 2	2,598.10	130.52	2,467.58	39.39	91.13
<b>Subtotal</b>		<b>58,024.06</b>	<b>457.68</b>	<b>57,566.38</b>	<b>263.51</b>	<b>194.17</b>
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	998.50	391.87	606.63	104.26	287.61
Doubtful						
up to 1 year	Stage 3	283.70	154.62	129.08	60.47	94.15
1 to 3 years	Stage 3	160.96	98.14	62.82	50.58	47.56
More than 3 years	Stage 3	1.84	1.84	-	0.92	0.92
<b>Subtotal for doubtful</b>		<b>446.50</b>	<b>254.60</b>	<b>191.90</b>	<b>111.97</b>	<b>142.63</b>
Loss						
	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>1,445.00</b>	<b>646.47</b>	<b>798.53</b>	<b>216.23</b>	<b>430.24</b>
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	-	-	-	-	-
<b>Subtotal</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>Stage 1</b>	<b>55,425.96</b>	<b>327.16</b>	<b>55,098.80</b>	<b>224.12</b>	<b>103.04</b>
	<b>Stage 2</b>	<b>2,598.10</b>	<b>130.52</b>	<b>2,467.58</b>	<b>39.39</b>	<b>91.13</b>
	<b>Stage 3</b>	<b>1,445.00</b>	<b>646.47</b>	<b>798.53</b>	<b>216.23</b>	<b>430.24</b>
	<b>Total (refer below note)</b>	<b>59,469.06</b>	<b>1,104.15</b>	<b>58,364.91</b>	<b>479.74</b>	<b>624.41</b>

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

## Notes:

In respect of loans granted by the Company:

- the schedule of repayment of principal and payment of interest has been duly stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per repayment schedules except for 24,721 cases having loan outstanding balance at year end aggregating to ₹ 5,204.16 Million wherein the repayments of principal and interest are not regular; and

- the total amount overdue for more than 90 days as at the balance sheet date are ₹ 1,721.15 Million (Principal amount ₹ 1,456.59 Million and Interest amount ₹ 264.57 Million) for 2,680 cases. Interest income ₹ 264.57 Million which overdue for more than 90 days are not recognised as income as a matter of prudence as per accounting policies and practices of the Company.

Necessary steps are being taken by the Company for recovery thereof

(₹ In Million)

Asset Classification as per RBI Norms as at 31 March 2023 (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)
<b>Performing Assets</b>						
Standard	Stage 1	42,231.65	267.36	41,964.29	171.01	96.35
	Stage 2	1,599.19	112.21	1,486.98	39.90	72.31
<b>Subtotal</b>		<b>43,830.84</b>	<b>379.57</b>	<b>43,451.27</b>	<b>210.91</b>	<b>168.66</b>
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	881.40	314.03	567.37	95.47	218.56
Doubtful						
up to 1 year	Stage 3	210.52	104.35	106.17	44.92	59.43
1 to 3 years	Stage 3	61.54	35.11	26.43	16.43	18.68
More than 3 years	Stage 3	3.14	1.28	1.86	1.28	-
<b>Subtotal for doubtful</b>		<b>275.20</b>	<b>140.74</b>	<b>134.46</b>	<b>62.63</b>	<b>78.11</b>
Loss						
	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>1,156.60</b>	<b>454.77</b>	<b>701.83</b>	<b>158.10</b>	<b>296.67</b>
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	-	-	-	-	-
<b>Subtotal</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>Stage 1</b>	<b>42,231.65</b>	<b>267.36</b>	<b>41,964.29</b>	<b>171.01</b>	<b>96.35</b>
	<b>Stage 2</b>	<b>1,599.19</b>	<b>112.21</b>	<b>1,486.98</b>	<b>39.90</b>	<b>72.31</b>
	<b>Stage 3</b>	<b>1,156.60</b>	<b>454.77</b>	<b>701.83</b>	<b>158.10</b>	<b>296.67</b>
	<b>Total (refer below note)</b>	<b>44,987.44</b>	<b>834.34</b>	<b>44,153.10</b>	<b>369.01</b>	<b>465.33</b>

## Notes:

In respect of loans granted by the Company:

- the schedule of repayment of principal and payment of interest has been duly stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per repayment schedules except for 17,793 cases having loan outstanding balance at year end aggregating to ₹ 3,761.51 Million wherein the repayments of principal and interest are not regular; and

- the total amount overdue for more than 90 days as at the balance sheet date are ₹ 1,163.30 Million (Principal amount ₹ 1,081.65 Million and Interest amount ₹ 81.65 Million) for 2,783 cases.

Necessary steps are being taken by the Company for recovery thereof

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 56. Disclosure on Liquidity Coverage Ratio

As per RBI guidelines no DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 Dated November 04, 2019, NBFCs assets with more than ₹ 5000 crores, required to maintain Liquidity Coverage Ratio (LCR) as mentioned therein.

As on 31<sup>st</sup> October 2022, our Company has crossed ₹ 5000 crores assets mark and adopted to start complying with the monitoring and tracking of Liquidity Coverage Ratio (LCR) as part of Liquidity Risk Management framework from 25<sup>th</sup> November 2022 onwards as per RBI guidelines. The objective of this policy is to create an institutional mechanism to compute, review and monitor periodically all the elements of the liquidity, develop suitable Liquidity Risk Management Framework, identify potential risks, take suitable decisions and mitigate such risks.

As per RBI guidelines to ensure strong liquidity, NBFCs shall maintain an adequate level of unencumbered High Quality Liquid Assets (HQLA) that can be converted into cash to meet its liquidity needs for a 30-day calendar time horizon under a significantly severe liquidity stress scenario.

The Company follows the criteria laid down by RBI for calculation of Liquidity coverage Ratio (LCR) which is represented by the ratio "Stock of HQLA" divided by "Total Net Cash Outflows over the next 30 calendar days". Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow). However, total cash inflows will be subjected to an aggregate cap of 75% of total expected cash outflows. In other words, total net cash outflows over the next 30 days = Stressed Outflows - Min (stressed inflows; 75% of stressed outflows).

Company for purpose of computing cash outflows, have considered:

1. Secured wholesale funding i.e., all the contractual debt repayments,
2. Liquidity needs (e.g., collateral calls) related to financing transactions, derivatives and other contracts where 'downgrade triggers' up to and including a 3-notch downgrade,
3. Currently undrawn committed credit and liquidity facilities,
4. Any other contractual outflows not captured elsewhere in the template i.e., operational expenditure

Cash Inflows comprises of:

1. All other assets i.e., expected receipt from all performing loans,
2. Lines of credit – Credit or liquidity facilities or other contingent funding facilities that the NBFC holds at other institutions for its own purpose (Facilities which are sanctioned but not yet disbursed)
3. Other contractual cash inflows (Includes fixed deposits and mutual funds)

HQLA is considered as per RBI guidelines.

The Company exceeds the regulatory requirement of LCR which mandated maintaining 60% of expected net cash outflows for next 30 days in a stressed scenario in high quality liquid assets (HQLA) by December 2022; which has to be increased to 100% by December 2024 in a phased manner. During quarter ended June 23, September 23, December 23 and March 24 the Company maintained a LCR of 177%,187%, 220% and 237%, well in excess of the RBI's stipulated norm of 85%.

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

Appendix I - as on Quarter ended 31 March 24, 31 December 23, 30 September 23 and 30 June 23 (Average for the period from 01-Jan-2024 to 31-Mar-2024, 01-Oct-2023 to 31-Dec-23, 01-July-23 to 30-September-23, 01-April-2023 to 30-June-23).

(₹ In Million)

Sr. LCR Disclosure No.	Q4 FY 2024		Q3 FY 2024		Q2 FY 2024		Q1 FY 2024	
	Total Unweighted Value (average) <sup>1</sup>	Total Weighted Value (average) <sup>2</sup>	Total Unweighted Value (average) <sup>1</sup>	Total Weighted Value (average) <sup>2</sup>	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>								
1	2,763.54	2,763.54	2,661.51	2,661.51	2,250.36	2,250.36	3,516.69	3,516.69
<b>Total HQLA</b>	<b>2,763.54</b>	<b>2,763.54</b>	<b>2,661.51</b>	<b>2,661.51</b>	<b>2,250.36</b>	<b>2,250.36</b>	<b>3,516.69</b>	<b>3,516.69</b>
<b>Cash Outflows</b>								
2	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-
4	1,836.96	2,112.51	1,429.12	1,643.49	1,339.77	1,540.74	1,525.99	1,754.88
5	1,997.36	2,296.97	2,580.16	2,967.18	2,635.66	3,031.01	2,784.17	3,201.80
i) Outflows related to derivative exposures and other collateral requirements	285.84	328.72	990.30	1,138.84	1,090.07	1,253.58	1,195.82	1,375.19
ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
iii) Credit and liquidity facilities	1,711.52	1,968.25	1,589.86	1,828.34	1,545.59	1,777.43	1,588.35	1,826.61
6	225.32	259.12	201.75	232.01	206.96	238.01	183.08	210.54
7	-	-	-	-	-	-	-	-
8	<b>4,059.64</b>	<b>4,668.60</b>	<b>4,211.03</b>	<b>4,942.68</b>	<b>4,182.39</b>	<b>4,809.76</b>	<b>4,493.24</b>	<b>5,167.22</b>
<b>Cash Inflows</b>								
9	-	-	-	-	-	-	-	-
10	2,500.63	1,725.47	2,091.50	1,568.63	1,696.27	1,272.20	1,584.07	1,188.05
11	5,455.83	4,091.87	7,540.32	5,655.24	5,550.09	4,162.57	2,658.72	1,994.04
12	<b>7,756.46</b>	<b>5,817.34</b>	<b>9,631.82</b>	<b>7,223.87</b>	<b>7,246.36</b>	<b>5,434.77</b>	<b>4,242.79</b>	<b>3,182.09</b>
<b>Total Adjusted Value</b>								
13								
14								
15								
<b>TOTAL HQLA</b>		<b>2,763.54</b>		<b>2,661.51</b>		<b>2,250.36</b>		<b>3,516.69</b>
<b>TOTAL NET CASH OUTFLOWS</b>		<b>1,167.15</b>		<b>1,210.67</b>		<b>1,202.44</b>		<b>1,985.13</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>		<b>236.78%</b>		<b>219.84%</b>		<b>187.15%</b>		<b>177.15%</b>

Note: LCR coverage ratio is based on Management estimations of future inflows and outflows which is relied upon by the auditors.  
<sup>1</sup> Unweighted values must be calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).  
<sup>2</sup> Weighted values must be calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

Appendix I - Liquidity Coverage Ratio as on Quarter ended 31 December 22 and 31 March 23 (Average for the period from 25-Nov-2022 to 31-Dec-22, 01-Jan-2023 to 31-Mar-2023)

For the year ended on 31 March 2023

(₹ In Million)

Sr. No.	LCR Disclosue	Q4 FY 23		Q3 FY 23	
		Total Unweighted Value (average) <sup>1</sup>	Total Weighted Value (average) <sup>2</sup>	Total Unweighted Value (average) <sup>1</sup>	Total Weighted Value (average) <sup>2</sup>
<b>High Quality Liquid Assets</b>					
1	High Quality Liquid Assets	2,197.56	2,197.56	4,480.79	4,480.79
	<b>Total HQLA</b>	<b>2,197.56</b>	<b>2,197.56</b>	<b>4,480.79</b>	<b>4,480.79</b>
<b>Cash Outflows</b>					
2	Deposits (for deposit taking companies)	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-
4	Secured wholesale funding	1,160.37	1,334.42	1,395.87	1,605.25
5	Additional requirements, of which	2,667.65	3,067.80	4,871.69	5,602.45
	i) Outflows related to derivative exposures and other collateral requirements	1,258.45	1,447.21	3,741.42	4,302.63
	ii) Outflows related to loss of funding on debt products	-	-	-	-
	iii) Credit and liquidity facilities	1,409.21	1,620.59	1,130.27	1,299.82
6	Other contractual funding obligations	171.49	197.21	162.18	186.51
7	Other contingent funding obligations	-	-	-	-
8	<b>TOTAL CASH OUTFLOWS</b>	<b>3,999.51</b>	<b>4,599.44</b>	<b>6,429.74</b>	<b>7,394.21</b>
<b>Cash Inflows</b>					
9	Secured lending	-	-	-	-
10	Inflows from fully performing exposures	1,538.22	1,153.66	1,256.21	942.16
11	Other cash inflows	81.67	61.25	189.19	141.89
12	<b>TOTAL CASH INFLOWS</b>	<b>1,619.89</b>	<b>1,214.91</b>	<b>1,445.40</b>	<b>1,084.05</b>
		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>	
13	<b>TOTAL HQLA</b>		<b>2,197.56</b>		<b>4,480.79</b>
14	<b>TOTAL NET CASH OUTFLOWS</b>		<b>3,384.52</b>		<b>6,310.16</b>
15	<b>LIQUIDITY COVERAGE RATIO (%)</b>		<b>64.93%</b>		<b>71.01%</b>

Note: LCR coverage ratio is based on Management estimations of future inflows and outflows which is relied upon by the auditors.

<sup>1</sup> Unweighted values must be calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

<sup>2</sup> Weighted values must be calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

### 57. Public Disclosure on Liquidity Risk as per Appendix VI-A of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Updated as on March 21, 2024) for the quarter ended 31 March 2024

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

(₹ In Million)

S.No	Number of Significant Counterparties*	Amount	% of Total deposits	% of Total Liabilities
1	23	38,499.41	Nil	89.85%

\*Significant instrument/product" is defined as group of similar instruments/products which in aggregate amount to more than 1% total liabilities

#### ii) Top 20 large Deposits

Not applicable, since the Company is a non-deposit taking Non-Banking Financial Company.

#### iii) Top 10 Borrowings

(₹ In Million)

Sr. No.	Amount	% of Total borrowings
1	28,964.91	72.49%

#### iv) Funding concentrations based on significant instrument/Product

(₹ In Million)

Sr. No.	Name of product/ instrument	Amount	% of Total Liabilities
1	Debt securities	3,930.00	9.17%
2	Private Sector Bank	14,859.86	34.68%
3	Financial Institutions	5,323.34	12.42%
4	Public Sector Bank	4,748.95	11.08%
5	Securitization	2,604.07	6.08%
6	Foreign Bank	151.52	0.35%
7	FCNB	8,337.39	19.46%

#### v) Stock Ratios

(₹ In Million)

Sr. No.	Stock ratio	Percentage
1	Commercial papers as a % of total liabilities	-
2	Commercial papers as a % of total assets	-
3	Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	2.17%
4	Non-convertible debentures (original maturity of less than one year) as a % of total assets	1.32%
5	Other short-term liabilities# as a % of total liabilities	6.23%
6	Other short-term liabilities# as a % of total assets	3.78%
7	Other short-term liabilities as a % of total long term assets	5.86%

#Total liabilities represent Total liabilities less equity and other equity

#### vi) Institutional set-up for liquidity risk management

- 1) The Liquidity Risk Management framework of the Company is governed by its Liquidity Risk Management policy and procedures approved by the Board.
- 2) The Board of Directors of the Company have the overall responsibility of management of liquidity risk. Board decides the strategy, policies and procedures of the NBFC to manage liquidity risk in accordance with the liquidity risk tolerance/limits decided by it.
- 3) Risk Management Committee (RMC) reports to the Board and evaluates overall risks faced by the Company including liquidity risk.
- 4) Asset Liability Management Committee (ALCO) of the Company implements the liquidity risk management strategy and ensures adherence to the risk tolerance/limits set by the Board.
- 5) In order to ensure a diversified borrowing mix, concentration of borrowing through various sources are monitored.

### 58. Disclosures as required under Section I of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Updated as on March 21, 2024)

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 58.1 Exposures

#### 58.1.1 Exposure to Real Estate Sector

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>i) Direct Exposure:</b>		
<b>a) Residential Mortgages</b>		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	42,334.58	30,369.75
<b>b) Commercial Real Estate</b>		
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	5,728.02	4,053.12
<b>c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -</b>		
a) Residential	-	-
b) Commercial Real Estate	-	-
<b>ii) Indirect Exposure:</b>		
a) Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	575.89	2,574.36
<b>Total Exposure to Real Estate sector</b>	<b>48,638.49</b>	<b>36,997.23</b>

#### 58.1.2 Exposures to Capital Market

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	-	-
iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
vii) Bridge loans to companies against expected equity flows / issues	-	-
viii) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
ix) Financing to stockbrokers for margin trading	-	-
x) All exposures to Alternative Investment Funds:		
(i) Category I	-	-
(ii) Category II	-	-
(iii) Category III	-	-
<b>Total Exposure to Capital Market</b>	<b>-</b>	<b>-</b>

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 58.1.3 Sectoral Exposure

(₹ In Million)

Sr. No.		31 March 2024			31 March 2023		
		Total Exposure (₹ in Million)	Gross NPAs (₹ in Million)	Percentage of Gross NPAs to total exposure in the sector	Total Exposure (₹ in Million)	Gross NPAs (₹ in Million)	Percentage of Gross NPAs to total exposure in the sector
1	Agriculture & allied activities	-	-	-	-	-	-
2	Industry	<b>4,508.97</b>	<b>99.00</b>	<b>2.20%</b>	<b>3,322.18</b>	<b>61.41</b>	<b>1.85%</b>
	2.1 Micro and Small	4,497.55	99.00	2.20%	3,299.84	61.41	1.86%
	2.2 Medium	11.42	-	-	22.34	0.00	0.00
	2.3 Large	-	-	-	-	-	-
3	Services	<b>43,553.62</b>	<b>1,219.01</b>	<b>2.80%</b>	<b>31,100.69</b>	<b>874.73</b>	<b>2.81%</b>
	3.1 Tourism, Hotel and Restaurants	1,572.95	41.87	2.66%	1,074.92	17.49	1.63%
	3.2 Professional Services	1,435.98	16.89	1.18%	988.30	10.90	1.10%
	3.3 Retail Trade	24,079.99	683.51	2.84%	16,404.34	463.91	2.83%
	3.4 Other Services	16,464.70	476.74	2.90%	12,633.13	382.43	3.03%
4	Unsecured personal loans	<b>841.48</b>	<b>75.93</b>	<b>9.02%</b>	<b>1,595.12</b>	<b>106.24</b>	<b>6.66%</b>
5	Auto loans	-	-	-	-	-	-
6	Other loans - Loan against Gold	<b>10,565.00</b>	<b>51.06</b>	<b>0.48%</b>	<b>8,969.45</b>	<b>114.22</b>	<b>1.27%</b>

\*Exposure to specific sub-sector/industry is less than 10 per cent of Tier I Capital, such exposures are clubbed and disclosed as "Others" within that sector.

### 58.1.4 Intra Group Exposure

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
i) Total amount of Intra group exposure	212.15	1.19
ii) Total amount of top 20 intra-group exposures	212.15	1.19
iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers / customers	0.36%	0.003%

### 58.1.5 Unhedged foreign currency exposure

As of balance sheet date, Company's net foreign currency exposure expressed in INR that is not hedged is Nil (31 March 2023 - ₹ 10.91 Million)

### 58.1.6 Percentage of loans granted against collateral of gold jewellery to total assets

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
i) Gold Loans granted against collateral of gold jewellery	10,565.00	8,969.45
ii) Total assets of the Company	70,629.67	57,465.09
iii) Percentage of Gold Loans to Total Assets	14.96%	15.61%

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

Related Party	Parent (as per ownership or control)		Subsidiaries		Directors		Key Management Personnel		Controlled Employee Welfare trust		Others*		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
	(₹ In Million)	(₹ In Million)	(₹ In Million)	(₹ In Million)	(₹ In Million)	(₹ In Million)	(₹ In Million)	(₹ In Million)	(₹ In Million)	(₹ In Million)	(₹ In Million)	(₹ In Million)	(₹ In Million)	(₹ In Million)
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	0.69	2.84	0.69	-	-	-	-	32.39	111.51	-	-	35.23	112.20
Maximum o/s advances during the year	-	0.69	2.84	0.69	-	-	-	-	111.51	116.81	-	-	210.50	0.50
Investments	-	0.50	210.50	0.50	-	-	-	-	-	-	-	-	-	-
Purchase of fixed/ other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of fixed/ other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of Equity Share Capital/ Conversion of partly paid to fully paid up equity share	-	2,000.00	-	-	338.00	219.67	27.88	8.45	-	-	-	-	365.88	2,228.12
Remuneration	-	-	-	-	58.23	65.26	27.61	24.60	-	-	-	-	85.84	89.86
ESOP Exercise through ESOP trust	-	-	-	-	-	-	8.88	2.13	-	-	-	-	8.88	2.13
Loan given	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan repaid	-	-	-	-	-	-	-	-	79.12	5.29	-	-	79.12	5.29
ESOP expenses	-	-	-	-	69.10	29.15	28.73	6.59	-	-	-	-	97.83	35.74
Others*	-	0.69	2.15	0.69	6.70	6.20	-	-	-	-	10.62	8.76	19.47	15.65

\* Others include total for the items which are not more than 5 per cent of total related party transactions.

Note: There are no transactions with Relatives of KMP/ Directors and the Company does not have any Associates/ Joint Ventures.

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 58.3 Disclosure of complaints

#### 1) Summary information on complaints received by the Company from customers and from the Offices of Ombudsman

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Complaints received by the Company from its customers</b>		
1 No. of complaints pending at the beginning of the year	2	-
2 No. of complaints received during the year	753	762
3 No. of complaints disposed during the year	755	760
3.1 of which, number of complaints rejected by the Company	83	-
4 No. of complaints pending at the end of the year*	-	2
*Subsequently redressed		
<b>Maintainable complaints received by the NBFC from Office of Ombudsman</b>		
5* Number of maintainable complaints received by the NBFC from Office of Ombudsman	103	-
5.1 Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	101	-
5.2 Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	2	-
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)	-	-

The Company was not included under The Reserve Bank - Integrated Ombudsman Scheme, 2021 for the year ended March 31, 2023.

#### 2) Top five grounds of complaints received by the NBFCs from customers

As at 31 March 2024

Sr. No.	Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year (2)	Number of complaints received during the year (3)	% increase/ decrease in the number of complaints received over the previous year (4)	Number of complaints pending at the end of the year (5)	Of 5, number of complaints pending beyond 30 days (6)
1	EMI Banking Related	-	265	(49%)	-	-
2	Loan Closure Process	-	213	151%	-	-
3	Others	-	154	27%	-	-
4	Sales Process	-	80	233%	-	-
5	Debt Management	2	41	173%	-	-

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

Sr. No.	Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year (2)	Number of complaints received during the year (3)	% increase/ decrease in the number of complaints received over the previous year (4)	Number of complaints pending at the end of the year (5)	Of 5, number of complaints pending beyond 30 days (6)
1	EMI Banking Related	-	517	151%	-	-
2	Loan Closure Process	-	85	113%	-	-
3	Others	-	121	(31)%	-	-
4	Sales Process	-	24	60%	-	-
5	Debt Management	-	15	150%	2	-

#### 58.4 Disclosure w.r.t. Corporate Governance in accordance with the requirement of SEBI (LODR) Regulations, 2015 as required under Section II of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Updated as on March 21, 2024)

##### 58.4.1 Composition of Board

Sr. No.	Name of Director	Director since	Capacity	DIN	No. of Board Meetings		No. of other directorships**	Remuneration (in Millions)	No. of shares held in and convertible instruments held in the Company*
					Held	Attended			
1	Mr. Aseem Dhru	28-09-17	Managing Director & Chief Executive Officer	01761455	13	13	3	127.33	34,158,167
2	Mr. Neeraj Swaroop	21-11-17	Independent Director	00061170	13	12	3	2.80	-
3	Mr. Rajesh Mannalal Agrawal	11-11-20	Independent Director	00302467	13	9	2	1.00	-
4	Ms. Surekha Marandi	23-09-22	Independent Director	06952573	13	13	1	2.60	-
5	Mr. Ravi Venkatraman	21-02-24	Independent Director (Additional)	00307328	13	1	9	0.30	-
6	Mr. Koni Uttam Nayak	26-03-24	Independent Director (Additional)	02543830	13	0	2	-	-
7	Mr. John Mescall	29-05-19	Nominee Director	08385575	13	13	1	-	-
8	Mr. Jonathan Tadeusz Tatur	17-12-19	Nominee Director	08639243	13	11	3	-	-

\* The Company does not have convertible instruments.

\*\* No. of other directorships includes directorships held in public limited company, private limited company, section 8 companies but exclude foreign companies and high value debt listed entities.

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

#### 58.4.2 Details of change in composition of the Board

##### i) During year ended 31 March 2024

Sr. No.	Name of the Director	Capacity	Nature of change	Effective Date
1	Ravi Venkatraman	Independent Director	Appointment	21-02-24
2	Amol Jain	Director	Resignation	21-02-24
3	Uttam Koni Nayak	Independent Director	Appointment	26-03-24
4	Arjun Sakhuja	Nominee Director	Resignation	29-03-24

##### ii) During year ended 31 March 2023

Sr. No.	Name of the Director	Capacity	Nature of change	Effective Date
1	Rajeev Gupta	Director	Resignation	18-07-22
2	Surekha Marandi	Independent Director	Appointment	23-09-22
3	Robin Banerjee	Independent Director	Appointment	15-10-22
4	Robin Banerjee	Independent Director	Resignation	20-12-22

There are no relationship amongst the directors.

#### 58.4.3 Details of change in composition of the Board

The terms of reference of the Committees are in line with the regulatory requirements mandated in Companies Act, 2013 and Rules made thereunder and as amended from time to time.

##### A AUDIT COMMITTEE

Sr. No.	Name of Director	Member of Committee since	Capacity	Number of meetings of the committee		No. of shares held in the Company
				Held	Attended	
1	Ravi Venkatraman	21-02-24	Chairperson & Independent Director	5	-	-
2	Surekha Marandi	16-10-22	Member	5	5	-
3	Neeraj Swaroop	20-03-18	Member	5	5	-
4	John Mescall	16-10-22	Member	5	5	-

##### B NOMINATION & REMUNERATION COMMITTEE

Sr. No.	Name of Director	Member of Committee since	Capacity	Number of meetings of the committee		No. of shares held in the Company
				Held	Attended	
1	Rajesh Mannalal Agrawal	16-10-22	Chairperson & Independent Director	3	1	-
2	John Mescall	29-05-19	Member	3	3	-
3	Neeraj Swaroop	20-03-18	Member	3	3	-

##### C RISK MANAGEMENT COMMITTEE

Sr. No.	Name of Director	Member of Committee since	Capacity	Number of meetings of the committee		No. of shares held in the Company
				Held	Attended	
1	Surekha Marandi	16-10-22	Chairperson & Independent Director	3	3	-
2	Neeraj Swaroop	20-03-18	Member	3	3	-
3	Aseem Dhru	20-03-18	Member	3	3	34,158,167
4	John Mescall	29-05-19	Member	3	2	-
5	Ravi Venkatraman	21-02-24	Member	3	-	-
6	Koni Uttam Nayak	26-03-24	Member	3	-	-
7	Pankaj Poddar	20-03-18	Member	3	2	3,811,153
8	Sanket Agrawal	16-10-22	Member	3	2	170,750



## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### D IT STRATEGY COMMITTEE

Sr. No.	Name of Director	Member of Committee since	Capacity	Number of meetings of the committee		No. of shares held in the Company
				Held	Attended	
1	Uttam Nayak Koni	26-03-24	Chairperson & Independent Director	2	-	-
2	Neeraj Swaroop	20-03-18	Member	2	1	-
3	Ravi Venkatraman	21-02-24	Member	2	-	-
4	Aseem Dhru	20-03-18	Member	2	2	34,158,167
5	Jonathan Tatur	21-02-24	Member	2	-	-
6	Sanket Agrawal	26-03-24	Member	2	-	170,750
7	Ganesh Vaidya	16-10-22	Member	2	2	-

### E CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Sr. No.	Name of Director	Member of Committee since	Capacity	Number of meetings of the committee		No. of shares held in the Company
				Held	Attended	
1	Surekha Marandi	16-10-22	Chairperson & Independent Director	3	3	-
2	John Mescall	29-05-19	Member	3	3	-
3	Ravi Venkatraman	21-02-24	Member	3	-	-

### F STAKEHOLDERS RELATIONSHIP COMMITTEE

Sr. No.	Name of Director	Member of Committee since	Capacity	Number of meetings of the committee		No. of shares held in NBFC
				Held	Attended	
1	Surekha Marandi	16-10-22	Chairperson & Independent Director	1	1	-
2	Ravi Venkatraman	21-02-24	Member	1	1	-
3	John Mescall	16-10-22	Member	1	1	-

### 58.4.4 Details of General Body Meetings during the year

Sr. No.	Type of Meeting	Date and Place	Special Resolutions passed
1	Extra Ordinary General Meeting	Date:18/05/2023(Adjourned to 19/05/2023) Place:Mumbai(Video Conferencing)	There were no special resolutions passed in the Extra Ordinary General Meeting held on 18/05/2023, as this meeting was adjourned to be held on 19/05/2023.
2	Extra Ordinary General Meeting	Date: 19/05/2023(adjourned from 18/05/2023) Place : Mumbai (Video Conferencing)	1. Approval of Amendment(s) to SBFC Stock Option Policy 2023 – I 2. Issue of Equity Shares by way of a private placement on a preferential allotment basis
3	Annual General Meeting	Date: 31/05/2023 Place: Mumbai (Video Conferencing)	None
4	Extra Ordinary General Meeting	Date: 13/07/2023 Place: Mumbai (Video Conferencing)	1. Approval of Amendment(s) to SBFC Stock Option Policy 2023 – II 2. Approval for second amendment to the restated shareholders agreement 3. Approval for adoption of revised Articles of Association of the Company 4. Approval for alteration in the main object clause of the Memorandum of Association
5	Postal Ballot	Voting Dates: 27/12/2023 to 26/01/2024	1. Increase in the borrowing limits of the company; 2. Creation of charges on the assets of the company; 3. Issuance of Non-Convertible Debentures and / or bonds; 4. Approval of SBFC Stock Option Policy 2023 – III; 5. Revision in terms of remuneration of Mr. Aseem Dhru, Managing Director & Chief Executive Officer (DIN: 01761455) of the Company

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 58.4.5 Details of non compliance with requirements of the Companies Act, 2013

During the year, the Company has generally complied with the provisions of the Act, Old Act, Rules, Regulations, Guidelines, Standards under the Companies Act, 2013 and the rules made thereunder.

**58.4.6** During the current year, the Company had, suo moto, filed a compounding application dated January 25, 2021 with the RoC under the Companies Act. The Compounding Application pertained to compounding the offence committed under Section 179(3)(d) and Section 179(3)(f) of the Companies Act read with Secretarial Standards 1 on "Meetings of the Board of Directors" with respect to items of business which should not have been passed by a circular resolution. In accordance with the second explanation to paragraph 1.3.8 and the explanation to paragraph 6.1.1 of the Secretarial Standards 1, items of business in relation to borrowing money other than by issue of debentures and providing security in respect of loans should be placed in a board meeting of a company and shall not be passed by a circular resolution. In contravention of the above, our Company had passed certain circular resolutions to avail credit and loan facilities. By way of order signed on May 31, 2023, the RoC has disposed off the Compounding Applications and the offences thereunder have been compounded, after payment of fees of ₹ 0.97 million by the Company and the KMP's.

There is no other instance of penalty or stricture imposed on the Company by RBI or any other regulatory on matter during the current or previous year.

**58.4.7** There are no instances of breach of covenant of loan availed or debt securities issued except, in one instance there was delay in deduction and payment of TDS on interest on debt securities.

### 58.4.8 Divergence in Asset Classification and Provisioning

Below two conditions are not satisfied hence the details of diversions are not required to be disclosed:

- No additional provisions have been assessed by RBI exceeding 5 percent of the reported profits before tax and impairment loss on financial instruments for the year ended 31 March 2024 and 31 March 2023.
- RBI has not identified additional GNPA's exceeding 5 percent of reported GNPA's for the year ended 31 March 2024 and 31 March 2023.

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### 59. Disclosures to be made in Notes to Accounts by originators as per RBI/DOR/2021-22/85 DOR.STR. REC.53/21.04.177/2021-22 dated September 24, 2021 (Updated as on December 05, 2022)

(₹ In Million)

Sr. No.	Particulars	As at			
		31 March 2024	31 March 2023		
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)	4	5		
2	Total amount of securitised assets as per books of the SPEs*	3,002.99	4,076.16		
3	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet				
	a) Off-balance sheet exposures				
	• First loss	-	-		
	• Others	-	-		
	b) On-balance sheet exposures				
	• First loss	349.95	364.00		
	• Others	398.92	436.53		
4	Amount of exposures to securitisation transactions other than MRR				
	a) Off-balance sheet exposures				
	i) Exposure to own securitisations				
	• First loss	-	-		
	• Others	-	-		
	ii) Exposure to third party securitisations				
	• First loss	-	-		
	• Others	-	-		
	b) On-balance sheet exposures				
	i) Exposure to own securitisations				
	• First loss	-	-		
	• Others	-	-		
	ii) Exposure to third party securitisations				
	• First loss	-	-		
	• Others	-	-		
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	-	-		
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.				
	<b>Services Provided</b>	<b>No of Transaction</b>	<b>Value of Facility**</b>	<b>No of Transaction</b>	<b>Value of Facility**</b>
	Post Securitization Assets Servicing- Servicing agent	4	3,002.99	5	4,076.16

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

(₹ In Million)

Sr. No.	Particulars	As at		As at	
		31 March 2024	%	31 March 2023	%
7	Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.	<b>Credit Enhancement</b>	<b>%</b>	<b>Credit Enhancement</b>	<b>%</b>
	a) Opening Balance	364.00	6.26%	110.00	10.00%
	b) Cumulative Amount paid During the year	43.45	3.95%	254.00	5.39%
	c) Cumulative Repayment received during the year	-	-	-	-
	d) Amount reduce due to pool Maturity	57.50	7.31%	-	-
	e) Outstanding amount	349.95	6.97%	364.00	6.26%
8	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc*				
	Loan against Property		2.50%		2.36%
	Loan against Gold		-		1.31%
9	Amount and number of additional/ top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc		-		-
10	Investor complaints		-		-
	a) Directly/Indirectly received and;				
	b) Complaints outstanding				

The above disclosures are updated basis the certificate received from auditors of SPE.

\* Default rate % is calculated on the basis of Gross NPA on Gross advances (average of last 5 years).

60 Balances of certain trade receivables, advances given and trade payables are subject to confirmation / reconciliation, if any. The management does not expect any material difference affecting the financial statements on such reconciliation / adjustments.

### 61 Previous Year Figures

Previous year's figures have been regrouped and reclassified wherever necessary to conform to current year classification/ presentation.

#### For Suresh Surana & Associates LLP

Chartered Accountants  
Firm's Registration No. 121750W/W-100010

**Ramesh Gupta**  
Partner

Membership No: 102306

#### For and on behalf of the Board of Directors of

**SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**

CIN: U67190MH2008PLC178270

**Mr. Neeraj Swaroop**  
Chairperson & Independent  
Director

DIN: 00061170

**Mr. Aseem Dhru**  
Managing Director & CEO

DIN: 01761455

**Mr. Narayan Barasia**  
Chief Financial Officer

**Mr. Jay Mistry**  
Company Secretary & Chief  
Compliance Officer

ACS: A34264

Place: Mumbai  
Date : April 27, 2024

Place: Mumbai  
Date : April 27, 2024

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### Annexure

Disclosure as required under Annex VIII of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Updated as on March 21, 2024)

#### Liabilities Side

##### 1) Loans and advances availed by the non banking financial company inclusive of interest accrued thereon but not paid:

(₹ In Million)

Particulars	As at 31 March 2024		As at 31 March 2023	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
a) Debentures:				
Secured	3,949.59	-	454.03	-
Unsecured (other than falling within the meaning of public deposits)	-	-	-	-
b) Deferred Credits	-	-	-	-
c) Term Loans	33,397.65	-	32,688.29	-
d) Inter Corporate loans and borrowings	-	-	-	-
e) Commercial Paper	-	-	-	-
f) Public Deposits	-	-	-	-
g) Other Loans	-	-	602.53	-
Collateralized Borrowings	2,612.97	-	3,645.77	-
<b>Total</b>	<b>39,960.21</b>	<b>-</b>	<b>37,390.62</b>	<b>-</b>

##### 2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid)

(₹ In Million)

Particulars	As at 31 March 2024		As at 31 March 2023	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
a) In the form of Unsecured debentures	-	-	-	-
In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
b) Other public deposits	-	-	-	-

#### Assets Side

##### 3) Breakup of Loans and Advances including bills receivables (other than those included in (4) below)

(₹ In Million)

Particulars	Amount Outstanding	
	As at 31 March 2024	As at 31 March 2023
a) Secured	57,623.14	42,673.08
b) Unsecured	741.78	1,480.02

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### Annexure

##### 4) Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities

(₹ In Million)

Particulars	Amount Outstanding	
	As at 31 March 2024	As at 31 March 2023
i) Lease assets including lease rentals under sundry debtors:		
a) Financial Lease	-	-
b) Operating Lease	-	-
ii) Stock on hire including hire charges under sundry debtors:		
a) Assets on hire	-	-
b) Repossessed Assets	-	-
iii) Other loans counting towards asset financing activities		
a) Loans where assets have been repossessed	-	-
b) Loans other than (a) above	-	-

##### 5) Breakup of Investments

(₹ In Million)

Particulars	Amount Outstanding	
	As at 31 March 2024	As at 31 March 2023
<b>Current Investments:</b>		
<b>1. Quoted:</b>		
i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
ii) Debentures and Bonds	-	-
iii) Units of mutual funds	-	-
iv) Government Securities	-	-
v) Others	-	-
<b>2. UnQuoted:</b>		
i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
ii) Debentures and Bonds	-	-
iii) Units of mutual funds	1,416.57	739.62
iv) Government Securities	-	-
v) Others	-	-
Investment in Pass Through certificates (PTC)	575.89	1,054.44
<b>Long Term investments:</b>		
<b>1. Quoted:</b>		
i) Shares:		
(a) Equity	-	-
(b) Preference	-	-
ii) Debentures and Bonds	-	-
iii) Units of mutual funds	-	-
iv) Government Securities	2,068.64	2,751.94
v) Others	-	-
<b>2. UnQuoted:</b>		
i) Shares:		
(a) Equity	210.50	0.50
(b) Preference	-	-
ii) Debentures and Bonds	-	-
iii) Units of mutual funds	-	-
iv) Government Securities	-	-
v) Others	-	-
Investment in Pass Through certificates (PTC)	-	1,519.92

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### Annexure

#### 6) Borrower groupwise classification of assets financed as in (2) and (3) above

(₹ In Million)

Particulars	As at 31 March 2024			As at 31 March 2023		
	Amount net of Provisions			Amount net of Provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1) Related Parties						
a) Subsidiaries	-	-	-	-	-	-
b) Companies in the same group	-	-	-	-	-	-
c) Other related parties	-	-	-	-	-	-
2) Other than related parties	57,623.14	741.78	58,364.92	42,673.08	1,480.02	44,153.10
<b>Total</b>	<b>57,623.14</b>	<b>741.78</b>	<b>58,364.92</b>	<b>42,673.08</b>	<b>1,480.02</b>	<b>44,153.10</b>

#### 7) Investor groupwise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(₹ In Million)

Particulars	As at 31 March 2024		As at 31 March 2023	
	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
1) Related Parties				
a) Subsidiaries	210.50	210.50	0.50	0.50
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2) Other than related parties	4,061.10	4,061.10	6,065.92	6,065.92
<b>Total</b>	<b>4,271.60</b>	<b>4,271.60</b>	<b>6,066.42</b>	<b>6,066.42</b>

## Notes forming part of Standalone Financial Statements

for the year ended 31 March 2024 Contd...

### Annexure

#### 8) Other information

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
i) Gross Non Performing Assets		
a) Related Parties	-	-
b) Other than related parties	1,445.00	1,156.60
ii) Net Non Performing Assets		
a) Related Parties	-	-
b) Other than related parties	798.53	701.83
iii) Assets acquired in satisfaction of debt	-	-

For and on behalf of the Board of Directors of  
SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

CIN: U67190MH2008PLC178270

**Mr. Neeraj Swaroop**  
Chairperson & Independent  
Director

DIN: 00061170

**Mr. Narayan Barasia**  
Chief Financial Officer

Place: Mumbai  
Date: April 27, 2024

**Mr. Aseem Dhru**  
Managing Director & CEO  
DIN: 01761455

**Mr. Jay Mistry**  
Company Secretary & Chief  
Compliance Officer  
ACS: A34264

Place: Mumbai  
Date: April 27, 2024

# Independent Auditors' Report

To

**The Members of SBFC Finance Limited  
(Erstwhile SBFC Finance Private Limited)**

**Report on the audit of the Consolidated Financial Statements**

## Opinion

We have audited the accompanying consolidated financial statements of **SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)** ("the Holding Company") and its subsidiary (together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2024, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, 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 Standard prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules 2015, as amended ("Ind AS") and the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2024, consolidated profit, consolidated total comprehensive income, the consolidated changes in equity and its consolidated cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SA"s) 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 in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matters	How our audit addressed the key audit matter
<p><b>1. Impairment of Loans based on expected credit loss model (ECL):</b></p> <p>As at 31 March 2024, the carrying value of loan assets carried at amortised cost, aggregated ₹ 58,364.91 million (net of allowance for expected credit loss ₹1,104.15 million) constituting approximately 82.64% of the Company's total assets has been recorded as at reporting date in accordance with Ind AS 109 – Financial Instruments ('Ind AS 109').</p> <ul style="list-style-type: none"> <li>Significant management judgement is used in classifying these loan assets, applying appropriate measurement principles, use of different modelling techniques and assumptions which could have a material impact on reported profits. ECL on such loan assets carried at amortised cost is a critical estimate involving greater level of management judgement. As part of our risk assessment, we determined that the ECL on such loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the standalone financial statements.</li> </ul>	<p><b>Principal audit procedure performed:</b></p> <ul style="list-style-type: none"> <li>We examined Board Policy approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company. The parameters and assumptions used and their rationale and basis are clearly documented.</li> <li>We evaluated the design and operating effectiveness of controls across the processes relevant to ECL, including the judgements and estimates.</li> <li>These controls, among others, included controls over the allocation of assets into stages including management's monitoring of stage effectiveness, model monitoring including the need for post model adjustments, model validation, credit monitoring, multiple economic scenarios, individual provisions and recording of journal entries and disclosures.</li> </ul>

# Independent Auditors' Report *Contd...*

Key Audit Matters	How our audit addressed the key audit matter
<p>The elements of estimating ECL which involved increased level of audit focus in measuring ECL especially while calculating the PD and LGD and which also includes management overlays involves the following critical factors which are applied to such modelling techniques:</p> <ul style="list-style-type: none"> <li>Segmentation of portfolios into homogenous risk pools</li> <li>Qualitative and quantitative factors used in staging the loan assets carried at amortised cost using criteria in accordance with Ind AS 109,</li> <li>Basis used for estimating of probability of defaults (PD) at product level with past trends,</li> <li>Basis used for estimating loss given defaults (LGD) based on the value of collaterals at product level with past trends,</li> <li>Estimation of exposure at defaults,</li> <li>Consideration of probability weighted scenarios and forward-looking factors, micro and macro economics scenarios in estimating expected credit losses.</li> <li>Criteria for a significant increase in credit risk</li> <li>Use of judgement for identification and classification of loans as stage 3/ NPAs applying quantitative as well as qualitative factors. The risk of identification of such assets as stage 3/ NPAs is affected by factors like stress and liquidity concern of such assets.</li> </ul> <p>Further, the management has adopted a methodology which in addition to the model adopted as above is further analyzed on case-to-case basis and wherever impairment impact needs to be changed the same is considered in the financial statements.</p> <p>The disclosures made in standalone financial statements for ECL especially in relation to judgements and estimates made by the Management in determination of the ECL. Refer note 48.1.1 to the standalone financial statements.</p>	<ul style="list-style-type: none"> <li>We tested the completeness of loans and advances included in the Expected Credit Loss calculations as of 31 March 2024 by reconciling it with the balances as per loan balance register.</li> <li>We tested assets in stage 1, 2 and 3 on sample basis to verify that they were allocated to the appropriate stage. For samples of exposure, we tested the appropriateness of determining EAD, PD and LGD and performed test of details over calculation of impairment allowance for assessing completeness and accuracy of data.</li> <li>For exposure determined to be individually impaired, we tested samples of loans and advances and examined management's estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations.</li> <li>We read the Company's policies for identification, classification and assessing compliance for Stage 3 / NPAs customers in line with the norms. We performed substantial audit procedure relating to identification and classification of Stage 3 / NPAs by the Company.</li> <li>We have checked on sample basis that the stage classification for the borrowers has been given in accordance with the Resolution Framework issued by Reserve Bank of India (the 'RBI') and the Board approved policy for ECL provisioning and stage classification with respect to such accounts.</li> <li>Assessed the criteria for staging of loans based on their past due status as per the requirements of Ind AS 109. Tested a sample of performing loans to assess whether any significant increase in credit risk or loss indicators were present requiring them to be classified under higher stages</li> <li>We assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 in relation to ECL especially in relation to judgements used in estimation of ECL provision.</li> <li>We have Involved internal experts for testing of the ECL model and computation, including factors that affect the PD, LGD and EAD considering various forward looking, micro and macro-economic factors.</li> </ul>

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report and Shareholder's Information/ Management Analysis and Discussion but does not include the consolidated financial statements and our auditor's report thereon. The Reports are expected to be made available to us after the date of this auditors' report.

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 Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 (Revised) 'The Auditor's responsibilities Relating to Other Information'.

## Independent Auditors' Report *Contd...*

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

The The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation 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 in accordance with the Indian Accounting Standards (Ind AS) and other accounting principles generally accepted in India.

The respective Board of Directors of the companies included in the Group is 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group is responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### Auditors' Responsibility for the audit of Consolidated Financial Statements

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 SAs 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.

As part of an audit in accordance with SAs, 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 financial controls 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 and its subsidiary which is incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial

## Independent Auditors' Report *Contd...*

statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by 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.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Holding Company of which we are the independent auditors 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 211.82 millions, as at 31<sup>st</sup> March 2024, total revenues of ₹ 1 Millions, and net cash inflows amounting to ₹ 9.75 million, for the year ended on that date, as considered in the consolidated financial statements. This financial statements has been audited by other auditor whose reports has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the

amounts and disclosures included in respect of the aforesaid subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors except for the matters stated in the paragraph i (vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014;
  - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group company, incorporated in India is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 1(b) above on reporting under Section 143(3) (b) of the Act and paragraph i (vi) below on reporting

## Independent Auditors' Report *Contd...*

under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

- g) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" with respect to the Holding Company. Further, as the Subsidiary Company fulfills the conditions of paragraph 9A of the notification No. GSR 464(E) dated 5 June 2015 as amended, reporting under Section 143(3)(i) of the Act with respect to the adequacy of internal financial controls over financial reporting of the Subsidiary Company and operating effectiveness of such controls is not applicable for the year.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors, including sitting fees paid to directors, during the year is in excess of the limits prescribed under Section 197 of the Act, in respect of which approvals from the shareholders have been obtained as prescribed.

- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i) The Group has disclosed the impact of the pending litigations as at 31 March 2024 on its financial position in its consolidated financial statements (Refer note 47 to the consolidated financial statements);

ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group;

iv) a) The respective Managements of the Holding Company and its subsidiary, whose financial statements have been audited under the Act, have represented to us and other auditors of the subsidiary that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either

from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or its subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The respective Managements of the Holding Company and its subsidiary, whose financial statements have been audited under the Act, have represented to us and other auditors of subsidiary that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or its subsidiary from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary 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.

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances and the reports of the auditors of its subsidiaries, whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v) The Group has not declared or paid any dividend during the year and has not proposed final dividend for the year.

vi) Based on examination, which included test checks, the Holding Company, has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year except in respect of software which is used for maintenance of accounting and financial records (Oracle) wherein the features of recording audit trail (edit log) facility was not enabled at the data base level to log any direct data changes and at application layer for the period from April 1, 2023 to June

## Independent Auditors' Report *Contd...*

30, 2023. For the audit periods where audit trail (edit log) facility was enabled and operated throughout the year, we did not come across any instance of the audit trail feature being tampered with. Further, the Subsidiary Company maintains its books of account manually and therefore, reporting under Rule 11(g) is not applicable to the Subsidiary Company.

Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

2. With respect to the matters specified in paragraphs 3(xxii) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Holding Company and its subsidiary company included in the consolidated financial statements of the Holding Company, we report that there are no qualifications or adverse remarks in these CARO reports except as stated below;

Name of the company	CIN	Nature of relationship	Clause Number of CARO report with qualification or adverse remark
SBFC Finance Limited	U67190MH2008PLC178270	Holding Company	I(a)(A), VII (a) and XI(a)

**For Suresh Surana & Associates LLP**  
Chartered Accountants  
Firm's Reg. No.: 121750W / W-100010

**Ramesh Gupta**  
Partner  
Membership No. 102306  
UDIN: 24102306BKCFZV5762

Place: Mumbai  
Date : April 27, 2024

## Independent Auditors' Report *Contd...*

### ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

**(Referred to in paragraph 1(g) under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the SBFC Finance Limited (Erstwhile SBFC Finance Private Limited) ("the Holding Company") as of and for the year ended 31 March 2024, we have audited the internal financial controls over financial reporting with reference to the financial statements of the Holding Company as of that date.

#### Management's Responsibility for Internal Financial Controls

The Holding Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Holding 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

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls over financial reporting. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial

controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

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

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the

## Independent Auditors' Report *Contd...*

internal financial controls over financial reporting to further periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company has, in

all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2024, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note.

#### For Suresh Surana & Associates LLP Chartered Accountants

Firm's Reg. No.: 121750W / W-100010

#### Ramesh Gupta

Partner

Membership No. 102306

UDIN: 24102306BKCFZV5762

Place: Mumbai

Date : April 27, 2024





# Consolidated Statement Cash Flows

## for the year ended 31 March 2024

	(₹ In Million)	
Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Cash flow from Operating activities</b>		
Profit before tax	3,161.39	2,013.66
<b>Adjustments for:</b>		
Depreciation and amortisation expenses	134.14	127.14
Interest income on loans	(8,660.66)	(5,952.92)
Interest income on investment in PTC	(163.68)	(416.28)
Interest income on investment in Government Securities	(52.77)	(26.62)
Interest income on investment in T-bill	(89.67)	-
Interest income on fixed deposits	(216.81)	(145.70)
Fees and commission income	(551.89)	(412.52)
Finance costs on borrowings and debt securities	3,496.37	2,752.14
Finance costs on lease liability	8.85	11.66
Net gain on financial instruments at fair value through profit or loss	(172.83)	(119.76)
Net gain on derecognition of financial instruments under amortised cost	(2.31)	(28.30)
Impairment on financial instruments	470.26	320.56
Employee share based payment	222.22	89.32
Net gain on termination of lease liability	(8.10)	(4.55)
Loss on sale/ discard of Property, plant and equipment/ Intangible assets	1.68	7.70
<b>Operational Cash Flows:</b>		
Cash inflow from interest on loans	8,791.25	5,686.18
Cash inflow from interest on investment in PTC	175.92	432.84
Cash inflow from interest on investment in Government Securities	72.77	81.67
Cash inflow from interest on investment in T-bill	43.85	-
Cash inflow from interest on fixed deposits	248.62	133.02
Cash inflow from fees and commission income	591.46	474.49
Cash outflow towards finance cost on borrowings & debt securities	(3,423.58)	(2,730.76)
<b>Operating Profit before working capital changes</b>	<b>4,076.48</b>	<b>2,292.97</b>
<b>Changes in working capital:</b>		
Increase/ (Decrease) in payables	109.16	7.40
Increase/ (Decrease) in Other financial liabilities	(54.60)	48.84
Increase/ (Decrease) in Other non-financial liabilities	18.82	(25.34)
Increase/ (Decrease) in provision	0.94	0.74
(Increase)/ Decrease in trade receivables	(77.08)	(87.58)
(Increase)/ Decrease in loans and advances	(14,812.66)	(14,382.80)
(Increase)/ Decrease in other financial assets	(29.33)	21.33
(Increase)/ Decrease in other non-financial assets	116.61	301.17
<b>Cash flows used in Operating activities</b>	<b>(10,651.66)</b>	<b>(11,823.27)</b>
Income taxes refund/ (paid) [Refer Note (c) below]	(900.01)	(622.65)
<b>Net cash used in Operating activities</b>	<b>(11,551.67)</b>	<b>(12,445.92)</b>
<b>Cash flow from Investing activities</b>		
Purchase of property, plant and equipment	(110.93)	(77.75)
Purchase of intangible assets (including intangible assets under development)	(7.96)	(7.65)
Proceeds from sale of property, plant and equipment	0.22	0.34
Purchase of investments at fair value through profit and loss	(25,115.55)	(18,714.34)
Sale of investments at fair value through profit and loss	24,574.27	21,178.46
Redemption of investment in PTC	1,986.23	2,807.02
Purchase of investment in Government Securities	-	(3,160.32)
Redemption/ Sale of investment in Government Securities	2,769.09	352.54
Purchase of investment in T-Bill	(2,978.96)	-
Redemption/ Sale of investment in T-Bill	956.14	-
Amount retained in IPO Proceeds account	(125.84)	-
Placement of fixed deposits	(3,439.19)	(3,364.03)
Maturity/ Redemption of fixed deposits	3,086.16	3,044.89
<b>Net cash generated from Investing activities</b>	<b>1,593.68</b>	<b>2,059.16</b>

# Consolidated Statement Cash Flows

## for the year ended 31 March 2024 Contd...

	(₹ In Million)	
Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Cash flow from Financing activities</b>		
Proceeds from issuance of equity share capital including securities premium	8,277.69	2,813.67
Transaction cost on issue of shares	(342.05)	(1.23)
Proceeds from borrowings other than debt securities	13,700.00	17,115.74
Repayment of borrowings other than debt securities	(14,703.22)	(9,145.57)
Debt securities issued	3,500.00	-
Principal repayment of lease liabilities	(51.54)	(60.88)
Interest paid on lease liabilities	(8.85)	(11.66)
<b>Net cash (used in)/ generated from Financing activities</b>	<b>10,372.03</b>	<b>10,710.07</b>
<b>Net increase in cash and cash equivalents</b>	<b>414.04</b>	<b>323.31</b>
Cash and cash equivalents at beginning of year (Refer Note 3)	1,838.07	1,514.76
<b>Cash and cash equivalents at end of year (Refer Note 3)</b>	<b>2,252.11</b>	<b>1,838.07</b>
<b>Cash and cash equivalents at the end of the year comprises of:</b>		
Cash in hand	97.72	70.94
Balance with banks		
- In current accounts	851.60	1,167.04
- In fixed deposit with original maturity of less than 3 months	1,300.00	600.00
- Interest accrued but not due	2.79	0.09
<b>Total</b>	<b>2,252.11</b>	<b>1,838.07</b>

### Notes:

- The above Cash Flows Statement has been prepared under the Indirect method set out in Indian Accounting Standard (Ind AS) 7 'Statement of Cash Flows'.
- Figures in brackets indicate cash outflow.
- Income taxes refund/ (paid) is treated as arising from operating activities and is not bifurcated between investing and financing activities.

Corporate Information and Material Accounting Policies

1-2

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date attached

### For Suresh Surana & Associates LLP

Chartered Accountants

Firm's Registration No. 121750W/W-100010

### Ramesh Gupta

Partner

Membership No: 102306

### For and on behalf of the Board of Directors of

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

CIN: U67190MH2008PLC178270

### Mr. Neeraj Swaroop

Chairperson & Independent

Director

DIN: 00061170

### Mr. Aseem Dhru

Managing Director & CEO

DIN: 01761455

### Mr. Narayan Barasia

Chief Financial Officer

### Mr. Jay Mistry

Company Secretary & Chief

Compliance Officer

ACS: A34264

Place: Mumbai

Date: April 27, 2024

Place: Mumbai

Date: April 27, 2024

# Consolidated Statement of changes in equity

## for the year ended 31 March 2024

Equity Share Capital		(₹ In Million)
Particulars		Amount
<b>Balance as at 31 March 2022</b>		8,068.00
Changes in equity share capital due to prior period errors		-
Restated Balance at the beginning of the previous reporting period		8,068.00
Changes in equity share capital during the current year		827.72
<b>Balance as at 31 March 2023</b>		<b>8,895.72</b>
Changes in equity share capital due to prior period errors		-
Restated Balance at the beginning of the previous reporting period		8,895.72
Changes in equity share capital during the current year		1,823.17
<b>Balance as at 31 March 2024</b>		<b>10,718.89</b>

### Other Equity

(₹ In Million)

Particulars	Reserves and Surplus				Other comprehensive income on		Total
	Statutory Reserve	Securities Premium	Employee Share Option Outstanding	Retained Earnings	Remeasurement gain/ (loss) on defined benefit plans	Effective portion of Cash Flow Hedge	
<b>Balance as at 31 March 2022</b>	<b>419.48</b>	<b>2,453.76</b>	<b>213.89</b>	<b>1,711.27</b>	<b>5.27</b>	-	<b>4,803.67</b>
Issue of share capital	-	1,984.89	-	-	-	-	1,984.89
Adjustment on account of treasury shares held through ESOP trust	-	1.06	-	-	-	-	1.06
Exercise of stock options outstanding	-	1.70	(1.70)	-	-	-	-
Employee share based payment expenses	-	-	89.32	-	-	-	89.32
Profit for the year	-	-	-	1,497.36	-	-	1,497.36
Other comprehensive income for the year (net of taxes)	-	-	-	-	1.89	-	1.89
Transfer to statutory reserves from retained earnings	299.59	-	-	(299.59)	-	-	-
Share issue expenses (net of taxes)	-	(1.23)	-	-	-	-	(1.23)
<b>Balance as at 31 March 2023</b>	<b>719.07</b>	<b>4,440.18</b>	<b>301.51</b>	<b>2,909.04</b>	<b>7.16</b>	-	<b>8,376.96</b>
Issue of share capital	-	6,431.26	-	-	-	-	6,431.26
Adjustment on account of treasury shares held through ESOP trust	-	23.26	-	-	-	-	23.26
Exercise of stock options outstanding	-	233.84	(233.84)	-	-	-	-
Employee share based payment expenses	-	-	222.22	-	-	-	222.22
Profit for the year	-	-	-	2,371.04	-	-	2,371.04
Other comprehensive income for the year (net of taxes)	-	-	-	-	0.11	(21.03)	(20.92)
Transfer to statutory reserves from retained earnings	474.21	-	-	(474.21)	-	-	-
Share issue expenses (net of taxes)	-	(342.05)	-	-	-	-	(342.05)
<b>Balance as at 31 March 2024</b>	<b>1,193.28</b>	<b>10,786.49</b>	<b>289.89</b>	<b>4,805.87</b>	<b>7.27</b>	<b>(21.03)</b>	<b>17,061.77</b>

Corporate Information and Material Accounting Policies

1-2

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date attached

**For Suresh Surana & Associates LLP**

Chartered Accountants

Firm's Registration No. 121750W/W-100010

**Ramesh Gupta**

Partner

Membership No: 102306

**For and on behalf of the Board of Directors of****SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**

CIN: U67190MH2008PLC178270

**Mr. Neeraj Swaroop**

Chairperson &amp; Independent Director

DIN: 00061170

**Mr. Narayan Barasia**

Chief Financial Officer

**Mr. Aseem Dhru**

Managing Director &amp; CEO

DIN: 01761455

**Mr. Jay Mistry**

Company Secretary &amp; Chief Compliance Officer

ACS: A34264

Place: Mumbai

Date : April 27, 2024

Place: Mumbai

Date : April 27, 2024

# Notes forming part of Consolidated financial statements

## for the year ended 31 March 2024

### 1. Corporate Information

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited) ('the Parent Company') is a limited company incorporated in India under the Companies Act, 1956, having its registered office at First Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Chakala, Andheri (East), Mumbai- 400059, Maharashtra. The parent Company is registered with the Reserve Bank of India (RBI) as a Non deposit taking Non-Banking Financial Company ("NBFC") as defined under section 45-IA of the Reserve Bank of India (RBI) Act, 1934. The Company is classified under "Middle Layer" pursuant to Master Direction- Reserve Bank of India (Non-Banking Financial Company- Scale Based Regulation) Directions, 2023.

The registration details are as follows:

Reserve Bank of India Registration no : N-13.01913

Corporate Identity Number (CIN) :U67190MH2008 PLC178270

On December 6, 2022, the Parent Company has incorporated a wholly owned subsidiary with Corporate Identity Number (CIN) U65992MH2022PTC394642 in the name of – SBFC Home Finance Private Limited ('the Subsidiary Company'). The Subsidiary has filed an application for registration as housing finance company with the Reserve Bank of India on 29th March 2023.

The Parent Company has changed its name from 'SBFC Finance Private Limited' to 'SBFC Finance Limited' w.e.f September 30, 2022.

The Parent Company together with its subsidiary, hereinafter, collectively referred to as the 'Group'.

The Parent Company is in the business of giving loans to Micro Enterprise secured by residential or commercial property. The Parent Company also give loan against gold, which offers superior yields with almost liquid security assets. The Parent Company also gives unsecured personal loans and unsecured business loans.

The consolidated financial statements for the year ended 31 March 2024 were authorised for issue in accordance with a resolution of the board of directors on 27 April 2024.

### 2. Material accounting policies

#### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting

Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other accounting principles. The consolidated financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The consolidated financial statements are presented in Indian Rupees (₹) in Million and all values are rounded to the nearest Rupee in Ten Thousand, except when otherwise indicated.

#### 2.2 Principles of Consolidation

i. The consolidated financial statements incorporate the standalone financial statements of the Parent Company and its subsidiary (from the date control is gained), being the entity that it controls. Control is evidenced where the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity's returns. The standalone financial statements of subsidiary is prepared for the same reporting year as the parent company. Where necessary, adjustments is made to the standalone financial statements of subsidiary to align the accounting policies in line with accounting policies of the Parent Company.

Subsidiary has been consolidated by combining like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary. Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Non-controlling interests (NCI):

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parents of the Group and to the non-controlling interest, even if this results in the non-controlling interests have a deficit balance. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

## Notes forming part of Consolidated financial statements

for the year ended 31 March 2024 *Contd...*

When the Parent loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

- ii. The consolidated financial statements of the Parent Company includes standalone financial statements of its subsidiary, consolidated in accordance with Ind AS 110 'Consolidated financial statements'.

### 2.3 Presentation of consolidated financial statements

The consolidated financial statements of the Group are presented as per Schedule III (Division III) of the Companies Act, 2013, applicable to NBFCs as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

- a. The normal course of business
- b. The event of default
- c. The event of insolvency or bankruptcy of the Group and/ or its counterparties

### 2.4 Statement of compliance

These Consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (IND AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013 (the "Act") (as amended), other relevant provisions of the Act, guidelines issued by the Reserve Bank of India as applicable to an NBFCs and other accounting principles generally accepted in India. Any application guidance / clarifications / directions issued by RBI or other regulators are implemented as and when they are issued / applicable, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. Accounting policies have been consistently applied except where a newly issued Ind AS is initially adopted or a revision to an existing Ind AS required a change in the accounting policy hitherto in use. The financial statements were authorised for issue by the Board of Directors (BOD) on April 27, 2024.

The Group has adopted the amendments to Ind AS 1 for the first time in the current year as per Companies (Indian Accounting Standards) Amendment Rules, 2023 and applicable from 1 April 2023. The amendments change the requirements in Ind AS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

### 2.5 Financial instruments

#### (i) Classification of financial instruments

The Group classifies its financial assets into the following measurement categories:

- a. Financial assets to be measured at amortised cost
- b. Financial assets to be measured at fair value through other comprehensive income
- c. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Group's business model for managing financial assets which are explained below:

#### Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- a. How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- b. The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed
- c. How managers of the business are compensated (for example, whether the compensation is based

## Notes forming part of Consolidated financial statements

for the year ended 31 March 2024 *Contd...*

on the fair value of the assets managed or on the contractual cash flows collected)

- d. The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

#### The Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process, the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group classifies its financial liabilities at amortised costs.

#### (ii) Financial assets measured at amortised cost

These financial assets comprise bank balances, receivables, investments and other financial assets.

These are measured at amortised cost where they have:

- a. contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- b. are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost.

#### (iii) Items at fair value through profit or loss (FVTPL)

Items at fair value through profit or loss comprise:

- a. Investments (including equity shares) held for trading;
- b. Items specifically designated as FVTPL on initial recognition; and
- c. debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at FVTPL are initially recognised at fair value, with transaction costs recognised in the consolidated statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the consolidated statement of profit and loss as they arise.

#### (iv) Debt securities and other borrowed funds

After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

#### (v) Reclassification

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Group's financial assets. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

#### (vi) Recognition and Derecognition of financial assets and liabilities

##### Recognition:

- a. Loans and Advances are initially recognised when the Financial Instruments are transferred to the customers.
- b. Investments are initially recognised on the trade date.
- c. Debt securities, deposits and borrowings are initially recognised when funds reach the Group.

## Notes forming part of Consolidated financial statements

for the year ended 31 March 2024 *Contd...*

d. Other Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument.

### Derecognition of financial assets

#### a) Financial assets:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, the Group has transferred its contractual rights to receive cash flows from the financial asset.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset, or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

#### b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the Consolidated Statement of Profit and Loss.

### (vii) Impairment of financial assets

#### Overview of the ECL principles

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis.

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. The Group does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

Based on the above, the Group categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

#### **Stage 1**

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all standard advances and advances up to 0-29 days default under this category. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

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### **Stage 2**

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Financial assets past due for 30-89 days are classified under this stage. The Group uses the below criteria for assessing movement to Stage 2:

- Financial assets past due between 30-89
- The Group becomes aware about any deterioration in the financial condition and reputation of the obligor which the management believes may lead to significant deterioration in credit risk

### **Stage 3**

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 days Past Due is considered as default for classifying a financial instrument as credit impaired. If an event warrants a provision higher than as mandated under ECL methodology, the Group may classify the financial asset in Stage 3 accordingly.

Non performing Asset classification is done in line with Reserve Bank of India Master Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances and Clarifications dated 12 November 2021 and dated February 15, 2022.

#### Credit-impaired financial assets:

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVTOCI are credit-impaired. 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:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event; or
- The disappearance of an active market for a security because of financial difficulties.

#### The mechanics of ECL:

The Group calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Group and the cash flows that the Group expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

**Probability of Default (PD)** – Probability of default ("PD") is defined as the likelihood of default over a particular time horizon. The PD of an obligor is a fundamental risk parameter in credit risk analysis and depends on obligor specific as well as macroeconomic risk factors. The impact of macroeconomic criteria on the PD results in two different PD estimates, through-the-cycle ("TTC") and the point-in-time ("PIT") PD. A TTC PD estimate remains largely unaffected by the economic cycle, while a PIT PD estimate varies with the economic cycle.

**Exposure at Default (EAD)** – EAD is taken as the gross exposure under a facility upon default of an obligor. The amortized principal and the interest accrued is considered as EAD for the purpose of ECL computation

**Loss Given Default (LGD)** – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

#### Repossessed assets

In Loan Against Property / Mortgage Loan, the collateral on a loan can be repossessed as part of legal process through SARFAESI, arbitration etc. In such scenario, property value assessment to be done based on existing valuation done for NPA cases or fresh valuation done post repossession of the property. Basis the assessment of the valuation, additional provision to be done to the extent of shortfall in the value of asset not covered with the existing ECL provision.

Further, property auction/sale to be conducted for such repossessed assets as per legal process and guidelines basis collection manual. Once the property is sold, based on the actual realization the ECL shortfall or surplus to be accounted for.

If any repossessed asset is not sold for 24 months post repossession, the account should be marked for accelerated provision and account should be fully provided.

## Notes forming part of Consolidated financial statements

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### (viii) Write-offs

The Group reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. 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 write-offs/subsequent recoveries against such loans are debited/credited in the Consolidated Statement of Profit and Loss under the heading "Impairments on financial instruments".

### (ix) Determination of fair value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Group measures certain categories of financial instruments (as explained in Note 2.5) at fair value on each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of

relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

**Level 1 financial instruments** – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

**Level 2 financial instruments** – Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

**Level 3 financial instruments** – Those that include one or more unobservable input that is significant to the measurement as whole.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**Difference between transaction price and fair value at initial recognition**

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

## Notes forming part of Consolidated financial statements

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When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is not recognised at the initial recognition stage.

### (x) Derivatives and hedging activity

The Company uses derivative contracts like forward contracts to hedge its risk associated with foreign currency and interest rate fluctuation relating to foreign currency floating rate borrowings. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain/loss is recognized in the Statement of Profit and Loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on nature and type of the hedge relationship designated.

#### Cash flow hedges that qualify for hedge accounting

The hedge instruments are designated and documented as hedges at the inception of the contract. The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified in net foreign exchange gains in the statement of profit and loss.

The effective portion of change in the fair value of the designated hedging instrument is recognised in the other comprehensive income and accumulated under the heading cash flow hedging reserve. Such amounts are reclassified into the statement of profit and loss when the related hedged items affect profit and loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and

accumulated in equity till that time remains and is recognised in the statement of profit and loss when the forecasted transaction ultimately affects profit and loss. Any gain or loss is recognised immediately in the statement of profit and loss when the hedge becomes ineffective.

### 2.6 Share Capital

The Company has only one class of equity shares. Par value of the equity share is recorded as the share capital and the amount received in excess of par value is classified as share premium. Equity shares issued by the Company are recognised at the proceeds received net of direct issue cost.

Treasury shares represent the consideration paid by the Company, including any directly attributable costs, to repurchase its own ordinary shares. Treasury shares are presented as a deduction from total equity. On cancellation of treasury shares, the amount paid is adjusted against share capital, to the extent of the par value of ordinary shares repurchased, and the balance is adjusted against share premium.

### 2.7 Revenue from operations

#### (i) Interest Income

income is recognised by applying (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL, taking into account the amount outstanding and the applicable interest rate. Interest income is recognised on non-performing assets at net of ECL.

Processing fees on loans is collected towards processing of loan and are considered integral part of loan. This is amortised on EIR basis over the contractual life of the loan.

The EIR is computed:

- a. As the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset
- b. By considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) in estimating the cash flows
- c. Including all fees paid or received between parties to the contract that are an integral part of the effective

## Notes forming part of Consolidated financial statements

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interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows are recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Delayed payment interest (penal interest) levied on customers for delay in repayments/ non-payment of contractual cashflows is recognised on realisation.

### (ii) Fees & Commission Income

Fees and commissions income that are not integral part of loans and advances and therefore excluded for effective interest calculation, is recognised when the Group satisfies the performance obligation, at transaction price when the consideration received or receivable based on a five-step model as set out below:

**Step 1:** Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2:** Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3:** Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4:** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

**Step 5:** Recognise revenue when (or as) the Group satisfies a performance obligation

Foreclosure charges are collected from loan customers for early payment/ closure of loan and are recognized on realization.

Initial money Deposit charges are collected from customers for document processing, which is non refundable in the nature and are recognized on realization basis

### (iii) Net gain on Fair value changes

Any differences between the fair values of financial assets classified as FVTPL held by the Group on the balance sheet date is recognised as an unrealised gain/ loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed as "Net loss on fair value changes" under Expenses in the Consolidated Statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain/ loss on fair value changes.

However, Net gain/ loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Consolidated Statement of Profit and Loss.

### (iv) Advertisement income

The Company recognises advertisement income on realisation or when the right to receive the same without any uncertainties of recovery is established.

### (v) Loan Processing Fees

Processing fees on loans is collected towards processing of loan, this is amortised on EIR basis over the contractual life of the loan.

### (vi) Other Operating Income

The Group recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established.

## 2.8 Expenses

### (i) Finance costs

Finance costs on borrowings is paid towards availing of loan, is amortised on EIR basis over the contractual life of loan.

The EIR in case of a financial liability is computed

a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.

## Notes forming part of Consolidated financial statements

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b. By considering all the contractual terms of the financial instrument in estimating the cash flows

c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts

Any subsequent changes in the estimation of the future cash flows are recognised in interest expense with the corresponding adjustment to the carrying amount of the liability.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

### (ii) Retirement and other employee benefits

#### Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ ex-gratia are recognised in the period in which the employee renders the related service.

#### Post-employment employee benefits

##### a) Share contribution schemes

All the eligible employees of the Group who have opted to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the parent company contribute monthly at a stipulated rate. The Group has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid.

If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

##### b) Defined Benefit schemes

The Group provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an 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.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Group fully contributes all ascertained liabilities to The Trustees – "SBFC Finance Private Limited employees group gratuity cash accumulation scheme". Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Group- Life Insurance Corporation of India.

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Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

### Other employee benefits

Group's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the consolidated Statement of Profit and Loss.

The Group presents the Provision for compensated absences under provisions in the Balance Sheet.

### Share-based payment arrangements

The stock options granted to employees pursuant to the Group's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity. The employee stock option outstanding account is shown under Reserves and Surplus.

The Parent Company has created an Employee Welfare Trust for providing share-based payment to its employees for (a) SBFC Stock Option Policy I 2018 and (b) SBFC Stock Option Policy 2021 – I policies. The Group uses the Trust as a vehicle for distributing shares to employees under the employee remuneration schemes for the above mentioned two policies. The Group allots shares to the Trustee of the Trust, for giving shares to employees. The Group treats Trust as its extension and shares held by the Trust are treated as treasury shares.

### (iii) Leases:

In accordance with Ind AS 116 – Leases at the date of commencement of the lease, the Group has recognised a Lease Liability, except for leases with a term of 12 months or less (short-term leases) and low value leases.

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate. The Group makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any option to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to termination of lease and the importance of the underlying to the Group's operation taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflect the current economic circumstances.

The right-of-use assets is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any, and adjusted for any remeasurement of the lease liability.

The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the consolidated statement of profit and loss.

The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and consolidated statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further

## Notes forming part of Consolidated financial statements

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reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in consolidated statement of profit and loss.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lock in period of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

### (iv) Other income and expenses

All Other income and expense are recognized in the period they occur.

### (v) Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired entity at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses. Impairment loss on goodwill is not reversed. Goodwill is not subject to amortization and tested at least annually for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

### (vi) Taxes

#### Current Tax

Current tax assets and liabilities for the current and

prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity.

Goods and services tax/ service tax/ value added taxes paid on acquisition of assets or on incurring expenses:

Expenses and assets are recognised net of the goods and services tax/ service tax/ value added taxes paid, except:

- (i) When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- (ii) When receivables and payables are stated with the amount of tax included



## Notes forming part of Consolidated financial statements

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The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### 2.9 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

### 2.10 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

#### Depreciation

Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Act except for Leasehold improvements which are amortised on a straight-line basis over the period of lease or 3 years whichever is less. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits. The estimated useful lives are as prescribed by Schedule II of the Act. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The estimated useful lives as used by the Group are listed below:

Nature of assets	Useful life in years
Computers	
End user machines	3
Servers and networks	6
Furniture and Fixtures	10
Office equipment	5
Vehicle	8

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income/expense in the consolidated statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

### 2.11 Intangible assets

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the consolidated statement of profit and loss. Amortisation on assets acquired/ sold during the year is recognised on a pro-rata basis to the

## Notes forming part of Consolidated financial statements

for the year ended 31 March 2024 *Contd...*

consolidated Statement of Profit and Loss from/ upto the date of acquisition/ sale.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 5 years, unless it has a shorter useful life.

Intangible assets with indefinite useful life is tested for impairment at each reporting period.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the consolidated Statement of Profit and Loss when the asset is derecognised.

### 2.12 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the consolidated Statement of Profit and Loss net of any reimbursement.

### 2.13 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

### 2.14 Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- estimated amount of contracts remaining to be executed on capital account and not provided for;
- Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

### 2.15 Earnings Per Share

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares including the treasury shares held by the Company to satisfy the exercise of the share options by the employees. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

### 2.16 Segments

Based on "Management Approach" as defined by Ind AS 108, The Chief Operating Decision Maker (CODM) evaluates the "Operating Segments". Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group.

### 2.17 Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, and future periods

## Notes forming part of Consolidated financial statements

for the year ended 31 March 2024 *Contd...*

are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are included in the following notes:

### 2.17.1 Impairment of loans portfolio

measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

### 2.17.2 Share-Based Payments

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Group measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield.

Further details used for estimating fair value for share-based payment transactions are disclosed in Note 40.

### 2.18 Operating Cycle

Based on the nature of products/ activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months.

### 2.19 Foreign Currency

Foreign currency transactions:

Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Exchange differences arising on the settlement or translation of monetary items are recognised in Consolidated Statement of profit or loss in the year in which they arise.

### 2.20 Recent Accounting Pronouncements

Ministry of Corporate Affairs ('MCA') notifies new standard 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 applicable to the Group.

## Notes of Consolidated Financial Statements

for the year ended 31 March 2024 *Contd...*

### 3. Cash and cash equivalents

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Cash on hand	97.72	70.94
Balances with banks:		
- In current accounts	851.60	1,167.04
- In fixed deposit with original maturity of less than 3 months	1,300.00	600.00
- Interest accrued but not due	2.79	0.09
<b>Total</b>	<b>2,252.11</b>	<b>1,838.07</b>

3.1 Short-term deposits are made for varying periods of between one day to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

### 4. Bank balances other than cash and cash equivalents

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Balances with banks:		
- In current accounts [Refer Note 4.1]	125.84	-
Fixed deposit with banks:		
- original maturity more than 3 months [Refer Note 4.2]	2,477.06	2,124.03
- Interest accrued but not due	14.15	45.96
<b>Total</b>	<b>2,617.05</b>	<b>2,169.99</b>

4.1 Balance with banks includes restricted bank balance of INR 125.84 Million with ICICI Bank in which proceeds from IPO have been received. The remaining balance out of this account will be paid to selling shareholders post deduction of expenses incurred in relation to IPO.

(₹ In Million)

Details of fixed deposits under lien	As at 31 March 2024	As at 31 March 2023
Credit enhancement in securitisation transactions	349.95	364.00
In connection with borrowings in the form of term loans from SBI	1,369.03	1,180.43
In connection with IPO	72.50	-
In connection with Investment in usage of Adhar authentication service	2.57	-
In connection with Investment in Pass Through Certificates	-	329.60
<b>Total</b>	<b>1,794.05</b>	<b>1,874.03</b>

### 5. Trade receivables

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Receivables considered good- Secured	-	-
Receivables considered good- Unsecured	38.66	85.41
Receivables which have significant increase in credit risk	-	-
Receivables credit impaired	-	-
Unbilled Trade receivables	107.14	22.88
	<b>145.80</b>	<b>108.29</b>
Less: Expected credit loss	-	-
<b>Total</b>	<b>145.80</b>	<b>108.29</b>

5.1 No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Further, no trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

5.2 No expected credit loss provision is required due to the short term nature of these receivables.

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

### 5.3 Ageing of Trade receivables

#### Ageing of Trade receivables as on 31 March 2024:

(₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables- considered good - Unsecured	107.14	-	31.10	3.68	3.88	-	-	145.80
<b>Total</b>	<b>107.14</b>	<b>-</b>	<b>31.10</b>	<b>3.68</b>	<b>3.88</b>	<b>-</b>	<b>-</b>	<b>145.80</b>

#### Ageing of Trade receivables as on 31 March 2023:

(₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables- considered good - Unsecured	22.88	-	16.13	69.28	-	-	-	108.29
<b>Total</b>	<b>22.88</b>	<b>-</b>	<b>16.13</b>	<b>69.28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108.29</b>

### 6. Loans

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Measured at amortised cost</b>		
Loan against Property	48,061.19	34,419.71
Loan against Gold	10,565.00	8,969.45
Unsecured loan	832.32	1,579.74
Staff loans	10.55	18.54
<b>Total (A)- Gross</b>	<b>59,469.06</b>	<b>44,987.44</b>
Less: Expected credit loss	(1,104.15)	(834.34)
<b>Total (A)- Net</b>	<b>58,364.91</b>	<b>44,153.10</b>
(a) Secured by tangible assets [Refer Note 6.2]	58,627.60	43,392.32
(b) Unsecured	841.46	1,595.12
<b>Total (B)- Gross</b>	<b>59,469.06</b>	<b>44,987.44</b>
Less: Expected credit loss	(1,104.15)	(834.34)
<b>Total (B)- Net</b>	<b>58,364.91</b>	<b>44,153.10</b>
<b>Loans in India</b>		
(i) Public sector	-	-
(ii) Others	59,469.06	44,987.44
<b>Total (C)- Gross</b>	<b>59,469.06</b>	<b>44,987.44</b>
Less: Expected credit loss	(1,104.15)	(834.34)
<b>Total (C)- Net</b>	<b>58,364.91</b>	<b>44,153.10</b>

6.1 The Group's business model is to collect contractual cash flows, being the payment of Principal and Interest and accordingly the loans are measured at amortized cost.

6.2 Loans granted by the Group are secured or partly secured by one or a combination of the following securities:- Registered/ equitable mortgage of property, Hypothecation of assets including Gold.

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

6.3 Loans where fraud has been committed and reported for the year is Nil (31 March 2023: Nil)

6.4 The Group has not provided any loans or advances to promoters, directors, KMPs and the related parties.

6.5 The Group has securitised certain term loans and managed servicing of such loan accounts. The carrying value of these assets have not been de-recognised in the books. Refer Note 49 for securitised term loans not derecognised in their entirety.

6.6 Unsecured Loans includes unsecured business loans which is guaranteed by Credit Guarantee Fund Trust for Micro and Small Enterprises amounting to ₹ 2.27 Million (31 March 2023: ₹ 14.03 Million)

### 7. Investments

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>At fair value through profit or loss</b>		
Investment in mutual funds- (Quoted)	1,416.57	739.62
<b>At amortized cost</b>		
Investment in Government Securities (Quoted) [Refer Note 7.1]	-	2,751.94
Investment in Treasury Bills (Quoted) [Refer Note 7.1]	2,068.64	-
Investment in Pass through certificates (PTC) [Refer Note 7.2]	575.89	2,574.36
<b>Total (A)</b>	<b>4,061.10</b>	<b>6,065.92</b>
(i) Investments outside India	-	-
(ii) Investments in India	4,061.10	6,065.92
<b>Total (B)</b>	<b>4,061.10</b>	<b>6,065.92</b>
Less: Allowance for Impairment loss (C)	-	-
<b>Total - Net (D)= (A)-(C)</b>	<b>4,061.10</b>	<b>6,065.92</b>

7.1 The Parent Company has invested in Government Securities and Treasury Bills which are sovereign in nature. Hence, the Parent Company has not provided for any impairment allowance on these investments.

7.2 There is no impairment allowance for existing Investment in Pass Through Certificates considering the performance of the underlying loans and the risk cover.

### 8. Other financial assets

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Unsecured, considered good</b>		
Security deposits	68.82	34.67
Receivables on sale of Investment in PTC [Refer Note 8.1]	-	3.99
Other receivables	1.80	0.32
<b>Total</b>	<b>70.62</b>	<b>38.98</b>

8.1 With respect to Receivable on sale of Investment in PTC, the Group has created an interest receivable strip, with corresponding credit to statement of profit and loss, which has been computed by discounting excess interest spread to present value.

### 9. Current tax assets (net)

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Advance income tax [Net of provision for income tax ₹ 2,038.76 Million]	60.78	-
<b>Total</b>	<b>60.78</b>	<b>-</b>

## Notes forming part of Consolidated Financial Statements

for the year ended 31 March 2024 Contd...

Particulars	Property, plant and equipment				Other intangible assets		Intangible assets under development		Goodwill		
	Computers and fixtures	Furniture and fixtures	Office equipments	Motor car	Leasehold Improvements	Buildings Right-of-use (Refer Note 44.1)	Computer Software	Trademark and Patent		Computer Software	Goodwill (Refer Note 46)
<b>Gross Block:</b>											
<b>As at 31 March 2022</b>	64.50	229.35	52.71	2.91	-	269.15	618.62	0.69	56.77	-	2,603.92
Additions	21.06	18.86	18.46	-	19.37	49.33	127.08	0.16	-	7.49	-
Disposals	0.21	14.95	0.50	-	0.24	112.12	128.02	-	-	-	-
<b>As at 31 March 2023</b>	<b>85.35</b>	<b>233.26</b>	<b>70.67</b>	<b>2.91</b>	<b>19.13</b>	<b>206.36</b>	<b>617.68</b>	<b>0.69</b>	<b>56.93</b>	<b>7.49</b>	<b>2,603.92</b>
Additions	44.08	8.76	22.09	-	36.00	62.60	173.53	0.18	-	7.78	-
Reclassification	0.77	(2.52)	2.52	-	(0.77)	-	-	-	-	-	-
Disposals	0.99	4.62	1.97	-	-	8.52	16.10	-	-	-	-
<b>As at 31 March 2024</b>	<b>129.21</b>	<b>234.88</b>	<b>93.31</b>	<b>2.91</b>	<b>54.36</b>	<b>260.44</b>	<b>775.11</b>	<b>0.69</b>	<b>57.11</b>	<b>15.27</b>	<b>2,603.92</b>
<b>Depreciation and Amortization:</b>											
<b>As at 31 March 2022</b>	33.35	59.96	22.94	0.52	-	144.79	261.56	0.61	23.90	-	-
Additions	19.58	23.30	11.12	0.36	1.39	61.91	117.66	0.08	9.49	-	-
Disposals	0.17	7.41	0.26	-	0.02	90.21	98.07	-	-	-	-
<b>As at 31 March 2023</b>	<b>52.76</b>	<b>75.85</b>	<b>33.80</b>	<b>0.88</b>	<b>1.37</b>	<b>116.49</b>	<b>281.15</b>	<b>0.69</b>	<b>33.39</b>	<b>-</b>	<b>-</b>
Additions	25.93	21.86	15.04	0.36	12.40	49.78	125.37	8.77	-	8.77	-
Reclassification	0.40	(0.55)	0.55	-	(0.40)	-	-	-	-	-	-
Disposals	0.99	2.82	1.87	-	-	5.56	11.24	-	-	-	-
<b>As at 31 March 2024</b>	<b>78.10</b>	<b>94.34</b>	<b>47.52</b>	<b>1.24</b>	<b>13.37</b>	<b>160.71</b>	<b>395.28</b>	<b>0.69</b>	<b>42.16</b>	<b>-</b>	<b>-</b>
<b>Net Block:</b>											
<b>As at 31 March 2023</b>	<b>32.59</b>	<b>157.41</b>	<b>36.87</b>	<b>2.03</b>	<b>17.76</b>	<b>89.87</b>	<b>336.53</b>	<b>-</b>	<b>23.54</b>	<b>7.49</b>	<b>2,603.92</b>
<b>As at 31 March 2024</b>	<b>51.11</b>	<b>140.54</b>	<b>45.79</b>	<b>1.67</b>	<b>40.99</b>	<b>99.73</b>	<b>379.83</b>	<b>-</b>	<b>14.95</b>	<b>15.27</b>	<b>2,603.92</b>

Note: There is no revaluation of Property, plant and equipment and other intangible assets during the year ended 31 March 2024 and 31 March 2023.

## Notes forming part of Consolidated Financial Statements

for the year ended 31 March 2024 Contd...

### 10.1 Intangible assets under development ageing schedule: (₹ In Million)

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at 31 March 2023</b>					
Loan Management System	7.11	-	-	-	<b>7.11</b>
Others	0.38	-	-	-	<b>0.38</b>
<b>Total</b>	<b>7.49</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.49</b>
<b>As at 31 March 2024</b>					
Loan Management System	6.88	7.11	-	-	<b>13.99</b>
Others	0.90	0.38	-	-	<b>1.28</b>
<b>Total</b>	<b>7.78</b>	<b>7.49</b>	<b>-</b>	<b>-</b>	<b>15.27</b>

### 10.2 Intangible assets under development, whose completion is overdue compared to its original plan: (₹ In Million)

Intangible assets under development	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at 31 March 2023</b>					
Loan Management System	-	-	-	-	<b>-</b>
Others	-	-	-	-	<b>-</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As at 31 March 2024</b>					
Loan Management System	13.99	-	-	-	<b>13.99</b>
Others	1.28	-	-	-	<b>1.28</b>
<b>Total</b>	<b>15.27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15.27</b>

### 10.3 The Parent Company does not have any intangible asset under development temporarily suspended or has exceeded its cost compared to its original plan.

### 11. Other non-financial assets (₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
	Prepaid expenses	24.79
Advance to creditors	12.97	6.22
Capital advances	1.33	3.66
Advances to employees	2.42	1.31
<b>Total</b>	<b>41.51</b>	<b>118.57</b>

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

### 12. Derivative financial instruments

(₹ In Million)

Particulars	As at 31 March 2024				As at 31 March 2023			
	Notional Amounts	Fair Value - Assets	Notional Amounts	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Notional Amounts	Fair Value - Liabilities
<b>Part I</b>								
Currency derivatives								
Spot and forwards	-	-	8,337.39	45.13	-	-	-	-
<b>Part II</b>								
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:								
<b>Cash flow hedging:</b>								
- Currency derivatives	-	-	8,337.39	45.13	-	-	-	-

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk. The Company's risk management strategy and how it is applied to manage risk are explained in note 48.4.

### 13. Payables

#### (A) Trade payables

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Total outstanding dues of micro enterprises and small enterprises	7.05	2.96
Total outstanding dues of creditors other than micro enterprises and small enterprises	105.52	89.34
<b>Total</b>	<b>112.57</b>	<b>92.30</b>

#### Ageing of Trade payables as on 31 March 2024:

(₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date				Total
			Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	4.69	-	2.36	-	-	-	7.05
(ii) Others	98.96	-	4.23	1.13	0.55	0.65	105.52
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>103.65</b>	<b>-</b>	<b>6.59</b>	<b>1.13</b>	<b>0.55</b>	<b>0.65</b>	<b>112.57</b>

#### Ageing of Trade payables as on 31 March 2023:

(₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date				Total
			Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	2.73	-	0.20	0.03	-	-	2.96
(ii) Others	84.71	-	3.06	0.95	0.62	-	89.34
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>87.44</b>	<b>-</b>	<b>3.26</b>	<b>0.98</b>	<b>0.62</b>	<b>-</b>	<b>92.30</b>

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

### (B) Other payables

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	107.99	36.28
<b>Total</b>	<b>107.99</b>	<b>36.28</b>

### 14. Debt securities

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>At amortized cost</b>		
<b>Secured</b>		
- Listed redeemable Non Convertible Debentures		
<b>Gross amount</b>	3,966.45	454.03
Less: Effective interest rate adjustment	(16.86)	-
<b>Net amount</b>	3,949.59	454.03
<b>Total (A)</b>	<b>3,949.59</b>	<b>454.03</b>
Debt securities in India	3,949.59	454.03
Debt securities outside India	-	-
<b>Total (B)</b>	<b>3,949.59</b>	<b>454.03</b>

14.1 No Non Convertible Debentures is guaranteed by directors and/ or others.

14.2 Terms of repayment of privately placed redeemable non convertible debentures:

(₹ In Million)

Tenure (from the date of Balance Sheet)	As at 31 March 2024		As at 31 March 2023	
	Rate of Interest	Amount	Rate of Interest	Amount
Due within 1 years	8.57% - 9.37%	930.00	-	-
Due within 1 year to 3 years	9.00% - 9.37%	3,000.00	8.57%	430.00
<b>Total</b>		<b>3,930.00</b>		<b>430.00</b>
Interest accrued		36.45		24.03
Effective interest rate adjustment		(16.86)		-
<b>Net Amount</b>		<b>3,949.59</b>		<b>454.03</b>

### 14.3 Details of Secured Redeemable Non Convertible Debentures:

(₹ In Million)

Name of Securities	Number	Allotment Date	Redemption Date	As at 31 March 2024	As at 31 March 2023
8.57% Secured Rated Listed Redeemable Non-Convertible Debentures	430	06-Aug-21	06-Aug-24	450.38	454.03
Secured Rated Listed Redeemable Non Convertible Debenture Series A1 Tranche 1	10,000	27-Feb-24	27-May-25	1,000.23	-
Secured Rated Listed Redeemable Non Convertible Debenture Series A1 Tranche 2	5,000	27-Feb-24	19-Mar-25	500.27	-
9.00% Secured Rated Listed Redeemable Non Convertible Debenture Series A2	20,000	04-Mar-24	04-Mar-27	1,998.71	-

**8.57% Secured Rated Listed Redeemable Non-Convertible Debentures:** Face value of Non Convertible Debentures is ₹ 1.00 Million. These debentures are redeemable at the end of 36 months from the date of allotment. Payment of Interest is yearly and principal repayment at maturity.

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

Secured Rated Listed Redeemable Non Convertible Debenture Series A1 Tranche 1 Date Of Maturity 27/05/2025 (9.37% - March 2024): Face value of Non Convertible Debentures is ₹0.10 Million. These debentures are redeemable at the end of 15 months from the date of allotment. Payment of Interest is Monthly and principal repayment at maturity.

Secured Rated Listed Redeemable Non Convertible Debenture Series A1 Tranche 2 Date Of Maturity 19/03/2025 (9.37% - March 2024): Face value of Non Convertible Debentures is ₹ 0.10 Million. These debentures are redeemable at the end of 12 months 20 days from the date of allotment. Payment of Interest is Monthly and principal repayment at maturity.

9.00% Secured Rated Listed Redeemable Non Convertible Debenture Series A2 Date Of Maturity 04/03/2027: Face value of Non Convertible Debentures is ₹ 0.10 Million. These debentures are redeemable at the end of 36 months from the date of allotment. Payment of Interest is Yearly and principal repayment at maturity.

14.4 The debentures are secured by way of first pari passu charge against the book debts, Investment in PTC and loan assets of the Group which are standard. Minimum security cover of 1.1 times is required to be maintained throughout the year.

### 15. Borrowings (other than debt securities)

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>At amortized cost</b>		
<b>Secured</b>		
<b>Term loans</b>		
Indian rupee loan from banks		
Gross amount	19,775.18	29,135.41
Less: Effective interest rate adjustment	(102.00)	(120.49)
<b>Net amount</b>	<b>19,673.18</b>	<b>29,014.92</b>
Indian rupee loan from financial institutions		
Gross amount	5,351.24	3,680.87
Less: Effective interest rate adjustment	(10.81)	(7.50)
<b>Net amount</b>	<b>5,340.43</b>	<b>3,673.37</b>
Foreign Currency loan from banks		
Gross amount	8,384.04	-
<b>Working capital demand loan</b>		
Indian rupee loan from banks	-	602.53
<b>Collateralized borrowings</b>	<b>2,612.97</b>	<b>3,645.77</b>
<b>Total (A)</b>	<b>36,010.62</b>	<b>36,936.59</b>
Borrowings in India	36,010.62	36,936.59
Borrowings outside India	-	-
<b>Total (B)</b>	<b>36,010.62</b>	<b>36,936.59</b>

- 15.1 a) Term loan from banks: These are secured by First Pari Passu charge by way of hypothecation of standard loan receivables of the Company, Investments in PTC and on all other book debts and current assets of the Company. Minimum security cover of 1.1 times is required to be maintained throughout the year.
- b) Term loan from financial institutions: These are secured by First Pari Passu charge by way of hypothecation of standard loan receivables of the Company, Investments in PTC and on all other book debts and current assets of the Company. Minimum security cover of 1.1 times is required to be maintained throughout the year.
- c) Working capital demand loan from banks: These are secured by First Pari Passu charge by way of hypothecation of standard loan receivables of the Company, Investments in PTC and on all other book debts and current assets of the Company. Minimum security cover of 1.1 times is required to be maintained throughout the year.
- d) Foreign Currency loan from banks: These are secured by First Pari Passu charge by way of hypothecation of standard loan receivables of the Group, Investments in PTC and on all other book debts and current assets of the Group. Minimum security cover of 1.1 times is required to be maintained throughout the year.
- e) Collateralized borrowings are secured against pool of Loan Assets. Refer Note 49 for more details.

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

15.2 No term loan and any other borrowing is guaranteed by directors and/ or others.

15.3 The Group has not defaulted in repayment of principal and interest during the year ended 31 March 2024 and year ended 31 March 2023.

15.4 The repayment of borrowings is done monthly and quarterly as per the sanctioned terms.

### As at 31 March 2024

(₹ In Million)

Terms of Repayment	Indian rupee loan from banks		Indian rupee loan from financial institutions		Collateralized Borrowings		Foreign Currency loan from banks	
	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount
Tenure (from the date of Balance Sheet)								
Due within 3 years	8.00% - 10.95%	17,368.67	9.15% - 10.25%	5,276.67	9.00% - 10.15%	778.27	6.50%	8,337.39
Due within 3-5 years	9.05% - 9.95%	2,225.61	10.25%	46.67	9.00% - 10.15%	614.59		-
Above 5 years	9.95%	166.05	-	-	9.00% - 10.15%	1,211.20		-
<b>Total</b>		<b>19,760.33</b>		<b>5,323.34</b>		<b>2,604.06</b>		<b>8,337.39</b>
Interest Accrued		14.85		27.90		8.91		46.65
Effective interest rate adjustment		(102.00)		(10.81)		-		-
<b>Net amount</b>		<b>19,673.18</b>		<b>5,340.43</b>		<b>2,612.97</b>		<b>8,384.04</b>

### As at 31 March 2023

(₹ In Million)

Terms of Repayment	Indian rupee loan from banks		Indian rupee loan from financial institutions		Collateralized Borrowings		Foreign Currency loan from banks	
	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount
Tenure (from the date of Balance Sheet)								
Due within 3 years	8.00% - 10.95%	23,528.28	9.00% - 9.85%	3,445.83	8.05% - 9.80%	1,030.00	8.80%	600.00
Due within 3-5 years	8.00% - 10.95%	5,388.39	9.00% - 9.85%	226.66	8.05% - 9.80%	867.15		-
Above 5 years	8.00% - 10.95%	205.06	-	-	8.05% - 9.80%	1,736.95		-
<b>Total</b>		<b>29,121.73</b>		<b>3,672.49</b>		<b>3,634.10</b>		<b>600.00</b>
Interest Accrued		13.68		8.38		11.67		2.53
Effective interest rate adjustment		(120.49)		(7.50)		-		-
<b>Net amount</b>		<b>29,014.92</b>		<b>3,673.37</b>		<b>3,645.77</b>		<b>602.53</b>

### 16. Other financial liabilities

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Employee benefits payable	239.92	157.03
Lease liabilities [Refer Note 44.2]	107.02	100.90
Book overdraft	1,753.39	1,880.21
Payable on account of PTC pool	231.25	277.60
Payable to trusts	2.78	2.44
Other liabilities [Refer Note 16.1]	120.87	91.65
<b>Total</b>	<b>2,455.23</b>	<b>2,509.83</b>

16.1 Other liabilities majorly includes amounts payable to co-origination partners and unapplied receipts.

### 17. Current tax liabilities (net)

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Income tax liability	-	0.53
[31 March 2023: net of Advance Income Tax & TDS credit of ₹ 2,218.80 Million]	-	-
<b>Total</b>	<b>-</b>	<b>0.53</b>

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

### 18. Provisions (₹ In Million)

Particulars	As at	
	31 March 2024	31 March 2023
Provision for employee benefits		
Gratuity (funded) [Refer Note 40]	2.26	1.32
<b>Total</b>	<b>2.26</b>	<b>1.32</b>

### 19. Deferred tax liabilities (net) (₹ In Million)

Particulars	As at	
	31 March 2024	31 March 2023
<b>Deferred tax liabilities</b>		
Depreciation and amortization	481.63	367.36
Unamortized processing fees on term loan	32.64	32.21
Income on sale of investment in PTC	-	1.00
Investment in government securities measured at amortized cost	-	5.03
Mark to market gain on mutual funds	1.17	0.31
<b>Total Deferred tax liabilities</b>	<b>515.44</b>	<b>405.91</b>
<b>Deferred tax assets</b>		
Expected credit losses	228.49	175.72
Provision for expenses	7.47	0.20
Transaction cost of Loan assets	134.30	100.22
Net movement on effective portion of cash flow hedge	7.07	-
Deduction u/s 35D of Income Tax Act, 1961	25.40	-
Impact on account of leases	2.66	3.86
<b>Total Deferred tax assets</b>	<b>405.39</b>	<b>280.00</b>
<b>Deferred tax liabilities (net)</b>	<b>110.05</b>	<b>125.91</b>

### 20. Other non-financial liabilities (₹ In Million)

Particulars	As at	
	31 March 2024	31 March 2023
Capital creditors	5.04	
Statutory dues	48.71	34.93
<b>Total</b>	<b>53.75</b>	<b>34.93</b>

### 21. Equity share capital (₹ In Million)

Particulars	As at		As at	
	31 March 2024		31 March 2023	
	No of shares	Amount	No of shares	Amount
<b>Authorized</b>				
Equity Shares of ₹ 10 each	1,300,000,000	13,000.00	1,300,000,000	13,000.00
	<b>1,300,000,000</b>	<b>13,000.00</b>	<b>1,300,000,000</b>	<b>13,000.00</b>
<b>Issued, subscribed and fully paid-up (A)</b>				
Equity Shares of ₹ 10 each, fully paid up	1,073,754,986	10,737.55	897,023,682	8,970.24
	<b>1,073,754,986</b>	<b>10,737.55</b>	<b>897,023,682</b>	<b>8,970.24</b>
<b>Treasury shares held through ESOP trust (B)</b>				
Equity Shares of ₹ 10 each, fully paid up	(1,866,000)	(18.66)	(7,452,000)	(74.52)
<b>Equity shares [net of treasury shares] [A + B]</b>	<b>1,071,888,986</b>	<b>10,718.89</b>	<b>889,571,682</b>	<b>8,895.72</b>

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

### 21.1 Reconciliation of number of shares outstanding at the beginning and end of the reporting period: (₹ In Million)

Particulars	As at		As at	
	31 March 2024		31 March 2023	
	No. of shares	Amount	No. of shares	Amount
Equity shares outstanding as at the beginning of the year	897,023,682	8,970.24	834,523,682	8,146.76
Add: Equity shares issued during the year	132,574,610	1,325.74	62,500,000	625.00
Add: Equity shares called up and paid up during the year	-	-	-	198.48
Add: Equity shares issued upon exercise of options under employee share option plan	44,156,694	441.57	-	-
<b>Equity shares outstanding as at the end of the year</b>	<b>1,073,754,986</b>	<b>10,737.55</b>	<b>897,023,682</b>	<b>8,970.24</b>

### Reconciliation of number of treasury shares outstanding at the beginning and end of the reporting period:

Particulars	As at		As at	
	31 March 2024		31 March 2023	
	No. of shares	Amount	No. of shares	Amount
Equity shares outstanding as at the beginning of the year	7,452,000	74.52	7,875,500	78.76
Add: Equity shares issued during the year	-	-	-	-
Less: Equity shares transferred upon exercise of options under employee share option plan	(5,586,000)	(55.86)	(423,500)	(4.24)
<b>Equity shares outstanding as at the end of the year</b>	<b>1,866,000</b>	<b>18.66</b>	<b>7,452,000</b>	<b>74.52</b>

For details of shares reserved for issue under ESOP of the Group and shares exercised under ESOP, refer note 41.

### 21.2 Terms and rights attached to equity shares:

The Group has single class equity shares having a par value of ₹ 10 per equity share. Accordingly, all equity shares rank equally with regard to dividends and share in the Group's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders if any. In the event of liquidation of the Group, the holders of equity shares will be entitled to receive the residual assets of the Group, remaining after distribution of all preferential amounts in proportion to the number of equity shares held. Upon show of hands, every Member present in person and holding any equity share capital therein, shall have one vote, in respect of such capital, on every resolution placed before the Group.

The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting.

### 21.3 Details of share held by the Parent Company: (₹ In Million)

Particulars	As at		As at	
	31 March 2024		31 March 2023	
	No. of shares	% of Holding	No. of shares	% of Holding
SBFC Holdings Pte Ltd.	592,813,525	55.21%	657,040,000	73.25%

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

### 21.4 Details of shareholders holding more than five percent shares in the Parent Company: (₹ In Million)

Particulars	As at 31 March 2024		As at 31 March 2023	
	No. of shares	% of Holding	No. of shares	% of Holding
SBFC Holdings Pte Ltd.	592,813,525	55.21%	657,040,000	73.25%
SBI Small CAP Fund	77,516,317	7.22%	-	-
Arpwood Partners Investment Advisors LLP	45,109,526	4.20%	122,217,177	13.62%

### 21.5 Details of shareholding of Promoters of the Parent Company: (₹ In Million)

Particulars	As at 31 March 2024			As at 31 March 2023		
	No. of shares	% of Holding	% of Change during the year	No. of shares	% of Holding	% of Change during the year
Arpwood Partners Investment Advisors LLP	45,109,526	4.20%	(9.42%)	122,217,177	13.62%	(1.03%)
Eight 45 Services LLP	2,362,153	0.22%	(2.49%)	24,272,805	2.71%	(0.20%)
SBFC Holdings Pte Ltd	592,813,525	55.21%	(18.04%)	657,040,000	73.25%	1.35%
Arpwood Capital Private Limited	11,071,022	1.03%	(2.31%)	29,995,300	3.34%	(0.25%)

21.6 There are no bonus shares issued or shares bought back or shares issued for consideration other than cash by the Parent Company during five years immediately preceding the balance sheet date.

21.7 The Parent Company's equity shares have been listed on National Stock Exchange of India Limited ("NSE") and on BSE Limited ("BSE") on 16 August 2023, by completing the Initial Public Offering (IPO) of 179,863,285 equity shares of face value of ₹ 10 each at an issue price of ₹ 57 (employees were issued at ₹ 55) per equity share, consisting of fresh issue of 105,301,883 equity shares and an offer for sale of 74,561,402 equity shares by the selling shareholders. The Company had received an amount of ₹ 5,520.30 million (net off estimated offer expenses ₹ 479.70 million, including pre IPO related estimated expenses) from proceeds of fresh issue of equity shares. Further, the fund raised from Offer for sale were remitted to the selling shareholders (net off estimated offer expenses borne by the selling shareholders). The utilisation of the net proceeds is summarised as below:

(₹ In Million)

Objects of the issue as per prospectus	Amount to be utilised as per prospectus	Utilisation up to 31 March 2024	Unutilised amount up to 31 March 2024*
The net proceeds from the fresh issue of shares to be used towards augmenting our Parent Company's capital base to meet our future capital requirements arising out of the growth of our business and assets	5,590.83	5,520.30	70.53

\*unutilised amount of ₹ 70.53 million is held back by Book Running Lead Managers towards amount to be paid by SBFC Holdings Pte Ltd and will be released to the Parent Company once the said payment is made.

21.8 5,586,000 equity shares have been transferred from Vistra ITCL (India) Limited, Trustee of SBFC Employee Welfare Trust to eligible employees pursuant to exercise of the outstanding vested options during the year. 44,156,694 equity shares have been issued to eligible employees pursuant to exercise of the outstanding vested Options under various SBFC Stock option policies during the year.

21.9 Pursuant to the share purchase agreement dated 25 July 2023, certain Promoters of the Parent Company i.e. SBFC Holdings Pte Ltd, Arpwood Partners Investment Advisors LLP, Arpwood Capital Private Limited and Eight45 Services LLP have sold an aggregate of 15,789,473 Equity Shares at ₹ 57 per share to SBI Optimal Equity Fund- Long Term, ICICI Prudential Banking and Financial Services Fund, HDFC Banking and Financial Services Fund, SBI Retirement Benefit Fund- Aggressive Plan, SBI Retirement Benefit Fund Conservative Plan, SBI Retirement Benefit Fund - Conservative Hybrid Plan, SBI Retirement Benefit Fund - Aggressive Hybrid Plan.

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

### 22. Other equity (₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Statutory reserve u/s 45-IC of the RBI Act, 1934</b>		
Balance as at the beginning of the year	719.07	419.48
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	474.21	299.59
<b>Balance as at the end of the year</b>	<b>1,193.28</b>	<b>719.07</b>
<b>Securities premium</b>		
Balance as at the beginning of the year	4,440.18	2,453.76
Add: Transfer from employee share option outstanding pursuant to stock options exercised	233.84	1.70
Add: Premium on issue of share capital	6,431.26	1,875.00
Add: Premium on conversion of shares from partly paid up to fully paid up	-	109.89
Less: Share issue expenses (net of taxes)	(342.05)	(1.23)
Add/ (Less): Loan to Employee Welfare Trust	23.26	1.06
<b>Balance as at the end of the year</b>	<b>10,786.49</b>	<b>4,440.18</b>
<b>Employee share option outstanding</b>		
Balance as at the beginning of the year	301.51	213.89
Add: Charge for the year	222.22	89.32
Less: Transferred to securities premium pursuant to stock options exercised	(233.84)	(1.70)
<b>Balance as at the end of the year</b>	<b>289.89</b>	<b>301.51</b>
<b>Retained Earnings</b>		
Surplus in Statement of Profit and Loss as at the beginning of the year	2,909.04	1,711.27
Add: Profit for the year	2,371.04	1,497.36
Less: Transfer to statutory reserve	(474.21)	(299.59)
<b>Balance as at the end of the year</b>	<b>4,805.87</b>	<b>2,909.04</b>
<b>Remeasurement gain/ (loss) on defined benefit plans</b>		
Balance as at the beginning of the year	7.16	5.27
Add: Other comprehensive income for the year (net of taxes)	0.11	1.89
<b>Balance as at the end of the year</b>	<b>7.27</b>	<b>7.16</b>
<b>Other comprehensive income on cash flow hedge reserve</b>		
Balance as at the beginning of the year	-	-
Add: Other comprehensive income for the year (net of taxes)	(21.03)	-
<b>Balance as at the end of the year</b>	<b>(21.03)</b>	<b>-</b>
<b>TOTAL</b>	<b>17,061.77</b>	<b>8,376.96</b>

**Statutory reserve u/s 45-IC of the RBI Act, 1934:** As required by section 45-IC of the RBI Act 1934, the Parent Company maintains a reserve fund and transfers there in a sum not less than twenty per cent of its net profit every year as disclosed in the statement of profit and loss and before any dividend is declared.

**Employee share option outstanding:** The Parent Company has a share option scheme under which options to subscribe for the Parent Company's shares have been granted to certain employees including key management personnel. The share-based payment reserve is used to recognize the value of equity-settled share-based payments provided to employees, as part of their remuneration.

**Securities Premium Reserve:** Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013. In case of equity settled share based payment transactions, the difference between fair value on grant date and nominal value share is accounted as securities premium.

**Retained Earnings:** Retained earnings are the profits that the Group has earned till date, less any transfers to statutory reserve.

**Remeasurement gain/ (loss) on defined benefit plans:** It represents the gains/ (losses) arising on account of actuarial valuation of defined benefit obligation.



## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

Other comprehensive income on cash flow hedge reserve: It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI and underlying hedged items.

### 23. Interest income (₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>On Financial Assets measured at Amortized Cost:</b>		
Interest on loans	8,660.66	5,952.92
Interest on deposits from banks	216.81	145.70
Interest on Government Securities	52.77	26.62
Interest on Treasury Bills	89.67	-
Interest on investment in Pass Through certificates (PTC)	163.68	416.28
<b>Total</b>	<b>9,183.59</b>	<b>6,541.52</b>

### 24. Fees and commission income (₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Loan management services fee income	101.25	94.37
Other fee income [Refer Note 24.1]	450.64	318.15
<b>Total</b>	<b>551.89</b>	<b>412.52</b>

24.1 Fee Income includes Processing Fee on loan against Gold (not subject to EIR), Initial Money Deposit fees and Co-origination fees.

### 25. Net gain on fair value changes (₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>On financial instruments designated at fair value through profit or loss:</b>		
Mutual Fund and Government Securities		
(A) Total net gain on fair value changes	172.83	119.76
(B) Fair value changes:		
- Realized	168.20	118.52
- Unrealized	4.63	1.24
<b>Total net gain on fair value changes</b>	<b>172.83</b>	<b>119.76</b>

### 26. Net gain on derecognition of financial instruments under amortised cost category (₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Income on remeasurement of investment in Pass through certificates (PTC)	2.31	28.30
<b>Total</b>	<b>2.31</b>	<b>28.30</b>

### 27. Other operating income (₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Advertisement income	77.08	87.59
Other charges [Refer Note 27.1]	198.70	138.43
<b>Total</b>	<b>275.78</b>	<b>226.02</b>

27.1 Other charges includes Prepayment charges, foreclosure charges recovered from the customer amounting to ₹ 157.17 Million (31 March 2023: ₹ 106.71 Million)

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

### 28. Other income (₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest on income tax refund	4.32	16.02
Gain on lease termination (net of losses) [Refer Note 44]	0.55	4.30
Others [Refer Note 28.1]	7.93	55.17
<b>Total</b>	<b>12.80</b>	<b>75.49</b>

28.1 Others include excess amount received from customers, insurance refund, subsidy received from government and unwinding of lease deposit.

### 29. Finance costs (on financial liabilities measured at amortized cost) (₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest on debt securities	63.48	36.85
Interest on borrowings	3,432.89	2,715.29
Interest on lease liabilities [Refer Note 44.2]	8.85	11.66
Other interest expenses	1.15	0.72
<b>Total</b>	<b>3,506.37</b>	<b>2,764.52</b>

### 30. Impairment on financial instruments (₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>On financial instruments measured at amortised cost</b>		
Impairment on loans*	269.80	169.89
Loans written off (net of recovery)	200.46	150.67
<b>Total</b>	<b>470.26</b>	<b>320.56</b>

\*net of recovery from Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) Scheme Nil (31 March 2023 ₹ 1.70 Million)

### 31. Employee benefits expense (₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Salaries and bonus	1,809.92	1,409.93
Contribution to provident fund and other funds [Refer Note 40(a)]	106.24	75.66
Gratuity expenses [Refer Note 40(b)]	11.71	9.50
Employee share based payment expenses [Refer Note 41]	224.43	89.32
Staff training and welfare expenses	19.02	16.82
<b>Total</b>	<b>2,171.32</b>	<b>1,601.23</b>

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

### 32 Other expenses

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Travelling and conveyance	81.21	56.91
Printing and stationery	27.33	23.11
Communication Expenses	26.94	23.54
Business promotion expenses	14.35	17.08
Loss on sale/ discard of Property, plant and equipment/ Intangible assets	1.68	7.70
Repairs and maintenance	8.90	5.26
Office maintenance	105.74	93.56
Legal & professional expenses	190.97	141.77
Director sitting fees	6.70	6.20
Auditors' remuneration	7.10	4.11
Corporate social responsibility expenditure	26.07	16.61
Rent [Refer Note 44.4]	49.36	27.75
Rates and taxes	27.28	20.11
Electricity charges	23.30	18.81
Insurance charges	12.74	10.81
IT expenses	112.71	74.53
Balance written off	2.51	-
Bank charges	18.62	17.38
Seminar Expenses	6.45	4.89
Miscellaneous expenses	5.76	6.37
<b>Total</b>	<b>755.72</b>	<b>576.50</b>

### 33 Income Taxes

#### 33.1 Income Tax recognized in Statement of Profit and Loss

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Current tax</b>		
In respect of the current year	862.51	584.90
In respect of the earlier year	(88.65)	-
<b>Deferred tax</b>		
In respect of the current year	16.49	(68.60)
<b>Total Income tax expense recognized in the Statement of Profit and Loss</b>	<b>790.35</b>	<b>516.30</b>

#### 32.2 Reconciliation of income tax expense of the year:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all the profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate is as follows:

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Profit before income tax expense</b>	<b>3,161.39</b>	<b>2,013.66</b>
Income tax rate	25.168%	25.168%
Tax at statutory income tax rate	795.66	506.80
<b>Tax effect of amounts which are non deductible/ not taxable in calculating taxable income</b>		
CSR expense	6.56	4.18
Deduction u/s 80JJAA	(2.27)	-
Reversal of deferred tax liability on government securities	(5.03)	-
Items on which deferred tax asset (net) was not created	(7.76)	5.32
Income tax impact of previous year	(88.65)	-
Deferred tax impact of previous year	90.93	-
Other differences	0.91	-
<b>Income tax expense</b>	<b>790.35</b>	<b>516.30</b>

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

### 34. Deferred tax

The following table shows deferred tax recorded in the Balance sheet and changes recorded in the Income tax expense:

(₹ In Million)

Deferred tax liability (net)	As at 1 April 2023	Recognized in Statement of Profit and Loss	Recognized in Securities Premium	Recognized in OCI	As at 31 March 2024
<b>Deferred tax liability on account of:</b>					
Depreciation and amortization	367.36	114.27	-	-	481.63
Unamortized processing fees on term loan	1.00	31.64	-	-	32.64
Income on sale of investment in PTC	5.03	(5.03)	-	-	-
Investment in government securities measured at amortized cost	0.31	(0.31)	-	-	-
Mark to market gain on mutual funds	32.21	(31.04)	-	-	1.17
	<b>405.91</b>	<b>109.53</b>	<b>-</b>	<b>-</b>	<b>515.44</b>
<b>Deferred tax asset on account of:</b>					
Expected credit losses	175.72	52.77	-	-	228.49
Provision for expenses	0.20	7.39	-	-	7.47
Transaction cost of Loan assets	100.22	34.08	-	-	134.30
Net movement on effective portion of cash flow hedge	-	-	-	7.07	7.07
Deduction u/s 35D of Income Tax Act, 1961	-	-	25.40	-	25.40
Impact on account of leases	3.86	(1.20)	-	-	2.66
	<b>280.00</b>	<b>93.04</b>	<b>25.40</b>	<b>7.07</b>	<b>405.39</b>
<b>Deferred tax liability (net) and credit for the year</b>	<b>125.91</b>	<b>16.49</b>	<b>(25.40)</b>	<b>(7.07)</b>	<b>110.05</b>

(₹ In Million)

Deferred tax liability (net)	As at 1 April 2022	Recognized in Statement of Profit and Loss	Recognized in OCI	As at 31 March 2023
<b>Deferred tax liability on account of:</b>				
Depreciation and amortization	372.32	(4.96)	-	367.36
Unamortized processing fees on term loan	-	1.00	-	1.00
Income on sale of investment in PTC	-	5.03	-	5.03
Investment in government securities measured at amortized cost	20.04	(19.73)	-	0.31
Mark to market gain on mutual funds	31.85	0.36	-	32.21
	<b>424.21</b>	<b>(18.30)</b>	<b>-</b>	<b>405.91</b>
<b>Deferred tax asset on account of:</b>				
Expected credit losses	164.63	11.09	-	175.72
Transaction cost of Loan assets	59.33	40.89	-	100.22
Provision for expenses	-	0.20	-	0.20
Impact on account of leases	5.74	(1.88)	-	3.86
	<b>229.70</b>	<b>50.30</b>	<b>-</b>	<b>280.00</b>
<b>Deferred tax liability (net) and credit for the year</b>	<b>194.51</b>	<b>(68.60)</b>	<b>-</b>	<b>125.91</b>





## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

### 38. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled. They have been classified to mature and/or be repaid within 12 months or after 12 months. With regard to loans and advances to customers, the Parent Company uses the same basis of expected repayment as used for estimating the Effective Interest Rate (EIR).

(₹ In Million)

Particulars	As at 31 March 2024			As at 31 March 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>ASSETS</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	2,252.11	-	2,252.11	1,834.44	-	1,834.44
Bank Balance	928.91	1,487.25	2,416.15	-	2,169.99	2,169.99
Trade receivables	145.80	-	145.80	108.29	-	108.29
Loans	19,330.12	39,034.79	58,364.91	11,326.93	32,826.17	44,153.10
Investments	4,061.10	-	4,061.10	4,546.01	1,519.91	6,065.92
Other financial asset	21.95	51.51	73.46	3.99	34.99	38.98
<b>Non-Financial assets</b>						
Deferred tax assets (net)	-	60.78	60.78	-	-	-
Property, plant and equipment	-	379.83	379.83	-	336.53	336.53
Intangible assets under development	-	15.27	15.27	-	7.49	7.49
Goodwill	-	2,603.92	2,603.92	-	2,603.92	2,603.92
Other intangible assets	-	14.95	14.95	-	23.54	23.54
Other non-financial assets	40.18	1.33	41.51	118.31	3.89	122.20
<b>Total Assets</b>	<b>26,780.17</b>	<b>43,649.63</b>	<b>70,429.79</b>	<b>17,937.97</b>	<b>39,526.43</b>	<b>57,464.40</b>
<b>LIABILITIES</b>						
<b>Financial Liabilities</b>						
Derivative financial instruments	45.13	-	45.13	-	-	-
Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	7.05	-	7.05	2.96	-	2.96
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	105.52	-	105.52	89.34	-	89.34
Other payables						
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	107.99	-	107.99	36.28	-	36.28
Debt securities	959.66	2,989.93	3,949.59	24.03	430.00	454.03
Borrowings (other than debt securities)	13,285.83	22,724.79	36,010.62	11,251.97	25,684.62	36,936.59
Other financial liabilities	2,390.39	64.84	2,455.23	2,454.62	55.21	2,509.83
<b>Non-Financial Liabilities</b>						
Current tax liabilities (net)	-	-	-	0.53	-	0.53
Provisions	2.26	-	2.26	1.32	-	1.32
Deferred tax liabilities (net)	-	110.05	110.05	-	125.91	125.91
Other non-financial liabilities	53.75	-	53.75	34.93	-	34.93
<b>Total liabilities</b>	<b>16,957.58</b>	<b>25,889.61</b>	<b>42,847.19</b>	<b>13,895.98</b>	<b>26,295.74</b>	<b>40,191.72</b>
<b>Net</b>	<b>9,822.59</b>	<b>17,760.02</b>	<b>27,582.60</b>	<b>4,041.99</b>	<b>13,230.69</b>	<b>17,272.68</b>

### 39. Fair value measurements

The primary objectives of the Parent Company's capital management policy are to ensure that the Parent 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 Parent Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. Capital Management Policy, objectives and processes are under constant review by the Board. For details of Capital to Risk Assets Ratio (CRAR) [Refer Note 53.1]

### 39. Fair value measurements

Financial instruments by category

Particulars	As at 31 March 2024			As at 31 March 2023		
	Fair value through Profit or Loss	Amortized cost	Fair value through Other Comprehensive Income	Fair value through Profit or Loss	Amortized cost	Fair value through Other Comprehensive Income
<b>Financial Assets</b>						
Investments						
- Mutual funds	1,416.57	-	-	739.62	-	-
- Government Securities	-	2,068.64	-	-	2,751.94	-
- Pass-through certificates	-	575.89	-	-	2,574.36	-
Trade receivables	-	145.80	-	-	108.29	-
Loans	-	58,364.91	-	-	44,153.10	-
Cash and cash equivalents	-	2,252.11	-	-	1,838.07	-
Bank Balances other than cash and cash equivalents	-	2,617.05	-	-	2,169.99	-
Other financial assets	-	70.62	-	-	38.98	-
<b>Total Financial Assets</b>	<b>1,416.57</b>	<b>66,095.02</b>	<b>-</b>	<b>739.62</b>	<b>53,634.73</b>	<b>-</b>
<b>Financial Liabilities</b>						
Derivative financial instruments	-	-	45.13	-	-	-
Trade payables	-	112.57	-	-	92.30	-
Other payables	-	107.99	-	-	36.28	-
Borrowings (other than debt securities)	-	36,010.62	-	-	36,936.59	-
Debt securities	-	3,949.59	-	-	454.03	-
Other financial liabilities	-	2,455.23	-	-	2,509.83	-
<b>Total Financial Liabilities</b>	<b>-</b>	<b>42,636.00</b>	<b>45.13</b>	<b>-</b>	<b>40,029.03</b>	<b>-</b>

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

### 39.1 Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized 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.

(₹ In Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Note No.	Carrying Amount	Level 1	Level 2	Level 3	Total
<b>As at 31 March 2024</b>						
<b>Financial assets</b>						
<i>Financial Investments at Fair Value Through Profit or Loss</i>						
Mutual funds	7	1,416.57	1,416.57	-	-	1,416.57
<i>Financial Assets at Amortized Cost</i>						
Investment in Government Securities	7	2,068.64	2,068.84	-	-	2,068.84
Investment in Pass-through Certificates	7	575.89	-	-	575.89	575.89
Cash and cash equivalents	3	2,252.11	2,252.11	-	-	2,252.11
Bank Balances other than cash and cash equivalents	4	2,617.05	2,617.05	-	-	2,617.05
Trade receivables	5	145.80	-	-	145.80	145.80
Loans	6	58,364.91	-	-	59,874.07	59,874.07
Other financial assets	8	70.62	-	-	70.62	70.62
<b>Total financial assets</b>		<b>67,511.59</b>	<b>8,354.57</b>	<b>-</b>	<b>60,666.38</b>	<b>69,020.95</b>
<b>Financial liabilities</b>						
<i>Financial Liabilities at Fair value through Other Comprehensive Income</i>						
Derivative financial instruments	12	45.13	-	45.13	-	45.13
<i>Financial Liabilities at Amortized Cost</i>						
Trade payables	13	112.57	-	-	112.57	112.57
Other payables	13	107.99	-	-	107.99	107.99
Debt securities	14	36,010.62	-	-	36,010.62	36,010.62
Borrowings (other than debt securities)	15	3,949.59	-	-	3,949.59	3,949.59
Other financial liabilities	16	2,455.23	-	-	2,455.23	2,455.23
<b>Total financial liabilities</b>		<b>42,681.13</b>	<b>-</b>	<b>45.13</b>	<b>42,636.00</b>	<b>42,681.13</b>

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

(₹ In Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Note No.	Carrying Amount	Level 1	Level 2	Level 3	Total
<b>As at 31 March 2023</b>						
<b>Financial assets</b>						
<i>Financial Investments at Fair Value Through Profit or Loss</i>						
Mutual funds	7	739.62	739.62	-	-	739.62
<i>Financial Assets at Amortized Cost</i>						
Investment in Government Securities	7	2,751.94	2,759.61	-	-	2,759.61
Investment in Pass-through Certificates	7	2,574.36	-	-	2,574.36	2,574.36
Cash and cash equivalents	3	1,838.07	1,838.07	-	-	1,838.07
Bank Balances other than cash and cash equivalents	4	2,169.99	2,169.99	-	-	2,169.99
Trade receivables	5	108.29	-	-	108.29	108.29
Loans	6	44,153.10	-	-	45,276.69	45,276.69
Other financial assets	8	38.98	-	-	38.98	38.98
<b>Total financial assets</b>		<b>54,374.35</b>	<b>7,507.29</b>	<b>-</b>	<b>47,998.32</b>	<b>55,505.61</b>
<b>Financial liabilities</b>						
<i>Financial Liabilities at Amortized Cost</i>						
Trade payables	13	92.30	-	-	92.30	92.30
Other payables	13	36.28	-	-	36.28	36.28
Debt securities	14	2,509.83	-	-	2,509.83	2,509.83
Borrowings (other than debt securities)	15	454.03	-	-	454.03	454.03
Other financial liabilities	16	36,936.59	-	-	36,936.59	36,936.59
<b>Total financial liabilities</b>		<b>40,029.03</b>	<b>-</b>	<b>-</b>	<b>40,029.03</b>	<b>40,029.03</b>

### 39.2. Valuation technique used to determine fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

**Quoted prices in an active market (Level 1):** This level of hierarchy includes financial assets that are measured by reference to quoted prices (adjusted/unadjusted) for identical assets. This category consists of quoted mutual fund units and government securities.

**Valuation techniques with observable inputs (Level 2):** This level of hierarchy includes financial assets, measured using inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e.; as prices) or indirectly (i.e.; derived from prices). This category includes derivative financial instruments.

**Valuation techniques with significant unobservable inputs (Level 3):** This level of hierarchy includes financial assets measured using inputs that are not based on observable market data. Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This category includes investment in Pass-through Certificates.

There has been no transfer between level 1, level 2 and level 3 for the year ended 31 March 2024 and 31 March 2023.

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair value of Loan approximates the carrying amount.

For financial assets and liabilities measured at fair value, the carrying amounts approximates the fair values.

## Notes forming part of Consolidated Financial Statements

for the year ended 31 March 2024 Contd...

### 40. Employee Benefits

#### a) Defined Contribution plans

##### Provident Fund

The Parent Company makes Provident Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Parent Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the Employee Provident Fund Organization (Government).

The Parent Company recognized expense as contribution to provident fund amounting to ₹ 95.78 Million (31 March 2023: ₹ 67.01 Million) in the statement of profit and loss. The contributions payable to these plans by the Parent Company are at rates specified in the rules of the schemes.

#### b) Defined benefit plans

##### Gratuity Fund

##### Characteristics of defined benefit plan

The Parent Company has a defined benefit gratuity plan in India (funded). The Parent Company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to SBFC Finance Private Limited employees group gratuity cash accumulation scheme.

##### Risks associated with defined benefit plan

Gratuity is a defined benefit plan and Parent Company is exposed to the following risks:

**A. Actuarial Risk:** It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

**Adverse Salary Growth Experience:** Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

**Variability in mortality rates:** If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

**Variability in withdrawal rates:** If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

**B. 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.

**C. Liquidity Risk:** Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/ retire from the Parent Company there can be strain on the cashflows.

**D. Market Risk:** Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. 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.

## Notes forming part of Consolidated Financial Statements

for the year ended 31 March 2024 Contd...

**E. Legislative Risk:** Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

During the year ended 31 March 2024 and 31 March 2023, there were no plan amendments, curtailments and settlements.

The Life Insurance Corporation is managing the Gratuity Plan and the contributions to it is done as guided by rule 103 of Income Tax Rules, 1962.

##### Other Post Retirement Benefit Plan

The details of the Parent Company's post-retirement benefit plans for its employees including whole-time directors are given below which is as certified by the actuary and relied upon by the auditors.

#### c) Code on Social Security

The Indian parliament has approved Code on Social Security, 2020 ("the Code") which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13 November 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Change in the Benefit Obligations:</b>		
Liability at the beginning of the year	31.26	24.59
Current service cost	12.05	9.66
Interest cost	2.18	1.61
Benefits paid	(2.15)	(2.15)
Actuarial gains - due to change in financials assumptions	0.37	(1.23)
Actuarial gains - due to change in demographic assumptions	-	-
Actuarial losses - due to experience adjustments	(0.84)	(1.22)
<b>Liability at the end of the year</b>	<b>42.87</b>	<b>31.26</b>
<b>Fair value of plan assets:</b>		
Fair value of plan assets at the beginning of the year	29.94	22.12
Interest income	2.52	1.77
Actual return on plan assets	(0.32)	(0.56)
Contributions	10.62	8.76
Benefits paid	(2.15)	(2.15)
<b>Fair value of plan assets at the end of the year</b>	<b>40.61</b>	<b>29.94</b>
<b>Actual return on plan assets:</b>		
Expected return on plan assets	-	-
Actuarial loss on plan assets	-	-
Actual return on plan assets	(0.32)	(0.56)
<b>Reconciliation of the Liability Recognized in the Balance Sheet:</b>		
Opening net Liability/ (Asset)	1.32	2.47
Transfer in obligation	-	-
Expense recognized in Profit and Loss	11.71	9.50
Expense recognized in Other Comprehensive Income	(0.15)	(1.89)
Contribution by the Company	(10.62)	(8.76)
Benefits paid by the Company / Insurance Companies	-	-
Amount recognized in the Balance Sheet under Liabilities- Provisions as on 31 March 2024: ₹ 2.26 Million (31 March 2023: ₹ 1.32 Million) [Refer Note 18]	<b>2.26</b>	<b>1.32</b>

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Expense Recognized in the Statement of Profit and Loss:</b>		
Current service cost	12.05	9.66
Interest cost (net)	(0.34)	(0.16)
<b>Expense recognized in the Statement of Profit and Loss</b>	<b>11.71</b>	<b>9.50</b>

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Expense Recognized in the Statement of Other Comprehensive Income:</b>		
Due to change in financial assumptions	0.37	(1.23)
Due to change in demographic assumptions	-	0.00
Due to experience adjustments	(0.84)	(1.22)
Return on plan assets, excluding interest income	0.32	0.56
<b>Net (Income)/ Expense for the year recognized in Statement of Other Comprehensive Income</b>	<b>(0.15)</b>	<b>(1.89)</b>

### Amount Recognized in the Balance Sheet:

(₹ In Million)

Particulars	As at 31 March 2024	As at 31 March 2023
Liability at the end of the year	42.87	31.26
Fair Value of Plan Assets at the end of the year	40.61	29.94
Amount recognized in the Balance Sheet	2.26	1.32
<b>Experience Adjustment :</b>		
On Plan Liabilities	-	-
On Plan Assets	-	-
Estimated contribution for next year	2.26	1.32

### Investment Pattern:

% Invested

Particulars	As at 31 March 2024	As at 31 March 2023
Policy of Insurance	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at 31 March 2024: 7.20% (31 March 2023: 7.35%)

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

### Principal Assumptions:

(% p.a.)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Discount rate	7.20%	7.35%
Return on plan assets	7.20%	7.35%
Salary escalation	7.50%	7.50%
<b>Withdrawal Rate (as per age band)</b>		
25 & Below	20.00%	20.00%
25 to 35	20.00%	20.00%
35 to 45	20.00%	20.00%
45 to 55	10.00%	10.00%
55 & Above	5.00%	5.00%

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

### Sensitivity Analysis:

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Projected Benefit Obligation on Current Assumptions		
Delta Effect of +0.50% Change in Rate of Discounting	41.67	30.37
Delta Effect of -0.50% Change in Rate of Discounting	44.14	32.21
Delta Effect of +0.50% Change in Rate of Salary Growth	43.81	32.03
Delta Effect of -0.50% Change in Rate of Salary Growth	41.91	30.55
Delta Effect of +10% Change in Withdrawal Rate	42.15	30.70
Delta Effect of -10% Change in Withdrawal Rate	43.62	31.85

The sensitivity analysis have been performed by varying a single parameter while keeping all other parameters unchanged.

The sensitivity analysis presented above fails to focus on the inter-relationship between underlying parameters. Hence the results may vary if two or more variables are changed simultaneously.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

### Maturity Analysis of the Benefit Payments from the Fund:

(₹ In Million)

Projected Benefits Payable in Future Years From the Date of Reporting	For the year ended 31 March 2024	For the year ended 31 March 2023
1 <sup>st</sup> Following Year	4.83	3.27
2 <sup>nd</sup> Following Year	4.60	3.56
3 <sup>rd</sup> Following Year	4.88	3.50
4 <sup>th</sup> Following Year	5.54	3.69
5 <sup>th</sup> Following Year	6.44	4.14
Sum of Years 6 to 10	22.72	17.59



## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

### 41 Employee Stock Option

In accordance with resolution approved by the shareholders, the Parent Company has reserved shares, for issue to employees through ESOP Scheme. On the approval of Nomination and Remuneration Committee (NRC), each ESOP scheme is issued. The NRC has approved below stock option schemes. Under the term of the schemes, the Parent Company may issue stock options to employees and directors of the Company, each of which is convertible into one equity share.

#### Employee Stock Option Plans

A summary of the general terms of grants under stock options plans are as under: -

Particulars	SBFC Stock Option Policy I 2018	SBFC Stock Option Policy II 2018	SBFC Stock Option Policy 2021 - I	SBFC Stock Option Policy 2021 - II	SBFC Stock Option Policy 2021 - III	SBFC Stock Option Policy 2021 - IV	SBFC Stock Option Policy 2021 - V	SBFC Stock Option Policy 2023 - I	SBFC Stock Option Policy 2023 - II	
	10,840,000	40,560,000	3,000,000	6,375,000	2,975,000	14,291,666	10,500,000	5,730,000	20,300,000	
Number of options under the Plan	10,840,000	40,560,000	3,000,000	6,375,000	2,975,000	14,291,666	10,500,000	5,730,000	20,300,000	
Exercise Price	12.50	12.50	19.00	40.00	40.00	21.45	40.00	55.00	55.00	
Fair Value of options as at Grant Date (in ₹)	(Refer fair value table below)	4.58	6.60	11-JAN-22 : 2.60, 21-APR-22 : 13.27, 19-NOV-22 : 13.36	11-JAN-22 : 3.80, 21-APR-22 : 16.40, 19-NOV-22 : 16.33	7.60	3.80	24-Feb-23: 11.85; 26-Apr-23: 19.01; 12-Jul-23: 19.55		24.17
Maximum Term of Options Granted	Refer Note 41.1	Refer Note 41.3	Refer Note 41.1	Refer Note 41.2	Refer Note 41.2	Refer Note 41.2	Refer Note 41.2	Refer Note 41.1	Refer Note 41.1	
Method of Settlement	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	Equity settled	
Grant Date	1 Oct 18 to 26 May 21	01-Oct-18	30-Oct-21	11-JAN-22, 21-Apr-22 & 19-Nov-22	11-Jan-22, 21-Apr-22 & 19-Nov-22	23-Dec-21	23-Dec-21	24-Feb-23; 26-Apr-23; 12-Jul-23	12-Jul-23	
Vesting requirements (No of months from Grant Date & Vesting schedule)	12	24	12	12	24	24	24	12	27	
	24	25%	15	15	27	27	27	15	30	
	30	25%	18	18	30	30	30	18	33	
			21	21	33	33	33	21	36	
			24	24	36	36	36	24	39	
			27	27	39	39	39	27	42	
			30	30	42	42	42	30	45	
			33	33	45	45	45	33	48	
			36	36	48	48	48	36	48	
			39	39	51	51	51	39	39	
			42	42	54	54	54	42	42	
			45	45	57	57	57	45	45	
			48	48	60	60	60	48	48	

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

#### Fair value as at Grant Date for SBFC Stock Option Policy I 2018:

Grant Date	01-Oct-18	01-Oct-18	24-Dec-18	24-Dec-18	15-Mar-19	29-May-19	15-Feb-20	30-Mar-20	23-Dec-20	26-May-21
Fair Value of options as at Grant Date (in ₹)	3.61	3.55	3.31	3.24	3.13	4.07	4.30	4.52	3.95	8.90

#### Vesting schedule for SBFC Stock Option Policy I 2018:

Grant Date	01-Oct-18	01-Oct-18	24-Dec-18	24-Dec-18	15-Mar-19	29-May-19	15-Feb-20	30-Mar-20	23-Dec-20	26-May-21
12 months	17.5%	25.0%	17.5%	25.0%	25.0%	25.0%	17.5%	25.0%	25.0%	25.0%
15 months	7.5%	5.0%	7.5%	5.0%	5.0%	5.0%	7.5%	5.0%	5.0%	5.0%
18 months	7.5%	5.0%	7.5%	5.0%	5.0%	5.0%	7.5%	5.0%	5.0%	5.0%
21 months	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
24 months	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
27 months	7.5%	10.0%	7.5%	10.0%	10.0%	10.0%	7.5%	10.0%	10.0%	10.0%
30 months	7.5%	10.0%	7.5%	10.0%	10.0%	10.0%	7.5%	10.0%	10.0%	10.0%
33 months	7.5%	15.0%	7.5%	15.0%	15.0%	15.0%	7.5%	15.0%	15.0%	15.0%
36 months	10.0%	15.0%	10.0%	15.0%	15.0%	15.0%	10.0%	15.0%	15.0%	15.0%
39 months	10.0%	-	10.0%	0.0%	0.0%	0.0%	10.0%	-	-	-
42 months	10.0%	-	10.0%	0.0%	0.0%	0.0%	10.0%	-	-	-

- 41.1 If Vesting prior to IPO then upto 6 months from date of IPO, If Vesting after IPO then upto 6 months from date of Vesting
- 41.2 If Vesting prior to IPO then within 12 months from the date of the IPO, If Vesting after IPO then within 12 months from the date of the vesting
- 41.3 If Vesting prior to IPO then 24 months from date of IPO, If Vesting after IPO then 6 months from date of Vesting,
- 41.4 **Method used for accounting for shared based payment plan:**  
The Parent Company uses fair value to account for the compensation cost of stock options to employees of the Parent Company.
- 41.5 **Fair value methodology:**  
The fair value of options have been estimated on the dates of each grant using the Black-Scholes model. The shares of Parent Company are not listed on any stock exchange. Accordingly, the Parent Company had considered the volatility of the Parent Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model for the stock options granted by the Parent Company are:

Particulars	SBFC Stock Option Policy I - 2018	SBFC Stock Option Policy II - 2018	SBFC Stock Option Policy 2021 - I	SBFC Stock Option Policy 2021 - II	SBFC Stock Option Policy 2021 - III Special Grant	SBFC Stock Option Policy 2021 - IV	SBFC Stock Option Policy 2021 - V	SBFC Stock Option Policy 2023 - I	SBFC Stock Option Policy 2023 - II
Dividend yield		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility		20.00%	49.18%	46.33%	47.23%	48.77%	48.77%	54.84%	53.66%
Risk free interest rate	(Refer table below)	8.00%	4.55%	5.26%	5.69%	5.07%	5.07%	7.42%	7.24%
Expected life of the option		5 years	3 years 6 months	5 years	6 years	5 years	5 years	4 years 6 months	4 years 6 months

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

### Fair value methodology for SBFC Stock Option Policy I 2018:

Grant Date	01-Oct-18	01-Oct-18	24-Dec-18	24-Dec-18	15-Mar-19	29-May-19	15-Feb-20	30-Mar-20	23-Dec-20	26-May-21
Dividend yield	-	-	-	-	-	-	-	-	-	-
Expected volatility	20.00%	20.00%	20.00%	20.00%	20.00%	36.45%	37.43%	43.92%	49.24%	52.61%
Risk free interest rate	8%	7.87%	7.08%	7.07%	7.06%	6.34%	5.43%	5.11%	4.33%	4.50%
Expected life of the option	4 years	3 years 6 months	4 years	3 years 6 months	3 years 6 months	3 years 6 months	4 years	3 years 6 months	3 years 6 months	3 years 6 months

### 41.6 Option Movement during the year ended 31 March 2024

Particulars	Small Business Fincredit Stock		Small Business Fincredit Stock		SBFC Stock Option Policy		SBFC Stock Option Policy		SBFC Stock Option Policy		Weighted average exercise price (₹)
	Option Policy I 2018	Option Policy II 2018	Option Policy 2021 - I	Option Policy 2021 - II	Option Policy 2021 - III - Special Grant	Option Policy 2021 - IV	Option Policy 2021 - V	Option Policy 2023 - I	Option Policy 2023 - II		
Exercise Price per Share	12.50	12.50	19.00	40.00	40.00	21.45	40.00	55.00	55.00		
<b>No. of options outstanding at 01 April 2023</b>	<b>4,287,500</b>	<b>38,060,000</b>	<b>2,763,000</b>	<b>6,125,250</b>	<b>2,925,500</b>	<b>14,291,666</b>	<b>10,500,000</b>	<b>5,730,000</b>	<b>-</b>	<b>23.45</b>	
Options granted during the year	-	-	-	-	-	-	-	140,000	20,300,000	55.00	
Options exercised during the year	(4,156,000)	(38,060,000)	(1,430,000)	(2,315,574)	(329,875)	(1,531,249)	(1,575,000)	(344,996)	-	15.59	
Options forfeited/lapsed during the year	(77,500)	-	(153,000)	(291,562)	(166,000)	-	-	(485,000)	-	41.65	
<b>Number of options outstanding at 31 March 2024</b>	<b>54,000</b>	<b>-</b>	<b>1,180,000</b>	<b>3,518,114</b>	<b>2,429,625</b>	<b>12,760,417</b>	<b>8,925,000</b>	<b>5,040,004</b>	<b>20,300,000</b>	<b>42.16</b>	

### Option Movement during the year ended 31 March 2023

Particulars	Small Business Fincredit Stock		Small Business Fincredit Stock		SBFC Stock Option Policy		SBFC Stock Option Policy		SBFC Stock Option Policy		Weighted average exercise price (₹)
	Option Policy I 2018	Option Policy II 2018	Option Policy 2021 - I	Option Policy 2021 - II	Option Policy 2021 - III - Special Grant	Option Policy 2021 - IV	Option Policy 2021 - V	Option Policy 2023 - I	Option Policy 2023 - II		
Exercise Price per Share	12.50	12.50	19.00	40.00	40.00	21.45	40.00	60.00			
<b>No. of options outstanding at 01 April 2022</b>	<b>4,852,500</b>	<b>38,060,000</b>	<b>2,930,000</b>	<b>5,651,000</b>	<b>2,776,000</b>	<b>14,291,666</b>	<b>10,500,000</b>	<b>-</b>	<b>20.94</b>		
Options granted during the year	-	-	-	1,414,000	559,000	-	-	5,730,000	54.88		
Options exercised during the year	(423,500)	-	-	-	-	-	-	-	12.50		
Options forfeited/lapsed during the year	(141,500)	-	(167,000)	(939,750)	(409,500)	-	-	-	35.54		
<b>Number of options outstanding at 31 March 2023</b>	<b>4,287,500</b>	<b>38,060,000</b>	<b>2,763,000</b>	<b>6,125,250</b>	<b>2,925,500</b>	<b>14,291,666</b>	<b>10,500,000</b>	<b>5,730,000</b>	<b>23.79</b>		

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

### 41.7 The following table summarizes information about stock option plans:-

Policy Name	Exercise Price (₹)	Year ended 31 March 2024		Year ended 31 March 2023	
		Numbers	Weighted Average Remaining Life (Months)*	Numbers	Weighted Average Remaining Life (Months)*
SBFC Stock Option Policy I 2018	12.50	54,000	1.46	4,287,500	4.33
SBFC Stock Option Policy II 2018	12.50	-	-	38,060,000	-
SBFC Stock Option Policy 2021 - I	19.00	1,180,000	3.30	2,763,000	7.99
SBFC Stock Option Policy 2021 - II	40.00	3,518,114	8.53	6,125,250	11.47
SBFC Stock Option Policy 2021 - III	40.00	2,429,625	12.04	2,925,500	12.00
SBFC Stock Option Policy 2021 - IV	21.45	12,760,417	7.67	14,291,666	11.39
SBFC Stock Option Policy 2021 - V	40.00	8,925,000	7.67	10,500,000	11.39
SBFC Stock Option Policy 2023 - I	55.00	5,040,004	11.54	5,730,000	13.96
SBFC Stock Option Policy 2023 - II	55.00	20,300,000	15.36	-	-

Notes: \*Weighted Average Remaining life represents the life for vesting. Exercise period life is in addition to the vesting life.

During the year 2018-19 & 2021-22, the Parent Company has provided loan to the Employee welfare trust for purchase of shares issued by the Parent Company. These shares will be vested to the employee and will be settled through issue of own equity instrument.

The charge under employee benefit expense for the year ended 31 March 2024 amounted to ₹ 224.43 Million (includes ₹ 2.21 Million pertains to discount of ₹ 2 per share to employees at the time of Initial Public Offer) (31 March 2023: ₹ 89.32 Million)

### 42. Segment Information

The Company operates mainly in the business segment of fund based financing activity. All other activities revolve around the main business. Further, all activities are carried out within India. As such, there are no separate reportable segments as per the provisions of Ind AS 108 on 'Operating Segments'.

### 43. Related party disclosures

#### a) Compensation of key management personnel of the Company

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company includes the members of the Board of Directors which include independent directors (and its sub-committees) and Executive Committee to be key management personnel for the purposes of Ind AS 24 Related Party Disclosures.

#### b) Key management personnel of the Company:

Sr. No.	Name of Key Management Personnel	Designation
1	Mr. Aseem Dhru	Managing Director & CEO
2	Mr. Neeraj Swaroop	Independent Director and Chairperson
3	Mr. Rajesh Mannalal Agrawal	Independent Director
4	Mr. Robin Banerjee	Independent Director (w.e.f. 15 October 2022 upto 20 December 2022)
5	Ms. Surekha Marandi	Independent Director (w.e.f. 23 September 2022)
6	Mr. Ravi Venkatraman	Independent Director (w.e.f. 21 February 2024)
7	Mr. Koni Uttam Nayak	Independent Director (w.e.f. 26 March 2024)
8	Mr. Arjun Sakhuja	Nominee Director (upto 29 March 2024)
9	Mr. John Mescall	Non-Executive Nominee Director
10	Mr. Jonathan Tadeusz Tatur	Non-Executive Nominee Director
11	Mr. Rajeev Gupta	Director (upto 18 July 2022)
12	Mr. Amol Krishna Jain	Director (upto 21 February 2024)
13	Mr. Narayan Barasia	Chief Financial Officer
14	Mr. Jay Mistry	Company Secretary

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

### c) Related parties where control exists:

S.r No.	Name of Key Management Personnel	Designation
1	Holding Company	SBFC Holdings Pte. Limited
2	Entities in which KMP Exercise Significant Influence	Arpwood Partners Investment Advisors LLP (upto 21 February 2024) Arpwood Capital Private Limited (upto 21 February 2024) Arpwood Consultants LLP (upto 21 February 2024) Eight45 Services LLP (upto 21 February 2024)
3	Post-employment benefit plan	SBFC Finance Private Limited Employees GGCA Scheme
4	Controlled Employee Welfare trust	SBFC Employee Welfare Trust

### d) Related party transactions

(₹ In Million)

Particulars	31-Mar-24	31-Mar-23
<b>Key Management Personnel</b>		
<b>Sitting Fees:</b>		
Mr. Neeraj Swaroop	2.80	3.20
Mr. Rajesh Mannalal Agrawal	1.00	-
Mr. Robin Banerjee	-	1.10
Ms. Surekha Marandi	2.60	0.50
Mr. Ravi Venkatraman	0.30	1.40
<b>Remuneration to KMPs:</b>		
Mr. Aseem Dhru	58.23	65.26
Mr. Narayan Barasia	25.03	22.28
Mr. Jay Mistry	2.58	2.32
<b>Employee Share Based Payment:</b>		
Mr. Aseem Dhru	69.10	29.15
Mr. Narayan Barasia	28.48	6.52
Mr. Jay Mistry	0.25	0.07
<b>ESOP Exercise through ESOP trust:</b>		
Mr. Narayan Barasia	8.88	2.13
<b>Issue of Equity Share Capital/ Conversion of partly paid to fully paid up equity share:</b>		
Mr. Aseem Dhru	338.00	219.67
Mr. Narayan Barasia	26.47	8.45
Mr. Jay Mistry	1.41	-
<b>Controlled Employee Welfare trust</b>		
<b>Loan repaid:</b>		
Trustee of Employee welfare Trust	79.12	5.29
<b>Post-employment benefit plan</b>		
<b>Gratuity:</b>		
SBFC Finance Private Limited Employees GGCA Scheme	10.62	8.76
<b>Holding Company</b>		
<b>Issue of Equity Share Capital:</b>		
SBFC Holdings Pte Limited	-	2,000.00

### Related party balances

(₹ In Million)

Particulars	As at 31-Mar-24	As at 31-Mar-23
<b>Loan given</b>		
Trustee of Employee welfare trust	32.39	111.51

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

### 44. Leases

#### 44.1 The changes in the carrying value of right of use assets are as follows:

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Balance as at beginning of the year</b>	<b>89.87</b>	<b>124.36</b>
Addition during the year	62.60	49.33
Deletion/ Termination during the year	(8.52)	(112.12)
Depreciation charge for the year	(49.78)	(61.91)
Depreciation on deletion/ termination	5.56	90.21
<b>Balance as at end of the year</b>	<b>99.73</b>	<b>89.87</b>

#### 44.2 The following is the movement in lease liabilities:

(₹ In Million)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>Balance as at beginning of the year</b>	<b>100.90</b>	<b>141.08</b>
Addition during the year	60.11	47.17
Deletion/ Termination during the year	(2.45)	(26.47)
Finance cost accrued during the year	8.85	11.66
Payment made during the year	(60.39)	(72.54)
<b>Balance as at end of the year</b>	<b>107.02</b>	<b>100.90</b>

#### 44.3 Contractual maturities of lease liabilities on an undiscounted basis:

##### Maturity Profile of Lease liabilities:

(₹ In Million)

Lease Liabilities	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
31 March 2024	55.97	62.72	1.37	0.75	<b>120.81</b>
31 March 2023	54.37	46.19	16.80	2.12	<b>119.48</b>

#### 44.4 Impact of Ind AS 116 in the Statement of Profit and Loss:

- Rental expense recorded for short-term leases for the year ended 31 March 2024 was ₹ 49.36 Million (31 March 2023: ₹ 27.75 Million)
- The aggregate depreciation on Right to use assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss.
- The aggregate interest on Lease liabilities has been included under Finance costs in the Statement of Profit and Loss.

#### 45. In accordance with Ind AS 33- Earnings per Share, the computation of earnings per share is set out below:

(₹ In Million)

Particulars		For the year ended 31 March 2024	For the year ended 31 March 2023
Net Profit after tax as per Statement of Profit and Loss	(A) ₹ in Million	2,371.04	1,497.36
Weighted average number of equity shares for calculating Basic EPS	(B) Nos.	1,010,691,659	877,743,681
Add: Equity shares for no consideration arising on grant of stock options under ESOP	Nos.	22,184,168	48,197,462
Weighted average number of equity shares for calculating Diluted EPS	(C) Nos.	1,032,875,827	925,941,143
Basic earnings per equity share (in ₹) (Face value of ₹ 10 per share)	(A)/(B) ₹ per share	2.35	1.71
Diluted earnings per equity share (in ₹) (Face value of ₹ 10 per share)	(A)/(C) ₹ per share	2.30	1.62

## Notes of Consolidated Financial Statements

for the year ended 31 March 2024 Contd...

46. As on the date of balance sheet, there were no internal or external indications exists that require management to assess the recoverability amount of the asset. Therefore, the Group believes no impairment of assets is required as per Ind AS 36 "Impairment of Assets".

The Company has carried impairment testing by discounting the projected future cash flows and has enough head room against the carrying amount of ₹ 2,603.92 Million Considering the head room that the Company has, there is no need for impairment. Therefore, there is no Impairment of Goodwill in the books as on 31 March 2024 and 31 March 2023.

47. **Contingent Liabilities and other commitments to the extent not provided for:** (₹ In Million)

Particulars	As at 31-Mar-24	As at 31-Mar-23
<b>a) Contingent liabilities</b>		
Claims against the Company not acknowledged as Debts	13.89	6.36
<b>b) Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	14.92	12.01
Commitments related to loans sanctioned but undrawn	-	-
Other Commitments	-	-

- 47.1 The Company's pending litigations comprise of claims against the Company by the customers and proceedings pending with other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in the financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

### 48. Risk Disclosures

The Parent Company's risk is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Parent Company's continuing profitability and each individual within the Parent Company is accountable for the risk exposures relating to his or her responsibilities. The Parent Company is exposed to credit risk, liquidity risk, interest rate risk and price risk.

It is the Parent Company's policy to ensure that a robust risk awareness is embedded in its organizational risk culture.

#### 48.1 Credit risk

Credit risk is the risk that the Parent Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Parent Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties.

##### 48.1.1 Impairment assessment

###### Exposure at Default

EAD is taken as the gross exposure under a facility upon default of an obligor. The amortized principal and the interest accrued is considered as EAD for the purpose of ECL computation

The advances have been bifurcated into following three stages:

###### Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Parent Company classifies all standard advances and advances up to 0-29 days default under this category. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

## Notes of Consolidated Financial Statements

for the year ended 31 March 2024 Contd...

### Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Financial assets past due for 30-89 days are classified under this stage. The Parent Company uses the below criteria for assessing movement to Stage 2:

- Financial assets past due between 30-89
- The Parent Company becomes aware about any deterioration in the financial condition and reputation of the obligor which the management believes may lead to significant deterioration in credit risk

### Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 days Past Due is considered as default for classifying a financial instrument as credit impaired. If an event warrants a provision higher than as mandated under ECL methodology, the Parent Company may classify the financial asset in Stage 3 accordingly.

Non performing Asset classification is done in line with Reserve Bank of India Master Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances and Clarifications dated 12 November 2021 and dated February 15, 2022.

#### Significant increase in credit risk

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

The Parent 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. The Parent Company does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

#### PD estimation process

Probability of default ("PD") is defined as the likelihood of default over a particular time horizon. The PD of an obligor is a fundamental risk parameter in credit risk analysis and depends on obligor specific as well as macroeconomic risk factors. The impact of macroeconomic criteria on the PD results in two different PD estimates, through-the-cycle ("TTC") and the point-in-time ("PIT") PD. A TTC PD estimate remains largely unaffected by the economic cycle, while a PIT PD estimate varies with the economic cycle.

#### Loss given default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

#### 48.1.2 Analysis of risk concentration

#### 48.1.3 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Parent Company has Guidelines in place covering the acceptability and valuation of each type of collateral. The Parent Company also adheres to the RBI guidelines in respect of maintenance of adequate Loan to Value Ratios.

The main types of collateral for loans are Registered / equitable mortgage of property, Hypothecation of assets including Gold.

Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement.

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

In case of defaults by customers, where the Parent Company is unable to recover the dues, the Parent Company through a legal process enforces the security and recover the dues.

### 48.2 Liquidity risk and funding management

Liquidity risk is defined as the risk that the Parent Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Parent Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Parent Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

Liquidity risk is managed in accordance with our Asset Liability Management Policy. This policy is framed as per the current regulatory guidelines and is approved by the Board of Directors. The Asset Liability Management Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Parent Company also maintains LCR in accordance with RBI guidelines and board approved Liquidity risk framework. The Asset Liability Committee (ALCO) of the Parent Company formulates and reviews strategies, LCR and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

Analysis of financial assets and liabilities by remaining contractual maturities is provided in Note 38

#### Maturity Profile of financial liabilities:

The table below summarises the maturity profile of the Parent Company's financial liabilities on discounted basis

(₹ In Million)					
31 March 2024	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
Derivative financial instruments	45.13	-	-	-	45.13
Trade Payables	112.57	-	-	-	112.57
Other Payables	107.99	-	-	-	107.99
Debt securities	959.66	2,989.93	-	-	3,949.59
Borrowings other than debt securities	13,053.91	17,907.78	2,270.07	165.89	33,397.65
Collateralized borrowings	231.92	555.25	614.59	1,211.21	2,612.97
Other financial liabilities*	2,348.21	-	-	-	2,348.21
<b>Total</b>	<b>16,859.39</b>	<b>21,452.96</b>	<b>2,884.66</b>	<b>1,377.10</b>	<b>42,574.11</b>

(₹ In Million)					
31 March 2023	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
Trade Payables	92.20	-	-	-	92.20
Other Payables	36.28	-	-	-	36.28
Debt securities	24.03	430.00	-	-	454.03
Borrowings other than debt securities	10,900.99	16,576.85	5,608.20	204.78	33,290.82
Collateralized borrowings	350.98	690.68	867.15	1,736.96	3,645.77
Other financial liabilities*	2,408.93	-	-	-	2,408.93
<b>Total</b>	<b>13,813.41</b>	<b>17,697.53</b>	<b>6,475.35</b>	<b>1,941.74</b>	<b>39,928.03</b>

\* Excluding lease liabilities. Refer note 44.3 for Contractual maturities of lease liabilities on an undiscounted basis.

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

### 48.3 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The core business of the Parent Company is providing loan against property, loan against gold and personal loans. The Parent Company borrows through various financial instruments to finance its core lending activity. These activities expose the Parent Company to interest rate risk.

Interest rate risk is measured through earnings at risk from an earnings perspective and through duration of equity from an economic value perspective. Further, exposure to fluctuations in interest rates is also measured by way of gap analysis, providing a static view of the maturity and re-pricing characteristic of Balance sheet positions. An interest rate sensitivity gap report is prepared by classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to contracted/ behavioural maturities or anticipated re-pricing date. The difference in the amount of rate sensitive assets and rate sensitive liabilities maturing or being re-priced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. The interest rate risk is monitored on a quarterly basis.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being considered as constant) of the Parent Company's statement of profit and loss and equity.

(₹ In Million)					
For the year ended 31 March 2024	Hypothetical Increase / (decrease) in basis points	Impact in profit or loss		Impact in equity	
Borrowings (₹)	25/ (25)	(55.10)	55.10	(41.23)	41.23
	50/ (50)	(110.19)	110.19	(82.46)	82.46
Loans (₹)	25/ (25)	101.19	(101.19)	75.72	(75.72)
	50/ (50)	202.39	(202.39)	151.45	(151.45)
Investments in PTC (₹)	25/ (25)	3.67	(3.67)	2.75	(2.75)
	50/ (50)	7.33	(7.33)	5.49	(5.49)

(₹ In Million)					
For the year ended 31 March 2023	Hypothetical Increase / (decrease) in basis points	Impact in profit or loss		Impact in equity	
Borrowings (₹)	25/ (25)	(74.92)	74.92	(56.06)	56.06
	50/ (50)	(149.83)	149.83	(112.12)	112.12
Loans (₹)	25/ (25)	67.63	(67.63)	50.61	(50.61)
	50/ (50)	135.26	(135.26)	101.22	(101.22)
Investments in PTC (₹)	25/ (25)	9.54	(9.54)	7.14	(7.14)
	50/ (50)	19.08	(19.08)	14.28	(14.28)

### 48.4 Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Parent Company is mainly exposed to changes in USD. The below table demonstrates the sensitivity to a 5% increase or decrease in the respective foreign currency rates against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Parent Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate. The Parent's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings from banks and vendor payments. The Parent Company has hedged its foreign currency exposure arising from bank borrowings through forward contracts in such a manner that it has fixed determinate outflows in its functional currency and as such there would be no significant impact of movement in foreign currency rates on the Group.

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

As of balance sheet date, Parent Company's net foreign currency exposure expressed in INR that is not hedged is ₹ (31 March 2023 - ₹ 10.91 million)

(₹ In Million)					
Foreign Currency	Hypothetical Increase / (decrease) by %	Impact in profit or loss		Impact in equity	
<b>For the year ended 31 March 2024</b>					
Currency Sensitivity - USD	5/ (5)	-	-	-	-
<b>For the year ended 31 March 2023</b>					
Currency Sensitivity - USD	5/ (5)	(0.55)	0.55	(0.41)	0.41

### 49. Transferred financial assets that are not derecognized in their entirety

The Parent Company has entered into securitization arrangements to transfer the part of its portfolio of Loan against property and Loan against gold. The terms of the arrangement included over collateralization of the assets of the Parent Company through lien on Fixed deposits. Since the Parent Company had retained significant risk in the transfer of the portfolio, the asset is retained in the books. Consequently, the amount received as sale consideration is shown as Collateralized borrowings in the financial statements.

(₹ In Million)			
Securitisations	As at 31 March 2024	As at 31 March 2023	
Carrying amount of transferred assets measured at amortised cost	2,951.40	3,927.76	
Carrying amount of associated liabilities	2,612.97	3,645.77	
Fair value of assets	2,976.41	3,964.58	
Fair value of associated liabilities	2,612.97	3,645.77	

### 50. Disclosure pursuant to Reserve Bank of India notification RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 5 May 2021 read with Notification no.RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020.

(₹ In Million)					
Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 30 September 2023 (A)	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 31 March 2024
Personal Loans #	38.20	0.87	0.86	1.02	36.31
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>38.20</b>	<b>0.87</b>	<b>0.86</b>	<b>1.02</b>	<b>36.31</b>

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

# This represents Salaried customers.

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

₹ In Million)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 31 March 2023 (A)	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 30 September 2023
Personal Loans #	44.84	-	1.13	5.51	38.20
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>44.84</b>	<b>-</b>	<b>1.13</b>	<b>5.51</b>	<b>38.20</b>

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

# This represents Salaried customers.

₹ In Million)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 30 September 2022 (A)	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 31 March 2023
Personal Loans #	50.74	0.54	0.16	5.94	44.84
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>50.74</b>	<b>0.54</b>	<b>0.16</b>	<b>5.94</b>	<b>44.84</b>

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

# This represents Salaried customers.

₹ In Million)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 31 March 2022 (A)	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 30 September 2022
Personal Loans #	70.64	7.56	1.94	17.87	50.74
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>70.64</b>	<b>7.56</b>	<b>1.94</b>	<b>17.87</b>	<b>50.74</b>

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

# This represents Salaried customers.

### 51. Following are the additional disclosures required as per Schedule III to the Companies Act, 2013 vide Notification dated March 24, 2021:

#### 51.1 Relationship with Struck off Companies:

To the best of the abilities, the Company has not identified any relationship with Company except mentioned below which has been struck off by the respective Registrar of Companies and such information is available vide public notice (Form No. STK-7) u/s 248 of the Act.

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

₹ In Million)

Sr. No.	Name of Struck off Company	Nature of transaction	As at 31 March 2024	As at 31 March 2023	Relationship with the struck off Company, if any, to be disclosed
1	Sri Lakshmi Sai Telecom Constructions Private Limited	Loan given	-	13.28	Borrower
2	Fulgent Interior Private Limited	Loan given	1.28	1.40	Borrower
3	S S Institute of Technical Studies Private Limited	Loan given	2.41	2.44	Borrower
4	Bhatia Forex Private Limited	Loan given	-	-	Borrower

### 51.2 Registration of charges or satisfaction with Registrar of Companies (ROC):

There was no delay in filing form for charge creation/modification/satisfaction for the year ended March 31, 2024

Details of delay in filing form for charge creation/modification/satisfaction for the year ended March 31, 2023:

Brief Description of Charge	Location of Registrar	Period by which charge had to be satisfied	Reason for delay
Registration of charge of Aditya Birla Finance Limited as per Registration letter dated 21 November 2022 in relation to Registration of charge for loan facility aggregating to ₹40000.00 Million	ROC- Mumbai	30 days	The Form CHG-1 has been filed with an inadvertent delay.
Registration of charge of Axis Bank as per Registration letter dated 11 November 2022 in relation to Registration of charge for loan facility aggregating to ₹ 40000.00 Million	ROC- Mumbai	30 days	The Form CHG-1 has been filed with an inadvertent delay.
Registration of charge of Yes Bank as per Registration letter dated 12 November 2022 in relation to Registration of charge for loan facility aggregating to ₹ 40000.00 Million	ROC- Mumbai	30 days	The Form CHG-1 has been filed with an inadvertent delay.
Registration of charge of Mahindra & Mahindra Financial Services Limited as per Registration letter dated 16 November 2022 in relation to Registration of charge for loan facility aggregating to ₹ 40000.00 Million	ROC- Mumbai	30 days	The Form CHG-1 has been filed with an inadvertent delay.
Registration of charge of NABKISAN Finance Limited as per Registration letter dated 17 November 2022 in relation to Registration of charge for loan facility aggregating to ₹ 40000.00 Million	ROC- Mumbai	30 days	The Form CHG-1 has been filed with an inadvertent delay.
Satisfaction of charge of SIDBI as per satisfaction letter dated 09 November 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 1130.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of Federal Bank as per satisfaction letter dated 19 January 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 500.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of Federal Bank as per satisfaction letter dated 19 January 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 500.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of Federal Bank as per satisfaction letter dated 19 January 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 500.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of Bajaj Finance Limited as per satisfaction letter dated 22 January 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 300.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of Indusind Bank as per satisfaction letter dated 23 March 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 550.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of ICICI Bank as per satisfaction letter dated 26 March 2021 in relation to satisfaction of charge for loan facility aggregating to ₹ 767.29 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

51.3 The Parent Company has borrowings from banks and financial institutions on the basis of security of current assets and the quarterly returns filed by the Parent Company with the banks and financial institutions are in accordance with the unaudited books of accounts of the Parent Company for the respective quarters, except for the following:

₹ In Million)

Quarter ended	Nature of current Assets/ Liabilities where differences were observed	Amount as per books of accounts	Amount disclosed as per quarterly return/ statement	Difference	Reasons for material variance
Mar-24	Loan against Property Receivable	48,588.56	48,652.10	(63.54)	Note-1

Notes:

Note 1: Provisional quarterly statement have been submitted to lenders. The Parent Company is in process of submission of updated quarterly statement.

₹ In Million)

Quarter ended	Nature of current Assets/ Liabilities where differences were observed	Amount as per books of accounts	Amount disclosed as per quarterly return/ statement	Difference	Reasons for material variance
June-2022	Loan against Property Receivable	25,082.36	25,088.75	(6.39)	Refer Note-1
	Loan against Gold Receivable	7,309.62	7,309.48	0.14	Refer Note-1
	Unsecured Loan Receivable	2,253.20	2,256.23	(3.03)	Refer Note-1
September-2022	Non Performing Receivables	989.58	994.77	(5.19)	Refer Note-2
	Non Performing Receivables	953.56	975.19	(21.63)	Refer Note-2
December -2022	Non Performing Receivables	1,100.69	1,104.27	(3.58)	Refer Note-2
March-2023	Loan against Property Receivable	34,801.37	34,801.14	0.23	Refer Note-3
	Loan against Gold Receivable	8,969.45	8,985.90	(16.45)	Refer Note-3
	Unsecured Loan Receivable	1,614.84	1,614.76	0.08	Refer Note-3
	Investment in PTC	2,574.36	2,574.24	0.12	Refer Note-3
	Non Performing Receivables	1,163.39	1,182.37	(18.98)	Refer Note-2

Notes:

Note 1: The amount disclosed as per quarterly returns/ statements reconciles with principal and interest receivable balance without adjustment of provision.

Note 2: Higher interest receivable on NPA reduced from total assets in returns/ statements submitted to bank.

Note 3: Provisional quarterly statement have been submitted to lenders. The Company is in process of submission of updated quarterly statement.

51.4 The Parent Company has taken borrowings from banks and financial institutions and utilised them for the specific purpose for which they were taken as at the Balance sheet date. Unutilised funds as at 31 March 2024 are held by the Parent Company in the form of bank balances, debt mutual funds and short term fixed deposits till the time the utilisation is made subsequently.

### 51.5 Details of Benami Property held:

No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder, as at 31 March 2024 and 31 March 2023.

### 51.6 Wilful Defaulter:

Company is not a declared wilful defaulter by any bank or financial Institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the year ended 31 March 2024 and 31 March 2023.

### 51.7 Compliance with number of layers of companies:

The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

### 51.8 Undisclosed Income:

There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended 31 March 2024 and 31 March 2023, in the tax assessments under the Income Tax Act, 1961. There have been no previously unrecorded income and related

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

assets which were to be properly recorded in the books of account during the year ended 31 March 2024 and 31 March 2023.

### 51.9 Details of Crypto Currency or Virtual Currency:

The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended 31 March 2024 and 31 March 2023.

### 51.10 Title Deeds of Immovable Properties not held in the name of the Company:

The Company does not hold any immovable property as on 31 March 2024 and 31 March 2023. All the lease agreements are duly executed in favour of the Company for properties where the Company is the lessee.

### 51.11 Revaluation of Property, plant and equipment and Intangible assets

There is no revaluation of Property, plant and equipment and other intangible assets during the year ended 31 March 2024 and 31 March 2023.

### 51.12 Utilisation of Borrowed funds and share premium:

As a part of normal lending business, the Parent Company grants loans and advances on the basis of security/ guarantee provided by the Borrower/ co-borrower and makes investments. These transactions are part of Parent Company's normal non-banking finance business, which is conducted ensuring adherence to all regulatory requirements.

51.13 a) Other than the transactions described above, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent Company to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Parent Company (Ultimate Beneficiaries).

b) The Parent Company has also not received any fund from any parties (Funding Party) with the understanding that the Parent Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## 52. Additional information as required under Schedule III, to the Companies Act, 2013, of enterprises consolidated as Subsidiary Company, as at 31 March 2024:

(₹ In Million)

Name of the Entities 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 a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated other comprehensive income	Amount
Parent								
SBFC Finance Limited	100.01%	27,782.55	99.96%	2370.21	100.00%	(20.92)	99.96%	2,349.29
Subsidiary								
SBFC Home Finance Private Limited	0.75%	208.89	0.03%	0.68	0.00%	-	0.03%	0.68
Non Controlling Interest	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Inter-company eliminations	(0.76%)	(210.78)	0.01%	0.15	0.00%	-	0.01%	0.15
	<b>100.00%</b>	<b>27,780.66</b>	<b>100.00%</b>	<b>2,371.04</b>	<b>100.00%</b>	<b>(20.92)</b>	<b>100.00%</b>	<b>2,350.12</b>

## Notes forming part of Consolidated Financial Statements for the year ended 31 March 2024 Contd...

Salient Features of Financial Statements of Subsidiary Companies Act, 2013 (Pursuant to first proviso to sub-section (3) of section 129:

### Part "A": Subsidiary

(₹ In Million)

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Share Capital	Other Equity	Total Assets	Total Liabilities	Investments	Turnover / Total Income	Profit before tax	Profit after tax	% of Shareholding
1.	(Alongwith % of Holding) SBFC Home Finance Limited	₹	210.50	(1.61)	211.82	2.94	-	1.00	0.79	0.68	100%

### Notes:

Name of subsidiaries which are yet to commence operations: SBFC Home Finance Private Limited.

Name of subsidiaries which have been liquidated or sold during the year: None

On 6 December 2022, the Parent Company has incorporated a wholly owned subsidiary, namely SBFC Home Finance Private Limited ("Subsidiary"), with Corporate Identification Number U65992MH2022PTC394642. The Subsidiary has made an application to the RBI for obtaining a Certificate of Registration to operate as a 'Housing Finance Company' on 29 March 2023. In order to meet the minimum net owned funds requirement of the Subsidiary under Paragraph 5.1 of the Master Directions – Non Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, on 18 January 2024 the Subsidiary had made a rights issue of equity shares during the year where 20,996,640 equity shares were offered to the Company and the remaining 8 nominee shareholders were offered 420 equity shares each. Further all the nominee shareholders renounced their shares in the favor of the Company. The Board of Directors of Subsidiary approved the allotment of 21,000,000 equity shares of ₹ 10 each, aggregating to ₹ 210,000,000 shares on rights basis. The said equity shares so allotted, shall rank pari passu with the existing equity shares issued.

### Part "B": Associates and Joint Ventures

The Parent Company doesn't have any Associates and Joint Ventures

53 Balances of certain trade receivables, advances given and trade payables are subject to confirmation / reconciliation, if any. The management does not expect any material difference affecting the financial statements on such reconciliation / adjustments.

### 54. Previous Year Figures

Previous year's figures have been regrouped and reclassified wherever necessary to conform to current year classification/ presentation.

### For Suresh Surana & Associates LLP

Chartered Accountants  
Firm's Registration No. 121750W/W-100010

**Ramesh Gupta**  
Partner  
Membership No: 102306

Place: Mumbai  
Date : April 27, 2024

### For and on behalf of the Board of Directors of SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

CIN: U67190MH2008PLC178270

**Mr. Neeraj Swaroop**  
Chairperson & Independent  
Director  
DIN: 00061170

**Mr. Aseem Dhru**  
Managing Director & CEO  
DIN: 01761455

**Mr. Narayan Barasia**  
Chief Financial Officer

**Mr. Jay Mistry**  
Company Secretary & Chief  
Compliance Officer  
ACS: A34264

Place: Mumbai  
Date : April 27, 2024



## NOTICE

**NOTICE** is hereby given that the Seventeenth (17<sup>th</sup>) Annual General Meeting (AGM) of the members of SBFC Finance Limited (Erstwhile SBFC Finance Private Limited) will be held on Friday, 28<sup>th</sup> June, 2024 at 3:00 pm (IST) through Video Conferencing and Other Audio-Visual Means in compliance of the applicable provisions of the Companies Act, 2013, to transact the following businesses:

### ORDINARY BUSINESS:

**1. TO RECEIVE, CONSIDER AND ADOPT AUDITED STANDALONE AND CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31ST MARCH, 2024 AND THE REPORTS OF THE BOARD OF DIRECTORS AND THE AUDITORS THEREON**

**2. TO APPOINT A DIRECTOR IN PLACE OF MR. JONATHAN TADEUSZ TATUR (DIN 08639243), WHO RETIRES BY ROTATION IN TERMS OF SECTION 152(6) OF THE COMPANIES ACT, 2013 AND BEING ELIGIBLE, OFFERS HIMSELF FOR RE-APPOINTMENT AND, IN THIS REGARD, TO CONSIDER AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION**

“RESOLVED THAT Mr. Jonathan Tadeusz Tatur (DIN: 08639243), who retires by rotation and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

**3. TO APPOINT A DIRECTOR IN PLACE OF MR. ASEEM DHRU (DIN: 01761455), WHO RETIRES BY ROTATION IN TERMS OF SECTION 152(6) OF THE COMPANIES ACT, 2013 AND BEING ELIGIBLE, OFFERS HIMSELF FOR RE-APPOINTMENT AND, IN THIS REGARD, TO CONSIDER AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION**

“RESOLVED THAT Mr. Aseem Dhru (DIN 01761455), who retires by rotation and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

**4. TO APPOINT M/S. M M NISSIM & CO. LLP, CHARTERED ACCOUNTANTS (ICAI FIRM REGISTRATION NUMBER: 107122W/W100672) AS THE STATUTORY AUDITORS OF THE COMPANY AND, IN THIS REGARD, TO CONSIDER AND IF THOUGHT FIT, TO PASS THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION**

“RESOLVED THAT pursuant to the provisions of Sections 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, as amended from time to time, and in accordance with the Guidelines for Appointment of Statutory Auditors issued by the Reserve Bank of India vide Circular Ref. No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, including any amendment(s), modification(s), variation(s) or re-enactment(s) thereof, from time to time, approval of the members of the Company, be and is hereby accorded for appointment of M/s. M M Nissim & Co. LLP, Chartered Accountants (ICAI Firm Registration Number: 107122W/W100672) as Statutory Auditors of the Company, in place of M/s. Suresh Surana & Associates LLP, Chartered Accountants, Mumbai, (ICAI Firm Registration No.121750W/W-100010) the retiring Statutory Auditors, to hold office from the conclusion of this Annual General Meeting (“AGM”) of the Company till the conclusion of Twentieth AGM of the Company, subject to them continuing to fulfill the applicable eligibility norms, at such remuneration and out of pocket expenses as may be mutually agreed between the Board of Directors of the Company and M/s. M M Nissim & Co. LLP, on the basis of the recommendation of the Audit Committee;

**RESOLVED FURTHER THAT** the Board, including the Audit Committee of the Board or any other person(s) authorised by the Board or Audit Committee in this regard, be and are hereby severally 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 the power to the Board to settle all questions, difficulties or doubts that may arise in this regard for the implementation of the aforesaid Resolution, including but not limited to negotiating, finalising, amending, signing, delivering, executing the terms of appointment, including any contract or document in this regard, without being required to seek any further consent or approval of the members of the Company.”

### SPECIAL BUSINESS:

**5. ISSUANCE OF NON-CONVERTIBLE DEBENTURES AND / OR BONDS**

To consider, and if thought fit, to pass the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 42, 71 and all other applicable provisions of the Companies

## Notice Contd...

Act, 2013 (the “Act”), read with the rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, the Securities and Exchange Board of India (“SEBI”) (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time, other applicable SEBI regulations, circulars and guidelines, the directions issued by the Reserve Bank of India (“RBI”), and subject to other applicable laws, rules, regulations, directions and guidelines, the approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any Committee constituted / which may be constituted by the Board of Directors or any other person(s) for the time being authorized by the Board of Directors to exercise powers conferred on the Board of Directors by this Resolution) to offer / invite / issue / allot to eligible persons, Non- Convertible Debentures (“NCDs”) including but not limited to Subordinated / Perpetual NCDs / Green Debt Securities, any other type of Bond, whether secured or unsecured, up to an amount of ₹ 3,000 crore (Three thousand crore), on a private placement basis, in one or more tranches, on such terms and conditions as the Board may deem fit and depending on the prevailing market conditions, during the period of one year from the date of passing this Resolution, within the overall borrowing limits of the Company, as approved by the members from time to time;

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee thereof), be and are hereby severally authorized to do all such acts, deeds and things and give such directions as may be deemed necessary or expedient to give effect to the above Resolution, including determining the terms and conditions of the NCDs and / or Bonds and to delegate all or any powers under this resolution to Officer(s) of the Company;

**RESOLVED FURTHER THAT** any one of the Directors, Mr. Aseem Dhru, Managing Director & CEO, Mr. Narayan Barasia, Chief Financial Officer and Mr. Jay Mistry, Company Secretary & Chief Compliance Officer of the Company be and are severally authorized to file e-form MGT-14 with Registrar of Companies, Mumbai and to issue certified true copy of this resolution.”

**6. APPROVAL OF SBFC STOCK OPTION POLICY 2024 – I**

To consider, and if thought fit, to pass the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“the SBEB Regulations”), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), and in accordance with the provisions of the Articles of Association of the Company, and subject to any approval(s), consent(s) and/or permission(s), if any, of any statutory or regulatory authorities as may be required, which may be considered and agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall include the Nomination and Remuneration Committee (“NRC”) constituted by the Board or any other committee which the Board may constitute or authorise to act as the “Compensation Committee” under the SBEB Regulations or such other persons who may be authorised by the Board or NRC or any other committee referred to hereinabove in this regard, to exercise its powers, including the powers conferred by this resolution), the consent of the members of the Company be and is hereby accorded to the **SBFC Stock Option Policy 2024 – I**, (hereinafter referred to as the “ESOP Policy”), the salient features of which are set out in the Explanatory Statement annexed to this Notice and that the Board be and is hereby authorised to grant, offer and vest, from time to time and in one or more tranches, stock options under the ESOP Policy and to create, offer, issue and allot at any time, such number of equity shares under the ESOP Policy, to the Eligible Employees in accordance with the provisions of the ESOP Policy and in due compliance with the SBEB Regulations or any other applicable regulatory stipulations, laws, rules, regulations, guidelines, notifications, circulars, etc., as may be in force from time to time;

**RESOLVED FURTHER THAT** the ESOP Policy shall not involve issue of more than 50,00,000 (Fifty lakh only) equity shares of ₹ 10/- each of the Company (“Maximum Shares”), equivalent to 0.47% of the issued capital of the Company as on the date of this resolution (not including any shares issued or to be issued for the purpose of granting of ESOPs or any other stock incentives to employees and outstanding share warrants) for allotment of shares against exercise of options in accordance with the provisions of the ESOP Policy and the applicable laws and regulations currently prevailing and prevailing at the time of implementation of the ESOP Policy;

## Notice *Contd...*

**RESOLVED FURTHER THAT** the equity shares to be issued and allotted by the Company pursuant to exercise of Options, in the manner aforesaid shall rank pari-passu in all respects with the then existing equity shares of the Company;

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issue, bonus issue, merger and sale of division or other re-organisation, split, change in capital structure of the Company, as applicable from time to time, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under law, so as to ensure fair and reasonable adjustment to the stock options granted earlier and further, if any additional stock options of the Company are to be issued to the Employees for the purpose of making a fair and reasonable adjustment to the stock options issued to them, the above ceiling in terms of number of equity shares shall be deemed to be increased in proportion to the additional equity shares issued in the aforesaid corporate action(s);

**RESOLVED FURTHER THAT** in case the equity shares of the Company are either sub-divided or consolidated, then the number of equity shares to be issued by the Company and the price of acquisition payable by the option grantees under the Plan shall automatically stand reduced or augmented, as the case may be, in the same proportion as the present face value of ₹ 10/- (Rupees Ten only) per equity share shall bear to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the employees who have been granted stock options under the ESOP Policy and the ceiling in terms of number of shares specified above shall be deemed to be adjusted accordingly;

**RESOLVED FURTHER THAT** the Board / Nomination & Remuneration Committee ("NRC") be and are hereby authorized to evolve, decide upon and bring into effect the ESOP Policy, quantum of the options to be granted to each Eligible Employee and make any modifications, changes, variations, alterations or revisions in the ESOP Policy, provided the same are not detrimental to the interest of the Eligible Employees or to suspend, withdraw or revive the ESOP Policy subject to compliance with applicable laws and regulations;

**RESOLVED FURTHER THAT** the Nomination & Remuneration Committee ("NRC") is hereby designated as the Compensation Committee for the purposes of Regulation

5 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take necessary steps for listing and trading of the equity shares allotted under ESOP Policy on the stock exchanges where the existing equity shares of the Company are listed, as per the provisions of the SBEB Regulations and other applicable laws, rules and regulations;

**RESOLVED FURTHER THAT** any of the Directors of the Company, Chief Financial Officer and the Company Secretary & Chief Compliance Officer of the Company be and are hereby severally authorized, to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as they may in their absolute discretion deem necessary or desirable and pay fees and commission and incur expenses in relation to or for implementing the ESOP Policy and also to settle any issues, questions, difficulties or doubts that may arise in this regard at any stage, without being required to seek any further consent or approval of the members of the Company to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution, and further to execute all such deeds, documents, writings and to give such directions and / or instructions as may be necessary, proper or expedient to give effect to any formulation, modification, alteration, amendment, suspension, withdrawal or termination of ESOP Policy and to take all such steps and do all acts as may be incidental or ancillary thereto;

**RESOLVED FURTHER THAT** any of the Directors of the Company, Chief Financial Officer and the Company Secretary & Chief Compliance Officer be and is hereby severally authorized to issue a certified true copy of this resolution."

**For & on behalf of Board of Directors of  
SBFC Finance Limited  
(Erstwhile SBFC Finance Private Limited)**

**Jay Mistry**

**Company Secretary & Chief Compliance Officer  
ICSI Membership No. A34264**

Address: Unit No. 103, 1<sup>st</sup> Floor,  
C&B Square, Sangam Complex,  
Andheri Kurla Road, Village Chakala,  
Andheri (East) Mumbai - 400 059

Place: Mumbai  
Date : April 27, 2024

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### NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") in respect of Item nos. 4 to 6 of the Notice set out above, is annexed hereto. The relevant details as required under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") of person seeking appointment / re-appointment as Director is also annexed.
2. The Ministry of Corporate Affairs ("MCA") has vide its General Circular Nos. 14/2020 dated April 8, 2020 and 17/2020 dated April 13, 2020, read with General Circular Nos. 20/2020 dated May 5, 2020, and subsequent circulars issued in this regard, the latest being 09/2023 dated September 25, 2023 in relation to "Clarification on holding of annual general meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM)", (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC/OAVM, without the physical presence of the members at a common venue. In compliance with the MCA Circulars, the AGM of the Company is being held through VC /OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.
3. The attendance of the members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act. The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company i.e. Unit No. 103, 1<sup>st</sup> Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri (East) Mumbai - 400 059 which shall be the deemed venue of the AGM. The route map for the venue of the AGM is therefore not attached.
4. KFin Technologies Limited ("KFin"), the Company's Registrar and Transfer Agent will provide the facility for voting through remote e-voting for participating at the AGM through VC / OAVM and for e-voting during the AGM.
5. Generally, a Member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a Member of the Company. Since the AGM is being held through VC / OAVM, physical attendance of Members is dispensed with and consequently, the facility for appointment of proxies is not applicable. Hence, proxy

forms and attendance slips are not annexed to this Notice.

6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act, certificate from the Company's Secretarial Auditors certifying that the Company's ESOS Schemes are being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, will be available for inspection by the Members through electronic mode during the AGM.

The aforesaid documents along with documents referred to in the AGM Notice will also be available electronically for inspection by the Members, without payment of any fees, from the date of circulation of this Notice up to the date of AGM, i.e. Friday, 28<sup>th</sup> June, 2024. Members seeking inspection of the aforementioned documents can send an email to [companysecretary@sbfc.com](mailto:companysecretary@sbfc.com) with the subject line "SBFC Finance Limited - 17<sup>th</sup> AGM".

7. Corporate members intending to authorise their representatives to attend the meeting pursuant to Section 113 of the Act, are requested to email certified copy of the Board / governing body resolution / authorisation etc. authorising their representatives to attend and vote on their behalf. The documents should be emailed to [evoting@kfintech.com](mailto:evoting@kfintech.com) with the subject line "SBFC Finance Limited - 17<sup>th</sup> AGM".

### DISPATCH OF ANNUAL REPORT, PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF NOTICE AND ANNUAL REPORT:

8. In accordance with the provisions of the MCA and SEBI circulars, the AGM Notice along with the Annual Report are being sent through email only to members whose email IDs are registered with KFin; National Securities Depository Limited ("NSDL") and / or Central Depository Services (India) Limited ("CDSL") (collectively referred to as Depositories or NSDL / CDSL).
9. The AGM Notice and the Annual Report are available at <https://www.sbfc.com/investors/notice> of general meetings, the website of KFin at <https://evoting.kfintech.com> and also on those of the BSE Limited at [www.bseindia.com](http://www.bseindia.com) and the National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com).

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10. Members who have still not registered their email IDs are requested to do so at the earliest.

- Members holding shares in electronic mode can get their email ID registered by contacting their respective Depository Participant(s) ("DP").
- Members holding shares in physical mode are requested to register their email ID with the Company or KFin, for receiving the AGM Notice and Annual Report. Requests can be emailed to [companysecretary@sbfc.com](mailto:companysecretary@sbfc.com) or [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).

We urge members to support this Green Initiative effort of the Company and get their email ID registered.

### PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:

11. Members will be able to attend the AGM through VC / OAVM by using their remote e-voting login credentials and selecting the 'Event' for Company's AGM.

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 this Notice. Further, members can also use the OTP based login for logging into the e-voting system.

12. Members may join the AGM through laptops, smartphones, tablets or ipads for better experience. Further, members will be required to use internet with a good speed to avoid any disturbance during the AGM. Members will need the latest version of Chrome, Safari, MS Edge or Mozilla Firefox.

Please note that participants connecting from mobile devices or tablets or through laptops connected 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 glitches.

Members will be required to grant access to the web-cam to enable two-way video conferencing.

13. Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM and shall be kept open throughout the AGM. Members will be able to participate in the AGM through VC / OAVM on a first-come-first-serve basis.

14. Large members (i.e. members holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. will not be subject to the aforesaid restriction of first-come first-serve basis.

15. Institutional members are encouraged to participate at the AGM through VC / OAVM and vote thereat.

16. Members holding shares as on the cut-off date i.e. Friday, 21<sup>st</sup> June, 2024 and who would like to speak or express their views or ask questions during the AGM may register themselves as speakers at <https://emeetings.kfintech.com> by clicking on "Speaker Registration" during the period from Monday, 24<sup>th</sup> June, 2024 (9:00 a.m. IST) upto Wednesday, 26<sup>th</sup> June, 2024 (3:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to speak / express their views / ask questions during the AGM. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate for smooth conduct of the AGM.

Alternatively, members holding shares as on the cut-off date may also visit <https://emeetings.kfintech.com> and click on the tab 'Post Your Queries' and post their queries / views / questions in the window provided, by mentioning their name, demat account number / folio number, email ID and mobile number. The window will open at 9:00 a.m. (IST) from Monday, 24<sup>th</sup> June, 2024 (9:00 a.m. IST) upto Wednesday, 26<sup>th</sup> June, 2024 (3:00 p.m. IST).

17. Members who need assistance before or during the AGM, relating to use of technology, can contact KFin at 1800 309 4001 or write to them at [evoting@kfintech.com](mailto:evoting@kfintech.com).

### PROCEDURE FOR REMOTE E-VOTING AND VOTING DURING THE AGM:

18. Members are requested to attend and participate at the ensuing AGM through VC / OAVM and cast their vote either through remote e-voting facility or through e-voting facility to be provided during AGM.

19. The facility of e-voting during the AGM will be available to those members who have not cast their vote by remote e-voting. Members, who cast their vote by remote e-voting, may attend the AGM through VC / OAVM, but

## Notice *Contd...*

will not be entitled to cast their vote once again on the resolutions. If a Member casts votes by both modes i.e. voting at AGM and remote e-voting, voting done through remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

20. In case of any query and / or assistance required, relating to attending the AGM through VC / OAVM mode, members may refer to the Help & Frequently Asked Questions ("FAQs") and 'AGM VC / OAVM' user manual available at the download Section of <https://evoting.kfintech.com> or contact Mr. Mohammed Shanoor, Assistant Manager, KFin at the email ID [evoting@kfintech.com](mailto:evoting@kfintech.com) or on phone No.: 040-6716 2222 or call KFin's toll free No.: 1800 309 4001 for any further clarifications / technical assistance that may be required.

21. In compliance with the provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the Listing Regulations read with SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9<sup>th</sup> December, 2020 relating to 'e-voting Facility Provided by Listed Entities' ("SEBI e-voting Circular"), the Company is pleased to provide to members facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means through e-voting services arranged by KFin. Members may cast their votes using an electronic voting system from a place other than the venue of the AGM ("remote e-voting").

22. The remote e-voting period commences on Monday, 24<sup>th</sup> June, 2024 (9:00 a.m. IST) and ends on Thursday, 27<sup>th</sup> June, 2024 (5:00 p.m. IST). During this period, members of the Company holding shares either in physical form or in demat form, as on the cut-off date i.e. Friday, 21<sup>st</sup> June, 2024 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by KFin for voting thereafter. Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently.

23. The voting rights of members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.

24. Any person holding shares in physical form and non-individual shareholders holding shares as on the cut-off date, may obtain the login ID and password by sending a request at [evoting@kfintech.com](mailto:evoting@kfintech.com). In case they are already registered with KFin for remote e-voting, they can use their existing User ID and password for voting.

25. In terms of SEBI e-voting Circular, e-voting process has been enabled for all 'individual demat account holders', by way of a single login credential, through their demat accounts / websites of Depositories / DPs.





26. Individual Members having demat account(s) would be able to cast their vote without having to register again with the e-voting service provider ("ESP") i.e. KFin, thereby not only facilitating seamless authentication but also ease and convenience of participating in the e-voting process. Members are advised to update their mobile number and e-mail ID with their DPs to access the e-voting facility.

27. The process and manner for remote e-voting and joining and voting at the AGM are explained below:

- Access to Depositories e-voting system in case of individual members holding shares in demat mode.
- Access to KFin e-voting system in case of members holding shares in physical and non-individual members in demat mode.
- Access to join the AGM on KFin system and to participate and vote thereat.

### A. Access to Depositories e-voting system in case of individual Members holding shares in demat mode.

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Type of Member	Login Method
Individual members holding securities in demat mode with NSDL	<p><b>1. Existing Internet-based Demat Account Statement (“IDeAS”) facility Users:</b></p> <ol style="list-style-type: none"> <li>Visit the e-services website of NSDL <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a personal computer or on a mobile.</li> <li>On the e-services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. Thereafter enter the existing user id and password.</li> <li>After successful authentication, members will be able to see e-voting services under ‘Value Added Services’. Please click on “Access to e-voting” under e-voting services, after which the e-voting page will be displayed.</li> <li>Click on company name i.e. ‘SBFC Finance Limited’ or ESP i.e. KFin.</li> <li>Members will be re-directed to KFin’s website for casting their vote during the remote e-voting period and voting during the AGM.</li> </ol> <p><b>2. Those not registered under IDeAS:</b></p> <ol style="list-style-type: none"> <li>Visit <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> for registering.</li> <li>Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a>.</li> <li>Visit the e-voting website of NSDL <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a>.</li> <li>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.</li> <li>Members will have to enter their User ID (i.e. the sixteen digit demat account number held with NSDL), password / OTP and a verification code as shown on the screen.</li> <li>After successful authentication, members will be redirected to NSDL Depository site wherein they can see e-voting page.</li> <li>Click on company name i.e. SBFC Finance Limited or ESP name i.e KFin after which the Member will be redirected to ESP website for casting their vote during the remote e-voting period and voting during the AGM.</li> <li>Members can also download the NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <p><b>NSDL Mobile App is available on</b></p> <p> </p> <p> </p> <p><b>1. Existing user who have opted for Electronic Access To Securities Information (“Easi / Easiest”) facility:</b></p> <ol style="list-style-type: none"> <li><a href="https://web.cdslindia.com/myeasitoken/Home/Login">https://web.cdslindia.com/myeasitoken/Home/Login</a> or URL: HYPERLINK “<a href="http://www.cdslindia.com/">http://www.cdslindia.com/</a>” <a href="http://www.cdslindia.com/">www.cdslindia.com</a></li> <li>Click on New System Myeasi.</li> <li>Login to MyEasi option under quick login.</li> <li>Login with the registered user ID and password.</li> <li>Members will be able to view the e-voting Menu.</li> <li>The Menu will have links of KFin e-voting portal and will be redirected to the e-voting page of KFin to cast their vote without any further authentication.</li> </ol>
Individual members login through their demat accounts / Website of Depository Participant	<p><b>2. User not registered for Easi / Easiest</b></p> <ol style="list-style-type: none"> <li>Visit <a href="https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration">https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration</a></li> <li>Proceed to complete registration using the DP ID, Client ID (BO ID), etc.</li> <li>After successful registration, please follow the steps given in point no. 1 above to cast your vote.</li> </ol> <p><b>3. Alternatively, by directly accessing the e-voting website of CDSL</b></p> <ol style="list-style-type: none"> <li>Visit <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>Provide demat account number and PAN</li> <li>System will authenticate user by sending OTP on registered mobile and email as recorded in the demat Account.</li> <li>After successful authentication, please enter the e-voting module of CDSL. Click on the e-voting link available against the name of the Company, viz. ‘SBFC Finance Limited’ or select KFin.</li> <li>Members will be re-directed to the e-voting page of KFin to cast their vote without any further authentication.</li> </ol> <p>Individual members can also login using the login credentials of their demat account through their DP registered with the Depositories for e-voting facility.</p> <ol style="list-style-type: none"> <li>Once logged-in, members will be able to view e-voting option.</li> <li>Upon clicking on e-voting option, members will be redirected to the NSDL / CDSL website after successful authentication, wherein they will be able to view the e-voting feature.</li> <li>Click on options available against SBFC Finance Limited or KFin.</li> <li>Members will be redirected to e-voting website of KFin for casting their vote during the remote e-voting period without any further authentication.</li> </ol>

## Notice *Contd...*

Type of Member	Login Method
Individual members login through their demat accounts / Website of Depository Participant	<p><b>2. User not registered for Easi / Easiest</b></p> <ol style="list-style-type: none"> <li>Visit <a href="https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration">https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration</a></li> <li>Proceed to complete registration using the DP ID, Client ID (BO ID), etc.</li> <li>After successful registration, please follow the steps given in point no. 1 above to cast your vote.</li> </ol> <p><b>3. Alternatively, by directly accessing the e-voting website of CDSL</b></p> <ol style="list-style-type: none"> <li>Visit <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>Provide demat account number and PAN</li> <li>System will authenticate user by sending OTP on registered mobile and email as recorded in the demat Account.</li> <li>After successful authentication, please enter the e-voting module of CDSL. Click on the e-voting link available against the name of the Company, viz. ‘SBFC Finance Limited’ or select KFin.</li> <li>Members will be re-directed to the e-voting page of KFin to cast their vote without any further authentication.</li> </ol> <p>Individual members can also login using the login credentials of their demat account through their DP registered with the Depositories for e-voting facility.</p> <ol style="list-style-type: none"> <li>Once logged-in, members will be able to view e-voting option.</li> <li>Upon clicking on e-voting option, members will be redirected to the NSDL / CDSL website after successful authentication, wherein they will be able to view the e-voting feature.</li> <li>Click on options available against SBFC Finance Limited or KFin.</li> <li>Members will be redirected to e-voting website of KFin for casting their vote during the remote e-voting period without any further authentication.</li> </ol>

**Important note:** Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

**Helpdesk for Individual Members holding securities in demat mode for any technical issues related to login through NSDL / CDSL:**

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: <b>(022) 4886 7000 or (022) 2499 7000</b>
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at <b>1800 22 55 33</b>

### B. Access to KFin e-voting system in case of members holding shares in physical and non-individual members in demat mode

- Members whose email IDs are registered with the Company / DPs, will receive an email from KFin which will include details of e-voting Event Number (EVEN), USER ID and password.

They will have to follow the following process:

- Launch internet browser by typing the URL: <https://emeetings.kfintech.com/>
- Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if a Member is registered with KFin for e-voting, they can use their existing User ID and password for casting the vote

## Notice *Contd...*

- iii. After entering these details appropriately, click on "LOGIN".
  - iv. Members will now reach password change Menu wherein they are required to mandatorily change the password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,3, etc..). The system will prompt the member to change their password and update their contact details viz. mobile number, email ID etc. on first login. Members may also enter a secret question and answer of their choice to retrieve their password in case they forget it. It is strongly recommended that members do not share their password with any other person and that they take utmost care to keep their password confidential.
  - v. Members would need to login again with the new credentials.
  - vi. On successful login, the system will prompt the Member to select the "EVEN" i.e., "SBFC Finance AGM" and click on "Submit"
  - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, a Member may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed the total shareholding as mentioned herein above. A Member may also choose the option ABSTAIN. If a Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
  - viii. Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account.
  - ix. Voting has to be done for each item of the Notice separately. In case members do not desire to cast their vote on any specific item, it will be treated as abstained.
  - x. A Member may then cast their vote by selecting an appropriate option and click on "Submit".
  - xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once a member has voted on the resolution(s), they will not be allowed to modify their vote. During the voting period, members can login any number of times till they have voted on the Resolution(s).
- 2) Members whose email IDs are not registered with the Company/ DPs, and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the following process:
    - i. Members who have not registered their email address, thereby not being in receipt of the Annual Report, Notice of AGM and e-voting instructions, may write to the Company at [companysecretary@sbfc.com](mailto:companysecretary@sbfc.com) to get the procedure for registration of email address and to get the copy of the Annual Report.
    - ii. Members are requested to follow the process as guided to capture the email address and mobile number for receiving the soft copy of the AGM Notice and e-voting instructions along with the User ID and Password. In case of any queries, members may write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
    - iii. Alternatively, members may send an email request at the email ID [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with scanned copy of the request letter, duly signed, providing their email address, mobile number, self-attested PAN card copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.
 

After receiving the e-voting instructions, please follow all the above steps to cast your vote by electronic means.
- C. Access to join the AGM on KFin system and to participate and vote thereat.**
- i. Members will be able to attend the AGM through VC / OAVM platform provided by KFin. Members may access the same at <https://emeetings.kfintech.com/> by using the e-voting login credentials provided in the email received from the Company/ KFin.
  - ii. After logging in, click on the Video Conference tab and select the EVEN of the Company.

## Notice *Contd...*

- iii. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that members who do not have the user ID and password for e-voting or have forgotten the same may retrieve them by following the remote e-voting instructions mentioned above.

### Other Instructions:

- I. A person, whose name is recorded in the Register of members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM.
- II. Any person who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice of AGM and holding shares as of the cut-off date i.e Friday, 21<sup>st</sup> June, 2024 may obtain the User ID and Password in the manner as mentioned below:
  - a. If the mobile number of the Member is registered against Folio No. / DP ID Client ID, the Member may send SMS: MYEPWD<space>E-voting Event Number + Folio No. or DP ID Client ID to +91 9212993399 Example for NSDL: MYEPWD<SPACE> IN12345612345678 Example for CDSL: MYEPWD<SPACE> 1402345612345678 Example for Physical: MYEPWD<SPACE> XXXX1234567890
  - b. If email ID of the Member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.kfintech.com>, the Member may click 'Forgot password' and enter Folio No. or DP ID Client ID and PAN to generate a password.
  - c. Members may call KFin toll free number 1800 309 4001.
  - d. Members may send an email request to: [evoting@kfintech.com](mailto:evoting@kfintech.com). If the Member is already registered with the KFin e-voting platform then such Member can use his / her existing User ID and password for casting the vote through remote e-voting.
- III. The Board of Directors has appointed Ms. Jigyasa N. Ved (Membership No. FCS 6488, CP No. 6018) or failing her Mr. Mitesh Dhaliwala (Membership No.

FCS 8331, CP No. 9511) of M/s. Parikh & Associates, Company Secretaries in practice as a Scrutinizer to scrutinize the remote e-voting process and e-voting at the AGM in a fair and transparent manner.

- IV. The procedure for e-voting during the AGM is same as the instructions mentioned above for remote e-voting since the AGM is being held through VC / OAVM. The e-voting window shall be activated upon instructions of the Chairman of the AGM during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform and no separate login is required for the same.
- V. The results declared along with the Scrutinizer's report will be forwarded to BSE Limited and National Stock Exchange of India Limited, and be displayed at the Registered Office of the Company and simultaneously uploaded on the Company's website viz. [www.sbfc.com](http://www.sbfc.com) and that of KFin viz. <https://evoting.kfintech.com>.
- VI. KPRISM- Mobile service application by KFin:

Members are requested to note that KFin has launched a mobile application - KPRISM and website <https://kprism.kfintech.com/app/> for online service to members. Members can download the mobile application, register themselves (one time) for availing host of services viz., consolidated portfolio view serviced by KFin, dividend status and send requests for change of address, change / update bank mandate. Through the mobile application, members can download annual reports, standard forms and keep track of upcoming general meetings and dividend disbursements. The mobile application is available for download from Android Play Store.

### BOOK CLOSURE:

28. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 21<sup>st</sup> June, 2024 to Friday, 28<sup>th</sup> June, 2024 (both days inclusive).

### PAYMENT OF DIVIDEND:

29. The Board of Directors has not recommended any dividend for the financial year ended 31<sup>st</sup> March, 2024.

### GENERAL:

30. Members are requested to notify immediately any change of address:

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- i. to their DPs in respect of the shares held in electronic form, and
- ii. to the Company or KFin, in respect of the shares held in physical form together with a proof of address viz. Electricity Bill, Telephone Bill, Ration Card, Voter ID Card, Passport etc.
31. Non-resident Indian members are requested to inform the Company or KFin or to the concerned DPs, as the case may be, immediately:
- i. the change in the residential status on return to India for permanent settlement.
- ii. the particulars of the NRE Account with a Bank in India, if not furnished earlier.
- iii. Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to the Company or KFin quoting their Folio number or their Client ID number with DP ID number, as the case may be.
32. Members who are holding shares in identical order of names in more than one folio are requested to consider consolidating the different folios into one. Post consolidation, the number of shares would remain the same.
- To enable the Company, consolidate the folios, kindly send the following, under a covering letter, addressed to KFin:
- share certificate(s)
  - copy of Pan Card(s) of all the members
  - Member's email ID and mobile number
  - ISR-1 form for updating KYC
  - ISR-2 form for signature updation
  - SH-13 form nomination registration
  - ISR-3 form nomination opt-out registration
  - ISR-4 form for issue of duplicate certificate and other service requests
- Upon receipt of the above documents, the Company will consolidate the holdings and issue Letter of Confirmation ("LOC") for dematerialization of shares through DP.
- As a subsequent step, it is also recommended that members consider migrating their shareholding to the electronic mode.
33. As per the provisions of Section 72 of the Act, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. Members holding shares in physical form may obtain the Nomination Form from the Company's Secretarial Department at its Registered Office or KFin. Members holding shares in electronic form have to approach their DPs for completing the nomination formalities.
34. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated 25<sup>th</sup> January, 2022 has mandated the listed companies to issue securities in demat form only while processing service requests viz. Issue of duplicate securities certificate; claim from Unclaimed Suspense Account; Renewal/ Exchange of securities certificate; Endorsement; Sub-division/ Splitting of securities certificate; Consolidation of securities certificates/ folios; Transmission and Transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the following weblink at <https://www.sbfc.com/investors>
35. The annual accounts of the Company's subsidiary companies and the related information shall be made available to members of the holding and subsidiary companies seeking such information at any point of time.
- In terms of the Listing Regulations, it is mandatory to furnish a copy of PAN card to the Company or KFin in the following cases viz. deletion of name, transmission of shares and transposition of shares.

## Notice *Contd...*

### EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER:

#### Item No. 4:

The members to note that the present statutory auditors of the Company - M/s. Suresh Surana & Associates LLP, Chartered Accountants, (Firm Registration No. 121750W/W-100010) ("SSA"), were appointed by the shareholders of the Company at the Fifteenth (15<sup>th</sup>) Annual General Meeting (AGM) held on Monday, 27<sup>th</sup> June, 2022 for a period of two years to hold office till the conclusion of the 17<sup>th</sup> Annual General Meeting to be held in the calendar year 2024.

M/s. Suresh Surana & Associates LLP are eligible to hold office till the conclusion of the 17<sup>th</sup> Annual General Meeting of the Company to be held on 28<sup>th</sup> June, 2024 in accordance with RBI's Circular No. RBI/2021-22/25 Ref. No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 ("RBI Circular").

In view of the expiry of tenure of the existing Statutory Auditors at the 17<sup>th</sup> Annual General Meeting and Pursuant to the provisions of Sections 139 of the Companies Act, 2013 ("Act") and other applicable provisions of the Act, RBI Circular, the Audit Committee and the Board at their meetings held on 27<sup>th</sup> April, 2024 recommended M/s M M Nissim & Co LLP, Chartered Accountants, Mumbai (Firm Registration No. 107122W/W100672) for appointment as Statutory Auditor of the Company of the Company for a term of three consecutive financial years to hold office till the conclusion of 20<sup>th</sup> Annual General Meeting of the Company.

Their appointment as Statutory Auditor of the Company shall be subject to the provisions of the Companies Act, 2013, RBI Circular, Company's policy on appointment/re-appointment of statutory auditors' and subject to approval of the shareholders.

The necessary consent and eligibility letters received from the M/s. M. M. Nissim & Co. shall be available for inspection of the members at the registered office of the Company.

Any one of the Directors of the Company, the Chief Financial Officer of the Company is severally authorised to finalise / revise the terms and conditions of the re-appointment of the Statutory Auditor including the fees / remuneration as deemed fit. Additional information about Statutory.

The details of Auditors pursuant to Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 are provided below:

Terms of Appointment	As per resolution of the members
Proposed Audit fees payable to Auditor and material change in fee Payable	As determined by the Board of Directors. Any one of the Directors or the Chief Financial Officer of the Company shall have power to revise the remuneration of the Statutory Auditors from time to time.
Basis of recommendation and Auditor credentials	The Audit Committee based on the discussions with the management and the eligibility and consent letter received from M/s M M Nissim & Co LLP ("MMN") has recommended MMN as the Statutory Auditor of the Company.  Auditor Credentials:  M/s. M M Nissim & Co LLP ("MMN") bearing Registration No. 107122W/W100672 is a firm of Chartered Accountants with a professional standing of more than 77 years, established in the year 1946. MMN is a multi-disciplinary firm providing wide spectrum of professional services to leading corporate including multinationals operating in diverse sectors. MMN is a PAN India firm having offices at Mumbai, New Delhi, Kolkata, Chennai and Bengaluru.  The firm has been early entrant in many areas of professional practice like advisory on mergers and acquisitions, valuations, due diligence, forensic audit, specialized monitoring of projects, FEMA advisory, quality assurance, CSR advisory, IT implementation advisory etc. having 17 full time partners, and over 200 professionals.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested financially or otherwise, in the said Resolution. Necessary documents are available for inspection of members at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on any working day, including Saturday and the date of the Annual General Meeting.

The Board recommends the resolution specified in item no. 4 of the Notice for your approval as an Ordinary Resolution.

Accordingly, consent of the members is sought for passing the Ordinary Resolution as set out in Item No. 4 of the Notice for appointment and payment of remuneration to the Statutory Auditor.

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### Item No. 5:

The Company seeks to raise funds for the purposes of business or the Company, by way of issue of Non-Convertible Debentures (“NCDs”) and / or Bonds on a private placement basis from time to time. As per the provisions of Section 42 of the Companies Act, 2013 (“Act”) read with Rules framed thereunder including the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended from time to time, read with the Securities and Exchange Board of India (“SEBI”) (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended from time to time, other applicable SEBI regulations, circulars and guidelines, the directions issued by the Reserve Bank of India (“RBI”), a company offering or making an invitation to subscribe to NCDs (including Bonds) on a private placement basis, is required to obtain prior approval of the members by way of a Special Resolution, which can be obtained once a year for all the offers and invitations for such NCDs (including Bonds) during the year.

Accordingly, the approval of the members is being sought by way of a Special Resolution under Section 42 and other applicable provisions, if any, of the Act and the Rules framed thereunder to offer / invite / issue / allot up to such number of NCDs including but not limited to Subordinated / Perpetual NCDs/ Green debt securities, whether secured or unsecured, on a private placement basis, in one or more tranches aggregating to ₹ 3000 crore (Rupees three thousand crore), during a period of one year from the date of passing of resolution set out at Item No. 5 of this Notice, within the overall borrowing limits of the Company, as approved by the members from time to time.

Further, it is proposed to grant authority to the Board of Directors (hereinafter referred to as the “Board” the term shall be deemed to include any committee constituted / which may be constituted by the Board of Directors or any other person(s) for the time being authorized by the Board of Directors to exercise powers conferred on the Board of Directors) to delegate or determine the terms of issue of NCDs / Bonds.

The Board recommends the Special Resolution at Item No. 5 of the accompanying Notice, for the approval of the members of the Company.

None of the Directors or the Key Managerial Personnel or their relatives, are concerned or interested in the passing of the Resolutions at Item No. 5.

### Item No. 6:

The Company is proposing to grant Employee Stock Option and for that purpose, based on the recommendation of the Nomination & Remuneration Committee (“NRC”), the Board at its meeting held on 27<sup>th</sup> April, 2024 subject to the approval of members had approved the SBFC Stock Option Policy 2024 – I (“ESOP Policy”). The provisions of the Companies Act, 2013 require the Company to seek the approval of the members for the approval of SBFC Stock Option Policy 2024 - I.

#### The object of the ESOP Policy is to:

- Provide means to enable the Company to attract and retain appropriate human talent
- To motivate the employees with incentives and reward opportunities
- To achieve sustained growth of the Company and the creation of shareholder value by aligning the interests of the employees which will lead to long term wealth creation; and;
- To create sense of ownership and participation amongst the employees or otherwise increase their proprietary interest

Disclosures to be made as per the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, rule 12 of The Companies (Share Capital and Debentures) Rules, 2014 and pursuant to applicable provisions of Companies Act, 2013, for the purpose of Issue of Employee Stock Options is as follows:

- a) The total number of stock options to be granted:

The ESOP Policy comprises of up to 50,00,000 (Fifty lac only) Options in accordance with the provisions of the ESOP Policy and equivalent to up to 50,00,000 (Fifty lac only) equity shares of the face value of ₹10/- (Rupees Ten only) each (i.e. 0.47% of the paid-up equity share capital of the Company as at 27<sup>th</sup> April, 2024), when exercised in accordance with the ESOP Policy;

- b) Identification of classes of employees entitled to participate in the Employees Stock Option Scheme:

- (i) an employee as designated by the Company, who is exclusively working in India or outside India; or
- (ii) a director of the Company, whether a whole time director (as defined under relevant provisions

## Notice *Contd...*

of the Companies Act, 2013) or not, including a non-executive director who is not a promoter or member of the promoter group, but excluding an independent director of the Company;

Provided however, a contractual employee can also be designated by the Company as an Eligible Employee.

It is clarified that no employee of the Company by virtue of being an employee shall automatically be entitled to Options under this Policy. The decision of the NRC with respect to the eligibility of an employee for Options and the terms and conditions of such Options, shall be final and is not subject to challenge.

- c) The appraisal process for determining the eligibility of employees to the Employees Stock Option Scheme:

The Nomination and Remuneration Committee (NRC) would act as the ‘Compensation Committee’ for the administration and superintendence of the ESOP Policy. All questions of interpretation of the ESOP Policy shall be determined by the NRC and such determination shall be final and binding upon all persons having an interest in the ESOP Policy.

The NRC shall have the right and discretion to identify who amongst the following shall be eligible for Options under this Policy (“Eligible Employees”):

- (i) an employee as designated by the Company, who is exclusively working in India or outside India; or
- (ii) a director of the Company, whether a whole-time director (as defined under relevant provisions of the Companies Act, 2013) or not, including a non-executive director who is not a promoter or member of the promoter group, but excluding an independent director of the Company;
- (iii) an employee as defined in sub-clauses (i) or (ii) of a group company including subsidiary or its associate company, in India or outside India, or of a Holding Company of the company, but shall not include (a) an employee who is a promoter or a person belonging to the promoter group; or (b) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company.

Provided however, a contractual employee can also be designated by the Company as an Eligible Employee.

It is clarified that no employee of the Company by virtue of being an employee shall automatically be entitled to Options under this Policy. The decision of the NRC with respect to the eligibility of an employee for Options and the terms and conditions of such Options, shall be final and is not subject to challenge.

- d) The requirements of vesting and period of vesting:
- Cliff Period

Unless otherwise stated in the Grant Letter, the Options shall vest only after 12 (twelve) months from the date of the Grant (“Cliff”), in the manner set out below.

- Vesting Period and Schedule

Unless otherwise stated in the Grant Letter, the Options shall vest over a period of 36 (Thirty Six) months after the expiry of the Cliff i.e. over a period of 48 (Forty Eight) months from the date of Grant, as per the schedule below. For the purpose of calculating the time duration for vesting under this Clause, continued and uninterrupted employment of the Employee shall be taken into consideration.

# of month from Grant Date	% Vesting
12 months	25%
15 months	6.25%
18 months	6.25%
21 months	6.25%
24 months	6.25%
27 months	6.25%
30 months	6.25%
33 months	6.25%
36 months	6.25%
39 months	6.25%
42 months	6.25%
45 months	6.25%
48 months	6.25%

Notwithstanding anything to the contrary in the ESOP Policy, the NRC shall be entitled to make the Vesting of any or all of the Options awarded to an Employee conditional upon the fulfilment of such performance criteria whether of the Employee and/ or any team or

## Notice *Contd...*

group of which he is a part and/ or of the Company, as may be determined by the NRC or determine a vesting schedule other than that specified herein above for any Employee or class of Employees.

Notwithstanding anything to the contrary in the ESOP Policy, but subject to the provisions of applicable laws, the NRC shall be entitled, in its absolute discretion, to vary or alter the vesting schedule from Grantee to Grantee or class thereof, as it may deem fit.

e) The maximum period within which the options shall be vested:

- 36 months after the expiry of the Cliff
- Notwithstanding anything to the contrary the ESOP Policy, the NRC shall be entitled, in its absolute discretion, to vary or alter the vesting schedule from Grantee to Grantee or class thereof, as it may deem fit.

f) The exercise price or the formula for arriving at the same:

Unless otherwise stated in the Grant Letter, the Exercise Price of per vested Option shall be the average of closing price of immediate five trading days of the Relevant Date in case of grant.

For the purpose of this clause, "Relevant Date" means (a) in the case of grant, the date of the meeting of the Nomination and Remuneration Committee on which the grant is to be made/ is made and (b) in the case of exercise, the date on which notice of exercise is given to the Company by the Grantee.

g) The exercise period and process of exercise:

(i) Exercise Period:

"Exercise Period" shall mean (a) period within 6 (Six) months from the date of the vesting (c) in case of termination of Employment of a Grantee, the period mentioned in 'Clause t' of this explanatory statement; and (d) In case of a 'Change in Capital Structure' or a 'Corporate Action', such period as the NRC / Board may determine.

Notwithstanding any provisions to the contrary in this Policy, Options vested can only be exercised during the Exercise Period.

Options vested shall have to be mandatorily exercised within the Exercise Period. Notwithstanding any

provisions to the contrary in the ESOP Policy, the Options shall lapse if not exercised within the Exercise Period.

(ii) Exercise Price:

Unless otherwise stated in the Grant Letter, the Exercise Price of per vested Option shall be the average of closing price of immediate five trading days of the Relevant Date in case of grant.

For the purpose of this clause, "Relevant Date" means (a) in the case of grant, the date of the meeting of the Nomination and Remuneration Committee on which the grant is to be made/ is made and (b) in the case of exercise, the date on which notice of exercise is given to the Company by the Grantee.

(iii) Exercise of Grants:

Upon Exercise by a Grantee of the Options granted pursuant to the ESOP Policy, the Grantee shall pay to the Company the Exercise Price through normal banking channel.

All Shares acquired under this Policy will rank pari passu with all other shares of the Company already issued. Dividend in respect of Shares transferred on exercise of the Options shall be payable pro-rata from the date of transfer of such Shares.

A vested Option shall be deemed to be exercised only when the NRC receives notice of exercise in either written, electronic or in any other manner notified by the NRC, from the Grantee.

The shares so acquired by the Grantee pursuant to this Policy, and any bonus or right shares or right to acquire share in respect of the shares so acquired under this Policy, shall be subject to restrictions under Clause 10 of Policy.

Notwithstanding anything contained elsewhere in the ESOP Policy, the Board may, if the exercise of Options within the Exercise Period is prevented by any law or regulation in force, defer or refuse to permit the exercise of Options before the time it is allowed by the applicable laws or regulations and in such an event the Company shall not be liable to pay any compensation or similar payment to the Grantee for any loss suffered due to such refusal. Provided further, that the Board shall have the power and be and is hereby authorized to cancel all or any of the Options granted under this Policy if so required under any law or guidelines for the time being in force.

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h) The Lock-in period, if any:

- Cliff Period: Unless otherwise stated in the Grant Letter, the Options shall vest only after 12 (twelve) months from the date of the Grant ("Cliff").

i) The maximum number of options to be granted per employee and in aggregate:

- As determined by the Nomination & Remuneration Committee, within the limits specified under applicable provisions of law.

j) Maximum quantum of benefits to be provided per employee under a scheme(s):

- As determined by the Nomination & Remuneration Committee, within the limits specified under applicable provisions of law.

k) Whether the scheme(s) is to be implemented and administered directly by the company or through a trust:

- Directly by the Company

l) Whether the scheme(s) involves new issue of shares by the company or secondary acquisition by the trust or both:

- New issue of shares by the company

m) The amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc.:

- Not Applicable

n) Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme(s):

- Not Applicable

o) A statement to the effect that the company shall conform to the accounting policies specified in regulation 15;

- The company shall comply with the applicable accounting standards.

p) The method which the company shall use to value its options or SARs;

- Black-Scholes Model / Discounted Cash Flow Method or such other method prescribed under applicable law

q) Statement on expensing of share based employee benefits

In case the company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so and the employee compensation cost that shall have been recognized if it had used the fair value, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share ("EPS") of the company shall also be disclosed in the Directors' Report.

r) The method which the company shall use to value its options:

Black-Scholes Model / Discounted Cash Flow Method or such method as may be prescribed under applicable accounting standards / policies.

s) The conditions under which option vested in employees may lapse e.g. in case of termination of employment for misconduct:



## Notice *Contd...*

SR. NO.	EVENT	CONSEQUENCES WITH RESPECT TO VESTED OPTIONS	CONSEQUENCES WITH RESPECT TO UNVESTED OPTIONS
1.	Termination of Employment for cause	Lapse immediately with no further obligation of the Company.	Lapse immediately with no further obligation of the Company.
2.	Resignation or Termination of Employment in accordance with the terms of Employment Agreement	In case of resignation or termination, all the Vested Options as on date of such resignation or termination shall be Exercisable by the Employee within 90 days from his/her last working day with the Company or such time as maybe extended by the Committee.	Lapse immediately with no further obligation of the Company.
3.	Retirement / Early Retirement / Superannuation	In the case of retirement under a voluntary retirement scheme of the Company or subsidiary company, as the case may be, if any, or retirement on attaining the superannuation age or onwards, the options shall continue to remain vested in accordance with the vesting schedules as mentioned in respective Grant Letters in accordance to this Policy.  All vested Options Shall be exercised by the Grantee or their legal heirs within 90 days from the last date of employment.	In the case of retirement under a voluntary retirement scheme of the Company or subsidiary company, as the case may be, if any, or retirement on attaining the superannuation age or onwards, all Unvested Options on the last working day shall continue to vest in accordance with the vesting schedules as mentioned in respective Grant Letters in accordance to this Policy.  All the Options so vested, shall be exercisable in the manner provided along side.
4.	Death or Permanent Incapacity	In case of Death or Permanent Incapacity, all the Vested Options as on the date of death or Permanent Incapacity of the Employee may be exercised by the Grantee, Nominee or legal heirs of the Employee, as applicable, within the Exercise Period mentioned in the Grant Letter.  In case of Death or Permanent Incapacity, all the Vested Options as on the date of death or Permanent Incapacity of the Employee may be exercised by the Grantee, Nominee or legal heirs of the Employee, as applicable, within a period of 12 (twelve) months from the date of occurrence of such an event.	All the Unvested Options as on date of termination due to Permanent Incapacity of the Employee shall Vest in him/her immediately.  In case of cessation of employment in the event of death of an Employee while in employment or while serving as a Director, all Unvested Options granted to the Employee shall immediately vest, with effect from his/ her death in the legal heirs or nominees of the deceased Employee, as the case may be, as indicated in the nomination form.  All the Options so vested, shall be exercisable in the manner provided alongside.
5.	Abandonment*	All the Vested Options shall stand cancelled.	All Unvested Options shall stand cancelled.

\* The Board/ Nomination and Remuneration Committee, at its sole discretion shall decide the date of cancellation of Options and such decision shall be binding on all concerned.

## Notice *Contd...*

- t) The specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee:

SR. NO.	EVENT	CONSEQUENCES WITH RESPECT TO VESTED OPTIONS	CONSEQUENCES WITH RESPECT TO UNVESTED OPTIONS
1.	Termination of Employment for cause	Lapse immediately with no further obligation of the Company.	Lapse immediately with no further obligation of the Company.
2.	Resignation or Termination of Employment in accordance with the term of Employment Agreement	In case of resignation or termination, all the Vested Options as on date of such resignation or termination shall be Exercisable by the Employee within 90 days from his/her last working day with the Company or such time as maybe extended by the Committee.	Lapse immediately with no further obligation of the Company.
3.	Retirement / Early Retirement/ Superannuation	In the case of retirement under a voluntary retirement scheme of the Company or subsidiary company, as the case may be, if any, or retirement on attaining the superannuation age or onwards, the options shall continue to remain vested in accordance with the vesting schedules as mentioned in respective Grant Letters in accordance to this Policy.  All vested Options Shall be exercised by the Grantee or their legal heirs within 90 days from the last date of employment.	In the case of retirement under a voluntary retirement scheme of the Company or subsidiary company, as the case may be, if any, or retirement on attaining the superannuation age or onwards, all Unvested Options on the last working day shall continue to vest in accordance with the vesting schedules as mentioned in respective Grant Letters in accordance to this Policy.  All the Options so vested, shall be exercisable in the manner provided along side.
4.	Death or Permanent Incapacity	In case of Death or Permanent Incapacity, all the Vested Options as on the date of death or Permanent Incapacity of the Employee may be exercised by the Grantee, Nominee or legal heirs of the Employee, as applicable, within the Exercise Period mentioned in the Grant Letter.  In case of Death or Permanent Incapacity, all the Vested Options as on the date of death or Permanent Incapacity of the Employee may be exercised by the Grantee, Nominee or legal heirs of the Employee, as applicable, within a period of 12 (twelve) months from the date of occurrence of such an event.	All the Unvested Options as on date of termination due to Permanent Incapacity of the Employee shall Vest in him/her immediately.  In case of cessation of employment in the event of death of an Employee while in employment or while serving as a Director, all Unvested Options granted to the Employee shall immediately vest, with effect from his/ her death in the legal heirs or nominees of the deceased Employee, as the case may be, as indicated in the nomination form.  All the Options so vested, shall be exercisable in the manner provided alongside.
5.	Abandonment*	All the Vested Options shall stand cancelled.	All Unvested Options shall stand cancelled.

\* The Board/ Nomination and Remuneration Committee, at its sole discretion shall decide the date of cancellation of Options and such decision shall be binding on all concerned.

- u) A statement to the effect that the company shall comply with the applicable accounting standards:

The company shall comply with the applicable accounting standards

**Notice** *Contd...*

Following are the additional disclosures under section 102 of the Companies Act, 2013

Particular	Remarks
(i) To specify the nature of concern or interest, financial or otherwise, of every director and the manager and of every other key managerial personnel (KMP) and relatives of the said persons.	Nil except to the extent of options to be granted / shares to be allotted to the KMP and/or Directors.
(ii) To specify any other information and facts that may enable the members to understand the meaning scope and implications of the items of business and to take a decision thereon.	As above
(iii) Where any item of Special Business to be transacted at the meeting relates to or affects any other Company, the extent of shareholding interest in that other Company of every promoter director, manager and of every other key managerial personnel of the first mentioned company also to be set out in explanatory statement if such shareholding is not less than two percent of the paid-up share capital of that company.	Nil
(iv) Where any document is referred to any Business to be transacted at the meeting, specification of time and place for inspection of such document.	Necessary documents are available for inspection of members at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on any working day, including Saturday and the date till the date of the Annual General Meeting (i.e. 28 <sup>th</sup> June, 2024).

The Board recommends the resolution specified in item 6 of the Notice for your approval as a Special Resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, except to the extent of shares held by them in the Special Resolution set out at Item No. 6 of the Notice.

**Notice** *Contd...***ANNEXURE**

**Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 issued by the Institute of Company Secretaries of India, the following information is furnished about the Directors proposed to be appointed / re-appointed:**

Name of Director	Mr. Aseem Dhru (DIN: 01761455)	Mr. Jonathan Tadeusz Tatur (DIN: 08639243)
a) Date of Birth/Age	April 07, 1970 / 54 years	November 29, 1984 / 39 years
b) Qualifications	Mr. Aseem Dhru holds a bachelor's degree in commerce from Gujarat University. He is a member of the Institute of Chartered Accountants of India and has been certified by the Institute of Cost and Works Accountants of India.	Mr. Jonathan Tadeusz Tatur holds a bachelors of arts degree from St. John's College in the University of Cambridge and a master's of philosophy degree in economics from Brasenose College in the University of Oxford.
c) Experience	Mr. Aseem Dhru is the Managing Director & CEO of the Company.  He has over 25 years of experience in the banking industry and has been associated with the Company since September 28, 2017. Before joining the Company, he was associated with HDFC Bank Limited as a group head – business banking working capital & retail agri business, HDFC Securities Limited as a Managing Director and Chief Executive Officer, and was a Director on the board of HDB Financial Services Limited.	Mr. Jonathan Tadeusz Tatur is a Non-Executive Nominee Director of our Company and employee of Clermont Group. He has been associated with our Company since December 17, 2019.
d) Terms and conditions of appointment / re-appointment	Mr. Aseem Dhru is the Managing Director & CEO of the Company, liable to retire by rotation.	Mr. Jonathan Tadeusz Tatur is a Non-Executive, Nominee Director of our Company, liable to retire by rotation.
e) Details of remuneration sought to be paid	The terms of remuneration of Mr. Aseem Dhru shall be as per the approval of shareholders of the Company given by postal ballot on 26 <sup>th</sup> January, 2024.	He is not entitled to any remuneration.
f) Last remuneration drawn (Per Annum)	5,82,31,513*	Not Applicable
g) Date of first appointment on the Board	28 <sup>th</sup> September, 2017	17 <sup>th</sup> December, 2019
h) No. of shares held in the Company (including as a beneficial owner)	34,158,167 equity shares	NIL
i) Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Mr. Aseem Dhru is not related to any Director or KMP of the Company.	Mr. Jonathan Tadeusz Tatur is not related to any Director or KMP of the Company. However he is Nominee Director of the Promoter Company – SBFC Holding Pte. Ltd.
j) No. of Board Meetings attended / held during Financial Year 2024	13/13	11/13

**Notice** *Contd...*

Name of Director	Mr. Aseem Dhru (DIN: 01761455)	Mr. Jonathan Tadeusz Tatur (DIN: 08639243)
k) Other Directorships, Membership/Chairmanship of Committees of other Boards	Mr. Aseem Dhru is an Independent Director in Rossari Biotech Limited and Safari Industries (India) Limited, Director in SBFC Home Finance Private Limited and Chairperson in the Audit Committee of Rossari Biotech Limited. He is a member of the Audit Committee of Safari Industries (India) Limited.	Mr. Jonathan Tadeusz Tatur is not holding Directorship in any Indian Companies (Public and Private). He is not a Chairperson /Member in Committee of any Indian Company (Public and Private).
l) Resignation from listed entities in the past three years	Not Applicable	Not Applicable

\* Remuneration of Mr. Aseem Dhru's includes salary, bonus, allowances, company's contribution to provident fund and gratuity fund computed as per the Income Tax Act / Rules.



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