Aadhar Housing Finance Ltd

GHAR BANEGA, TOH DESH BANEGA.

Leveraging Technology. **Realising Aspirations.**

Annual Report 2022-23

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CORPORATE INFORMATION

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

a) **Mr. Om Prakash Bhatt**
Independent Director
(Non-Executive Chairman of the Board)
(DIN: 00548091)

b) **Dr. Nivedita Haran**
Independent Director
(DIN: 06441500)

c) **Ms. Sharmila A Karve**
Independent Director
(DIN: 05018751)

d) **Mr. Amit Dixit**
Non-Executive Director (Nominee)
(DIN: 01798942)

e) **Mr. Mukesh Mehta**
Non-Executive Director (Nominee)
(DIN: 08319159)

f) **Mr.Prateek Roongta**
Non-Executive Director (Nominee)
(DIN: 00622797)

g) **Mr. Deo Shankar Tripathi**
Executive Vice Chairman
(DIN: 07153794)

h) **Mr. Rishi Anand**
Managing Director & CEO
(DIN: 02303503)

i) **Mr. Rajesh Viswanathan**
Chief Financial Officer

j) **Mr. Sreekanth V. N.**
Company Secretary & Compliance Officer

STATUTORY AUDITOR

Walker Chandiok & Co LLP
11th Floor. Tower II, One International Center,
S B Marg, Prabhadevi,
Mumbai – 400013, Maharashtra.
T: +91 22 66262699

DEBENTURE TRUSTEES:

a) **Catalyst Trusteeship Limited**
Catalyst Trusteeship Limited
GDA House, Plot No. 85, S. No. 94 & 95,
Bhusari Colony (Right), Kothrud,
Pune - 411038, Maharashtra.
Ph. No.: +91 20 66807200
Email Id: dt@ctltrustee.com
Website: www.catalysttrustee.com

b) **Beacon Trusteeship Limited**
4C & D, Siddhivinayak Chambers,
Gandhi Nagar,
Opp. MIG Club, Bandra (East),
Mumbai - 400 051, Maharashtra.
Ph. No.: +91 22 2655 8759
Email Id: contact@beacontrustee.co.in
Website: www.beacontrustee.co.in

HOLDING COMPANY

BCP Topco VII Pte. Limited, Singapore

SUBSIDIARY COMPANY

Aadhar Sales and Services Private Limited

COMPANY SECRETARY

Mr. Sreekanth V. N.
Company Secretary & Compliance Officer
Unit No. 802, 8th Floor, Natraj By Rustomjee,
Junction of Western Express Highway and
M. V. Road, Andheri (E), Mumbai - 400 069,
Maharashtra.
Ph. No.: +91 22 41689931
Email: complianceofficer@aadharhousing.com

STOCK EXCHANGE

BSE Limited
P.J. Towers, Dalal Street, Fort
Mumbai - 400001, Maharashtra.
Ph. No.: +91 22 22721234
Email: corp.comm@bseindia.com
Website: www.bseindia.com

DEPOSITORIES FOR DEMAT

a) **National Securities Depository Limited (NSDL)**
4th Floor, A Wing, Trade World, Kamala
Mills Compound, S.B. Marg, Lower Parel,
Mumbai - 400013, Maharashtra.
Ph. No.: +91 22 24994200
Email id: info@nsdl.co.in
Website: www.nsdl.co.in

b) **Central Depository Services (India) Limited (CDSL)**
Marathon Futurex, A-Wing,
25th Floor, N M Joshi Marg, Lower Parel,
Mumbai - 400013, Maharashtra.
Ph. No.: +91 22 2305 8640
Email id: helpdesk@cdslindia.com
Website: www.cdslindia.com

REGISTRAR & TRANSFER AGENTS:

a) **KFin Technologies Limited**
(Formerly known as KFin Technologies Pvt Limited)
Selenium, Tower B, Plot No- 31 & 32,
Financial District, Nanakramguda,
Serilingampally, Hyderabad, Rangareddi,
Telangana, India, 500032.
Ph. No.: +91 40 6716 2222
Email id: einward.ris@kfintech.com
Website: www.kfintech.com

b) **3i Infotech Limited**
Tower # 5, 3rd Floor,
International Infotech Park,
Vashi, Navi Mumbai - 400703
Ph. No.: +91 22 7123 8000
Email id: vijaysingh.chauhan@3i-infotech.com
Website: www.3i-infotech.com

REGISTERED OFFICE:

2nd Floor, No. 3, JVT Towers, 8th 'A' Main Road,
Sampangi Rama Nagar, Bengaluru - 560 027,
Karnataka.
Toll Free No: 1800 3004 2020

CORPORATE OFFICE:

Unit No. 802, 8th Floor, Natraj By Rustomjee,
Junction of Western Express Highway and
M. V. Road, Andheri (E), Mumbai - 400 069,
Maharashtra.
Ph. No.: +91 22 41689900
Email id: customercare@aadharhousing.com
Website: https://aadharhousing.com/
CIN : U66010KA1990PLC011409

BANKERS

Axis Bank Limited
Bank of Baroda
Bank of India
Canara Bank
Central Bank of India
Citi Bank
DBS Bank India Limited
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
Indian Bank
Indian Overseas Bank
Karnataka Bank Limited
Kotak Mahindra Bank Limited
National Housing Bank
Punjab National Bank
State Bank of India
The Federal Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
SVC Co-operative Bank Limited
UCO Bank
Union Bank of India
Yes Bank Limited

Leveraging Technology. **Realising Aspirations.**

Embracing the potent synergy of innovation and intention, Aadhar Housing is reshaping the financial services terrain with its adept use of technology, helping manifest dreams into reality. The Company's operations are meticulously interwoven with technology, propelling financial inclusivity, enabling individuals to fulfil their ambitions, and constructing a more promising future for everyone. Their commitment to prioritising customers, unwavering endeavour to incorporating technology, and significant attention to environmental, social, and governance (ESG) principles are fundamentally altering how housing finance is accessed, generating sustainable and inclusive growth opportunities.

Expanding the integration of technological advancements and extending the portfolio of property loans and property enhancement products, Aadhar Housing enables people from all sections of Indian society to make their dream homes come true. By harnessing the power of technology, the Company is streamlining all the processes, enhancing accessibility, and creating seamless experiences for their customers.

Aadhar Housing has set off on a trailblazing journey of being a trustworthy and tech-powered housing finance partner to all the stakeholders.

Corporate Overview

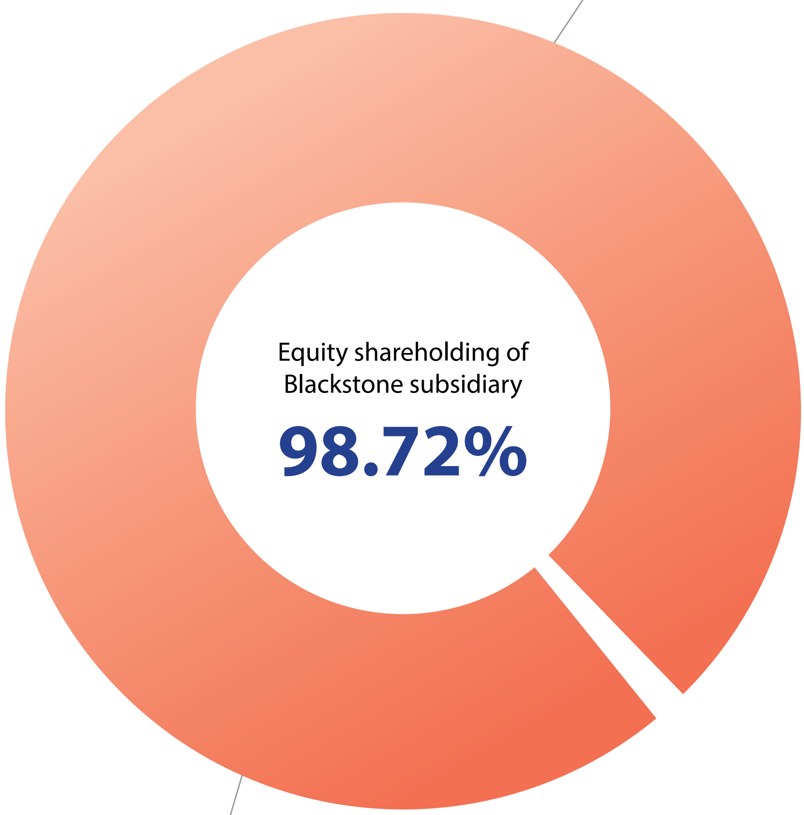
Redefining Affordable Housing Finance for All

With a mission to drive positive change and improve lives, Aadhar Housing has woven social objectives into the fabric of its operations. It offers a financially inclusive, customer-centric lending business that empowers customers to achieve their dreams of owning a home. The Company's business model significantly contributes to the economic upliftment of targeted customers. The Company plays a crucial role in financial inclusion by partnering with various government schemes such as Pradhan Mantri Awas Yojana (PMAY) to make housing more affordable.

Strong lineage

Blackstone, the world's largest alternative asset manager, through its subsidiary, BCP Topco VII Pte. Ltd. owns 98.72% of Aadhar Housing's equity shareholding. Blackstone infused equity capital of ₹1,300 crore in Aadhar Housing. The Company thus benefits from strong promoter backing. It is keen to create a positive economic impact and long-term value for investors, the companies it invests in, and the communities in which it works.

Blackstone holds a whopping $991 billion in assets under management (AUM), which include investment vehicles focused on private equity, real estate, public debt and equity, infrastructure, life sciences, growth equity, opportunistic, non-investment grade credit, real assets and secondary funds, all on a global basis.



VISION

To enable home ownership for every Indian across the nation.
– *Ghar Banega, Toh Desh Banega*

MISSION

- To focus on the low-income segment
- To provide valuable financial services at affordable rates
- To expand our network to every corner of the nation and widen the net of financial and economic inclusion
- To go one step beyond in serving our customers, providing a sense of security and creating customer delight
- To speak the language of respect, dignity, and courtesy with every customer

VALUES

Aadhar Housing remains a value-centric organisation with all its strategies being governed by the core values of:

SPEED

To set clear performance standards and stand responsible and accountable for providing solutions within specified timelines, with nimbleness and agility.

INTEGRITY

To honour our commitment, act with responsibility, honesty, and transparency across all our external and internal relationships.

CUSTOMER DELIGHT

To maintain respectful relations with customers and deliver customer delight through all our actions whilst measuring our performance on the value delivered to customers.

INNOVATION

To expand our network to every corner of the nation and widen the net of financial and economic inclusion.

Customer Promise

The Company has pledged seven commitments to all its customers:

- While striving to fulfil responsibilities, the Company is committed to always treating its customers fairly and with respect and integrity
- Meticulously work with customers in helping them to achieve their home ownership goals and responding with a prompt solution
- At every step, transparency is maintained and customers are well-informed
- Listen to customers and incorporate their feedback
- The Company strives to foster a trusted, supportive and confidential environment that encourages customers to discuss their home ownership needs
- Provides great ongoing financial care and guidance
- Communicate clearly and honestly

Presence

To maintain its stronghold in the housing finance space, Aadhar Housing aims to further deepen its retail footprint at the pan-India level. The Company's unwavering commitment to ensuring a home for every Indian motivates it to enhance its reach.

Present in

20

States and Union Territories

Total branches and offices

479

Live accounts

2,33,000+

Loan Services Offered

Home loan for salaried employees
Loans are provided for salaried employees across different pay grades and sectors.

Home loan for self-employed
Loans are provided for the self-employed, who might not be able to fulfil the criteria of formal income documents.

Loan for plot purchase and construction
Composite loans are provided to finance the purchase of land and the construction of dream homes.

Home improvement loan
Loans are provided for making improvements to existing homes, and these are subject to a maximum of 80% of the overall market value of the property.

Home extension loan
Loans are provided for making extensions in existing homes such as floor extensions, and these are subject to a maximum of 80% of the overall market value of the property.

Loan against residential and commercial property (LAP)
Loans are provided against existing residential and commercial properties of customers based on their requirement(s) and the value of the property.

Balance transfer and top-up
The facility of transferring existing home loans from other banks to Aadhar Housing at attractive interest rates.

Loan for purchase of non-residential property
Loans are provided for the purchase of non-residential property.

Home construction loan
Loans are provided for funding construction and building dream homes.

Loan for construction of non-residential property
Loans are provided for construction of non-residential property.

Aadhar Gram Unnati
Loans are provided under a special initiative for building safe houses in smaller towns and districts of India.

Awards and Accolades

Certified as a 'Great Place to Work' for 4 consecutive years

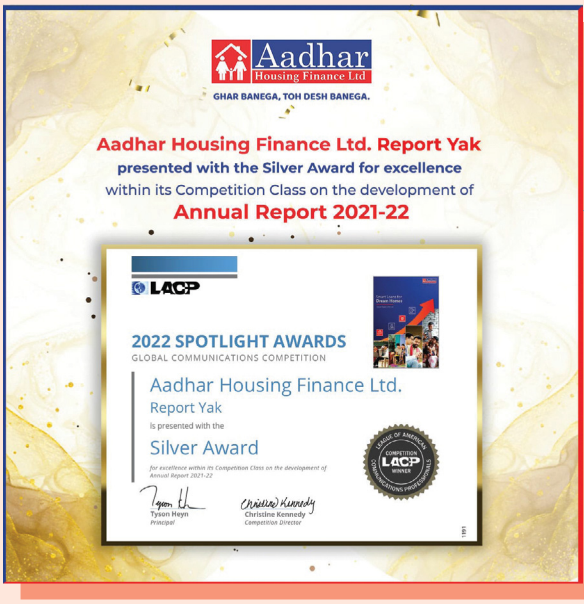
Recognised as India's Best Workplaces in Health & Wellness by Great Place to Work Institute

Awarded with the Pradhan Mantri Awas Yojana – Empowering India Awards 2022 for contributing towards the 'Housing for All' initiative

Awarded the 'Annual HR Excellence Award 2022' in the category of Effective Drivers of Recruitment, Engagement & Retention held by Associate Chambers of Commerce and Industry of India (ASSOCHAM)

Won the NBFC100 Leaders of Excellence Award for the 'Best Data Transformation' by Elets Technomedia. This achievement reflects the success of the transformation journey to build a strong data-centric and data-driven organisation

Recognised as one of the Best Brands of 2022 by The Economic Times



Presented with the Silver Award by LACP for Excellence within Competition Class for the development of the Annual Report 2021-22

Awarded as the Best Financial Crime Investigation & Reporting Company at the Fraud Risk Management Summit & Awards 2023

Conferred with the Best Initiative in Technology Orientation in NBFC/HFC/MFI segment at the 4th Edition of ET BFSI Awards

Recognised as India's Leading NBFC at the Dun & Bradstreet BFSI Fintech Summit 2023

Conferred with the Best Data Analytics Initiative of the Year at the 2nd Annual NBFC & FinTech Excellence Awards 2023 by Quantic Business Media Pvt. Ltd.

Awarded the 'Resilient Organisation of the Year' at India Credit Risk Management Summit & Awards 2023 by Synex Group

Ex-MD & CEO, Mr. Deo Shankar Tripathi (during his term) was conferred with the 'Transformative Trailblazing Leader' award at the Business Icons of India Awards 2022

MD & CEO, Mr. Rishi Anand was recognised as one of the Most Promising Business Leaders of Asia 2022-23 by the Economic Times

Chief Data Officer, Mr. Haryyaksha Ghosh was recognised as the top 100 AI Influential Leaders Award at the Machinecon 22 organised by Analytics India Magazine

Aadhar Housing in Numbers

Total disbursement

₹ 5,903 crore

Total AUM

₹ 17,223 crore

Growth in AUM

17%

Average ticket size of the total loan portfolio

₹ 0.92 million

Retail GNPA

1.16%

Presence Across

20

states and UTs

Loans to salaried employees on AUM

59%

Number of branches and offices
479

Employees
3,663

Live accounts
2,33,000+

Channel partners
4,700+

Aadhar Mitras
11,600+

Building Dreams, Transforming Lives

Message from the Managing Director and CEO

A Year Unveiling the Tech-driven Growth and Customer-centric Value

Dear Shareholders,

With heartfelt appreciation and deep gratitude, I am delighted to present the Annual Report of Aadhar Housing Finance Ltd. for the fiscal year ending on 31st March 2023. The year gone by was marked by a dynamic and ever-evolving business landscape, presenting both opportunities and challenges. However, with our resolute commitment to excellence, innovation, and adaptability, we have emerged with a stronger resolve to make housing finance accessible to all.

At Aadhar Housing, we embrace this philosophy of transforming lives through technological innovation and strive to be at the forefront, continuously reinvesting in future growth. As an organisation, our success is attributed to our ability to adapt to the rapid and transformative changes in the external landscape. By leveraging technology in various ways, we aim to enhance the lives of our customers, fostering their trust and confidence in our services.

Driving growth amidst economic resilience

While FY 2023 posed significant challenges for the global economy, the Indian economy demonstrated remarkable resilience, as one of the fastest-growing economies. This growth was propelled by robust domestic consumption and increased capital expenditure. The well-capitalised financial institutions played a pivotal role by expanding credit supply to Micro, Small, and Medium Enterprises, while corporations experienced steady growth in their financial standings.

The Union Budget 2023-24 was aimed at strengthening India's economic status as in the 75th year of India's independence, the world recognised the Indian Economy as a 'bright star'. The budget outlined a vision for 'Amrit Kaal,' emphasising opportunities for citizens, prioritising growth, job creation, and a robust macroeconomic environment. The government maintained its focus on the housing sector, evident in a significant 66% increase in allocation to the PM Awaas Yojana.

At Aadhar Housing, we remain committed to our customer-centric business model, driving growth in the home loan market, and contributing to an empowered and inclusive economy.

Capitalising on growth and rising demand

The future looks bright for the Indian housing sector as NITI Aayog expects that the real estate sector will reach a market size of $1 trillion by 2030. The government's strong focus on housing, incentives provided by some state governments, an increased supply of affordable homes, rising demand for affordable homes in tier 2/3/4 cities, low home loan interest rates, streamlining of the regulatory framework, better risk management for HFCs, implementation of RERA, etc, are likely to give a significant boost to the housing finance sector.

With ample government initiatives for the housing sector, Aadhar Housing continues to hold its numero uno position in the low-income housing market. We intend to focus on growing the share of the low-income housing segment mortgage market and the economically weaker and low-to-middle-income group segment of the economy. During the year, we continued to grow our customer base and loan portfolio.

In pursuit of our strategy to optimise our distribution network and diversify our funding sources, we forged a co-lending agreement with UCO Bank in FY 2022 (effective from FY 2023) and with Yes Bank in FY 2023, in line with the revised Co-Lending Model. These partnerships have gained significant traction, and we are actively exploring additional collaborations with both private and public sector banks to expand our network of co-lending partners. We also entered into a co-lending agreement with Punjab National Bank (PNB) to offer home loans at competitive interest rates. Through this partnership, we aim to reach out to economically weaker, lower, and middle-income groups for providing easy, convenient, and efficient home finance solutions to customers.

Driving digital transformation for financial excellence

The Company has embarked on a transformative digital journey, replacing its enterprise-wide loan management system with the cutting-edge 'TCS Lending and Securitisation Platform'. We have established a comprehensive end-to-end digital business process for loans by leveraging an integrated and collaborative \ blockchain-based cloud platform. During FY 2023, the adoption of the digital platform led to significant improvement in overall turnaround time, operational efficiencies across collections and customer service.

At Aadhar Housing, our reliance on information technology systems is paramount to ensure seamless business operations. Embracing digitisation, we also launched four new mobile apps for employees and customers enabling enhanced experience.

We will continue our steady adoption of technology and expand operations with lower incremental costs to drive efficiency and profitability. Owing to this, our retail AUM grew to ₹17,223 crore as of 31st March 2023 from ₹14,778 crore as on 31st March 2022. During the year, we recorded a robust performance with PAT at ₹545 crore, up from ₹445 crore in the previous year.

With the robust backing of the Blackstone Group, a prominent promoter, Aadhar Housing greatly benefits from its extensive global exposure to financial markets, profound knowledge and expertise in the finance domain, valuable relationships, and unwavering commitment to the highest standards of corporate governance.

Moving forward with gratitude

As I take on the reigns as the Managing Director and CEO of Aadhar Housing, I would like to express my gratitude to Mr. Deo Shankar Tripathi for successfully guiding the Company during his tenure as the MD and CEO. I wish him luck in all his future endeavours. I also want to express profound gratitude for the unwavering support extended by our esteemed stakeholders, promoters, and regulators. To our dedicated employees – your hardwork and passion is what makes us achieve the impossible every day. More importantly, I am thankful to the family members of all our employees for their continued support. Last but not least, I am grateful to our investors and shareholders for their continued trust in our organisation.

I am confident that together, we will attain new heights of success and empower people to fulfil their dreams of buying their own homes.

Sincerely,

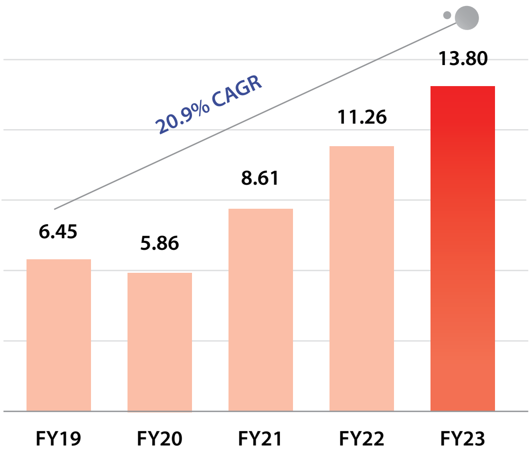
Rishi Anand

Key Performance Indicators

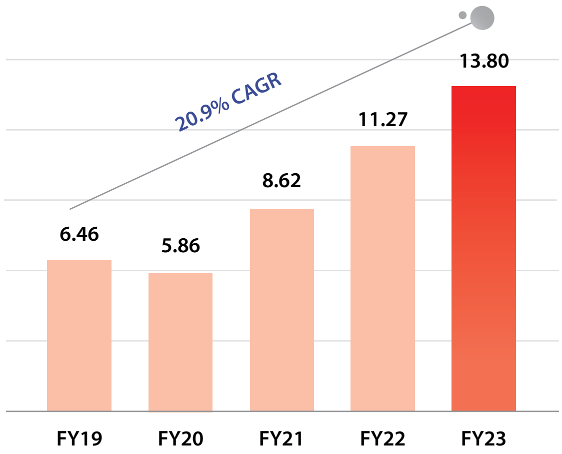
Dynamic Business Performance that Drives Sustained Growth

During the year under review, Aadhar Housing witnessed robust business performance and encouraging progress in its co-lending tie-ups. Driven by expanded reach and a commitment to providing seamless and inclusive financial solutions, the Company is growing sustainably.

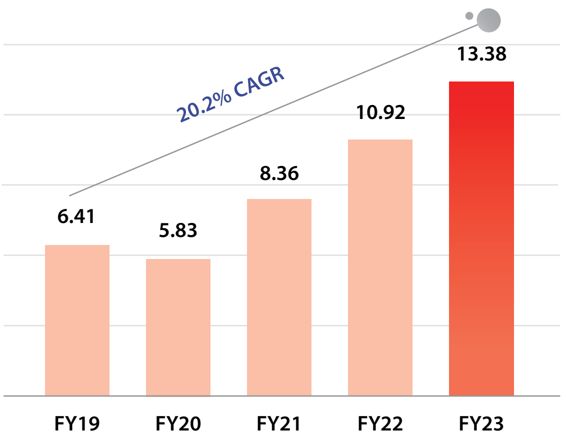
Basic Earnings Per Share (Standalone) (₹)



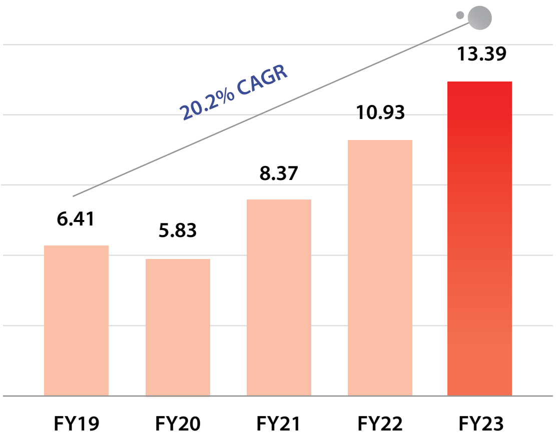
Basic Earnings Per Share (Consolidated) (₹)



Diluted Earnings Per Share (Standalone) (₹)

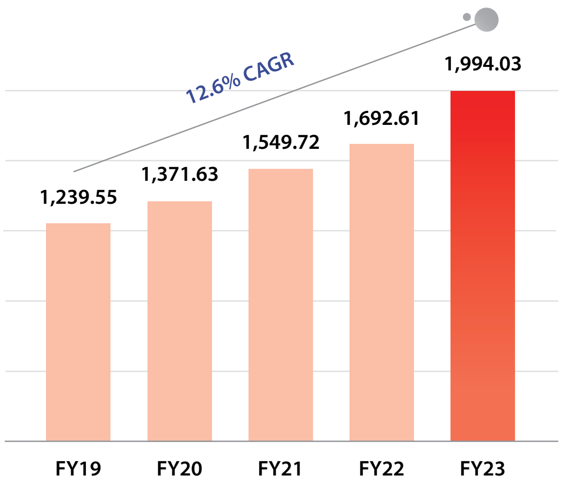


Diluted Earnings Per Share (Consolidated) (₹)



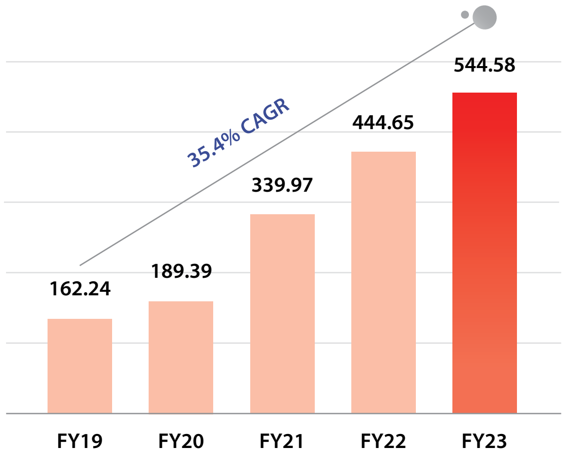
Revenue from operations

(₹ in cr)



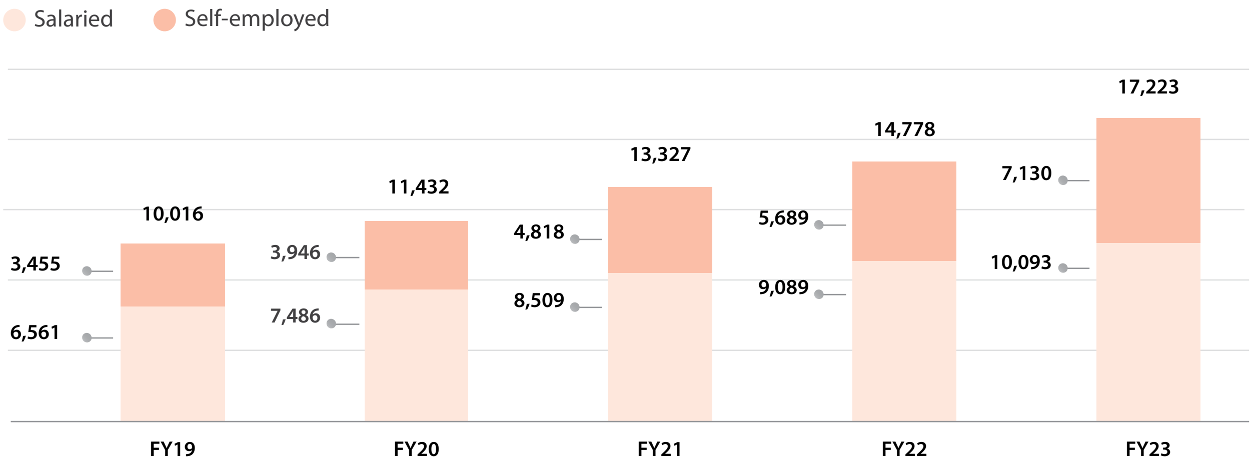
Profit After Tax

(₹ in cr)



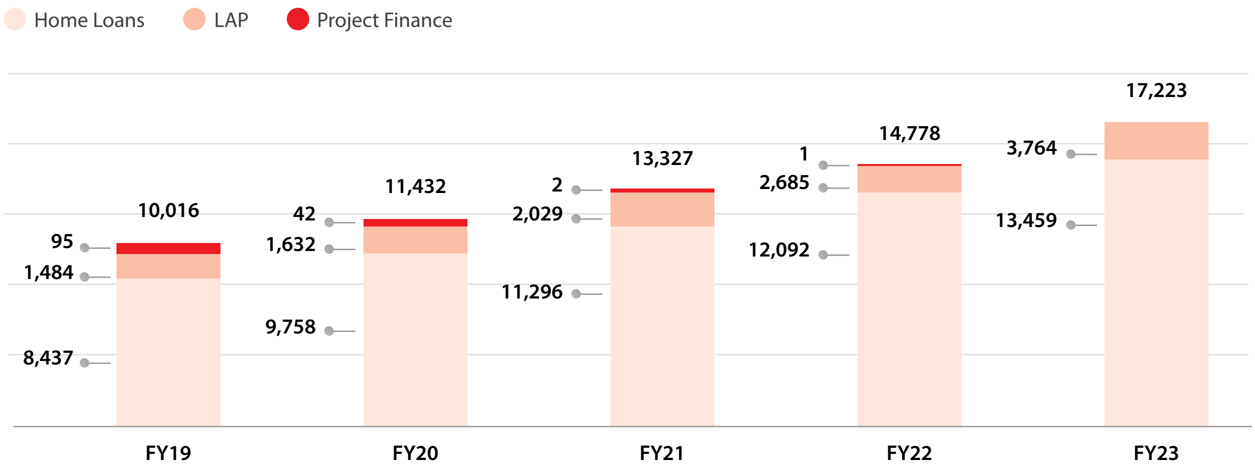
Product-wise breakup

(₹ in cr)



Assets Under Management

(₹ in cr)



Competitive Strengths

Innovative Edge Fuelling Inclusive Growth

Aadhar Housing is dedicated to leveraging technology and realising aspirations through its differentiating capabilities. By embracing innovative solutions, harnessing the power of digital transformation, and staying at the forefront of technological advancements, Aadhar Housing has become a leader in the low-income segment. It follows a customer-centric approach and a strong focus on inclusive growth. Aadhar Housing strives to provide accessible and tailored financial solutions, transforming lives, and building a better future for all.

Unmatched expertise in the low-income housing segment

The Company has fortified its place as the largest housing finance company in the low-income (ticket size less than ₹1.5 million) housing market in India. The Company's best-in-class metrics in the fastest-growing sub-segment of the domestic mortgage market make it the undisputed market leader. Gross AUM grew from ₹147.78 billion as of 31st March 2022 to ₹172.23 billion as of 31st March 2023 at 17%. Disbursements grew 48% from ₹39.92 billion as of 31st March 2022 to ₹59.03 billion as of 31st March 2023.

Comprehensive pan-India distribution network

The Company has a well-diversified distribution network spread across the length and breadth of the country. Extensive branch networks, geographical penetration, and sales channels contribute significantly to loan sourcing and servicing. The Company efficiently services the under-served and unserved segments of home buyers. It has well-diversified physical branches, sales staff, Aadhar Mitras and technology, and digital-led solutions.

While being focused on the importance of physical branches, the Company is strengthening its digital presence to reach deeper. During the year, 59% of the total loans disbursed were through in-house channels. No single state accounts for more than 15% of the gross AUM.

Lucrative growth prospects of the industry

The future growth of the Indian housing finance market looks positive aided by the government's focus on housing, incentives provided by some state governments to the housing sector, an increased supply of affordable homes, rising demand for affordable homes in tier 2/3/4 cities, and low home loan interest rates. The Company is well placed to leverage its dominance in the low-income housing segment to tap the growth potential of the industry. Its business-centric model, deep understanding of customer needs, well-diversified distribution, strong sales force, robust business processes and growth-oriented strategic approach offer the Company a significant edge over the competition.

Live accounts are up by 29,000 from FY2022

2,33,000+

Main branches up by 5 from FY2022

125

Small branches up by 27 from FY2022

133

Sales offices (deeper impact)

91

Micro branches up by 18 from FY2022

69

Ultra-micro branches reduced by 7 from FY2022

48

Direct sales teams up by ~450 from FY2022

2,350+

Channel partners up by ~850 from FY2022

4,700+

Aadhar Mitras up by ~1,700 from FY2022

11,600+

Lucrative growth prospects of the industry

The future growth of the Indian housing finance market looks positive led by strong government push towards capital expenditure and real estate. The Company is well placed to leverage its dominance in the low-income housing segment to tap the growth potential of the industry. Its business-centric model, deep understanding of customer needs, well-diversified distribution, strong sales force, robust business processes, and growth-oriented strategic approach offer the Company a significant edge over the competition.

Average loan to value as of 31st March 2023

57.8%

Retail GNPAs as a % of retail AUM at

1.16%

vs 1.45% last year

Robust and comprehensive systems and processes for underwriting, collections and monitoring asset quality

The Company is able to effectively monitor and manage business risks led by its comprehensive and rigorous digital systems and processes for credit assessment, risk management, and collections. The Company boasts of a diversified and low-risk portfolio with strong asset quality. The underwriting process for both salaried and non-salaried customers is done through standardised processes with appropriate due diligence. Credit underwriting, risk management, and fraud detection teams routinely utilise technological innovations to process loan applications, analyse credit risks, and identify fraud.

Sanctioned

₹1500 crore

By NHB in October 2022

Access to diversified and cost-effective long-term financing

The Company has access to diversified and cost-effective long-term financing options – term loans, proceeds from loans assigned, issuance of NCDs, refinancing from NHB, subordinated debt borrowings from banks, mutual funds, insurance companies, and different domestic and foreign institutions. The Company follows a disciplined approach to asset liability and liquidity management. The treasury department is entrusted with the responsibility of maintaining positive asset liability management across different maturity buckets. The raised capital is invested strictly following the Company's investment policy. The Company has a long-term credit rating of AA from Care Ratings and Brickwork.

35%

Of all live accounts are the beneficiaries of government-promoted affordable housing schemes like PMAY

Social objectives as one of the core components of the business model

The Company is committed to serving the Economically Weaker Section (EWS) and Lower Income Group (LIG), underserved segments, of the society aimed at financial inclusion. The Company helps the local population with alternative sources of income generation through the Aadhar Mitra programme, an incentive-based representative model.

76%

Of its total AUM belongs to customers from the economically-weaker sections and low-income groups

Experienced, cycle-tested and professional management team with strong corporate governance

The high-quality management team is accredited with sustainable strategic business growth with a positive contribution to societal upliftment.
The Company ensures the highest governance standards are adhered to as per the norms of its promoter Blackstone. The proficient management team ensures adequate risk management, identifying opportunities and safeguarding stakeholders' interests, resulting in more efficient strategies and outcomes.

Growth Strategy

Scaling New Heights with Robust Growth Strategy

Aadhar Housing leverages technology to realise aspirations through a well-planned growth roadmap. By expanding its distribution network, focusing on target customers, investing in digital solutions, optimising costs and utilising data analytics, the Company drives inclusive and efficient financial services.

Increase in the number of branches and offices

40.5%

Expand our distribution network to achieve deeper penetration in key states

Aadhar Housing has a well-diversified pan-India presence. With the low-income housing finance segment being its primary target, a comprehensive on-the-ground presence is essential. Depending on the business potential of each location, the appropriate type of branch to open is selected. The Company continuously monitors individual branch performance. This ensures that Aadhar Housing maintains a nimble, flexible, and cost-effective operating model for geographical expansion.

As a part of the market penetration strategy, Aadhar Housing has extended its wings with a new vertical named, Deeper Impact, This will enhance the depth of market reach by aiding in acquiring new customers who aspire to fulfill their dream of owning a house.

The vertical is designed specially for EWS and LIG customers living in extended geographies of existing business locations in Rajasthan, Gujrat, Uttar Pradesh, Andhra Pradesh and Tamil Nadu. Small offices in these geographies will enable easy access to the customers for all their needs and help in faster processing of loan with good service.

Making an Impact of AHFL in deep pockets, through Deep Impact!

Key strategies

- Expand the Company's branch network in a systematic manner and test before expanding
- Model branches into categories to manage costs and risks
- Primary focus on main, small, micro, and ultra-micro branches

Increase in customer base

14%

Continue to focus on our target customers and grow our customer base

Aadhar Housing is focused on the upliftment of the low-income housing segment. The Company is striving to expand its customer base and is effectively working towards promoting financial inclusion. Investment in digitisation and technology, superior product offerings, and a customer-centric approach is the key formula to expand the customer base.

Key strategies

- Grow market share for HFCs focused on low-income housing segment
- Continued focus on EWS and LIG segment customers
- Explore selective acquisition opportunities

Continue to invest in and roll out digital and technology-enabled solutions

Aadhar Housing has replaced its enterprise-wide loan management system with the 'TCS Lending and Securitisation Platform'. The Company continues to invest in and roll out digital and technology-enabled solutions across the business. These will aid in comprehensive risk management, wastage reduction, and superior underwriting.

Key strategies

- State-of-the-art integrated loan platform by TCS
- Technology-enabled initiatives to increase customer penetration

Share of NHB refinancing

25%

Optimise our borrowing costs and reduce operating expenses further

The cost of borrowing has been steadily declining due to a proactive and flexible fundraising strategy. Aadhar Housing intends to continue to diversify its funding sources, identify new sources and pools of capital, and implement robust asset liability management policies. Aadhar Housing's unique collection and distribution network enables controlling operating expenses. With the aid of technology, the Company is constantly striving to improve its overall NIM and maintain a reasonable cost-to-income ratio.

Key strategies

- Diversify funding sources and optimise borrowing costs
- Increase share of NHB refinancing
- Reduce operating expenses and credit costs through strategic investments in technology

Digital and data analytics initiatives

The Company's Chief Data Officer (CDO) and its proficient 12-member departmental team comprising data engineers, visualisation and data discovery experts, and data scientists, are working to equip the Company with digital and data analytics with the incorporation of artificial intelligence and machine learning. These initiatives are expected to significantly improve underwriting, monitoring, and collection processes. The team is also working on the collation of centralised data, interdepartmental and inter-locational standardisation, and a higher level of risk management and corporate governance.

Key strategies

- Build a digitally-driven and enabled company
- Shift to an analytics-based approach

Technological Prowess

Leading the Way with Technological Prowess

The Company is continuously committed to investing in enhancing its current digital capabilities for its stakeholders. Over the last three years, the Company has transformed the entire technology landscape by establishing its own data centre and launching an end-to-end digital lending platform.

A steady state adoption of the digital lending platform during the year was achieved through various technology initiatives. For instance, the Company replaced its enterprise-wide loan management system with the 'TCS Lending and Securitisation Platform', built a host of online payment features enabling customers to use various digital payment modes, collaborated with banks and online payment aggregators to improve collection efficiency and customer convenience. Engagement with channel partners, employees and customers has been strengthened through various mobility initiatives. Mobile Apps launched for Sales and Collections has been well received and has enabled employee experience and productivity improvement. Robotic Process Automation has been implemented for large-scale transaction processing. Many more such initiatives have cumulatively resulted in significant improvement in overall turnaround time, operational efficiencies across sales, collections and customer service.

The Company continues to focus on improving asset quality and automating risk-based pricing solutions. This will help to improve approval rates and pricing of credit risk, thereby boosting overall yields and profitability. The Company is striving to integrate its branch opening strategy with its data science initiatives to maximise effectiveness.

Customer-Centricity

Building Dreams with the Customer-first Attitude

Being a customer-centric organisation, the Company is always striving to serve its customers better and maintain its competitive edge with relevant offerings. To enhance customer experience, the website was redesigned making it more relevant to a broad spectrum of customers and documents were made available in 10 different regional languages.

For better customer engagement, a new Customer app was launched both in Android and iOS versions. To serve all customers, the app is made available in both English and Hindi languages. Various technological improvements were undertaken to provide ease of payment, improve engagement with local customers, enhance customer awareness, query resolution and facilitate online communication. Employee Connect App was also launched to complement our customer-first focus thereby improving our employee experience and service delivery.

Customer downloads on AHFL customer app
50,000

App penetration in existing customers
16%

App penetration through fresh disbursals
13%

Customer requests routed through the app
23%

Marketing Initiatives

Driving Engagement through Impactful Marketing

Aadhar Housing embraces the power of technology to fulfil aspirations through a strategic blend of digital and offline marketing activities. The Company creates impactful campaigns that resonate with its target audience. Through this, the Company leaves no stone unturned in building a strong brand presence.

Expanding digital footprint

Growth in total searches

443%

Increase in total views – Search and map views

474%

Increase in total website actions taken

358%

Engagement growth on social media

11%

Total social media engagements in FY2023

4,27,964

Growth in followers across social media apps in FY2023

37%

Cumulative reach of Aadhar Housing's local marketing across regions

40,000

Nurturing customer trust through offline initiatives

Aadhar Housing conducts several offline activities to increase awareness and outreach, creating valuable opportunities for the Company. It strives to reach out to a wide audience and provide them with the necessary information and assistance to fulfil their housing needs.

Engagement activities

500+ hot leads

Generated by conducting

2,000+ leads

Generated through

48

Spot-sanction activities across branches

1,265

Aadhar Parichay and leaflet distribution activities

Visibility activities

Aadhar Housing took a proactive approach to promote its brand visibility by strategically utilising the visual medium. The Company successfully engaged with the local communities and reinforced its brand image as a reliable and customer-centric housing finance company. Cumulatively, it managed to enhance its reach by touching 40,000 lives.

In Gujarat

100 auto rickshaws

branded with AHFL advertisements

Wall painting activities conducted in

181 branches

Across India

8,46,582 sq. ft.

Space covered

Aadhar Mitra and Channel Partners boards installed across the offices of its partners

768

Extensive brand promotion in Maharashtra & West Bengal

Ganpati festival and Durga Puja

120 India1ATMs

Had the Company's ATM branding campaign in Karnataka and Tamil Nadu

ESG Initiatives

Forging a Positive Future with Responsible ESG Initiatives

With a firm commitment to sustainability and responsible business practices, Aadhar Housing integrates ESG considerations into its operations, products, and services. By adopting sustainable lending practices, promoting social inclusivity and upholding high standards of corporate governance, the Company strives to make a positive impact on the environment, society, and its stakeholders. With a holistic approach to ESG, it aims to create a brighter future, empowering individuals and communities while ensuring long-term value creation and sustainable growth.

Environment

The Company caters to the financial needs of the underserved/ unserved sections of rural India. ~87% of its loan accounts are with EWS/LIG customers, representing an AUM of ~76%. This enables the Company to earn a high proportion of PMAY subsidy under the EWS/ LIG bucket.

Social

The Company is committed to social financial inclusion and thus runs an incentive-based representative model comprising Aadhar Mitras. It also runs:

- Aadhar Kaushal – A skill development programme for youth from underserved segments
- Aadhar Swavalamban – To enhance livelihood through financial literacy in the LIG section
- Aadhar Aaangan – To ensure nutrition, early childhood education and care

Governance

Blackstone, a leading investment firm, with a total AUM of $991 billion, is the promoter Company. Its strong commitment to high levels of governance is reflected in the appointment of Independent Director Mr. O.P. Bhatt, ex-Chairman of the State Bank of India. The Company is constantly looking to further strengthen its corporate governance. Correspondingly, it added three independent directors to the board.

CSR Initiatives

Empowering Communities with CSR at the Core

Aadhar Housing's pledge to Corporate Social Responsibility (CSR) spans all elements of society, covering economic, social and environmental aspects. This allegiance is firmly rooted in the organisation's ethos, with Aadharite team members passionately championing the cause of promoting beneficial societal change. The social initiatives in skill development, education, health, and holistic wellness are strategically aligned with the Company's key business objectives. Inclusive growth is the prime objective of all the initiatives.

During FY 2023, the Company embarked on a range of impactful CSR interventions promoting preventive healthcare, enhancing vocational skills for employment opportunities, and addressing issues of hunger and malnutrition through food assistance programmes.

- Organised health camps across rural and urban areas
- Implemented skill development programmes to empower underserved youth
- Digital libraries were established at police stations
- Educational support was provided to deserving students through scholarships
- Donated mid-day meals

Individuals benefited from CSR initiatives

34,000

Students benefited

600

Aadhar Housing has also planned and commenced interventions in the following key areas:

- Skill development of women in activities such as tailoring, embroidery, and beauty therapy. This is aimed to provide acid attack survivors with equal access to protection, services, psychological support, vocational training, and employment opportunities.
- Providing free prosthetic limbs and skill training to individuals with mobility disabilities, fostering independence and empowerment.
- Taken up the Olympic Gold Quest project, supporting Indian para-athletes through world-class training for international competitions, including the Paralympics 2024.

In times ahead, the Company will continue to prioritise health, education, and livelihood enhancement as the primary focus areas. It is also committed to tackling poverty, promoting sports, and supporting environmentally friendly practices in the FY 2024.

Board of Directors and Management Team

Spearheading Success through Visionary Leadership

Tasked to provide guidance and maximise shareholders' value, the esteemed Board of Directors, along with the Management Team, lead the organisation to greater heights with their wealth of experience and breadth of knowledge.

Board of Directors

Mr. O.P. Bhatt

Independent Director & Non-executive Chairman of the Board
Appointed: September 2019

With a Bachelor's degree in Science and a Master's degree in English Literature from Meerut University, Shri Om Prakash Bhatt has rich industry experience. He has been serving as the Non-Executive Chairman and Independent Director on the Board of the Company since 13th September 2019. He is also serving as a director on the boards of Hindustan Unilever Limited and Tata Group companies, including Tata Motors Limited, Tata Steel Limited, Tata Steel Europe Limited, Greenko Energy Holdings Mauritius, and Tata Consultancy Services Limited. Earlier, he served as the Chairman of the State Bank of India.

Mr. Deo Shankar Tripathi

Executive Vice Chairman
Appointed: January 2023

With a Bachelor's and Master's degree in science from Lucknow University, Shri. Deo Shankar Tripathi has been serving as the Executive Vice Chairman of the Company w.e.f. 03rd January 2023. He is a diploma holder in Public Administration from Awadh University. He has also cleared the associate examination of the Indian Institute of Bankers and has completed various certificate courses including International Study Tour on 'Energy Efficiency in Residential Buildings' from KFW Entwicklungs bank, Germany, and Strategy and Management in Banking Programme from International Development Ireland Limited. Previously, he has worked as a general manager at Union Bank, and President and Chief Operating Officer at DHFL. Presently, he is also serving as a Director on the Board of Subsidiary Company, i.e., Aadhar Sales and Services Private Limited. He has previously held the position of MD & CEO of the Company.

Dr. Nivedita Haran

Independent Director
Appointed: September 2018

With a Ph.D. in Humanities and Social Sciences from the Indian Institute of Technology, Delhi, Dr. Nivedita Haran retired as the Additional Chief Secretary, Department of Home Affairs, Government of Kerala, India. She has been serving as an Independent Director of the Company since 15th September 2018. She is also serving the board of Guruchandrika Builders and Property Private Limited, NESL Asset Data Limited, and National E-Governance Services Limited. She serves as the honourary Chairperson on the Board of Directors of the Centre for Migration and Inclusive Development.

Mrs. Sharmila A Karve

Independent Director
Appointed: December 2020

A qualified Chartered Accountant from the Institute of Chartered Accountants of India with a Bachelor's degree in Commerce from the University of Bombay, Smt. Sharmila Karve has been serving as an Independent Director on the Board of the Company since 15th December 2020. She is also serving as a Director on the Boards of EPL Limited, Essel Packaging (Guangzhou) Limited, Lamitube Technology Limited (Mauritius), Essel Propack America LLC, Syngene International Limited, Vanaz Engineers Limited, CSB Bank Limited, and School for Social Entrepreneurs India.

Mr. Amit Dixit

Non-executive Director (Nominee)
Appointed: August 2019

With a Bachelor's degree in Civil Engineering from the Indian Institute of Technology, Bombay, Shri. Amit Dixit also has two Master's degrees, one in Science (Civil Engineering) from Leland Stanford Junior University and the other in Business Administration from Harvard University. He has been awarded the director's silver medal for graduating at the top of his civil engineering program. He has been serving as Non–Executive (Nominee) Director on the Board of the Company since 2nd August 2019. Also, he is the senior managing director, co-head of Asia acquisitions, and head of India for Blackstone Private Equity. He has also worked as an associate at Warburg Pincus. Currently, he is serving as a director on the board of several companies including Mphasis Limited, Aakash Educational Services Limited, Sona BLW Precision Forgings Limited, Comstar Automotive Technologies Private Limited, IBS Software Limited, Jagran Prakashan Limited, Mid-Day Infomedia Limited, EPL Limited, Blackstone Advisors India Private Limited, PGP Glass Private Limited, TU Topco Inc., TU Midco Inc., and TU Bidco Inc.

Mr. Mukesh Mehta

Non-executive Director (Nominee)
Appointed: August 2019

A qualified Chartered Financial Analyst (USA) and Chartered Accountant from the Institute of Chartered Accountants of India, with a master's degree in Commerce from the University of Mumbai, Shri Mukesh Mehta is serving as a Non–Executive (Nominee) Director on the Board of the Company since 2nd August 2019. He has a rich 14.5 years of experience in Private Equity. And is currently associated with the private equity group of Blackstone Advisors India Private Limited as the Senior Managing Director. Previously, he worked at Carlyle India Investment Advisors Private Limited and Citicorp Finance (India) Limited. He also worked in the Assurance and Business Advisory Group at Price Waterhouse & Co. He is also serving as a Director on the Board of PGP Glass Private Limited, TU Topco Inc., TU Midco Inc., and TU Bidco Inc.

Mr. Prateek Roongta

Non-executive Director (Nominee)
Appointed: January 2023

An MBA from the Indian Institute of Management, Ahmedabad, and a qualified Chartered Accountant and Company Secretary, Mr. Prateek Roongta has graduated in Commerce from the University of Delhi. He has been serving as a Non-Executive (Nominee) Director on the Board of the Company since 20th January 2023. Currently, he is also associated with Blackstone Advisors India Private Limited as the Managing Director responsible for providing strategic direction and leadership to Blackstone portfolio companies in India. He boasts over two decades of experience in advising Banks and NBFCs on topics of strategy, operations, and digital transformation. Previously, he has worked at Boston Consulting Group, True North Managers LLP, and Kearney. Currently, he is also a Director on the Board of other public companies.

Mr. Rishi Anand

Managing Director and Chief Executive Officer
Appointed: January 2023

With a Post Graduate Certification in Business Management from IIM Kozhikode, Rishi Anand has been serving as the MD & CEO of the Company w.e.f. 3rd January 2023. Prior to his current appointment, he held the position of the COO of Aadhar Housing Finance. He has a rich experience of 25 years in the financial services sector across a diverse spectrum of functions and businesses. Before joining the Aadhar group, he worked with other companies such as Shelters, ICICI Bank Limited, GE Countrywide Consumer Financial Services Limited, BHW Birla Home Finance Limited, Reliance Capital & AIG Home Finance India Limited, Indo Pacific Housing Finance Limited, and DHFL.

Management Team

Mr. Rajesh Viswanathan

Chief Financial Officer

A qualified Chartered Accountant from the Institute of Chartered Accountant of India and a qualified Cost and Works Accountant from the Institute of Cost and Works Accountants of India, Mr. Rajesh Viswanathan holds a bachelor's degree in Commerce from the University of Mumbai. He has been an integral part of the Company since 1st December 2019. He has several years of experience in accounting, finance, strategy, planning, taxation, treasury, audit, and managing investor relations. Previously, he has worked at A F Ferguson & Co., Mahindra & Mahindra Limited, DSP Financial Consultants Limited, KPMG Bahrain, Bajaj Allianz Life Insurance Corporation Limited, Bajaj Finance Limited & Capital Float.

Mr. Anmol Gupta

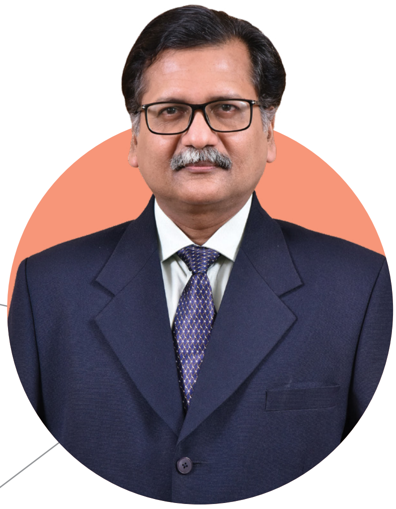
Chief Treasury Officer

A qualified Chartered Accountant from the Institute of Chartered Accountant of India, Mr. Anmol Gupta holds a bachelor's degree in Commerce (Hons.) from the University of Delhi. He has been an integral part of the Company since 21st November 2017. He has several years of experience in coordinating financial operations, preparing budgets, and ensuring the maintenance of up-to-date financial reports, commitments, expenditures, and legal records. Previously, he has worked with BHW Birla Home Finance Limited and as the Accounts Officer of CIMMYT- India, headquartered in Mexico. He was the Chief Financial Officer of Erstwhile AHFL.

Mr. Nirav Shah

Chief Risk Officer

A qualified Chartered Accountant from the Institute of Chartered Accountants of India, Mr. Nirav Shah holds a bachelor's degree in Commerce from P. D. Lion's College of Commerce and Economics, University of Mumbai. He has also cleared the exam for Certified Information Systems Audit from Information System Audit and Control Association. He joined the Aadhar team on 5th July 2018 and had been the Head Internal Audit of our Company from July 2018 till 31st December 2019. He has several years of experience in implementing risk management systems across business units and maintaining a strong integrated risk management framework. Previously, he has worked with Deloitte Haskins & Sells, ICICI Prudential Life Insurance Company Limited and Tata Capital Housing Finance Limited.



Mr. Haryyaksha Ghosh

Chief Data Officer

With a post graduate diploma in management from the Indian Institute of Management, Calcutta, Mr. Haryyaksha Ghosh holds an integrated master's degree in Science (Physics) from the Indian Institute of Technology, Kharagpur. As the Chief Data Officer, he heads the data, digital, and data science initiatives of the Company. He joined the Aadhar team on 1st February 2021. He has around 17 years of experience in data science and information technology. He has previously worked with various organisations situated in India and South East Asia, including Infosys Technologies Limited, M/s Ekcelon (Co-founder), Mindwave Solutions Pte. Ltd. (Singapore), Knowledge Management Solutions Pte. Ltd. (Singapore), Network 18 Media & Investments Limited, and ECL Finance Limited. He is also a director on the board of Aashaa Global Solutions & Services Private Limited.

Mr. Sreekanth V.N.

Company Secretary & Compliance Officer

A qualified Company Secretary from the Institute of Company Secretaries of India, Mr. Sreekanth V. N. has cleared the examination for MBA (Finance) from OJPS University. He holds a bachelor's degree in Commerce and Law from Mahatma Gandhi University. He has several years of experience in handling all secretarial functions of the Company including liaison with institutions like registrar of companies, financial institutions, and other bodies with whom the Company has administrative dealings. He has previously worked with the Bureau of Police Research & Development, Ministry of Home Affairs and Department of Supply, Ministry of Commerce. Prior to joining the Company on 21st November 2017, he has worked with organisations such as ICICI Bank Limited, Firestone International Private Limited, KM Trading Co LLC, Malabar Institute of Medical Science and Ocean Bounty Limited. He was also associated with Erstwhile Aadhar from 11th April 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Indian Economic Overview

The global economy faced numerous difficulties in 2023, including inflation, geopolitical tensions, and the resurgence of COVID-19 in China. According to the International Monetary Fund (IMF), global growth slowed down to 3.4% in 2022 from 6.3% in 2021.

However, in the latter part of 2023, there were positive indications of economic recovery. This was primarily due to stronger-than-expected private consumption, increased investment despite tight labour markets, and higher-than-anticipated fiscal support. Although monetary policy tightening has started to dampen inflation, the full effects are not expected to be realised until 2024. The IMF notes that global headline inflation reached its peak in the third quarter of 2022 and is now stabilizing as fuel and nonfuel commodity prices level off. The IMF projects global growth to be 2.8% in 2023 and 3% in 2024, reflecting the implementation of higher central bank rates to combat inflation.

The Indian economy remained in a resilient position and was globally one of the fastest-growing major economies in FY 2023, driven by strong domestic consumption and relatively less exposure to international trade flows. As per the recent report from the National Statistics Office (NSO), the Indian GDP experienced a growth of 7.2%, surpassing market expectations. This growth was supported by an uptick in the manufacturing and agricultural sectors.

The industrial sector in India has seen a significant uptick in growth during the first half of FY 2023. Gross Value Added (GVA) increased by 3.7%, which is higher than the average growth of 2.8% recorded in the first half of the last decade, as per the Economic Survey 2022-23. This growth has been supported by robust private final consumption expenditure, export stimulus, increased investment demand due to public capex, and strengthened bank and corporate balance sheets, which have provided a demand stimulus to industrial growth. The industrial sector saw robust growth, with the PMI manufacturing remaining in the expansion zone since July 2021 and the Index of Industrial Production growing at a healthy pace.

India remains vulnerable to external shocks, impacting major macroeconomic variables. However, retail inflation slipped to a 16-month low of 5.66% in March 2023, slightly below the Reserve Bank of India's upper tolerability level of 6%, led by the Indian government's implementation of an inflation-targeting framework. During FY 2023, the Reserve Bank of India's Monetary Policy Committee hiked repo rates to 6.25% (a total of 250bps in FY 2023) with a view of keeping inflation in check.

(Source: IMF, World Bank, Indian Economic Survey, Union Budget 23-24)

1.1. Outlook

The Asian Development Bank (ADB) forecasts that the growth of India's GDP will moderate to 6.4% in FY 2023 and rise to 6.7% in FY 2024, driven by private consumption and investment in response to government policies aimed at enhancing the nation's transport system, logistics, and business ecosystem.

The inflation trajectory in India is likely to be determined by factors such as volatility in international commodity prices and pass-through of input costs to output prices, extreme weather conditions like heatwaves and the possibility of an El Nino year. Inflation is expected to be moderate in FY 2024 compared to FY 2023 declining to an average of 5.2%. The Union Budget 2023-24 demonstrates the government's continued dedication to boosting economic growth through investments in infrastructure development, agriculture, health, etc. According to IMF, India is expected to be globally the fastest-growing economy in FY 2024. The Economic Survey 2022-23 have projected Indian economic growth at 6.5% in FY 2024 despite high global uncertainties. Moderation in inflationary pressures and increased public capital expenditure are expected to boost domestic economic growth.

(Source: IMF, World Bank, ADB)

2. Industry Overview

2.1. Indian Housing Sector Overview

The Indian housing sector is a crucial aspect of the country's economy, contributing nearly 11% to the GDP and providing employment opportunities to millions of people. However, in the last decade, the sector has faced various challenges such as a shortage of affordable housing, a lack of adequate funding for developers, and limited access to mortgage finance for consumers.

As of the 2011 census, India has a total of 330 million houses, of which 18% were used for other purposes such as shops, offices, schools, hotels, lodges, hospitals, factories or places of worship, and 7% were vacant. Merely ~240 million houses were used for residential purposes or residence-cum-other use purposes. Additionally, 5% of houses used for residence were in very poor condition, and 44% of residential houses were just liveable. The census also found that India has a total of 449,787 homeless households, comprising a population of 1.8 million, around 0.2% of the total households in the country.

The housing shortage in India has continued to worsen since the estimates made during the Twelfth

Five-Year Plan. According to a report by an RBI-appointed Committee on the Development of the housing finance securitisation market in September 2019, the housing shortage in India is projected to increase to 100 million units by 2022, with 95% of the household shortage being from the Lower Income Group (LIG) and the Economic Weaker Section (EWS), and the remaining 5% coming from the middle-income group or above

The Committee report estimates that the total incremental housing loan demand required to address the entire shortage is in the range of ₹50-60 trillion. This is in comparison to the overall disbursed housing loans of around ₹9 trillion in 2022 as per a study done by Equifax and Andromeda, indicating the massive potential of the market if concrete steps are taken to address the shortage of housing in the country.

The residential real estate market in India experienced significant impacts from the Covid-19 crisis. With health concerns and stay-at-home orders in place, the number of buyers looking for homes decreased during the initial phase of the pandemic from April to June 2020. However, the industry regained momentum from September 2020, reaching its peak in the quarter ending in March 2021. The second wave of the pandemic again impacted the real estate sector as home buyers postponed purchases due to uncertainty and restricted movement.

Despite this, the government's timely policy interventions stimulated demand and attracted buyers, particularly in the low-income housing segment in FY 2023. As per Indian Brand Equity Foundation, the sector has been showing signs of recovery, with home sales in the top eight cities of the country surging by 68% to reach ~308,940 units in 2022, indicative of a healthy growth trend in the housing sector.

The future looks bright for the housing sector as the Indian real estate sector will reach a market size of $1 trillion by 2030 and will account for 18-20% of India's GDP by 2030 as per a joint report by NAREDCO and EY. Already the third-largest sector to bring about economic growth, the real estate industry is expected to continue its upward trajectory in 2022. According to International Market Analysis Research and Consulting Group (IMARC Group), the Indian real estate market is expected to exhibit a 9.2% CAGR during 2023-2028, with the same trend to be shown by the housing market as well.

(Source: NITI Aayog, IBEF, IMARC, PBI, RBI)

2.2. Indian Housing finance market overview

According to ICRA's study on Affordable Housing Finance Companies published in April 2023, public sector banks (PSBs) and private Sector banks held the largest market share in housing loans, with a market share of 69%. Housing finance companies (HFCs) had a 29%, followed by a 2% market share by affordable housing finance companies (AHFC). Although AHFCs only constitute around 6% of the overall housing finance industry as of 31st December 2022, the market remains severely underpenetrated.

Despite a few highly rated entities accessing the capital markets, banks remain the primary source of borrowing in the overall mix. The presence of capital market funding has remained relatively stable. However, the effects of the rise in systemic rates are expected to become evident in the second half of FY 2023 and the first quarter of FY 2024.

The Indian housing market has faced its share of challenges in recent years, including the impact of the Covid-19 pandemic. ICRA's analysis suggests that as of 31st December 2022, the aggregate loan portfolio of AHFCs amounted to ₹83,052 crore, up 25%. This growth was aided by an improved operating environment and strong demand. However, the future growth of the market looks positive led by several factors such as the government's focus on housing and incentives provided by some state governments, an increased supply of affordable homes, rising demand for affordable homes in tier 2/3/4 cities.

(Source: ICRA, Indian Economic Survey 2022-23)

2.3. Key growth drivers

The Indian government has initiated a Housing for All scheme by 2022 to promote affordable and low-cost housing in the country. To achieve this objective, the government has introduced several measures, including the Pradhan Mantri Awas Yojana (PMAY) for rural and urban regions aims to provide affordable housing for lower-income groups and economically weaker sections of society.

The government has also relaxed External Commercial Borrowing (ECB) guidelines to help finance homebuyers. In addition, the government has announced tax incentives to promote growth in the housing sector. The Real Estate Regulation and Development Act (RERA) has been implemented to improve transparency, timely delivery, and organised operations in the sector. The government also announced a last-mile affordable housing funding package to complete ongoing housing projects in affordable and middle-income categories.

Another initiative taken by the government is bringing HFCs under the ambit of the SARFAESI Act, which has led to accelerated recoveries.

Moreover, the NHB refinancing schemes have been beneficial for HFCs in reducing their borrowing costs. To promote the Pradhan Mantri Awas Yojana (PMAY), the RBI has also revised the Priority Sector Lending (PSL) guidelines by increasing the threshold limit for home loans to be classified as PSL. These measures are expected to have a positive impact on the real estate sector in India.

(Source: PMAY, CRISIL)

2.4. Key challenges

If the inflation turns out to be persistent it will have a negative impact on the overall Indian real estate sector. Inflationary pressures may cause a sharp rise in input costs such as construction materials, labour, and financing costs. The increase in input costs will adversely impact the profitability of real estate developers, leading to a slowdown in new project launches. The rise in input costs will also make it difficult for developers to keep prices affordable, further dampening demand. Additionally, persisting inflation may result in a rise in interest rates, making it more expensive for homebuyers to avail of loans, which may further affect demand in the sector.

The persistent global inflation may have an impact on potential private and foreign investment in the Indian real estate sector. The real estate industry, being a capital-intensive sector, is sensitive to interest rates and inflation. As inflationary pressures rise, it leads to higher input costs for developers, which in turn, increases the cost of housing. This could lead to dampened demand for real estate, as investors may opt for alternative options.

3. Company Overview

Aadhar Housing Finance Ltd. (referred to as 'Aadhar Housing' or 'the Company') provides home loan services to the low-to-middle income group segment in India's low-income housing finance sector. The Company, the largest housing finance company focused on the low-income housing segment in India in terms of AUM, focuses on providing small-ticket mortgage loans to the retail segment, particularly the salaried, self-employed, and informal business segments, emphasising on the salaried group. The Company offers a variety of mortgage-related loan products, such as loans for purchasing and constructing residential properties, home improvement and extension loans, as well as loans for commercial property construction and acquisition.

Blackstone Company's BCP Topco VII Pte. Ltd. acquired a majority stake in Aadhar Housing Finance Ltd. in June 2019 to become its parent company. As of 31st March 2023, BCP Topco holds 98.72% stake in the Company. The Company immensely benefits from the Blackstone group's resources, relationships and expertise. The Blackstone Group's steadfast dedication to maintaining the highest standards of professionalism and corporate governance has earned the Company an reputation with financial institutions, rating agencies, and regulatory bodies. This gave the Company an advantage in securing funds at highly competitive rates, cementing its position as a trusted and reliable financial partner.

The Company's board of directors is comprised of seasoned professionals with vast experience and knowledge, ensuring sound strategic decisions and governance practices. The Company also has a very experienced and dedicated senior management team, playing a crucial role in the organisational growth. Following its acquisition by BCP Topco in June 2019, the Company has further fortified its corporate governance framework by welcoming three independent directors to the board, one of them serving as the Chairman. At the helm is the Chairman, Mr. O.P. Bhatt, an esteemed figure in the financial industry as the former Chairman of the State Bank Group, lending unparalleled guidance and leadership to the Company.

With a mission to drive positive change and improve lives, the Company has woven social objectives into the fabric of its operations, offering a financially inclusive, customer-centric lending business that empowers customers to achieve their dreams of owning a home. The Company's business model contributes significantly to the economic upliftment of targeted customers and has partnered with various government schemes such as Pradhan Mantri Awas Yojana (PMAY) to make housing more affordable. The Company is also playing a crucial role in financial inclusion.

In addition to customer-facing social objectives, the Company has integrated social objectives into all aspects of its business, embodying a values-driven approach that fosters inclusivity and equal opportunity. Furthermore, the Company's presence in the outskirts of major urban centres and semi-urban locations across India has the added benefit of generating employment opportunities in these areas.

3.1. Operational performance

Being a low-income housing segment focussed HFC the target audience is primarily first-time home buyers in economically weaker and low-to-middle income customers. The Company caters to the housing needs of both formal and informal customers. Apart from home loans, it also offers loans against property, loans for renovation and property extension and loans for the purchase of commercial property.

- The number of loan accounts increased to 233000+ at FY 2023 end from 204000+ at FY 2022 end.
- AUM grew by 17% to ₹17,223 crore as on FY 2023 end from ₹14,778 crore as on FY 2022 end. In FY 2023 the PMAY subsidy received by the Company's customers was ₹742 crore as compared to ₹311 crore reported in FY 2022.

- The Company has assigned a portfolio of ₹3282 crore as on FY 2023 end, of which Co-lending is ₹127 crore. Fresh Direct Assignment and Co-Lending done during the year is ₹1,133 crore and ₹128 crores respectively.
- Disbursements grew 48% to ₹5,903 crore in FY 2023 from ₹3,992 crore in FY 2022.
- GNPA decreased to 1.16% on AUM at FY 2023 end from 1.46% in FY 2022 end.
- In terms of liquidity, the unencumbered liquidity was ₹1525 crore at FY 2023 end.
- Capital adequacy was a strong 42.73% which is well above the NHB norms and the gross debt to equity was 3.29.
- The Company operates out of 479 branches and offices as of FY 2023 end.
- As of 31st March 2023, salaried customers accounted for 59% of Gross AUM and self-employed customers account for 41% of Gross AUM.
- As of 31st March 2023, home loans and non-home loans) accounted for 78% and 22% of Gross AUM, respectively.
- For the disbursements made during FY 2023, approximately 12% of customers are new-to-credit.
- The average ticket size of AUM was ₹9.2 Lakh, with an average loan-to-value of 57.8%, as of 31st March 2023.

The Company utilises a diverse range of lead sourcing channels such as Direct Selling Teams, Direct Selling Associates, Aadhar Mitras, digital channels and call centres with a continuous focus on ground-level activities such as market combing, loan tents and various other marketing activities to assist the front-end teams reach out to the desired segment.

The Company has been actively participating in various affordable housing initiatives of the government. It participates in the Pradhan Mantri Awas Yojana, pursuant to which it provides a subsidy to borrowers from economically weaker segments in the payment of interest.

3.2. Financial performance

- Standalone total income increased by 18% with portfolio yields on AUM at 13.0% for the year ended 31st March 2023
- Spread improvement is attributable to a sharp drop in the cost of funds to 7.00% from 7.23%
- Operating expenses are very stable and the overall cost-to-income ratio moved to 35.6% (on a standalone basis)
- Profit after Tax for FY 2023 at ₹545 crore was 22.5% higher than FY 2022 PAT of ₹445 crore. Further, in FY 2023 there was an exceptional item of ₹25 crore (one-time special bonus).
- The Company has delivered a strong ROA of 3.51% in FY 2023 as compared to 3.18% in FY 2022
- The Company has delivered strong ROE of 15.9% in FY 2023 as compared to 15.2% in FY 2022

3.3. Company strategy and outlook

The Indian mortgage market is significantly underpenetrated with robust growth prospects. The Company has a comprehensive pan-India presence. With increased urbanisation, continuously expanding its physical and digital presence across India, acts as a key enabler for business growth. The current operating model is scalable and acts as an enabler in expanding operations with lower incremental costs to drive efficiency and profitability.

With a strategy to leverage its distribution network and widen sources of funds, the Company entered into a co-lending agreement with UCO Bank in FY 2022 (came into effect in FY 2023) and PNB, Yes Bank in FY 2023, under the terms of the revised Co-Lending Model. These partnerships are witnessing good traction and the Company may enter into more such arrangements with other private and public sector banks to increase the number of co-lending partners.

The Company intends to focus on growing the share of the low-income housing segment mortgage market and the economically weaker and low-to-middle income group segment of the economy. It believes the objective of financial inclusion for these categories of customers coupled with a digitally enabled customer-centric approach will allow the Company to continue to grow its customer base and loan portfolio. In addition, the Company is looking to explore selective opportunistic acquisitions of low-income housing segment loan portfolios from banks and financial institutions as means of inorganic growth.

The fully built-out distribution and collection infrastructure are a key strategic investment made by the Company. The Company expects that strategic investments in technology, data analytics and digitisation across the business will further reduce operating expenses and credit costs over time. The Company will continue to invest in distribution, technology, analytics and work on progressively improving the cost to income ratio.

The key strategies for growth are:

- Expand Distribution Network to Achieve Deeper Penetration in key states
- Continue to focus on target customers and grow the customer base
- Continue to invest in and roll out digital and technology-enabled solutions across the business to improve customer experience and improve cost efficiency
- Use of data analytics with a view of improving business metrics
- Efficient risk management practices to ensure that various types of business risks are identified early and are mitigated or controlled
- Optimise borrowing costs and reduce operating expenses further

The Company remains confident to continue to maintain low NPA and credit cost levels, maintain interest spreads, improve cost efficiencies and hence sustainably deliver superior return ratios.

3.4. Customer base

Aadhar Housing Finance's primary target market is individuals belonging to the economically weaker and low-to-middle income segments living in urban, semi-urban, and outskirts of cities and towns who have limited access to formal banking credit. The Company provides home loans to both salaried and self-employed individuals, including those in the formal and informal employment sectors who may not have formal income proofs such as payslips or income tax returns, making it difficult for them to be served by traditional banks and large financial institutions. Despite the associated risks, Aadhar Housing Finance's expertise, experience, and business model enable it to effectively serve such customers while growing its business. To obtain deep insights into customers' behavioural traits and other data points, the Company has developed detailed customer interviews as part of its personal discussion process, which serves as a substitute for traditional data.

The Company has traditionally focused on loans to salaried customers, as these customers are typically more resilient to economic cycles. Within the salaried customer segment, the formal segment (customers who have a documented monthly salary typically credited directly in their bank accounts) contributed 47.8% to Gross AUM, while the remaining 10.8% of Gross AUM is derived from the informal segment (customers that receive a monthly salary that is not supported by documentation and may be paid in cash). In the self-employed customer segment, 10.5% of customers belonged to the formal segment (customers that have income tax returns or bank accounts), and 30.9% belonged to the informal segment (customers that do not have formal income documentation) as on 31st March 2023

To improvise its customer service, the Company undertook several measures including, an online payment facility for EMI payments, welcome calling in regional languages, an SMS facility in 5 vernacular languages, introduced CRM system, a customer awareness programme, mandate/NACH activation online, conducted half yearly training for all branch staff/call centre. The Company redesigned the website with documents made available in 10 regional languages. The Company also launched a mobile app service and a customer service web application. In addition, the notice board display at branches was done in English and regional languages for the benefit of the customers. All the new customers received welcome calls from the Company and feedback was taken from customers for the services provided.

The total number of loan accounts as of FY 2023 end was 233000+ as compared to 204000+ and 182000+ at the end of FY 2022 and FY 2021 respectively.

3.5. Loan sourcing

Aadhar Housing generates loans through both in-house and external sources using a mix of direct selling teams, external channels, corporate channel partners, and digital platforms. Its direct-selling teams, which include DSTs, resident executives, and relationship managers, form the core of its in-house sales approach. The Company's external channels include direct sales agents (DSA) and in addition, the Company has a unique referral programme known as 'Aadhar Mitra' that involves individuals from non-allied industries, acting as lead providers to the DSTs. These Aadhar Mitras are incentivised with a referral fee for every successful loan disbursal. The Company also has a 'Mahila Aadhar Mitra' programme, which enrols women as Aadhar Mitras to expand its network and provide a source of income to women.

To cater to the housing needs of customers in rural areas and expand its business presence in non-urban locations. Aadhar Housing has implemented a separate strategy tailored to the funding needs of customers in these locations. It has formulated a separate product, Aadhar Gram Unnati (AGU), which provides a platform to test market demand in new geographies that the Company wishes to expand into, particularly the rural and non-urban locations. Depending on market demand in such locations, the Company may establish its business presence by setting up branches to leverage the local demand.

Apart from these, Aadhar Housing Finance Ltd also generates business through corporate channel partners and digital platforms such as digital lead aggregators under the 'Digital Aadhar Mitra' programme, website, and social media platforms. In FY 2023, 59% of the disbursement was done through in-house channels, with Aadhar Mitras contributing 18%.

3.6. Branch network

Aadhar Housing Finance boasts an extensive presence throughout India, with an extensive network of 479 branches and offices spanning 20 states and union territories. To reduce the risk of geographic concentration, the Company has spread its branch & offices network widely, with just 56% of its branches situated in five states and the remainder spread across 15 states. No single state has more than 15% of the branch network. This approach enables Aadhar Housing to meet the demand for affordable housing finance throughout India, strategically expanding to regions with significant housing finance needs. In FY 2023 alone, Aadhar Housing added 138 new branches (including Sales Offices) and offices.

The Company's branch network comprises several types of branches, including: pan India branch network is divided into the following types of branches:

- Main Branch
- Small Branch
- Micro Branch
- Ultra Micro Branch

Depending on the business potential of each location, Aadhar Housing selects the appropriate type of branch to open. The Company continuously monitors individual branch performance based on a range of factors, including portfolio size, portfolio performance, branch operating expenses, and the vintage of the branch. This ensures that Aadhar Housing maintains a nimble, flexible, and cost-effective operating model for geographical expansion. Additionally, the Company's gross AUM is spread widely across India, with not more than 29% coming from top two states and a single state contributing not more than 15%.

3.7. Credit approval and disbursement process

Aadhar Housing Finance utilises a blend of technology and manual verification methods for credit underwriting and verification. The Company's credit officers are highly trained and proficient in both approaches, allowing them to underwrite customers from both formal and informal employment segments. Aadhar Housing employs technology-led solutions, such as online verification of EPF, TDS, Company/employer profile, and income tax returns, to process KYC documents and verify income for customers in formal employment. On the other hand, for informal employment customers, credit managers visit their residential or business premises to evaluate their income based on pre-defined policies and procedures.

The Company has both, centralised and decentralised processing mechanisms:

- **Centralised processing:** The Company operates two centralised credit processing hubs located in Mumbai and Bangalore, where all loan applications from formally salaried customers are processed. This approach enables the Company to achieve standardisation, cost optimisation and faster turn-around times in loan processing. During the year the Company has started Regional Processing hubs in cities where there are multiple branches with a view of improving loan sanctioning TAT and employee productivity.
- **Decentralised processing:** In cases where loan applications are submitted by customers from informal segments such as self-employed individuals or those who receive their salary in cash, the Company employs branch-led processing through branch credit managers. This approach is necessary as it requires on-ground verification of business and income assessment to accurately assess the customer's creditworthiness.

Upon sourcing a customer and obtaining a loan application along with the relevant documentation, the branch sales manager hands over the application file to the branch operations team. The operations team checks the application for various parameters, including the completeness of the application form, relevant KYC documents, an initial money deposit cheque and income proof. All the documents are then scanned and shared with an outsourced centralised data entry team. Thereafter, the centralised data entry team completes the detailed data capture including customer demographics, income and banking details into the Synergy system and assigns the application to the credit manager. To identify any fraudulent activity at an early stage, the risk control unit screens every application and document. Any suspicious documents are sampled and verified at the source of the document. The credit manager performs the de-duplication and credit bureau checks. The credit manager checks the complete credit bureau report where the credit score of the applicant is reviewed along with a track record of loan repayments.

Upon the receipt of property documents, which are to be used as collateral, the branch credit manager initiates a legal and technical assessment to verify the authenticity of the documents, the legal title to the collateral property and its market value.

For customers from the self-employed and informal salaried segments, the credit managers visit the customer's place of business to understand their business, review the proof of salary, revenue streams and expenses and, based on income validation, determine their loan eligibility. The credit manager then prepares the disbursement memorandum and cash flow analysis. For customers from the salaried segment, the credit manager conducts telephonic discussions to prepare the disbursement memorandum. At this stage, if the credit manager receives any additional documents, then these are shared with the risk containment unit to verify the authenticity of such additional documents. The risk containment unit also conducts in-person meetings with certain customers. The loan application is then sent to the sanctioning authority for final approval. The Company seeks to mitigate the risk of default by including specific covenants in the loan documentation in addition to general terms and conditions, on a case-by-case basis.

The Company has established a credit assessment system consisting of four components:

Underwriting: The Company employs credit managers in both its branches and central underwriting hubs, who perform thorough verification of customers, assess their business and financing requirements, and analyse their loan repayment capacity. These credit managers also evaluate the current and projected cash flow of a customer's business.

Legal assessments: The Company performs legal assessments through its in-house team of lawyers and by partnering with empanelled vendors, such as lawyers or law firms, who assist in functions like document verification and property title examination. Empanelled lawyers' legal reports are reviewed by the Company's in-house legal team. Additionally, the Company's regional legal manager is responsible for verifying all collateral.

Technical assessments: The Company carries out technical assessments, primarily through its in-house team of engineers and empanelled valuers, for loans related to construction, home improvement or home extension. This includes site visits, technical evaluation of properties, and periodic reviews of construction projects. For properties that exceed a certain threshold, the Company obtains additional valuation from independent third parties. The branch managers or credit managers also conduct visits to such properties.

Risk containment unit: The Company's risk control unit performs various measures to identify and mitigate risks. This unit conducts trigger-based checks, scrutinises documents and field investigations, and visits certain customers to identify fraud at the early stages. Additionally, the risk control unit conducts geography-specific risk assessments and authenticates demand letters, and employment certifications to ensure compliance with regulatory requirements and mitigate potential risks.

3.8. Loan collection and monitoring

Effective loan collection is enabled through well-articulated processes coupled with a robust four-tier collections infrastructure consisting of four tiers: tele-calling, field collection, legal recovery, and settlement to facilitate loan collections. The Company offers multiple payment options to customers, such as automated clearing house payment gateways, post-dated cheques, and digital payment modes. To assist customers who have limited digital access, the Company has collaborated with service providers to provide assisted digital payment services.

The Company collects pre-authorisations from customers for electronic auto-debits from their bank accounts and post-dated cheques in advance in case of delays in registering the auto-debit facility. Its field executives are responsible for collecting instalments from borrowers and are supported by third-party call centres. Aadhar Housing employs a structured collection process, which includes reminders to customers of their payment schedules through text messages, pre-recorded voice calls, and calls from tele-callers.

In case of delayed payments, a member of the Company's collections team may visit the customer, and legal action is initiated if the customer's ability or intent to repay is in question. The Company reviews all customer accounts at periodic intervals, especially for customers with larger exposures or who have missed payments.

Aadhar Housing's field executives visit borrowers to collect overdue instalments, with each executive assigned a specific number of borrowers based on the volume of loan disbursements in the area. If a customer defaults on their loan, the Company may begin the process of repossessing collateral. The Company works with local authorities to repossess assets and takes appropriate measures while dealing with customers during the enforcement of assets. In such cases, the Company's collections department coordinates with its legal team and external lawyers to initiate and monitor legal proceedings.

The Aadhar collections app also allows for offline features for anytime anywhere login. It has additional features like providing digital receipts to customers via SMS, geo-tagging, geo-tracking, route planner and scorecard. The app aided in issuing ~2.5 lakh receipts Full e-receipting has eliminated manual receipting and associated control challenges. This app is in use by collection team across the country. There are controls to help the Operations team to track and ensure deposition of amount collected from customers for which e receipts have been issued.

3.9. Treasury functions

The treasury department manages the Company's capital requirements. In addition, asset liability management, liquidity management and control, diversification of fund-raising sources, interest rate risk management and investment of surplus funds in accordance with the criteria set forth in the investment policy, are also taken care of by the treasury department. The Company secures financing from a variety of sources including term loans, working capital facilities, Non-convertible Debentures (NCDs), refinancing from the National Housing Bank (NHB), and subordinated debt borrowings from banks, mutual funds, DFIs and insurance companies. The Company assigns loans through direct assignment to banks and financial institutions, enabling it to optimise its cost of borrowings, funding, liquidity requirements, capital management and asset liability management. The Company's treasury and finance team periodically submit reports to its asset liability management committee, which in turn submits its findings to the Company's Board.

As of 31st March 2023, the Company's total borrowings of ₹12153 crore comprised 53.8% loans from banks, 21.5% non-convertible debentures, 24.7% loans from NHB and 0.03% Others. Aadhar Housing has been increasing the share of NHB borrowings in its overall borrowing mix intending to maximise NHB borrowings to the extent allowed by NHB regulations and in compliance with their limits sanctioned as per the credit appraisal method.

Aadhar Housing has effective asset liability management strategies in place to ensure that the Company does not have any negative cumulative asset/liability mismatches. The Company runs a Direct Assignment programme whereby pools of Home Loans and Loan against Property are sold to PSU and private sector banks, with the Company retain up to 20% of portfolio and continuing to act as servicing agent on entire portfolio. Direct Assignment is an important part of the overall borrowing strategy of the Company, which intends to use the same to deepen its relationship with its banking partners. With the approval and consent of its secured lenders, Aadhar Housing has appointed a security trustee in respect of its banking arrangements, which would enable the security trustee to monitor the Company's assets that are provided as security.

Aadhar Housing's cost of borrowing has been steadily declining due to its proactive and flexible fundraising strategy. The Company intends to continue to diversify its funding sources, identify new sources and pools of capital, and implement robust asset liability management policies with the aim of optimising its borrowing costs and helping expand/increase its Net Interest Margin (NIM). The Company intends to increase the share of NHB refinancing in its total borrowings and access international sources of funding to reduce its overall cost of borrowing.

The RBI amended the co-lending framework in November 2020 to improve the flow of credit to the unserved and underserved sector of the economy and make funds available to the ultimate beneficiary at an affordable cost. Under the terms of the revised Co-Lending Model (CLM), banks are now permitted to co-lend with all registered NBFCs (including HFCs) based on a prior agreement in a manner akin to a bilateral assignment.

In November 2021, the Company initiated a strategy to expand its distribution network and broaden its sources of funds. As part of this effort, the Company entered into its first co-lending agreement with UCO Bank, followed by a similar agreement with PNB and Yes Bank in March 2023. The Company views co-lending as a promising opportunity that capitalises on the banks' low-cost funds and the NBFC's or HFC's efficient customer acquisition and management, including collections. By partnering with banks, NBFCs or HFCs can reach a wider customer base with less capital and leverage the larger balance sheet of their bank partner.

3.10. Risk management framework

Aadhar Housing places great importance on risk management in its business operations. To this end, the Company has implemented a set of internal policies that are consistently enforced to ensure smooth functioning. Being a lending institution, the Company is exposed to various risks, including credit, liquidity, operational, interest rate, cash management, and collateral risks. The Company's risk management framework is overseen by the Board and sub-committees, including the Audit Committee, the Asset Liability Management Committee, and the Risk Management Committee. The full-time Chief Risk Officer leads the framework. Aadhar Housing follows prudent lending practices and implements various measures to mitigate risks, such as credit history verification from credit bureaus, multiple verifications of a customer's business and residence, income verification, and KYC document validation.

The Company has a formal risk management structure that includes an active and experienced Board of Directors, a senior management team, and a centralised risk management team led by an independent Chief Risk Officer. The Executive Risk Management Committee (ERMC), comprising senior management, monitors risk indicators, stress scenarios, and risk appetite, and takes necessary actions. The Company has established a Risk Appetite Statement (RAS) that sets the aggregate level and types of risk it is willing to accept while achieving its business objectives. The RAS provides a benchmark for business decisions based on balancing risk and return and making the best use of the Company's capital. The RAS is monitored regularly and presented quarterly to the Risk Management Committee.

The Company has implemented a three-line of defence model to create a robust control environment to manage risks.

- The first line of defence owns the risks. It is responsible for identifying, recording, reporting and managing them, and ensuring that the right controls and assessments are in place to mitigate them
- 'Risk and Compliance' forms the second line of defence responsible for monitoring the first line by setting the limits, reviewing and putting constraints on the first line operations commensurate with the risk appetite
- The Company's Internal Audit function forms the third line of defence, responsible for independent and objective assurance of the adequacy of the design and operational effectiveness of the risk management framework and controls governance process.

3.11. Branding and marketing

Aadhar Housing seeks to reach out to its target audience through local outreach activities and social media efforts, given its demographics and widespread presence. The Company engages in various activities such as branding of DSA/Aadhar Mitra, local marketing activities, wall paintings for local branding and advertising, and branding of Aadhar Mitra boards to increase visibility in the target markets. Additionally, the Company provides branded merchandise to its partners and sales force to enhance brand recall with the target audience.

Aadhar Housing utilises its social media handles extensively to connect and interact with prospective and existing customers, promote its services, and update customers on new products or service offerings. The Company also relies on its website and call centre to generate leads and source new business cost-effectively. Furthermore, the Company employs public relations initiatives to raise awareness among its target audience and stakeholders, thereby strengthening its goodwill and brand equity in the market.

3.12. Information technology

Aadhar Housing relies heavily on its information technology systems and is committed to continuously investing in upgrading these systems, including data storage and backup systems, to enhance operational efficiency, customer service, and decision-making processes. This is to ensure business continuity and minimise the risk and negative impacts of system failures. The Company has implemented digital solutions across various aspects of its business, including credit underwriting, risk management, fraud detection, and collections, which allow it to increase customer penetration while reducing manual intervention and improving data integration across all platforms. This digitisation of work processes improves customer experience through convenient accessibility, better service and engagement, and faster turnaround times while benefiting the Company through cost reduction and increased productivity.

The Company proactively automates various processes through Robotic process automation thereby saving man-days. This included the automation of

- user creation, activation, and deactivation in DOB & LOS modules,
- disbursal reversal (partial disbursals)
- PDC clearance status updation
- branch asset depreciation & amortisation
- securitisation documents download automation
- automation of DOB UAT application creation

In addition, the Company successfully implemented features through in-house software development. The key developments include a physical asset verification module, document tracking module, part prepayment automation for tenure reduction, insurance portal, E-NACH functionality, teal integration for digital legal search and BBPS IPPB integration for collections payments.

At Aadhar, the major branches are equipped with an SD-WAN network for safe and secure access. The Company undertook automating load balancing of Linux servers which improved server uptime. All Company websites have secure access through SSL certification updation.

In October 2021, the Company has replaced its enterprise-wide loan management system with the 'TCS Lending and Securitisation Platform' as a part of its Digital Transformation Programme. The Company has also implemented analytics platforms to enable data-backed decision-making and develop a comprehensive information management system. Further, Aadhar Housing has implemented an online payment gateway on its website, which enables its customers to make payments via digital modes such as internet banking, UPI, and debit cards, and has joined hands with banks and online payment aggregators to improve collection efficiency. The Company has also installed a three-layered multiprotocol label switching security at its branches, which helps prevent unauthorised access to its network, manages network broadcasting, and provides security from spoofing attacks. In addition, Aadhar Housing has enabled work-from-home for employees through secure VPN access, implemented digital human resources management solutions, and has a dedicated IT infrastructure with a data centre hosted in Mumbai and a data recovery centre hosted in Hyderabad. The Company's overall infrastructure is designed and deployed with layered security architecture, which assures high up-time for better customer service and acquisition.

In FY 2023 the Company also launched a Sales Mobility app in collaboration with a software vendor. This mobility app was launched for a test in a couple of regions and the acceptance has been quite encouraging. The advantage of the app is that the front line sales employees can directly enter data into the app which has validations built in including PAN check, Adhaar OTP verification, credit bureau check etc. Post data entry and validation the application form is digitally generated. The main advantage of the sales mobility app is that it speeds up the data capture and has an improved First Time Right (FTR) ratio and thereby helping in improving the overall sanction TAT to the customer. In FY 2023 the app will be launched across other regions in a phased manner.

The Company undertook digitisation of its compliance and information security through"

- automated data flow to the regulator National Housing Bank (NHB),
- developing AVACOM compliance software for tracking all compliances across the Company,
- developing FINTRAK insider trading management application,
- implementing EDR Crowdstrike for endpoints security and
- Bitlocker Encryption to avoid data leakage for lost devices.
- The Company has also brought about annual vulnerability assessment and penetration testing at the data centre and DR sites and SIEM integration for 24x7 monitoring of security incidents.

For better customer engagement, a new Customer app was launched available both in Android and IOS versions in both English and Hindi languages. The app aids in secure and easy login through OTP/MPIN. The app provides unique onboarding features for prospective new customers and customer services for existing customers. The app allows for direct integration with CRM for raising requests. During the year we have witnessed a drop in customer walk ins as customers are being encouraged to download the app and raise their requests through the app. In the next year the Company is committed to expand the number of users – both existing and new customers.

3.13. Data Analytics

The Company has also established a data science practice led by its Chief Data Officer (CDO) to use a data-driven approach, artificial intelligence, and machine learning to enhance its business operations. The centralised data and data science function, coupled with the CDO role, enables the Company to better manage risk, grow its business, perform market research, and improve data and analytics integration. The data science team includes data engineers, visualisation and data discovery experts, and data scientists.

Currently, the data analytics team is focussed on:

- improving its asset quality by enhancing the robustness of its risk analytics for credit risk underwriting,
- collections analysis, and identification of high-risk customer cohorts.
- automating its risk-based pricing solutions to improve approval rates and pricing of credit risk, thereby boosting overall yields and profitability.
- integrating its branch opening strategy with its data science initiatives to maximise effectiveness.

The Company's strategy is to weave in data analytics within the Company's business model with a view to reduce risk build up, improve productivity and enhance overall decision making.

3.14. Human resource development

Human capital is a key pillar for organisational growth. Aadhar Housing recognises the value of its employees and implements various measures to attract and retain the best talent while fostering a work environment that enables them to perform at their best. To ensure employee satisfaction, the Company offers a safe, conducive, and productive environment. It undertakes several initiatives to not only attract but also retain the best talent. It provides technical and soft skill training to employees with the aim to balance the personal and professional growth of every employee. To ensure employee satisfaction and focus on areas of improvement the Company conducts an Employee Engagement Survey through an independent consultant.

During the year, the Company launched a new mobile app namely, AHFL Connect. This acts as an all-in-one app with a single touchpoint for the work line, Aadhar neo platform, CRM and helpdesk. It has several helpful features like an asset tracking option, allows sharing of digital business cards via WhatsApp, storage of litigation videos, a job referral option, instant password reset, download of medical insurance cards, etc. It acts as an effective communication medium for all employees.

As of 31st March 2023, the Company had 3621 employees on its payroll. For the fourth consecutive year, the Company has been awarded a Great Place to Work.

3.15. Corporate Social Responsibility

At Aadhar, engaging in corporate social responsibility means in the ordinary course of business operations contributing to enhancing society and the environment, preventing any negative impact on them. Through social interventions, philanthropy, and volunteering efforts, the Company aims to benefit society while ensuring brand enhancement. The Company believes that CSR is equally important for the community and the Company. CSR initiatives are aimed to forge a strong bond between employees and the Company, boost employee morale and help both employees and the Company feel more connected with the world around them.

The Company ensures that sustainability, accountability and transparency are the three solid principles that get woven into all initiatives. The attitude has been ingrained in the culture of the organisation. To ensure a focused approach and stronger impact, the Company has invested in projects revolving around the thrust areas - Education and Skilling, Healthcare and Sports.

FY 2023 was exciting with respect to social projects. Aadharites participated enthusiastically in various volunteering programmes. Each Aadharite extends his/her utmost support to demonstrate their commitment to being part of positive societal change.

While planned interventions in the field of education and skilling include – Setting up digital libraries in police stations for children of lower income segments, skilling kids of destitute homes, supporting higher education of needy children, skilling women & empowerment of acid attack survivors; interventions in health include – health camps for the needy across India, supporting aanganwadis for early childcare & education & distribution of mobility aid to specially challenged. Support is also being extended towards the training of para-athletes to promote paralympic sports.

Major focus areas of CSR initiatives are

- Inclusive development: To benefit marginalised sections of people through interventions in skilling/education, health and general well-being. All the initiatives are executed in and around the Company's business priorities.
- Beneficiaries: To reach out to the maximum number of beneficiaries especially in tier II, III and IV cities pan India.
- Stakeholder accountability: To ensure visible accountability by closely monitoring all sanctioned projects and through a participatory approach to decision-making.
- Employee participation: To drive the initiatives through maximum employee participation and create a sense of ownership amongst employees.
- Ethical compliance: To operate within the law in letter and spirit and ensure all the interventions are aligned with the Company's CSR mission & vision.

Aadhar undertook various initiatives towards promoting preventive healthcare facilities, providing employment through enhancing vocational skills and preventing hunger by providing food and various such other activities that are focused primarily on the improvement of health and education.

The details of the various CSR activities carried out by the Company have been provided as part of the Directors' Report in Page No. 65.

3.16. Internal control

Commensurate with the size and industry of operations, the Company has devised robust internal control systems emphasising the importance of a strong culture of integrity and ethics. The internal control framework enables efficient conduct of business, adequate safeguarding of assets, prevention of frauds/errors and appropriate regulatory compliance. It helps in regular monitoring of the adequacy, efficacy and usefulness of financial and operational controls. The Company maintains a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key backup procedures and undertaking contingency planning. The Company has appointed audit firms to conduct internal and process audits to assess the adequacy of and compliance with internal controls, procedures and processes. Reports of the internal auditors as well as the action taken on the matters reported upon are discussed and reviewed at the Audit Committee meetings.

3.17. Awards and accolades

- Certified as 'Great place to Work' for 4 consecutive years
- Recognised as India's Best Workplaces in Health & Wellness by Great Place to Work Institute
- Awarded with the Pradhan Mantri Awas Yojana - Empowering India Awards 2022 for contributing towards 'Housing for All' initiative
- Awarded with the 'Annual HR Excellence Award 2022' in the category of Effective Drivers of Recruitment, Engagement & Retention held by Associate Chambers of Commerce and Industry of India (ASSOCHAM)
- Won the NBFC100 Leaders of Excellence Award for 'Best Data Transformation' by Elets Technomedia. This achievement reflects success of the transformation journey to build strong data centric and data driven organisation
- Recognised as one of the Best Brands of 2022 by The Economic Times
- Presented with the Silver Award for Excellence within Competition Class for the development of Annual Report 2021-22
- Awarded as the Best Financial Crime Investigation & Reporting Company at the Fraud Risk Management Summit & Awards 2023
- Conferred with the Best Initiative in Technology Orientation in NBFC/HFC/MFI segment at the 4th Edition of ET BFSI Awards
- Recognised as India's Leading NBFC at the Dun & Bradstreet BFSI Fintech Summit 2023
- Conferred with the Best Data Analytics Initiative of the Year at the 2nd Annual NBFC & FinTech Excellence Awards 2023 by Quantic Business Media Pvt Ltd
- Awarded with the 'Resilient Organisation of the Year' at India Credit Risk Management Summit & Awards 2023 by Synex Group
- Ex-MD & CEO, Shri. Deo Shankar Tripathi (during his term) was conferred with the 'Transformative Trailblazing Leader' award at the Business Icons of India Awards 2022
- MD & CEO, Shri. Rishi Anand was recognised as one of the Most Promising Business Leaders of Asia 2022-23 by the Economic Times
- Chief Data Officer, Mr. Haryyaksha Ghosh was recognised as the top 100 AI Influential Leaders Award at the Machinecon22 organised by Analytics India Magazine

4. Cautionary statement

It is worth noting that past performance does not necessarily indicate future results, and some information in this Management Discussion and Analysis section may contain forward-looking statements. The Company has based these forward-looking statements on its present beliefs, expectations, and intentions regarding the facts, actions, and events that may occur in the future. Forward-looking statements typically include words such as 'believe,' 'plan,' 'anticipate,' 'continue,' 'estimate,' 'expect,' 'may,' 'will,' or other similar words. A forward-looking statement may also include a statement of the assumptions or basis underlying the forward-looking statement. The Company made these assumptions or basis in good faith and believes that they are reasonable in all material respects. However, it cautions that forward-looking statements and assumptions typically differ from actual results, and the differences can be significant depending on the circumstances. Investors should also be aware that any forward-looking statement made by the Company in this MDA or elsewhere only reflects its views as of the date of the statement. As new risks and uncertainties emerge from time to time, it is impossible to predict these events' outcomes or how they may affect the Company. Therefore, it has no obligation or intention to update or modify the forward-looking statements in this MDA after the publication date. Due to these risks and uncertainties, any forward-looking statement made in this MDA or elsewhere may or may not occur, and investors should understand and read it along with this supplemental disclosure.

The Company employs various financial and operational performance indicators to analyse its financial performance and condition from period to period and manage its business. However, these financial or performance indicators have limitations as analytical tools and should not be considered as a substitute for analysing its historical financial performance, as reported and presented in its financial statements included in the DRHP.

BOARD'S REPORT FOR THE FINANCIAL YEAR 2022-23

Dear Members,

The Board of Directors of Aadhar Housing Finance Limited **("your Company" or "the Company" or "Aadhar Housing")** are pleased to present the 33rd (Thirty- third) Annual Report and the Audited Financial Statements (Standalone and Consolidated) of your Company for the financial year ended 31st March 2023 **("financial year under review")**. Your Company is a Housing Finance Company registered with National Housing Bank **("NHB")** and regulated & controlled by Reserve Bank of India **("RBI")** and supervised by NHB. Aadhar Housing is engaged in providing housing finance to lower income segment of the society. Aadhar Housing is currently operating out of twenty states and union territories of India with a branch network of over 479 offices covering 15,000+ locations.

1. Financial Performance of AHFL:

(₹in crore)

Particulars	31st March 2021	31st March 2022	31st March 2023
AUM	13,327	14,778	17,223
Income	1549.81	1,692.66	1,994.27
PAT	339.97	444.65	544.58
Net Worth / Total Equity	2692.54	3,145.39	3,695.57
CRAR	44.08%	45.41%	42.73%
CRAR – Tier I Capital	42.63%	44.20%	41.66%
CRAR – Tier II Capital	1.45%	1.21%	1.07%
Retail NPA (on retail AUM)	1.07%	1.45%	1.16%
ROE %	13.49%	15.23%	15.92%

About AHFL:

- The Company is focused on low income segment (ticket size less than ₹ 15 lakhs) with an AUM of ₹ 17,223 crore.
- Strong growth tailwinds in affordable housing due to low penetration combined with low competition from banks and housing shortage in rural and urban areas.
- Low concentration risk due to wide geographical presence: Presence across 20 states and union territories with diversified exposure across locations; no single state contributes to more than 15% of AHFL's AUM.
- 100% secured retail advances with average ticket size of ₹ 9.21 Lakhs, high share of low risk salaried customers viz. 59% of loan book and moderate LTV ratios of 57.8% and majority of the mortgage portfolios are satisfying the Priority Sector Lending criteria prescribed by RBI/NHB.
- One of the largest origination franchise with strong brand: 479 branches and offices which cover 15000+ locations. Low concentration risk due to wide geographical presence.
- 11400+ Aadhar Mitra's (including 500+ Mahila Aadhar Mitras) and Resident Executives help in building out a low cost and wide distribution network.
- High asset quality: The Gross NPA on AUM stood at 1.16% for the year ended 31st March 2023. Provision Coverage Ratio on NPA Assets (Stage 3B carrying value) at 35%.
- Strong liquidity: High liquid assets/cash & bank balances of ₹ 1,525 crores as at 31st March 2023 in addition to unutilized Banks' sanction lines.

2. Major Developments during the year

The Company has filed a Draft Red Herring Prospectus **("DRHP")** with Securities and Exchange Board of India **("SEBI")** on 24th January 2021 and addendum to the DRHP was filed on 5th April 2022. The proposed Initial Public Offering **("IPO")** is of ₹ 7,300 crores consisting of a primary issue of ₹ 1,500 crores and an Offer for Sale of ₹ 5,800 crores by Promoter Company, BCP Topco VII Pte. Ltd. The Company had received an observation letter dated 5th May 2022 from SEBI which was valid for 1 year from the date of letter. However, recent events in the domestic and international capital markets indicate uncertain global economic outlook due to which the launch of the IPO and Offer for Sale by the Promoter Company has been postponed.

3. Initiatives towards funding of Green Housing Projects

Your Company has tied up with International Finance Corporation **("IFC")**, a member of the World Bank Organization, to provide affordable green housing to the home seekers in India. The project will help to improve access to environmentally efficient housing for low-income borrowers who have little or no access to formal means of borrowing. The aim is to create homes which are energy and cost efficient without compromising on quality of life while creating a positive impact on the environment. The tie up will help focus further on the affordable housing market to address a critical gap in green housing in India.

The Company has undertaken a pilot project for the same in few geographies in the country with a positive response to the initiative. Through this project the Company and IFC aim to educate and help the underserved section of society benefit from environment friendly and cost-efficient housing.

4. Management Discussion and Analysis Report

In accordance with the applicable provisions of the Master Direction issued by the Reserve Bank of India for Housing Finance Companies, a detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

5. Changes in the Directors and Key Managerial Personnel

Board of Directors ("the Board")

- The Members at the Extra Ordinary General Meeting of the Company held on 26th May 2022, considered and approved the extension of term of office of Dr. Nivedita Haran (DIN : 06441500) as an Independent Director, before the expiry of her term, for a further period of two years from the date of 32nd Annual General Meeting held in calendar year 2022, till the date of 34th Annual General Meeting of the Company to be held in the calendar year 2024.
- Mr. O. P. Bhatt (DIN: 00548091) was re-appointed as Independent Director and Non- Executive Chairman of the Company by the shareholders at the 32nd Annual General Meeting of the Company held on 18th August 2022 for a second term of 3 years i.e. from 13th September 2022 to 12th September 2025.
- The 5 year term of Mr. Deo Shankar Tripathi (DIN:07153794) as Managing Director and Chief Executive Officer of the Company expired on 4th December 2022. The Members at the Extra Ordinary General Meeting of the Company held on 23rd March 2023, by way of special resolution approved his appointment as Executive Vice Chairman of the Board w.e.f. 3rd January 2023 upto 26th December 2027.
- Mr. Rishi Anand (DIN:02303503), has been appointed as Managing Director and Chief Executive Officer of the Company w.e.f. 3rd January 2023 upto 26th December 2027 by way of special resolution passed by the Members at the Extra Ordinary General Meeting of the Company held on 23rd March 2023.
- Further, the Members at the Extra Ordinary General Meeting of the Company held on 23rd March 2023, also approved the appointment of Mr. Prateek Roongta (DIN:00622797) as Non- Executive (Nominee) Director of the Company w.e.f. 20th January, 2023, liable to retire by rotation.
- Pursuant to Section 152 of the Act, Mr. Mukesh Mehta (DIN: 08319159), Non-Executive (Nominee) Director retires from the Board by rotation and being eligible, offers himself for re-appointment at the ensuing 33rd Annual General Meeting of the Company.
- The Nomination and Remuneration Committee of the Company and the Board of Directors have recommended the re-appointment of Mr. Mukesh Mehta. A detailed profile of the Director seeking re-appointment is provided in the Notice of the 33rd Annual General Meeting of the Company.

Key Managerial Personnel

During the financial year under review, apart from the changes as mentioned above, there were no changes in the Key Managerial Personnel of the Company.

6. Share Capital Structure:

Your Company's capital structure as at 31st March 2023 is given in the below table:

Share Capital	Amount in ₹ crores
Authorized Share Capital (50,00,00,000 Equity Shares of ₹ 10 each)	500.00
Issued, Subscribed and Paid-up Share Capital (39,47,54,970 Equity Shares of ₹ 10 each)	394.75

Changes in Capital Structure and shareholding position:

There were no changes in the capital structure of your Company during the financial year under review.

The 26,100 Bonus shares which were issued on 16th January 2021, and kept in abeyance since the entitled shareholders have neither dematerialized their existing shares, nor provided their demat account details to the Company, have been transferred to the Unclaimed Suspense Account of the Company as on 31st March 2023. The Company shall release the bonus shares on receipt of verified claims by the entitled shareholders in their respective demat accounts.

Strong Parentage of the BCP Topco VII Pte. Ltd. (A Blackstone Group entity)

The Company enjoys a strong parentage of our Promoter Company and benefits from the resources, relationships and expertise of Blackstone, one of the world's leading investment firms. Blackstone's asset management businesses include investment vehicles focused on real estate, private equity, public debt and equity, growth equity, opportunistic, non-investment grade credit, real assets and secondary funds, all on a global basis. Through its different investment businesses, as of 31st December 2022, Blackstone had total assets under management of US $975 billion. Currently, the Board of Directors of the Company has 3 nominee directors from Promoter group.

The present shareholding pattern of the Company is as mentioned below :-

List of Shareholders & percentage of holding as on 31st March, 2023

Sr. No.	Name of Shareholders	No. of Equity Shares held	Percentage of shareholding
1	BCP Topco VII Pte. Ltd.	38,96,83,420	98.72%
2	ICICI Bank Ltd.	46,50,000	1.18%
3	IEPF Authority	1,13,150	0.03%
4	Other Resident Shareholders*	3,08,400	0.07%
Total		**39,47,54,970**	**100.00%**

* Includes 26,100 bonus shares kept in abeyance in the Unclaimed Suspense Account of the Company pertaining to shareholders who are holding shares in physical form and have not yet provided their demat account details.

7. Financial Performance

7.1 Financial summary and highlights of the Company:

Your Company takes pleasure in presenting the standalone and consolidated reports on the operational and business performance, along with the audited financial statements for the financial year ended 31st March 2023.

Financial summary and highlights of the Company are given as following :

(₹ in crores)

Particulars	Standalone		Consolidated	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Total Income from Operations	1,994.27	1,692.66	2,043.52	1,728.56
Less:				
Total Expenditures	1,273.72	1,125.56	1,322.70	1,161.20
Profit before Taxes and Exceptional Item	720.55	567.10	720.82	567.36
Exceptional Item	25.00	-	25.00	-
Profit before Taxes	695.55	567.10	695.82	567.36
Provision for Taxes	150.97	122.45	151.06	122.51
Profit after Taxes	544.58	444.65	544.76	444.85
Other comprehensive income	(0.03)	0.53	0.58	1.35
Total comprehensive income	544.55	445.18	545.34	446.20
Appropriations:				
Transfer to Special Reserve under NHB Act	109.00	89.04	109.00	89.04
Transfer to General Reserve	54.50	43.50	54.50	43.50
Transfer to Debenture redemption reserve	0.00	0.00	0.00	0.00
Proposed equity dividend	0.00	0.00	0.00	0.00
Dividend distribution tax	0.00	0.00	0.00	0.00
Retained Profits	381.05	312.64	381.84	313.66
Balance at the beginning of the year	743.46	430.82	744.76	431.10
Balance at the end of the year	1,124.51	743.46	1,126.60	744.76
Earnings per share- Basic	13.80	11.26	13.80	11.27
Earnings per share- Diluted	13.38	10.92	13.39	10.93

Note: Consolidated financials include financials of wholly owned subsidiary Aadhar Sales and Services Private Limited.

7.2 GNPA and ECL Provision (including additional provision):

a) GNPA

Particulars	As at 31st March 2023	As at 31st March 2022
GNPA on AUM (%)	1.16%	1.46%
GNPA on Retail AUM (%)	1.16%	1.45%
GNPA on Own Book (%)	1.17%	1.52%
GNPA on Retail Own Book (%)	1.17%	1.51%

b) Your Company provides for Non-Performing Assets (NPAs) using the Expected Credit Loss Model prescribed under Ind AS 109.

c) In November 2021, the RBI issued a Circular on asset recognition clarifying that once a loan is classified as a NPA since it is more than 90 dpd, the same will remain a NPA till all dues on the loan have been recovered.

d) Your Company's gross loan assets are ₹ 14,037.55 crores as at 31st March 2023 (₹ 12,132.15 crores as at 31st March 2022). Your Company is carrying an impairment allowance of ₹ 186.10 crores as at 31st March 2023 (₹ 171.81 crores as at 31st March 2022). ECL provision coverage ratio on Stage 3B (NPA Assets) is 35% as at 31st March 2023 (32% as at 31st March 2022).

e) The Company has based on current information available, estimated various scenario analysis and applied management overlays based on the policy approved by the Board while arriving at the provision for impairment of financial assets which the Management believes is adequate. As at 31st March 2023, your Company is carrying a management overlay provision and one time restructuring additional provision of ₹ 76.31 crores.

The provision under Expected Credit Loss Model is higher than Income Recognition and Prudential Norms by ₹ 64.96 crores.

7.3 Financial Ratios:

(a) The main financial ratios of the Company are-

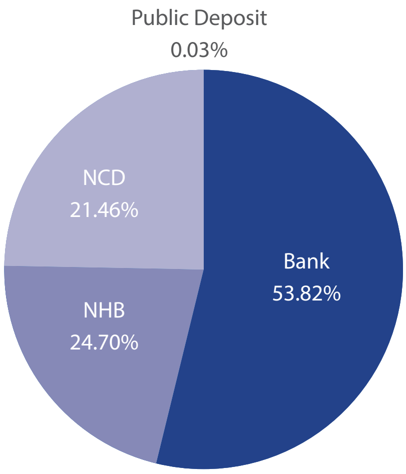
Particulars	FY 2022-23	FY 2021-22
Earning per share (EPS)	13.80	11.26
Capital to Risk Asset Ratio (CRAR)	42.73%	45.41%
Net Debt Equity Ratio (DE Ratio)	2.77	2.81
Net Owned Fund (NOF)	3,474.17 crore	3,105.01 crore

8. Resource Mobilisation:

Your Company's Resource Planning Policy has been approved by the Board. The Company has obtained approval for borrowings vide special resolution passed by shareholders at their Annual General Meeting held on 18th August 2022 under Sections 42, 71, 180(1)(c) read with 180(1)(a) of the Act or other applicable provisions and has authorised the Board of Directors / Management Committee to raise or borrow any sum or sums of money (including non-fund based facilities) by way of loan(s) in rupee currency and/or foreign currency from various borrowing sources up to an amount of ₹ 20,000 crores (Rupees twenty thousand crores) or up to 12 times of Net Owned Fund (NOF) of the Company whichever is lower, as per provisions of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ("RBI Master Directions") and other applicable Directions/ Notification/ Circulars/Guidelines issued by RBI/NHB.

Your Company uses a variety of funding sources to optimise funding costs, protect interest margins and maintain a diverse funding portfolio. Your Company continued to keep tight control over the cost of borrowings through negotiations with lenders and thus, raised resources at competitive rates from its lenders while ensuring proper asset liability match. Total borrowings as on 31st March 2023 was ₹ 12,153 crores, as compared to ₹ 10,675 crores as at 31st March 2022

(a) Borrowing Composition:



31st March 2023

The borrowings comprised of 53.82% from banks, 24.70% from National Housing Bank, 21.46% from Non-Convertible Debentures (**"NCD"**) and 0.03% from Public deposits as at 31st March 2023. There has been no deviation in the utilisation of issue proceeds of secured redeemable NCD from the objects as stated in the private placement memorandum.

Your Company endeavors to gradually reduce its reliance on the borrowings from banks and focus on capital market instruments and other funding avenues with lower funding costs depending upon opportunities available in the market.

Another strategy adopted by the Company to keep a balanced ALM was to enter into strategic partnership with banks that are keen on good-quality assets and assign long-tenor receivables to them at mutually beneficial terms.

(b) Loans from Banks:

As at 31st March 2023, your Company had relationships with 22 banks. Your Company continued to leverage on its long term relationships with these banks and raised additional term loans from banks to the extent of ₹ 1,790 crores during the year at competitive rates. Total outstanding borrowing from banks as at 31st March 2023 aggregated to ₹ 6,541 crores.

(c) Refinance from National Housing Bank:

The NHB Refinance department has sanctioned Refinance facility to the Company under various schemes for a term ranging from 1 year to 15 years repayment tenure.

During the year, your Company has availed refinance facility of ₹ 1,195 crores from NHB. As on 31st March 2023 the outstanding balance on NHB Refinance amounts to ₹ 3,002 crores.

9. Borrowings through other Debt Instruments and Resource Mobilisation:

(i) Secured Redeemable Non-Convertible Debentures (NCDs)

As at 31st March 2023, your Company's outstanding Secured NCDs issued under Initial Public Offer stood at 7,07,077 NCDs aggregating to ₹ 70.71 crore, held by 3,722 NCD holders. Your Company has duly paid the principal/interest amounts on due dates for the NCDs public issue and has timely intimated the stock exchange/ debenture trustees.

During the financial year under review, your Company raised ₹ 917 crore by way of issue of 28,520 Senior, Secured, Rated, Redeemable, Non-Convertible Debenture on private placement basis, as per the applicable provisions of relevant circulars issued by Securities and Exchange Board of India. The Company has completed the allotment process within the prescribed time-limit.

As at 31st March 2023, your Company's outstanding secured NCDs under private placement were ₹ 2,478.90 crores at face value. The necessary disclosures for the listed NCDs as per SEBI Operational Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated 10th August 2021 ("**SEBI Circular**") has been disclosed to the Stock Exchange and are available at the website of the Company. The Company has met the shortfall of the previous financial year as per the SEBI Regulations, however, could not raise the required percentage of current year's borrowings through issuance of NCDs, due to unfavorable pricing for debt market as compared to bank borrowings. The SEBI vide its circular no. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/049 dated 31st March, 2023 has extended the contiguous block to three years (from the present requirement of two years) reckoned from FY 2021-22 onwards. Accordingly, the Company plans to raise the NCDs in the FY 2024 to meet the said requirement as permitted by the SEBI Circular, subject to the market conditions.

Further, as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, ("**SEBI LODR Regulations**") and RBI Master Directions on NCDs issued on private placement basis, your Company has made timely payment of NCDs interest and principal amount on the respective due dates and there is no delay/ default in payment/ repayment

Details of unclaimed non-convertible debentures as on 31st March 2023:

(a) The total number of non- convertible debentures which have not been claimed by the investors after the date on which the non-convertible debentures became due for redemption – 60 NCDs

(b) The total amount in respect of such debentures remaining unclaimed beyond the date mentioned at point a above – ₹ 60,000

(ii) Unsecured Subordinated Non-Convertible Debentures:

As at 31st March 2023, your Company's outstanding unsecured subordinated debts were ₹ 66 crores at face value. The debt is subordinated to present and future senior debt of your Company. Your Company has duly paid the interest amount due on the aforesaid NCDs on time and reported the same to Stock Exchange and Debenture Trustees without any delay/default.

(iii) Commercial Paper:

During the financial year under review, the Company has not raised funds through commercial papers and there were no outstanding commercial papers as on 31st March 2023.

(iv) Direct Assignment of Mortgage Pool Receivables:

Majority of the Company's loan book portfolio qualifies under the Priority Sector Lending (PSL) mortgage loan portfolio, as per the notification issued by RBI from time to time. During the financial year under review, the Company has assigned/ co-lent receivables of its mortgage loan assets aggregating to ₹ 1,262 crores, being investors' share. Total assigned pool outstanding as at 31st March 2023 was ₹ 3,282 crores.

(v) Security Coverage for the Borrowings:

The security details of the aforesaid secured borrowings made by the Company are mentioned at Note No. 14 and 15 in the Notes to accounts forming part of the Audited Financial statements for the year ended 31st March 2023 .

The Company has not provided any gold loans or do not provide loans against the security of gold or other precious metals or ornaments during the financial year 2022-23.

(vi) Credit Ratings:

The Credit ratings for various Borrowings/FD of the Company are given herein below :

Name of the Rating Agency	Rated Facility	Rating as on 31st March 2022	Rating as on 31st March 2023
CARE	Long Term Bank Facilities	CARE AA (stable)	CARE AA (stable)
CARE	Non-Convertible Debentures	CARE AA (stable)	CARE AA (stable)
CARE	Subordinated Debt	CARE AA- (stable)	CARE AA (stable)
CARE	Fixed Deposits	-	CARE AA (stable)
BRICKWORKS	Non-Convertible Debentures	BWR AA (stable)	BWR AA (stable)
BRICKWORKS	Subordinated Debt	BWR AA (stable)	BWR AA (stable)
CRISIL	Commercial Paper	CRISIL A1+	CRISIL A1+
CRISIL	Fixed Deposits	FAA- (stable)	-
ICRA	Long Term Bank Facilities	-	ICRA AA (stable)

Name of the Rating Agency	Rated Facility	Rating as on 31st March 2022	Rating as on 31st March 2023
ICRA	Non-Convertible Debentures	-	ICRA AA (stable)
ICRA	Short Term Borrowings	ICRA A1+	ICRA A1+
INDIA RATINGS	Non-Convertible Debentures	-	IND AA (stable)
INDIA RATINGS	Short Term Issuer Rating	IND A1+	-

10. Investments:

As per Investment Policy of the Company, the Executive Committee is responsible for approving investments in line with the policy and limits as set out by the Board. The Investment Policy is reviewed and revised in line with the market conditions and business requirements from time to time. The decision to buy and sell up to the approved limit is delegated by the Board to the Investment Executive Committee consisting of Company's senior executives. The investment function is carried out primarily to support the core business of housing finance to ensure adequate levels of liquidity.

Your Company maintains sufficient liquidity for its business needs, repayment obligations and also to meet any contingency funding requirements. As at 31st March 2023, your Company had unencumbered liquidity buffers of ₹ 1,525 crores in highly liquid assets. Further, surplus funds are also generated considering the time lag between raising of resources and its deployment. Such surplus funds are generally parked with highly liquid mutual funds and short-term deposits with banks. During the financial year 2022-23, your Company earned ₹ 31.73 crores by way of income from mutual funds & other operations and ₹ 101.43 crores by way of interest on deposits placed with banks and from bonds.

11. Asset Liability Management Committee ("ALCO"):

The Asset Liability Management Committee lays down policies and quantitative limits that involve assessment of various types of risks and shifts in assets and liabilities to manage such risks. The Company has duly implemented the NHB's Asset Liability Management **("ALM")** Guidelines applicable to Housing Finance Companies.

The Board of Directors of the Company has approved the ALM Policy & Framework and reviewed the same from time to time. The ALCO Committee ensures that the liquidity and interest-rate risks are contained within the limits laid down by the NHB. As at 31st March 2023, your Company had a strong asset-liability position with positive gaps across all the buckets.

12. Risk Management Framework and Monitoring:

Existence of every financial institution depends on how effectively it manages the risks. Aadhar Housing recognizes that risk management is integral to sound business practices and hence implemented enterprise-wide risk management framework. Effective risk management leads to informed decision-making within the organization's risk appetite. In this regard, risk management forms part of the continuous improvement process to mitigate risks and maximize opportunities.

Risk Management is the culture, processes and structure that are directed towards realizing potential opportunities whilst managing adverse effects. Aadhar Housing is committed to manage its risk in a proactive manner and adopts a structured and disciplined approach to risk management by developing and implementing risk management program.

Aadhar Housing's risk management was deepened across all management levels and functional areas. Risk management roles were distributed across the Board of Directors, Audit Committee and Risk Management Committee. Chief Risk Officer is responsible for enterprise risk and review, analyse, monitor and report to Risk Management Committee and Board of all significant risk areas.

Aadhar Housing has the Risk appetite framework approved by the Board of Directors which covers various types of risk the organization is exposed to and also clearly defines the boundaries for risk acceptance. There is a clear understanding of our desired risk appetite. As a part of the process, the framework undergoes a change depending on the changing external/internal environment. This ensures understanding and measuring the risk the organization is/would be facing. Further, Aadhar Housing has well defined reporting mechanism to report the stressed Risk Appetite Parameters and escalation & reporting mechanism to tackle it.

The Company recognises identification of risk as a very critical function in managing and mitigating risk. The key pillars behind risk mitigation include:

- Regular Executive Risk Management Committee
- Robust policies & standards
- Use of fraud databases, screening documents and field visits to contain potential frauds.
- Regular monitoring of key risk indicators
- Regular monitoring & testing of risk control matrix
- Risk Containment Unit (RCU) carried out real time screening of files, keeping track of adverse trend in various locations and guidance to field team.

Key Risk & Its Mitigation Strategies

Type of Risk	Mitigations	Strategies
Credit Risk:		
Credit risk is the potential that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms.	There are robust policies and processes for managing credit risk, mainly through our: • Appropriate risk diversification; • Thorough risk assessment at the credit appraisal stage; • Risk-based pricing and risk mitigation; • Continuous risk monitoring at the individual counterparty level as well as portfolio level; • Avoidance of undesirable risks to the extent possible	Maintaining healthy asset quality with optimal risk reward considerations.
Operational Risk		
Operational risk arises from inadequate or failed internal processes, people and systems or from external events. It includes risk of loss due to legal risk.	Detailed Operational Risk Management framework and processes, internal controls, information technology, key risk indicators and fraud monitoring mechanisms are in place to manage operational risk	Minimising operational losses through monitoring risk continuously, quick actions and mitigation.
Interest & Liquidity Risk		
Company defines market risk as the risk of valuation loss or reduction in expected earnings stemming from adverse fluctuations in interest rates and credit spreads. Liquidity risk as the risk of incurring losses due to an inability to meet payment obligations in a timely manner when they become due.	Aadhar Housing's framework for liquidity and interest rate risk management is spelled out in our Asset Liability-Management policy. Further, a robust mechanism to comprehensively track cash flow mismatches under normal as well as stressed conditions and critical ratios has been implemented. Further, Company has Board Approved Investment and Resource Planning Policy to limit exposure and plan funding accordingly.	To maintain healthy liquidity in comparison to balance sheet size of the Company to tide over any unforeseen stress scenario. Maintaining competitive cost of funds
Information Security Risk		
Information technology/ security risk is the risk arising on account of inadequacies or failure of technical infrastructure or IT systems which can have an adverse impact on the availability, integrity, accessibility and security of the data and the IT infrastructure.	The Company has Board approved Information Security Policy & Cyber Security Policy to manage the information security risk.	Facilitating growth via secure digital initiatives. - Sustaining operational effectiveness and efficiency. - Adapting and updating Cyber Defence framework to counter new-age threats - Continuous information to raise security awareness for employees and customers

13. Internal Audit Control & Reporting:

The Company's Internal Audit department, is led by the Head – Internal Audit and supported by team of qualified chartered accountants, experienced internal auditors and functional experts. The Risk Based Internal Audit Policy and Risk Based Internal Audit Plan are approved annually by Audit Committee. All the significant findings of internal audit and action taken thereon are discussed in the Audit Committee of the Board. Periodic branch audits, continuous concurrent audits and risk based process audits, information systems and information security audits are part of internal audit annual plan. Company's internal financial controls are reviewed for effectiveness and efficiency by the internal audit.

14. Insurance Cover facilities:

Your Company has insured its various properties and facilities against the risk of fire, theft and other perils, etc. and has also obtained/renewed Directors' and Officers' Liability Insurance Policy, which covers the Company's Directors and Officers (employees in managerial or supervisory position) against the risk of financial loss including the expenses pertaining to defense cost and legal representation expenses arising in the normal course of business.

Moreover, your Company has obtained the Fire & other Perils Policy for its assets, the Protection against money in safe/ transit policy to cover 'money in safe and till counter and money in transit' for the Company's branches and various offices.

Your Company also has in place a Mediclaim policy for its employees and their dependent family members to cover against hospitalization including for COVID – 19 treatment, group term life and group personal accident policies, which provides compensation in case of accidents and hospitalization due to illness.

Your Company also has taken an insurance policy covering various cyber risks including data protection.

15. Fixed Deposits ("FD") program:

Pursuant to the instructions issued by NHB as a condition for approval of the change in control & management of the Company, the Company has stopped accepting any fresh or renewal of deposits from public from May 2019. Your Company's FD programme is rated, CARE AA (stable) by CARE Ratings Ltd. As on 31st March 2023, your Company's outstanding FDs including accrued interest (excluding unclaimed matured deposit) amounted to ₹ 3.16 crore. The Company is regular in payment of interest and maturity amount dues to depositors without any delay or default. The Company has maintained SLR security deposits with Government Bonds/Fixed Deposits more than the stipulated requirements by the Regulators for repayment of these deposits as and when required by the depositors.

As per para 44 of RBI Master Directions, the details of Company's unclaimed matured public deposit accounts of depositors, after the date on which the deposit became due for repayment and the total amount due under such unclaimed/ unpaid accounts as on 31st March 2023 are mentioned below :

a. Total 381 number of accounts of fixed deposits of the Company which have not been claimed by the depositors after the date on which the deposit became due for repayment.

b. Total amount of ₹ 78,35,024 is due, under such accounts remaining unclaimed or unpaid beyond the date referred to in clause (a) as aforesaid.

For the unclaimed deposits as mentioned above, the Company has taken the following actions:-

i) Postal letters dispatched to FD holders, to intimate that, deposits are matured and asking them to submit the FD certificate for repayment of the same through NEFT/RTGS mode.

ii) The Company also contacted the depositors or nominee or sourcing agent through our local branches, requesting them to submit the FD certificates, duly discharged and get the maturity payment.

The Company also sends SMS communications to depositors, prior to 14 days of maturity and post maturity till the deposits are claimed for payment by the FD holder.

During the financial year under review, matured fixed deposit which was unclaimed for a period of more than seven years amounting to ₹ 20,000 has been transferred to the Investor Education and Protection Fund as per the provisions of the Act.

Also pursuant to para- 35 of RBI Master Directions, during the FY 2022-23, the Company had duly submitted with NHB the Statement in Lieu of Advertisement (SILA) on 19th August 2022 which was approved by the Board. Further, since the Company is not accepting any fresh deposits, there was no newspaper publication issued by the Company.

16. Unclaimed/ Unpaid Dividend & Deposits:

During the financial year under review, your Company has transferred unclaimed final dividend of ₹ 64,890/- for the Financial Year 2014-15 on 24th August, 2022 and transferred on 29th November, 2022 fixed deposit of ₹ 20,000/- which was unclaimed after the expiry of seven years from the date of declaration/date of maturity to the Investor Education and Protection Fund **("IEPF")**, established by the Central Government. During the financial year under review, no shares were transferred by the Company to IEPF. Your Company has duly complied with all applicable provisions of Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") regarding Unclaimed/ Unpaid Dividend & Deposits.

17. Reserve Bank of India ("RBI") Regulations/ Directions:

The Company is regulated by the RBI Master Directions, issued by Reserve Bank of India vide circular no. RBI/2020-21/73DOR.FIN.HFC.CC.No.120 /03.10.136/2020-21 dated 17th February 2021 as amended from time to time and the same are duly complied with by the Company.

Further, RBI has issued Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs vide circular no RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 dated 22nd October 2021. As per the new regulatory structure your Company is classified as NBFC- Middle layer (NBFC-ML) and consequent regulatory framework is applicable to the Company with effect from 1st October 2022.

As per RBI circular No.- RBI/2022-23/24 Ref.No.DoS. CO.PPG./ SEC.01/11.01.005/2022-23 dated 11th April 2022, NBFCs shall put in place a Board approved policy on compliance function on or before 1st April 2023 clearly spelling out its compliance philosophy, expectations on compliance culture, structure and role of the compliance function, the role of Chief Compliance Officer (**"CCO"**), processes for identifying, assessing, monitoring, managing, and reporting on compliance risk and the appointment of CCO should be made by 1st October 2023. Accordingly, the compliance policy of the Company has been approved by the Board on 16th March 2023 and shall be reviewed periodically. The Company is in the process of finalizing the appointment of Chief Compliance Officer and the same shall be completed within the regulatory timeline.

Your Company has adopted the policy on One-time restructuring and extended the benefits to its customers in accordance with RBI's Resolution Framework 2.0.

Your Company has also adopted a Co- Lending Policy as per the Reserve Bank of India circular no. RBI/2020-21/63 FIDD. CO.Plan.BC.No.8/04.09.01/2020-21 dated 5th November 2020 to define framework for entering into Co-Lending Model arrangements with banks/financial institutions as partners to improve the reach to customers. The policy has been reviewed by the Board at its Meeting held on 12th August 2022.

All the Directors meet the fit and proper criteria stipulated under the RBI Master Direction, as amended from time to time.

There have been no delays in filing the necessary disclosures, returns and necessary forms with respect to Foreign Direct Investment for the financial year under review. No fines/penalties have been levied by the RBI during the year 2022-23.

18. National Housing Bank Regulations:

Your Company is having a valid NHB License for carrying on business of Housing Finance Company, bearing revised registration certificate No. 04.0168.18, dated 5th April 2018 (being latest registration post change in name after merger was completed) and further the Company has complied with the provisions of NHB Directions/ circulars, as applicable. The circulars and the notifications issued by NHB are also placed before the Audit Committee/ Board of Directors at regular intervals to update the Committee/ Board members on the compliance of the same. Various inspection observations of NHB were satisfactorily complied and resolved and reported to the Board.

As per the Master Circular- Returns to be submitted by Housing Finance Companies (HFCs) and various Circulars/ Guidelines/ Notifications issued by NHB, the Company has duly complied and submitted all the required monthly/ quarterly/ half yearly NHB reports/ returns, intimation of opening/ closing (shifting/relocation) of branches within prescribed time-limit during the FY 2022-23.

The Company has also registered on the Centralised Reporting and Management Information Systems (CRaMIS) portal of NHB and started filing the online returns on CRaMIS from January 2023.

The Company being a financial institution is also registered for taking SARFAESI Action under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (**"SARFAESI Act"**) and the same has been notified by NHB.

19. Capital Adequacy and Transfer to Special Reserve

As required under National Housing Bank/RBI Master Directions issued, the Company is required to maintain a minimum capital adequacy of 15% on a stand-alone basis. The following table sets out Company's Capital Adequacy Ratios as at 31st March 2023, 2022 and 2021:

Particulars	As on March 31		
	2023	**2022**	**2021**
Capital Adequacy Ratio	42.73%	45.41%	44.08%

The Capital Adequacy Ratio (CAR) of your Company was at 42.73% as on 31st March 2023, as compared to the regulatory requirement of 15%. In addition, the National Housing Bank Act, 1987 also requires that your Company transfers minimum 20% of its annual profits to a Special Reserve fund, which the Company has duly complied.

20. Principal Business Criteria for HFC's

"Housing Finance Company" shall mean a Company incorporated under the Companies Act, 2013 that fulfils the following conditions:-

a. It is an NBFC whose financial assets, in the business of providing finance for housing, constitute at least 60% of its total assets (netted off by intangible assets).

b. Out of the total assets (netted off by intangible assets), not less than 50% should be by way of housing financing for individuals.

RBI vide its circular number RBI/2020-21/73/DOR.FIN. HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 defined the principal business criteria for HFC's. The Company has complied and is meeting the aforesaid principal business criteria for HFC.

Particulars	As on March 31,2023 (Rs. In Lakhs)
Total Assets	16,61,315
Less : Intangible assets	20,084
Net total assets	16,41,231
Housing Finance	10,47,535
Housing Finance for Individuals	10,47,535
Percentage of housing finance to total assets (netted off intangible assets)	63.83%
Percentage of individual housing finance to total assets (netted off intangible assets)	63.83%
Percentage of individual housing finance to housing finance	100.00%

21. Pradhan Mantri Awas Yojana (PMAY) Scheme of NHB:

The Government of India took a major step under 'Housing for All scheme' to ensure that people can own a house within their financial capability. Pradhan Mantri Awas Yojana (PMAY) Urban was launched with a broad vision of providing 2 crores dwelling units to EWS, LIG & MIG beneficiaries. The scheme was to be implemented in 22,115 statutory towns/centres as on March, 2021. Under this scheme, Credit Linked Subsidy of ₹ 2.67 Lakhs is to be given to EWS/ LIG beneficiaries for a loan amount of ₹ 6 Lakhs & above and ₹ 2.35 to ₹ 2.30 lakhs to MIG I & MIG II beneficiaries for purchase/ construction of houses of specified carpet area.

This PMAY scheme was implemented through 4 verticals:-

(a) Credit Linked Subsidy Schemes (CLSS) to beneficiaries through Banks/HFCs for loans availed,

(b) Beneficiary lead construction,

(c) Affordable Housing in partnership and

(d) In Situ Slum development.

The PMAY Rural scheme aims to construct 2.95 crore houses in rural areas. These schemes have created huge opportunities for the Company to provide housing loans to these beneficiaries.

PMAY CLSS Subsidy claim and Disbursement Status as on 31st March 2023

Your Company has also executed MOU for availing benefits under various Schemes of PMAY/ CLSS schemes and Rural Subsidy Scheme with National Housing Bank. During the year 2022-23, the Company has submitted from time to time the claim for subsidy to NHB under the PMAY scheme.

(i) The total PMAY claim received in FY 2022-23 was ₹ 806.65 crores for 40,176 loans. Total PMAY claim received till 31st March 2023 was ₹ 1,777.09 crores on 85,339 loans

(ii) The subsidies received during the year 2022-23 were credited to customer accounts and the EMI was accordingly modified to that extent. In certain other cases, the subsidy was refunded. The subsidy amount refunded was ₹ 65.16 crores on 3,468 accounts in FY 23. Since inception till 31st March 2023, the subsidy amount refunded was ₹ 115.61 crores on 6,131 loan accounts.

Your Company has received a notification from NHB (NHB(ND)/GS/PMAY-CLSS/OUT/00201/2022) on 19th January 2022, stating PMAY CLSS EWS & LIG scheme is operational only till 31st March 2022. Accordingly, no subsidy has been received by the Company during FY 2022-23.

22. Insurance Regulatory and Development Authority of India (IRDAI):

The Company is registered with IRDAI as Corporate Agent – Composite bearing registration number CA0012 with renewed validity period –1st April 2022 to 31st March 2025. The Company has Corporate Agency agreement executed with the insurer : Pramerica Life Insurance Limited, Navi General Insurance Limited, Cholamandalam MS General Insurance Company Limited and Bajaj Allianz General Insurance Company Limited.

During the FY 2022-23, the Company has complied with Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015 and has duly filed/ submitted various returns, reports and intimations within the prescribed time-limit. No penalties/ fine was levied by the regulator during the year 2022-23.

23. Trade Marks Registration for the Company:

Aadhar Housing owns a combination of trademarks to establish and protect our brands, logos, and marketing designs. The Company has 12 trademarks registered with the Registrar of Trademarks under the Trademarks Act. The Company is in the process of registering the new Logo of the Company for Green Housing.

24. Fair Practice Code, KYC norms, Anti Money Laundering standards and Policy for prevention, prohibition and Redressal of Sexual Harassment:

The Company continued to ensure that Fair Practice Code, KYC Norms and Anti Money Laundering (AML) Standards as per the guidelines issued by the NHB/RBI from time to time are invariably adhered to and duly complied by the Company. The Company has put in place Board approved robust Know Your Customer (KYC) & Anti Money Laundering (AML) Measures Policy **("KYC & AML Policy)** for compliance by the branches and the same is reviewed by the Board periodically. The Internal Auditors conducted audit of the branches to ensure adherence of these AML standards during the financial year under review. The quarterly reporting under KYC and AML Policy has been submitted to NHB within the due dates for intimation.

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition, and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder **("the POSH Act").** The Company has also constituted an Internal Committee (IC) in compliance with Section 4 of the POSH Act.

During the financial year under review, the details of complaints received on sexual harassment are given below:

a. number of complaints filed during the financial year - 1

b. number of complaints disposed of during the financial year- 1

c. number of complaints pending as on end of the financial year.- Nil

The complaint received on sexual harassment has been investigated and addressed with appropriate action as per the Policy.

25. Internal Financial Control Measures/System:

The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an Internal Audit department which is responsible for independently evaluating the adequacy and effectiveness of all internal controls, risk management, governance systems and processes and is manned by appropriately qualified personnel. The Internal Audit department during the course of audit also ascertains the extent of adherence to regulatory guidelines, legal requirements and operational processes and provides timely feedback to the Management for corrective action. Internal Audit reports are discussed with the management and all significant internal audit findings and action taken thereon are discussed in the Audit Committee of the Board. Audit Committee of the Board reviews the performance of the internal audit and the adequacy and effectiveness of the internal control systems and compliance with regulatory guidelines.

26. Auditors

Statutory Auditors, their Report and Notes to Financial Statements

M/s. Walker Chandiok & Co LLP (Firm Registration No. 001076N/N500013) has been appointed as the Statutory Auditors of the Company to hold the office for a period of three consecutive years i.e. w.e.f. 21st January 2022 till the conclusion of Annual General Meeting to be held for the financial year 2023-24 pursuant to RBI Circular No. RBI/2021-22/25 Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated 27th April 2021 prescribing guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs).

The Statutory Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimer. The Statutory Auditors have not reported any incident of fraud to the Audit Committee or the Board of Directors under Section 143(12) of the Act during the financial year under review.

Secretarial Audit and Secretarial Compliance Report:

The Board of Directors of the Company, had appointed M/s Roy Jacob & Co., Company Secretaries, Mumbai, (Membership Number – FCS 9017 and Certificate of Practice Number 8220) as Secretarial Auditor, pursuant to section 204(1) of Act. The Secretarial audit report in Form MR- 3 for financial year 2022-23 forms part of this Board's report.

There are no qualifications or adverse remarks in the Secretarial Audit Report for the financial year 2022-23. Pursuant to Regulation 24A (2) of the SEBI LODR Regulations, the Annual Secretarial Compliance Report for the financial year under review has been submitted to the respective Stock Exchange and uploaded on the website of the Company at https://aadharhousing.com/disclosures-under-regulation-62-of-the-sebi-lodr-regulation-2015-pdf/annual-secretarial-compliance-report.

Cost records and Auditors

The provisions of Cost Records and Cost Audit as prescribed under Section 148 of the Act are not applicable to the Company.

Corporate Governance report and Compliance Certificate

The Corporate Governance report as stipulated under Schedule V Part C of the SEBI LODR Regulations, forms part of this Annual Report.

The requisite certificate as required under Schedule V Part E of the SEBI LODR Regulations, confirming compliance with the requirements of Corporate Governance received from M/s Roy Jacob & Co., Company Secretaries, Mumbai is attached as **Annexure 1** to the Board's report.

In accordance with Part D of Schedule V of the SEBI LODR Regulations, declaration from Managing Director & CEO of the Company has been received confirming that all the Directors, Key Managerial Personnel and the Senior Managerial Personnel of the Company have complied to the Code of Conduct for the financial year ended 31st March 2023 and is attached as **Annexure 2** to this Report. The said code is hosted on the website of the Company and can be accessed at web link: https://aadharhousing.com/disclosures-under-regulation-62-of-the-sebi-lodr-regulation-2015-pdf/code-of-conduct-of-the-board-of-directors-and-senior-management-personnel

27. Reporting on various Corporate Governance Regulations & Compliances under the Act:

i) Annual Return as per section 134(3)(a):

During the year 2022-23, Annual General Meeting for the financial year 2021-22 was duly held on 18th August 2022 and Annual Return was filed within prescribed time limit.

As provided under section 92(3) and 134(3)(a) of the Act, Annual Returns of the Company are placed on the website of the Company at https://aadharhousing.com/disclosures-under-regulation-62-of-the-sebi-lodr-regulation-2015-pdf/annual-return.

ii) Number of meetings of the Board & Committees under section 134(3)(b):

During the year under review, the Board of Directors met periodically/as and when required, to deliberate various issues, policy matters and take suitable decisions etc. The details of Board of Directors and their Meetings and also various other Board level Committee Meetings are furnished separately under the Corporate Governance Report, which forms part of this Annual report.

iii) Directors' Responsibility Statement under section 134(3)(c):

As required by section 134(3)(c) read along with section 134(5) of the Act, the Board of Directors state that:

a) in the preparation of the Annual Financial Statements for the financial year ended 31st March 2023, the applicable Accounting Standards had been followed and there were no material departures from the same;

b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2023 and of the profit of the Company for that period;

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

d) the Directors had prepared the Annual Financial Statements on a going concern basis;

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

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

iv) Details of Fraud Reporting to NHB & as per provisions of section 134 (3) (ca) read with section 143 (12) of the Act:

a) There were no material fraud cases amounting to ₹ 1 crore or above, detected and required to be reported during the FY 2022-23, as per the provisions of section 134 (3) (ca) read with section 143 (12) of the Companies Act, 2013 to the regulatory authorities.

b) Frauds of value involved for ₹ 1 Lakh & above and frauds committed by unscrupulous borrowers, detected, during the FY 2022-23- the Company has duly reported 27 fraud cases as per Circular(s)/ Guidelines, issued by National Housing Bank/ Reserve Bank of India.

v) In terms of section 134(3)(d) of the Act, your Board states that, the Independent Directors, have given a declaration under section 149(7) of the Act and Regulation 25(8) of the SEBI LODR Regulations confirming that they continue to meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI LODR Regulations.

vi) With regard to section 134(3)(e) of the Act, the Company has duly followed the Nomination, Remuneration & Evaluation Policy (NRE Policy), which, inter alia, lays down the approach to diversity of the Board, criteria for identifying the persons who are qualified to be appointed as Directors, Key Managerial Personnel (KMP) & Top Managerial Personnel of the Company, along with the criteria for determination of remuneration thereof and evaluation of Board of Directors/Committees (including Independent Directors) and KMPs/Top managerial personnel of the Company and includes other matters, as prescribed under the provisions of Section 178 of the Act. Further pursuant to provisions of RBI Master Directions, the Company has obtained Fit & Proper declarations and Deed of Covenants and various other declarations duly signed by all the Directors of the Company.

The aforesaid policy is available on the website of the Company, i.e. https://aadharhousing.com/

vii) In terms of section 134(3)(g) of the Act, Company has not made any Investment through two or more layers of Investment Companies, pursuant to provisions of section 186(1) of the Act. Further, the Company being Housing Finance Company, all loans are in the ordinary course of business and details of the same along with the investment made by the

Company are disclosed in Financial Statements and Notes of Accounts, thereto, which forms part of this Annual Report.

viii) Particulars of transactions with related parties under section 134(3)(h) and section 188:

The Transactions with related parties are entered as per the Related Party Transaction Policy of the Company, pursuant to provisions of section 188 of the Act, read with the rules made thereunder, after taking necessary approval of Shareholders & Board of Directors.

A quarterly update is also given to the Audit committee and the Board of Directors on the Related Party Transactions **("RPTs")** undertaken by the Company for their review and consideration and disclosures of RPTs is also submitted to BSE Ltd. on a half-yearly basis and published on the Company's website at https://aadharhousing.com/disclosures-under-regulation-62-of-the-sebi-lodr-regulation-2015-pdf/financial-results.

Apart from payment of sitting fees and commission to Independent Directors, there is no pecuniary relationship or transactions of the Independent/ Non-Executive Directors vis a vis the Company. The details with respect to the related party transactions are mentioned in the notes to the audited financial statements for the financial year ended 31st March 2023.

There are no transactions to be reported as per Section 188 of the Act read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time and hence the disclosure of material related party transaction as required in the prescribed Form AOC – 2 is not applicable.

During the financial year under review, the Company has not given any loans and advances in the nature of loans to its subsidiaries or associate(s) or to firms/companies in which Directors are interested. Accordingly, the disclosure of particulars of loans/ advances, etc., as required to be furnished in the Annual Accounts of the Company pursuant to Regulations 53 (f) read with paragraph A of Schedule V of the SEBI LODR Regulations is not applicable to the Company. The Audit Committee on 3rd May 2023 has approved the omnibus transaction limits for RPTs with related parties and Directors for the financial year 2023-2024 as per the note/limits circulated to the Committee with clarifications.

Pursuant to provisions of RBI Master Directions, a copy of Related Party Transaction Policy of the Company, duly approved by the Board, is enclosed as **Annexure 3** to this report. It is also available on the website of the Company at link provided below: https://aadharhousing.com/disclosures-under-regulation-62-of-the-sebi-lodr-regulation-2015-pdf/policy-on-dealing-with-related-party-transactions

ix) Meetings of the Board and its Committees:

Board

The Board of Directors of your Company meet at regular intervals to discuss and decide on the Company's performance and strategies. During the financial year under review, the Board met 8 (eight) times on 2nd May 2022, 16th May 2022, 12th August 2022, 13th October 2022, 10th November 2022, 3rd January 2023, 20th January 2023 and on 8th February 2023.

Further details on the Board, its Meetings, composition and attendance are provided in the Corporate Governance Report, which forms part of this Annual Report.

Your Company has the following 10 (ten) Board-level Committees, which have been established in compliance with the requirements of the business and relevant provisions of applicable laws and statutes:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders' Relationship Committee
- Risk Management Committee
- IT Strategy Committee
- Asset Liability Management Committee
- Investment Committee
- Management Committee
- IPO committee

More information on all of the above Committees including details of its Meetings, composition and attendance are provided in the Corporate Governance Report, which forms part of this Annual Report.

x) Transfer of profits to Reserves:-

In terms of section 134(3)(j) of the Act, Company has transferred ₹ 54.50 crores to General Reserve and a sum of ₹ 109.00 crores to the Special Reserves under Section 29C of National Housing Bank Act, 1987 and Section 36(1)(viii) of the Income Tax Act, 1961, in addition to other provisions created during the financial year under review as per the audited financials submitted to the Board.

xi) In order to conserve the resources for better growth opportunity, there was no dividend recommended or declared during the financial year under review, which is in line with the Dividend Distribution Policy of the Company. The policy is available on your Company's website at https://aadharhousing.com/investor-relations/sebi-regulations-disclosures

xii) Material changes and commitments, if any, affecting the financial position of the Company which has occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report, in terms of Section 134(3) (l) of the Act: -

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

xiii) Statement containing salient features of the financial statements of subsidiaries :-

A report on the performance and financial position of the Company's Subsidiary as per Section 129(3) of the Act read with the Companies (Accounts) Rules, 2014, in the prescribed form AOC-1 is attached as **Annexure 4** to the Board's Report.

xiv) Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo in terms of Section 134(3)(m) of the Act read with Rule 8 of Companies (Accounts) Rules, 2014:

- ***Conservation of Energy***

  Your Company is not engaged in any manufacturing activity and thus its operations are not energy intensive. However, the Company always takes adequate measures to ensure optimum utilization and maximum possible saving of energy. The Company has also implemented process to install energy efficient devices in the branches such as ACs, LED Light, VRF etc. which runs on very nominal energy with high impact. The initiatives taken by the Company for green housing projects are mentioned at point 3 in this Board's report.

- ***Technology Upgradation***

  The latest Technology up-gradation measures adopted by the Company, had helped to efficiently manage inter-connectivity and system based loan processing and accounting facilities at various levels of the organisation and improve efficiency by deploying lending and securitisation platform developed by M/s Tata Consultancy Service Ltd. This platform offers integrated loan life-cycle management capabilities covering CRM, Digital On-boarding, Loan Origination, Loan Management (Core Lending Solution), General Ledger, GST Integration, Collection and Insight and Information (Reporting) modules. The Company has implemented Customer Service mobile application in order to improve customer satisfaction and offer service on mobile.

The foreign exchange earnings and outgo etc. and other provisions of reporting as per the Act are given below as applicable to the Company during the year under review.

Particulars	As at 31st March 2023 Amount (₹ in lakhs)	As at 31st March 2022 Amount (₹ in lakhs)
Foreign Exchange earnings	Nil	Nil
Foreign Exchange outgo	263	3
Total	**263**	**3**

xv) Corporate Social Responsibility under Section - 134(3)(o):

The Corporate Social Responsibility **("CSR")**, under section 135(1) of the Act is applicable to the Company during the financial year under review. Your Company has in place, Corporate Social Responsibility Policy, as per the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 **("CSR Rules")**, which lays down the guidelines and mechanism for undertaking socially useful projects for welfare and sustainable development of the community at large. According to the provisions of the Act, the Corporate Social Responsibility Committee was formed by the Company. The annual report on CSR activities is annexed separately to this report. The total amount of CSR contribution and payment details are given in **Annexure 5** to this Board's Report. The Company has duly transferred the unspent amount relating to ongoing projects to a special account called the Unspent Corporate Social Responsibility Account 2023, in accordance with sub-section (6) of the CSR Rules within 30 days from end of the financial year 2022-23. The amount shall be spent by the Company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer.

The CSR Policy is available on the website of the Company, i.e. https://aadharhousing.com/customer-relations/ahfl-policies-codes.

xvi) Formal Annual Evaluation of the Board, its Committees and of individual directors under section 134(3)(p) and rule 8(4) of the Companies (Accounts) Rules, 2014:

Pursuant to the provisions of the Act and its Rules, an annual evaluation of the performance of the Board, its Committees and of individual Directors, were carried out during the year. The details of evaluation process as carried out and the evaluation criteria have been explained in the Corporate Governance Section, forming part of this Annual Report. Also the Nomination and Remuneration Committee has evaluated the Directors/ KMPs at the time of their appointment.

xvii) Statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year, in terms of rule 8 (5) (iii a) of Companies (Accounts) Rules, 2014 as amended :-

The Independent Directors are selected as per the applicable provisions of Act, read with RBI Master Directions based upon the qualification, expertise, track record, integrity and other "fit and proper" criteria and the Company obtains the necessary information and declaration from the Directors. All the Independent Directors of the Company have strong academic background and having long stint experience with renowned Government and private organizations/corporates. The integrity/ expertise of the Directors have been evaluated at the time of appointment and every year by the Board and NRC at their respective meetings.

xviii) Secretarial Standards of Institute of Company Secretaries of India

Your Company is in compliance with the Secretarial Standards specified by the Institute of Company Secretaries of India **("ICSI")** on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

xix) Vigil Mechanism / Whistle Blower Policy:

In terms of section 177(9) of the Act and Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Board of Directors has put in place a Vigil Mechanism and adopted a Whistle Blower Policy to provide for adequate safeguards against victimization of employees and directors who may avail of the vigil mechanism/ whistle blower policy, by directly sending mail to the Chairperson of the Audit Committee. The Company affirms that no person was denied access to the Audit Committee.

These provisions are already circulated to the employees through the intra-net and the same is also available at the website of the Company. Hence, the Company has complied with the provisions of the Act and RBI/NHB Directions.

During the financial year under review, the Whistle Blower Policy has been reviewed by the Board of Directors at their meeting held on 12th August 2022.

xx) Investments, loans and guarantees given by the Company:

Your Board further states that during the financial year under review, your Company did not make any major investment in other companies, bodies corporate, provided loans and given guarantees, etc. above the limits prescribed under sections 185, 186 and 187 of the Act, read with Companies (Meetings of Board and its Powers) Rules, 2014, as applicable to the Company. Details of Investments made, loans and guarantees given by the Company are disclosed in the Financial Statements for financial year 2022-23.

xxi) Name of the Companies, which have become or ceased to become Subsidiary, Joint Venture or Associate Company, during the year under review : NIL

xxii) Details of significant and material order, passed by the Regulators or Court or Tribunals, impacting the going concern status and Company's operations in future : NIL

xxiii) Training & Development :

At Aadhar Housing, the employees are considered as the asset which gives our Company a competitive edge in the markets in which we operate. Through various initiatives and programs, the focus has always been to provide the employees – encouragement, motivation, stimulus and make them feel as an integral part of the Company's vision and mission.

In addition to maintaining cordial relationships with the employees, continuous efforts are being made to impart the relevant knowledge, quality skills and most importantly an attitude to grow and maintain sustainable business.

During financial year 2022-23, the Company has conducted training on Functional skills, Behavioral skills, Health & Well-Being, and Compliance related aspects of the business. Total Training Man-days is 9,026 and 95% of total employees were covered.

A total of 52 types of programmes were conducted and 8074 attendees (including employees of subsidiary and employees on contract basis) were trained using Virtual/Classroom Mode.

PRAHAAR - Structured learning intervention for 50 Branch Managers, conducted to enhance the effectiveness of Branch Managers. Prahaar revolves around 3M's that is Managing Self, Managing People, and Managing Business.

Additionally, employees also completed Self-paced e-learning courses and functional modules on our Aadhar Gurukul platform.

xxiv) Human Resources:

Human Resources are cornerstone of Company's growth and progress. The team of Aadhar Housing has grown steadily from 2769 employees last year to 3663 employees during the financial year under review.

Your Board would like to make a special mention that the Company has been certified as a 'Great Place to Work' for the Fourth time in a row. Further, the

Company was awarded as one of the India's Top 40 best companies for Health and Wellness in the survey by Great Places to Work.

Aadhar Housing also undertook a lot of initiatives to reach out to the needy segment. Your Board would like to bring to your notice that the Company has pledged to contribute to the socio-economic development of the society through its philanthropic approach. All the initiatives that were steered were a combination of corporate social responsibility and employee volunteering. With employees extending support to the elders and the orphans, the Company undertook activities towards promoting preventive healthcare and sanitation facilities, providing employment through enhancing vocational skills and prevention of hunger by providing food.

xxv) Details of ESAR Scheme & ESOP Scheme implemented by the Company:

a) Employees Stock Appreciation Rights (ESAR) Scheme:

The ESAR scheme was approved in March, 2018 by the previous promoter group and the first grant was approved by the Board w.e.f from 1st April 2018 amounting to 2,77,295.2 number of ESARs.

On 16th January 2021, the shareholders have approved the issue of bonus shares in the ratio of 9:1 equity shares, effect of same has been given to outstanding ESAR's as on 16th January 2021.

This ESAR scheme has been withdrawn with the approval of the Board effective from March, 2020 and it has been replaced with the new ESOP Plan, 2020. Accordingly pending grants of ESAR's have been cancelled.

b) Employee Stock Option Plan - 2020 ("ESOP Plan 2020"):

In order to reward performance and elicit long term commitment of the employees towards the growth of the Company, the new ESOP Plan 2020 was introduced with the approval of Board & Shareholders. Under the ESOP Plan 2020 duly approved by the Board, as on 31st March 2023, total 1,01,98,847 number of ESOP's were granted and outstanding to the identified & eligible existing employees including the Whole Time/ Executive/ Managing Director(s) of the Company.

Based on the recommendations and approval of the Nomination and Remuneration Committee and approval of the Board of Directors, Shareholders at their Extra-ordinary General Meeting held on 23rd March 2022 approved the amendments to ESOP Plan 2020 pertaining to various clauses regarding the vesting period and alignment with Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. At their Extra-Ordinary General Meeting held on 26th May 2022, Shareholders approved further amendments to ESOP Plan 2020 aimed at relaxation of vesting conditions to eligible employees as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

Details required as per Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014:

Details of ESOP's & ESAR's			**FY22-23**	
			ESOP	**ESAR**
(a)	options granted;		-	-
(b)	options vested;		-	-
(c)	options exercised;		-	-
(d)	the total number of shares arising as a result of exercise of options;		-	-
(e)	options lapsed;		9,51,586	-
(f)	the exercise price;		90.805	29.17
(g)	variation in terms of options;		-	-
(h)	money realised by exercise of options;		-	-
(i)	total number of options in force;		1,01,98,847	19,69,286.25
(j)	employee wise details of options granted to:		-	-
	(i)	Key Managerial Personnel;	-	-
	(ii)	any other employee who receives a grant of options in any one year of options amounting to five percent or more of total options granted during that year;	-	-
	(iii)	identified employees who were granted options, during any one year, equal to or exceeding one percent of the issued capital, excluding outstanding warrants and conversions, of the Company at the time of grant.	-	-

xxvi) Buy-back of the Company's own shares

During the financial year under review, the Company did not make any buy back of any of its shares or share equivalent/stock options during the year under review, hence the provisions of section 68 of the Act, are not applicable.

xxvii) Particulars of employees in receipt of remuneration above the limits and other applicable provisions of the Act

Pursuant to the various provisions of section 197 of the Act and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the particulars of employees, are maintained at the registered office, and shall be made available to any shareholder on a specific request made by him in writing, pursuant to the aforesaid provisions of Act and the rules made thereunder. None of the Directors receive any commission or remuneration from holding or subsidiary of the Company.

28. Acknowledgement by the Management:

Your Board of Directors would like to place on record their sincere gratitude to the Regulators, Reserve Bank of India, National Housing Bank, Registrar of Companies, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, Ministry of Corporate Affairs, all Bankers to the Company, Central & State government departments, Tax Authorities, Debenture Trustees, Debenture holders, Registrars, other stake-holders, customers and all other business associates for their continued support during the year under review. The Directors would also like to thank the BSE Limited, National Securities Depository Limited and Central Depository Services (India) Limited and the Credit Rating Agencies for their support & co-operation.

Your Company and Management team also express their sincere gratitude to the Promoter, Holding Company BCP Topco VII Pte. Ltd. and other entities of Blackstone Inc. for their unstinted support & co-operation.

Your Directors wish to acclaim the hard work and commitment of the employees at all levels who had contributed with all their might for improving the performance of the Company year by year.

By the Order of & For and on behalf of the Board of Directors of

Aadhar Housing Finance Limited

Sd/-	**Sd/-**
Mr. O.P. Bhatt	**Mr. Rishi Anand**
DIN:- 00548091	**DIN:- 02303503**
Independent Director &	**Managing Director &**
Non-Executive Chairman	**Chief Executive Officer**

Date : 16th May 2023

Place: Mumbai

REPORT ON CORPORATE GOVERNANCE

The Report on Corporate Governance as prescribed by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, **("SEBI LODR Regulations")** is given below:

Company's Philosophy on Code of Governance:

Aadhar Housing Finance Limited **("Your Company" or "the Company" or "Aadhar Housing")** continuously endeavors to review, strengthen and upgrade its systems and processes so as to bring in transparency and efficiency in its business. Your Company ensures that our operations are driven by integrity & values and consistently adopt to the highest standards of corporate governance behaviour towards our members, stakeholders, customers, employees as well as the environment on which we have an impact. The Board of Directors **("the Board")** of your Company plays a crucial role in overseeing how the management serves the short and long-term interests and provides strategic guidance to your Company in all areas of its operations, while focusing on optimum utilisation of resources, governance and sustainability.

Your Company's Board comprises of Executive, Non-Executive and Independent Directors. The Management team, led by the Managing Director and Chief Executive Officer, who reports to the Board, is responsible for implementing the strategies and achieving the goals and targets set by the Board.

A brief note on the Board and other Board level Committees is furnished below:-

Board of Directors

The composition of your Company's Board represents an optimal mix of professionalism, knowledge and experience that enables the Board in discharging its responsibilities and providing effective leadership and support to the business. The Board of Directors comprises of 8 (Eight) Directors, which includes 3 (Three) Independent Directors of which 2 (Two) are Women Directors, 3 (Three) Non-Executive (Nominee) Directors, the Executive Vice Chairman and the Managing Director and Chief Executive Officer of the Company. The Board is chaired by Mr. O. P. Bhatt, Independent Director & Non-Executive Chairman of the Company. The composition of the Board is in conformity with the requirements of the Companies Act, 2013 **("the Act")** and Regulation 17 of the SEBI LODR Regulations. During the financial year under review, three Directors were appointed on the Board with the approval of shareholders at the Extra Ordinary General Meeting held on 23rd March 2023, based on the prior approval received from RBI, viz. Mr. Deo Shankar Tripathi as Executive Vice Chairman; Mr. Rishi Anand as Managing Director & CEO; and Mr. Prateek Roongta as Non-Executive (Nominee) Director of Promoter group.

The details of the Directors of the Company with regard to their other Directorships, Committee positions, including that in listed entities, as on 31st March 2023 were as follows:

Name of the Director	Category of Directorship held in your Company	Skills identified and area of core expertise	No. of other Directorship(s) held	Other Committee positions held		Names of other listed entities where Director holds Directorship (excluding the Company) and the category of directorship held in such other listed entity
				Member	Chairperson	
Mr. O. P. Bhatt	Chairman, Non-Executive Independent Director	• Industry Knowledge • Corporate Governance • Financial Expertise • Strategic Expertise • General Management	4	5	1	Category of directorship- Independent Director • Hindustan Unilever Limited • Tata Consultancy Services Limited • Tata Steel Limited • Tata Motors Limited
Dr. Nivedita Haran	Non-Executive Independent Director	• Industry Knowledge • Corporate Governance • Financial Expertise • Human Resource Development	1	-	-	Nil
Ms. Sharmila A Karve	Non-Executive Independent Director	• Industry Knowledge • Corporate Governance • Financial Expertise • Human Resource Development	5	7	3	Category of directorship- Independent Director • EPL Limited • Syngene International Limited • CSB Bank Limited • Thomas Cook (India) Limited

Name of the Director	Category of Directorship held in your Company	Skills identified and area of core expertise	No. of other Directorship(s) held	Other Committee positions held		Names of other listed entities where Director holds Directorship (excluding the Company) and the category of directorship held in such other listed entity
				Member	Chairperson	
Mr. Mukesh Mehta	Non-Executive Nominee Director, Representative of Promoter	• Industry Knowledge • Corporate Governance • Financial Expertise • Strategic Expertise	-	-	-	Nil
Mr. Amit Dixit	Non-Executive Nominee Director, Representative of Promoter	• Industry Knowledge • Corporate Governance • Financial Expertise • Strategic Expertise	4	1	-	Category of directorship- Non Executive Director • Sona BLW Precision Forgings Limited • Mphasis Limited • EPL Limited
Mr. Prateek Roongta	Non-Executive Nominee Director, Representative of Promoter	• Industry Knowledge • Corporate Governance • Technology, Digitisation & Innovation • Financial Expertise • Strategic Expertise	2	1	-	Category of directorship- Non Executive Director • Fino Payments Bank Limited
Mr. Deo Shankar Tripathi	Executive Vice Chairman to the Board	• Industry Knowledge • Corporate Governance • Financial Expertise • Strategic Expertise • General Management	1	-	-	Nil
Mr. Rishi Anand	Managing Director and Chief Executive Officer	• Industry Knowledge • Corporate Governance • Financial Expertise • Strategic Expertise • Technology, Digitisation & Innovation • General Management	-	-	-	Nil

Notes:

1. None of the Directors are related to each other.
2. The number of directorships is excluding directorship in your Company, foreign companies, high value debt listed companies, private limited companies and companies incorporated under Section 8 of the Act.
3. In terms of Regulation 26(1) of the SEBI LODR Regulations:
   - o Foreign companies, private limited companies, high value debt listed companies and companies under section 8 of the Act are excluded for the purpose of considering the limit of committees.
   - o The committees considered for the purpose are audit committee and stakeholders' relationship committee.
   - o None of the Directors held directorship in more than seven listed entities and were members of more than ten committees or chairperson of more than five committees across all listed companies in which they were Directors.
   - o Mr. Deo Shankar Tripathi and Mr. Rishi Anand did not serve as an independent director in any listed entities.

Board Induction and Familiarisation

As per Regulation 62(1A) of the SEBI LODR Regulations, the terms and conditions of appointment of Independent Directors is available on the Company's website at https://aadharhousing.com/disclosures-under-regulation-62-of-the-sebi-lodr-regulation-2015-pdf/terms-and-conditions-of-appointment-of-independent-directors.

The Directors are familiarised with your Company's businesses and its operations through interactions between the Directors and Senior Management of your Company. Presentations are regularly made to the Board and Committees, where the Directors / Committee Members get an opportunity to interact with the Senior Management Team including the Statutory and the Internal Auditors of the Company. Such presentations inter alia cover risk matrix and its mitigation measures, Company policies, changes in regulatory environment as applicable to the Company and the relevant industry, quarterly presentations on operations made to the Board including information on business performance, operations, market share, financial parameters, working capital management, fund flows, senior management changes, major litigation, compliances, subsidiary information and other related issues. The Directors are also regularly kept informed of the other developments of the Company through emails. The familiarisation programme for the Directors of your Company is made available on the website of the Company at https://aadharhousing.com/disclosures-under-regulation-62-of-the-sebi-lodr-regulation-2015-pdf/familiarization-programmes-imparted-to-independent-directors.

Declaration of independence:

On the basis of declarations received from each Independent Director, your Board is of the opinion that Independent Directors meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1) (b) of the SEBI LODR Regulations and are independent of the Management.

A certificate from M/s. Roy Jacob & Co., Practicing Company Secretaries has been received stating / confirming that none of the Directors on the Board have been debarred or disqualified from being appointed or continuing as Directors of the Company by SEBI/ Ministry of Corporate Affairs or any such statutory authority and is attached as **Annexure 6** to this report.

During the financial year under review, the Board met 8 (eight) times to deliberate various matters relating to Company's financial and business performance. The Board has accepted all recommendations of the various committees of the Board.

The composition of the Board along with attendance details of Board Meeting is given hereunder:

Name of the Director	Date of Board Meetings held and attended								No. of Meetings attended	Attendance at the last annual general meeting
	02-05-2022	16-05-2022	12-08-2022	13-10-2022	10-11-2022	03-01-2023	20-01-2023	08-02-2023		
Mr. O. P. Bhatt, Chairman[1]	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	8	Yes
Dr. Nivedita Haran, Independent Director[2]	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	8	-
Ms. Sharmila A Karve, Independent Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	8	Yes
Mr. Amit Dixit, Non-Executive Director (Nominee)	-	-	Yes	Yes	Yes	Yes	Yes	Yes	6	-
Mr. Mukesh Mehta, Non-Executive Director (Nominee)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	8	-
Mr. Prateek Roongta, Non-Executive Director (Nominee)[3]	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	Yes	1	N.A.
Mr. Deo Shankar Tripathi, Executive Vice Chairman[4]	Yes	Yes	Yes	Yes	Yes	N.A.	Yes	Yes	7	Yes
Mr. Rishi Anand, Managing Director & CEO[4]	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	Yes	Yes	2	N.A.

1. Shareholders at the Annual General Meeting held on 18th August, 2022 approved re-appointment of Mr. O. P. Bhatt as Independent Director and Non- Executive Chairman of the Company for a second term of 3 years.
2. Shareholders at their Extra-ordinary General Meeting held on 26th May 2022 approved extension of term of Dr. Nivedita Haran for a period of 2 years.
3. Shareholders at their Extra-ordinary General Meeting held on 23rd March 2023 approved appointment of Mr. Prateek Roongta as Non- Executive (Nominee) Director of the Company w.e.f. 20th January 2023.
4. The 5 year term of Mr. Deo Shankar Tripathi as Managing Director & CEO of the Company expired on 4th December 2022. Shareholders at their Extra-ordinary General Meeting held on 23rd March 2023 approved appointment of Mr. Deo Shankar Tripathi as Executive Vice Chairman of the Board w.e.f. 3rd January 2023 and appointment of Mr. Rishi Anand as the Managing Director & CEO of the Company w.e.f. 3rd January 2023.

Audit Committee:

As per provisions of section 177 of the Act and Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 **("RBI Master Directions"),** your Company has duly constituted the Audit Committee of the Board. Due to changes in the composition of the Board of Directors, the Audit Committee was reconstituted on 8th February 2023 details of which are given in the table below. The Audit Committee makes suitable recommendations to the Board from time to time after careful consideration of matters related to finance, accounts, inspection, audits, etc and has met 5 (five) times during the financial year 2022-23.

The Audit Committee of your Company is in compliance with the requirements mentioned at Regulation 18 read with Part C of Schedule II of the SEBI LODR Regulations. All the Members of the Audit Committee are financially literate. Moreover, the Chairperson and Members of the Audit Committee have accounting or related financial management expertise.

The terms of reference of the Audit Committee include:

1. The Audit Committee shall consist of a minimum of three directors. Two-thirds of the members of the Audit Committee shall be independent directors.
2. All members of Audit Committee including its chairperson shall be persons with ability to read and understand, the financial statement and at least one member shall have accounting or related financial management expertise.
3. Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include:
   - I. the recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
   - II. review and monitor the auditor's independence and performance, and effectiveness of audit process;
   - III. examination of the financial statement and the auditors' report thereon;
   - IV. approval or any subsequent modification of transactions of the Company with related parties. The Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed under the rules made under the Companies Act, 2013;
   - V. scrutiny of inter-corporate loans and investments;
   - VI. valuation of undertakings or assets of the Company, wherever it is necessary;
   - VII. evaluation of internal financial controls and risk management systems; and
   - VIII. monitoring the end use of funds raised through public offers and related matters.
4. The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Company.
5. The Audit Committee shall have authority to investigate into any matter in relation to the items specified above or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company.
6. The auditors of a Company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.
7. All appointments, including the filling of a casual vacancy of an auditor shall be made after taking into account the recommendations of such committee.
8. The additional terms of reference for the Audit Committee read with Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as per the said Schedule are given below:
   1. Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
   2. Recommending to our Board the appointment, remuneration and terms of appointment of the statutory auditor of our Company;
   3. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
   4. Approving payments to statutory auditors for any other services rendered by the statutory auditors;
   5. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to our Board for approval, with particular reference to:
      - (a) Matters required to be included in the Director's Responsibility Statement to be included in our Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act;
      - (b) Changes, if any, in accounting policies and practices and reasons for the same;
      - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
      - (d) Significant adjustments made in the financial statements arising out of audit findings;
      - (e) Compliance with listing and other legal requirements relating to financial statements;

(f) Disclosure of any related party transactions; and

(g) Modified opinion(s) in the draft audit report.

6. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to our Board for approval;

7. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to our Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed initial public offer by our Company;

8. Approval or any subsequent modifications of transactions of our Company with related parties;

9. Scrutinising of inter-corporate loans and investments;

10. Valuation of undertakings or assets of our Company, wherever it is necessary;

11. Evaluating of internal financial controls and risk management systems;

12. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;

13. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;

14. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

15. Discussing with internal auditors on any significant findings and follow up thereon;

16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to our Board;

17. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

18. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

19. Reviewing the functioning of the whistle blower mechanism;

20. Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate;

21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority; and

22. Reviewing the utilization of loans and/ or advances from/ investment by the holding Company in any subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as per applicable law.

23. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

Powers of the Audit Committee

The powers of the Audit Committee shall include the following:

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice; and
- To secure attendance of outsiders with relevant expertise, if it considers necessary

Reviewing Powers

The Audit Committee shall mandatorily review the following information:

- Management's discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses;
- The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;
- Examination of the financial statements and the auditors' report thereon; and
- Statement of deviations:

(i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the SEBI Listing Regulations; and

(ii) annual statement of funds utilised for purposes other than those stated in the document/ prospectus/ notice in terms of the SEBI Listing Regulations.

Details of composition and meetings of the Audit Committee held during the financial year under review are given below;

Name of the Members	Category	Date of Audit Committee Meetings held and attended					No. of Meetings attended
		16-05-2022	02-06-2022	12-08-2022	10-11-2022	08-02-2023	
Ms. Sharmila A Karve Chairperson	Independent Director	Yes	Yes	Yes	Yes	Yes	5
Mr. O. P. Bhatt, Member	Independent Director	Yes	Yes	Yes	Yes	Yes	5
Dr. Nivedita Haran, Member	Independent Director	Yes	Yes	Yes	Yes	Yes	5
Mr. Mukesh Mehta, Member*	Non-Executive (Nominee) Director	Yes	Yes	Yes	Yes	Yes	5
Mr. Prateek Roongta, Member**	Non-Executive (Nominee) Director	Not applicable					-

*Mr. Mukesh Mehta ceased to be a Member of the Committee w.e.f. 8th February 2023.

** Mr. Prateek Roongta was appointed as a Member of the Committee w.e.f. 8th February 2023.

Nomination & Remuneration Committee ("NRC"):

The Nomination and Remuneration Committee has been constituted in compliance with the requirements of provisions of Section 178 of the Act and Regulation 19 read with Part D of Schedule II of SEBI LODR Regulations. There was no change in the composition of Nomination and Remuneration Committee during the financial year under review.

The terms of reference of the Nomination and Remuneration Committee include:

i) Considering and recommending for appointment and remuneration of directors, managing/executive director, CEO of the Company.

ii) Considering, reviewing and approving annual salary increment, bonus and promotion to KMPs/ top managerial persons.

iii) Approving & implementing staff welfare schemes or ESOPs/ ESAR as per the NRC Policy.

iv) Considering & recommending the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees, fit and proper criteria for directors, in compliance with law.

v) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

a. use the services of an external agencies, if required;

b. consider candidates from a wide range of backgrounds, having due regard to diversity;

c. consider the time commitments of the candidates

vi) Formulating of criteria for evaluation of the performance of the independent directors and the Board;

vii) Devising a policy on Board diversity;

viii) Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director's performance;

ix) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

x) Analysing, monitoring and reviewing various human resource and compensation matters;

xi) Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

xii) Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

xiii) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

xiv) Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India ((Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended;

xv) Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

- the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; or
- the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.

xvi) Recommend to our Board, all remuneration, in whatever form, payable to senior management; and

xvii) Any other functions/powers referred/powers delegated to the committee by the Board under the NRC Policy, any regulation/ directions of regulators or the statutory or government authorities/bodies and as per the provisions of the Companies Act, 2013 and the rules made thereunder.

During the financial year under review, the NRC met 4 (four) times and the details of attendance are given below:-

Name of the Members	Category	Date of NRC Meetings held & attended				No. of Meetings attended
		02-05-2022	10-11-2022	03-01-2023	20-01-2023	
Ms. Sharmila A Karve, Chairperson	Independent Director	Yes	Yes	Yes	Yes	4
Mr. O. P. Bhatt, Member	Independent Director	Yes	Yes	Yes	Yes	4
Dr. Nivedita Haran, Member	Independent Director	Yes	Yes	Yes	Yes	4
Mr. Amit Dixit, Member	Non-Executive (Nominee) Director	-	Yes	Yes	Yes	3
Mr. Mukesh Mehta, Member	Non-Executive (Nominee) Director	Yes	Yes	Yes	Yes	4

Performance evaluation criteria for Independent Directors

The performance evaluation of Independent Directors shall be done by the NRC and the entire Board of Directors, excluding the Director being evaluated. The evaluation is carried out as per Schedule IV (Code for Independent Directors) of the Act.

While evaluating the Independent Director, the contribution(s) made by the Director in the decisions taken at the Board level and its impact on the performance of the Company shall be considered. The time devoted including the attendance of the Independent Director at various Committee/Board Meetings shall also be considered while evaluating an Independent Director.

On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of an Independent Director.

Independent Director's meeting:

In accordance with the provisions of Schedule IV of the Act and Regulation 25 (3) of the SEBI LODR Regulations, a meeting of the Independent Directors of your Company was held on 31st March 2023 without the presence of the Non-Independent Directors and the members of the Management. The meeting was attended by all 3 (Three) Independent Directors. They discussed matters including the performance/ functioning of the Company, reviewed the performance of the other Non-Independent Directors and the management of your Company, assessed the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties, etc.

Stakeholders Relationship Committee:-

The Stakeholders Relationship Committee has been constituted pursuant to the provisions of Section 178 of the Act and Regulation 20 read with Part D of Schedule II of the SEBI LODR Regulations. Dr. Nivedita Haran, Non-Executive Independent Director is the Chairperson of the Committee and Mr. Sreekanth V.N., Company Secretary acts as Secretary to the Committee and is the Compliance Officer of the Company. Due to changes in the composition of the Board of Directors, the Stakeholders Relationship Committee was reconstituted on 8th February 2023 the details of which are given in the table below. Mr. Mukesh Mehta, Non- Executive (Nominee) Director of the Company ceased to be a Member of the Committee w.e.f. 8th February 2023.

During the financial year under review, Stakeholders Relationship Committee met 1 (one) time on March 17, 2023 and the details of attendance are given below:

Name of the Members	Category	Date of Meeting held & attended
		17-03-2023
Dr. Nivedita Haran, Chairperson	Independent Director	Yes
Mr. Prateek Roongta, Member*	Non-Executive (Nominee) Director	Yes
Mr. Deo Shankar Tripathi, Member*	Executive Vice Chairman	Yes

*Mr. Prateek Roongta and Mr. Deo Shankar Tripathi were appointed as Members of the Committee w.e.f. 8th February 2023.

The Committee overviews the proper and timely redressal of investor queries and grievances received during the year.

Number of shareholders' complaints received during the financial year/ number of complaints not solved to the satisfaction of shareholders / number of pending complaints:

Complaints received during the financial year	Complaints resolved	Number of complaints not solved to the satisfaction of shareholders	Number of pending complaints
Nil	Nil	Nil	Nil

Risk Management Committee :

The Risk Management Committee has been constituted pursuant to the provisions of Regulation 21 of the SEBI LODR Regulations and RBI Master Directions issued by RBI to frame, implement and monitor the risk management plan of the Company. Due to changes in the composition of the Board of Directors of the Company, the Committee was reconstituted on 8th February 2023 the details of which are given in the table below.

The terms of reference of the Risk Management Committee include:

1. To formulate a detailed risk management policy which shall include:
   (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), 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.
   (c) Business continuity plan.
2. To meet at least quarterly and should review, approve and set companies exposure to various types of risks, risk appetite levels & other limits and take actions as required
3. To approve significant policies and framework that govern the management of risks.
4. To ensure Executive Risk Management Committee in place, consisting of senior management personal.
5. To obtain assurance (through internal audit and external reviews) that risk management framework and policies are being adhered.
6. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
7. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
8. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
9. To keep the Board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
10. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

During the financial year under review, the Committee met 4 (four) times and the details of attendance are given below:-

Name of the Member	Category	Date of Risk Management Committee Meeting held & attended				No. of Meetings attended
		02-06-2022	12-08-2022	10-11-2022	08-02-2023	
Mr. Mukesh Mehta, Chairman*	Non-Executive (Nominee) Director	Yes	Yes	Yes	Yes	4
Mr. O. P. Bhatt, Member/ Chairman**	Independent Director	Yes	Yes	Yes	Yes	4
Ms. Sharmila A Karve, Member	Independent Director	Yes	Yes	Yes	Yes	4
Mr. Prateek Roongta, Member#	Non-Executive (Nominee) Director	N.A.	N.A.	N.A.	N.A.	-

* Mr. Mukesh Mehta ceased to be the Chairperson and Member of the Committee w.e.f. 8th February 2023.

** Mr. O. P. Bhatt was appointed as Chairperson of the Committee w.e.f. 8th February 2023.

Mr. Prateek Roongta was appointed as Member of the Committee w.e.f. 8th February 2023.

Asset Liability Management Committee:

The Company has constituted the Asset Liability Management Committee(**"ALCO"**) under RBI Master Directions issued by the Reserve Bank of India to ensure that liquidity and interest rate risks are contained within the limits laid down by the NHB. The Committee was reconstituted on 8th February 2023 due to changes in the composition of the Board of Directors of the Company the details of which are given in the table below.

During the financial year under review, the Committee met 4 (four) times and the details of composition and attendance are given below:-

Name of the Members	Category	Date of ALCO Meetings held & attended				No. of Meetings attended
		02-06-2022	12-08-2022	10-11-2022	08-02-2023	
Mr. Deo Shankar Tripathi, Chairman*	Executive Vice Chairman	N.A.	N.A.	N.A.	N.A.	-
Mr. O. P. Bhatt, Member**	Independent Director	Yes	Yes	Yes	Yes	4
Ms. Sharmila A Karve, Member	Independent Director	Yes	Yes	Yes	Yes	4
Mr. Mukesh Mehta, Member***	Non-Executive (Nominee) Director	Yes	Yes	Yes	Yes	4
Mr. Prateek Roongta, Member***	Non-Executive (Nominee) Director	N.A.	N.A.	N.A.	N.A.	-

*Mr. Deo Shankar Tripathi was appointed as Member and Chairman of the Committee w.e.f. 8th February 2023.

** Mr. O. P. Bhatt ceased to be Chairman w.e.f. 8th February 2023 but continues to be a Member of the Committee.

***Mr. Mukesh Mehta ceased to be a Member and Mr. Prateek Roongta was appointed as Member of the Committee w.e.f. 8th February, 2023.

IT Strategy Committee

The Company has duly constituted the IT Strategy Committee in accordance with the Reserve Bank of India - Master Direction – Information Technology Framework for the NBFC Sector dated 8th June, 2017 read with the RBI Master Directions. The Committee was reconstituted on 8th February 2023 due to changes in the composition of the Board of Directors of the Company details of which are given in the table below.

During the financial year under review, the IT Strategy Committee met twice, i.e. on 20th September 2022 and 17th March 2023 and the details of attendance are given below:

Name of the Members	Category	Date of Meetings held & attended		No. of Meetings Attended
		20-09-2022	17-03-2023	
Ms. Sharmila A. Karve, Chairperson	Independent Director	-	Yes	1
Mr. Mukesh Mehta, Member	Non-Executive (Nominee) Director	Yes	Yes	2
Mr. Prateek Roongta, Member*	Non-Executive (Nominee) Director	N.A.	Yes	1
Mr. Deo Shankar Tripathi, Member	Executive Vice Chairman	Yes	Yes	2
Mr. Rishi Anand, Member*	Managing Director and Chief Executive Officer	N.A.	Yes	1
Mr. Rajesh Viswanathan, Member*	Chief Financial Officer	Yes	Yes	2
Mr. Nirav Shah, Member	Chief Risk Officer	-	Yes	1
Mr. Sharad Jambukar, Member	Head- Information Technology	Yes	Yes	2

*Appointed as Members of the Committee w.e.f. 8th February 2023.

Management Committee:

The Company has re-constituted the Management Committee of Directors, which consists of Mr. Prateek Roongta, Non Executive (Nominee) Director and Chairperson of the Committee, Mr. Mukesh Mehta, Non-Executive (Nominee) Director and Mr. Deo Shankar Tripathi, Executive Vice Chairman, Members of the Committee as on 31st March 2023. During the financial year under review, various resolutions pertaining to operational and treasury matters were passed by the Management Committee and reported in the Board meetings held on quarterly basis.

Corporate Social Responsibility ("CSR") Committee:

As per section 135 of the Act the Company has duly constituted the CSR Committee. Due to changes in the composition of the Board of Directors of the Company, the Committee was reconstituted on 8th February 2023 details of which are given in the table below.

During the financial year under review, 2 (two) Meetings of CSR Committee were held and the details of attendance are given below:

Name of the Members	Category	Date of CSR Meetings held & attended		No. of Meetings Attended
		02-06-2022	23-03-2023	
Dr. Nivedita Haran, Chairperson	Independent Director	Yes	Yes	2
Mr. Mukesh Mehta, Member*	Non-Executive (Nominee) Director	Yes	N.A.	1
Mr. Prateek Roongta***	Non-Executive (Nominee) Director	N.A.	Yes	1
Mr. Deo Shankar Tripathi, Member**	Executive Vice Chairman	Yes	N.A.	1
Mr. Rishi Anand, Member***	Managing Director and Chief Executive Officer	N.A.	Yes	1

*Mr. Mukesh Mehta ceased to be Member of the Committee w.e.f. 8th February 2023.

** Mr. Deo Shankar Tripathi ceased to be Member of the Committee w.e.f. 4th December 2022

***Mr. Prateek Roongta and Mr. Rishi Anand were appointed as Members of the Committee w.e.f. 8th February 2023.

Investment Committee

The Company has constituted an investment Committee for managing liquidity and maximizing return by investing surplus funds in available financial instruments with least risk. Due to changes in the composition of the Board of Directors of the Company, the Committee was reconstituted on 8th February 2023 details of which are given in the table below.

The composition of the Investment Committee and the meetings held during the financial year under review are given below:

Name of the Member	Category	Date of Investment Committee Meeting held & attended				No. of Meetings attended
		02-06-2022	12-08-2022	10-11-2022	08-02-2023	
Mr. Mukesh Mehta, Chairman and Member*	Non-Executive (Nominee) Director	Yes	Yes	Yes	Yes	4
Mr. Prateek Roongta, Chairman and Member**	Non-Executive (Nominee) Director	N.A.	N.A.	N.A.	N.A.	-
Dr. Nivedita Haran, Member	Independent Director	Yes	Yes	Yes	Yes	4
Mr. Deo Shankar Tripathi, Member*	Executive Vice Chairman	Yes	Yes	Yes	Yes	4
Mr. Rishi Anand, Member***	Managing Director and Chief Executive Officer	N.A.	N.A.	N.A.	N.A.	-

* Mr. Mukesh Mehta ceased to be a Member and Chairman and Mr. Deo Shankar Tripathi ceased to be a Member of the Committee w.e.f. 8th February 2023.

** Mr. Prateek Roongta was appointed as Chairman and Member of the Committee w.e.f. 8th February 2023.

***Mr. Rishi Anand was appointed as Member of the Committee w.e.f. 8th February 2023.

IPO Committee:

The Company has duly constituted IPO Committee, for the purpose of initial public offer of the equity shares. The Committee was reconstituted on 8th February 2023 and consists of Mr. Mukesh Mehta, Non-Executive (Nominee) Director, Chairman, Mr. Prateek Roongta, Non-Executive (Nominee) Director and Mr. Deo Shankar Tripathi, Executive Vice Chairman as the Members of the Committee. Mr. Amit Dixit, Non-Executive (Nominee) Director ceased to be Member of the Company w.e.f. 8th February 2023. During the financial year under review, there was no meeting of the IPO Committee.

Remuneration of Directors

The Company has adopted a Nomination, Remuneration and Evaluation Policy specifying criteria for determining the remuneration of the Directors. The policy is available at the website of your Company on: https://aadharhousing.com/investor-relations/sebi-regulations-disclosures

Sitting fees of ₹ 35,000 /- were paid to the Independent Directors of the Company for each Meeting of the Shareholders, Board and the Committees of the Board attended by them. Further, in addition to sitting fees, the Company has paid commission to the Independent Directors as approved by Shareholders at the Annual General Meeting held on 18th August 2022.

The remuneration of the Executive Directors of your Company is as follows:

(₹ in Lakhs)

Name	Designation	Salary and allowances	Bonus	Perquisite	Contribution to PF	Total
Mr. Deo Shankar Tripathi*	Executive Vice Chairman	190.73	49.62	0.52	8.75	249.62
Mr. Rishi Anand**	Managing Director and Chief Executive Officer	36.49	-	1.06	2.01	39.56

* The 5 year term of Mr. Deo Shankar Tripathi as Managing Director and Chief Executive officer of the Company expired on December 4, 2022. Thereafter he was appointed as Executive Vice Chairman of the Board w.e.f. 3rd January 2023.The remuneration details pertain to the remuneration paid to him during FY 2022-23.

**The given remuneration details are for the period from 3rd January 2023 to 31st March 2023 i.e. post his appointment as Managing Director and Chief Executive Officer.

Further, the appointment of Mr. Deo Shankar Tripathi and Mr. Rishi Anand is subject to termination by three months' notice in writing on either side.

During the financial year under review, no stock options were granted to the Executive Directors of your Company. None of the Directors hold any shares or convertible instruments in your Company.

General Body Meetings

During the preceding three years, the Company's Annual General Meetings were held as under:

The date and time of AGMs held during the last three years:

Year	Location	Time	Date of Meeting	Particulars of Resolutions passed under Special Business
2019-2020	Meeting conducted through VC / OAVM pursuant to the MCA Circular.	11:00 am	29th June 2020	Refer Note 1
2020-2021	Meeting conducted through VC / OAVM pursuant to the MCA Circular	11:02 am	17th July 2021	Refer Note 2
2021-2022	Meeting conducted through VC / OAVM pursuant to the MCA Circular	5:00 pm	18th August 2022	Refer Note 3

Notes:

1. i. Payment of Commission to Independent Directors and Non- Executive Directors of the Company.

   ii Re-appointment of Dr. Nivedita Haran (DIN: 06441500) as an Independent Director of the Company.

   iii. Modification and revalidation of the Borrowing powers/limits for the Company and Issuance of Debentures and approval to create charge by way of mortgage and/or Hypothecation on various assets of the Company.

2. i. Payment of Commission to Independent Directors of the Company.

   ii. To modify and revalidate the Borrowing powers/ limits for the Company and Issuance of Debentures and approval to create charge by way of mortgage and/or Hypothecation on the assets of the Company.

3. i. Re-appointment of Mr. Om Prakash Bhatt (DIN: 00548091), as an Independent Director and Non-Executive Chairman of the Board of the Company for a period of 3 years from 13th September 2022 till 12th September 2025;

   ii. To modify & revalidate the Borrowing powers/limits for the Company and Issuance of Debentures and approval to create charge by way of mortgages and/ or hypothecation on the assets of the Company

   iii. Payment of Commission to Independent Directors of the Company.

   No resolution was passed through postal ballot during the financial year under review.

Means of Communication

The Company's quarterly/ half yearly/ annual financial results are approved by the Board and submitted to the Stock Exchange where the Non- Convertible Debentures of the Company are listed. The financial results summary is published in one English newspaper (all editions), one Marathi newspaper (Mumbai edition) and in one Kannada newspaper (Bangalore edition).

Further, the quarterly/ half yearly/ annual financial results are made available on Company's website at https://aadharhousing.com/disclosures-under-regulation-62-of-the-sebi-lodr-regulation-2015-pdf/financial-results.

The Company being a high value debt listed entity, the requirements of disclosure of presentations made to institutional investors or to the analysts is not applicable to the Company.

Website Disclosure

The Company's website contains a separate section namely "Investor Relations" at https://aadharhousing.com/ wherein all shareholder related information is available and can be accessed as and when required.

Other Disclosures:

Related party transactions:

No materially significant related party transactions have been entered into by the Company that may have a potential conflict with interest of the Company.

Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange(s) or SEBI or any other statutory authority, on any matter relating to capital markets, during the last three years:

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no strictures /penalties have been imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India or any other Statutory Authority on any matter related to capital markets.

Vigil Mechanism / Whistle Blower Policy

In compliance with the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the SEBI LODR Regulations, the Company has formulated a vigil mechanism / Whistle blower policy for Directors and employees to report concerns, details of which are covered in the Board's Report.

Details regarding compliance with mandatory requirements and adoption of the non-mandatory requirements:

Regulations 16-27 of the SEBI LODR Regulations were applicable to a 'high value debt listed entity' on a 'comply or explain' basis until 31st March 2023 and on a mandatory basis thereafter. The Company has complied with the corporate governance requirements specified in regulation 17 to 27 of the SEBI LODR Regulations. Further, your Company being a high value debt listed entity the disclosure requirements required under clauses (b) to (i) and (t) of sub-regulation (2) of regulation 46 are not applicable to the Company. However, corresponding disclosure requirements applicable to high value debt listed entity as required under Regulation 62 (1A) have been duly complied with by the Company.

Policy for determining material subsidiaries

The Company does not have any material subsidiary as per SEBI LODR Regulations. However, the policy to determine material subsidiaries has been approved by the Board on 12th August, 2022 and the same is available on the website of the Company at – https://aadharhousing.com/disclosures-under-regulation-62-of-the-sebi-lodr-regulation-2015-pdf/policy-for-determining-material-subsidiaries

Policy on dealing with related party transactions.

Copy of Related Party Transaction Policy of the Company, duly approved by the Board, is enclosed as **Annexure 3** to the Boards report. It is also available on the website of the Company at https://aadharhousing.com/disclosures-under-regulation-62-of-the-sebi-lodr-regulation-2015-pdf/policy-on-dealing-with-related-party-transactions

Disclosure of commodity price risks and commodity hedging activities and details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) are not applicable to the Company.

Total fees for all services paid by the Company and its Subsidiary, on a consolidated basis, to the Statutory Auditors of Parent Company.

Total fees for all services paid by the Company, and its Subsidiary, on a consolidated basis to the Statutory Auditors of the Company and all entities in the network firm/network entity of which the Statutory Auditor was a part during the financial year under review is as follows:

M/s. Walker Chandiok & Co LLP – ₹ 99 Lakhs

Further the Company has paid ₹ 91 Lakh (including taxes) for the year ended 31st March 2023 towards Audit services for the proposed IPO (refer note no.12 of Standalone Financial statements).

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 forms part of the Boards report.

The Company and its subsidiary has not given any loans and advances in the nature of loans to firms/companies in which the directors are interested.

Details of material subsidiaries of the Company; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries.

The Company does not have any material subsidiary as per SEBI LODR Regulations.

General Shareholder Information

Annual General Meeting

The 33rd Annual General Meeting of your Company is scheduled to be held on Wednesday, 9th August, 2023 at 5:30 pm (IST) through video conferencing ("VC") / other audio-visual means ("OAVM").

Financial Calendar (Tentative Dates)

Financial year of the Company :	1st April to 31st March
For the quarter ending 30th June 2023 :	On or before 14th August 2023
For the quarter ending 30th September 2023 :	On or before 14th November 2023
For the quarter ending 31st December 2023 :	On or before 14th February 2024
For the quarter/ year ending 31st March 2024 :	On or before 30th May 2024
34th Annual General Meeting for the financial year ending 31st March 2024- On or before 30th September 2024	

Dividend Payment Date : Not applicable

Details of Stock Exchange where the securities of the Company are listed :

The equity shares of the Company are not listed on any Stock Exchange.

The Non- Convertible Debentures issued by the Company by way of public issue and on private placement basis are listed on:

BSE Limited

P.J. Towers, Dalal Street, Fort
Mumbai - 400001, Maharashtra.
Ph. No.: +91 22 22721234
Scrip Code: 951548

The Annual Listing Fees for the Financial Year 2023-24 has been duly paid to BSE Limited.

Since the listed Non- convertible debentures of the Company are thinly traded the market price data- high, low during each month in last financial year and performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc. is not provided.

Registrar & Transfer Agents:

(For equity shares and Non- Convertible Debentures issued by way of public issue)

KFin Technologies Ltd. (Formerly known as KFin Technologies Pvt Ltd.)

Selenium, Tower B, Plot No- 31
& 32, Financial District, Nanakramguda,
Serilingampally, Hyderabad, Rangareddi,
Telangana, India, 500032.
Ph. No.: +91 40 6716 2222
Email id: einward.ris@kfintech.com
Website: www.kfintech.com

(For Non- Convertible Debentures issued on private placement basis)
3i Infotech Ltd.
Tower # 5, 3rd Floor,
International Infotech Park Vashi,
Navi Mumbai - 400703
Ph. No.: +91 22 7123 8000
Email id: vijaysingh.chauhan@3i-infotech.com
Website: www.3i-infotech.com

Share Transfer System

The Registrar and Share Transfer Agent i.e. KFin Technologies Ltd (formerly known as KFin Technologies Pvt Ltd.) handles the share transfer system of physical shares of your Company.

Distribution of Shareholding

No of shares	No. of Shareholders	% of Total Shareholders	No. of Shares	% of Total Shares
1-500	5	9.80	480	0.00
501- 1000	12	23.53	11,660	0.00
1001- 2000	10	19.61	18,840	0.00
2001- 3000	3	5.88	8,330	0.00
3001-4000	-	-	-	-
4001- 5000	1	1.96	5,000	0.00
5001- 10000	9	17.65	84,350	0.02
10001& Above	11	21.57	39,46,26,310	99.97
Total	**51**	**100.00**	**39,47,54,970**	**100.00**

Detailed shareholding pattern of your Company is mentioned in the Board's report.

Dematerialisation of Shares and Liquidity

99.9993% of equity shares are held in dematerialised form as on 31st March 2023. The Equity Shares of the Company are held in the dematerialised form under both the Depositories viz. National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL").
Shares held in Demat mode in NSDL : 99.9990%
Shares held in Demat mode in CDSL : 0.0003%

There are 6 individual shareholders holding 2,900 Equity shares (around 0.001%) holding their shares in physical mode and the Company has sent various intimations/ reminders to them for converting these shares into demat mode. However, the shareholders are yet to dematerialize the same.

Transfer of Unclaimed Equity Shares to Investor Education and Protection Fund ("IEPF") Account

In terms of the provisions of the Act , there were no equity shares due for transfer to Investor Education and Protection Fund ("IEPF") Account during the financial year under review. The total amount lying in the Unpaid Dividend Account of the Company in respect of the last seven years and the date when such unpaid dividend is due for transfer to the IEPF is available on the website of the Company at https://aadharhousing.com/investor-relations/public-notice-and-intimation. Investors are requested to claim the unpaid dividend amount in time to avoid transfer to IEPF.

Outstanding Global depository receipts / American depository receipts / Warrants or any Convertible instruments, Conversion date and likely impact on Equity :
Not applicable

Disclosures with respect to demat suspense account/ unclaimed suspense account:

After sending 3 Reminder letters dated 29th December 2022, 31st January 2023 and 22nd February 2023 to holders of physical shares to dematerialize their existing equity shares held in physical mode and to claim their bonus shares, the Company has transferred 26,100 Bonus shares which were issued on 16th January 2021 and which were kept in abeyance, to the "Aadhar Housing Finance Limited – Unclaimed Securities – Suspense Escrow Account". Following are the disclosures with respect to demat suspense account/ unclaimed suspense account:

(a)	aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year;	N.A.
(b)	number of shareholders who approached listed entity for transfer of shares from suspense account during the year;	NIL
(c)	number of shareholders to whom shares were transferred from suspense account during the year;	NIL
(d)	aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year;	Total 6 shareholders for 26,100 equity shares.
(e)	the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.	

Commodity Price Risk or Foreign Exchange Risk and Hedging Activities: Not applicable

Plant Location:

The Company is an NBFC engaged in providing home financing solutions to the economically weaker section and lower income groups of society and hence does not have any plant.

The Company has a wide network of 479 branches. The branch locations can be accessed on the Company website at: https://aadharhousing.com/other/branch-locator

Credit Rating:

The Credit ratings for various Borrowings/Fixed deposits of the Company is available in the Board's report.

Address for Correspondences:

Registered office:

2nd Floor, No. 3, JVT Towers, 8th 'A' Main Road, S.R. Nagar, Bengaluru - 560 027, Karnataka, Toll Free No: 1800 3004 2020

Corporate Office:

Unit no 802, 8th Floor, Natraj by Rustomjee, Junction of Western Express Highway and M. V. Road, Andheri (East), Mumbai-400069

Debenture Trustees –

a) Catalyst Trusteeship Limited
GDA House, Plot No. 85, S. No. 94 & 95,
Bhusari Colony (Right), Kothrud,
Pune - 411038, Maharashtra.
Ph. No.: +91 20 66807200
Email Id: dt@ctltrustee.com
Website: www.catalysttrustee.com

b) Beacon Trusteeship Limited
4C & D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Club, Bandra (East),
Mumbai - 400 051, Maharashtra.
Ph. No.: +91 22 2655 8759
Email Id: contact@beacontrustee.co.in
Website: www.beacontrustee.co.in

Other Discretionary requirements:

A. The Board

The non-executive chairperson does not receive any remuneration from the Company apart from sitting fees and commission.

B. Modified opinion(s) in audit report

The limited review reports and audit reports submitted along with quarterly and annual financial results respectively are an unmodified opinion from the Statutory Auditors.

C. Separate posts of Chairperson and the Managing Director or the Chief Executive Officer

The Chairman of your Company's Board is a Non-Executive Independent Director and is not related to the Managing Director and Chief Executive Officer.

D. Reporting of internal auditor

The internal auditor of the Company reports directly to the Audit Committee of the Board.

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

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

To,
The Members,

AADHAR HOUSING FINANCE LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AADHAR HOUSING FINANCE LIMITED** having the CIN No. U66010KA1990PLC011409 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2023 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (Applicable only to the extent of the provisions entailed with respect to dematerialisation of securities of unlisted public Company)

(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) 1. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') and which are applicable to the Company:-

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

(b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015.

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (applicable only to the extent of filing of draft red herring prospectus):

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

(e) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, requirement of Structured Digital Database (SDD) pursuant to provisions of Regulation 3(5) and 3(6).

2. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') and which are not applicable to the Company during the Audit period:-

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

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

(c) 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.

(d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2018:

(e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018:

(vi) (a) National Housing Bank Act, 1987, The Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by Reserve Bank of India.

(b) Other Regulatory provisions/laws applicable to the Company are:-

i) Para 15 A, 15 B, 22, 27, 39, 105, 106 and 120 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

ii) Master Direction - Know Your Customer (KYC) Direction, 2016,

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

iv) Master Direction - Information Technology Framework for the NBFC Sector dated 08th June 2017

v) Insurance Act, 1938 - IRDAI (Registration of Corporate Agents) Regulations, 2015 and

vi) Notification & Circulars issued by Regulatory Authorities from time to time.

I have also examined compliance with the applicable clauses of the following:-

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

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

I further report that:

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

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

All the decisions of the Board and Committees were carried through with requisite majority and no dissenting views were expressed by any Board Member on any of the subject matters discussed that were required to be captured and recorded as part of the minutes.

I further report that as per the information & explanation given to us the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, ESI, Income Tax, Wealth Tax, Service Tax/ Goods and Service Tax/ Value Added Tax and other statutory dues applicable to it.

I further report that I rely on statutory auditors reports in relation to the financial statements and accuracy of financial figures for sales Tax, Wealth Tax, Service Tax/ Goods and Service Tax/ Value Added Tax, Provident Fund etc. as disclosed under the financial statements of the Company.

I 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.

I further report that during the audit period the Company has filed Form IEPF-1 with respect to Unpaid/ Unclaimed dividend/deposits transferred to IEPF Account, as per the applicable provisions of Companies Act, 2013.

I further report that the Company has filed a Draft Red Herring Prospectus ("DRHP") with Securities and Exchange Board of India ("SEBI") on 24th January 2021 and an addendum to the DRHP was filed on 5th April 2022 for the proposed Initial Public Offering. The Company has received an observation letter dated 5th May 2022 from SEBI.

I further state that:

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these Secretarial Records based on my Audit.

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

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and rely fully on the audited financial statements of the Company.

4. Wherever required, I have obtained the Management Representation about the compliance of Laws, Rules and Regulations and happening of events, etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of documents/procedures on the test basis.

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

For **Roy Jacob & Co**
Company Secretaries

Sd/-
(Roy Jacob)
Proprietor
(C.P. No.8220), (FCS No.9017)
UDIN: F009017E000391731
P.R. Cer. No.686/2020

Place: Mumbai
Date: 26th May, 2023

Annexure- 1

CERTIFICATE OF CORPORATE GOVERNANCE

To,
The Members,
Aadhar Housing Finance Limited

1. We have examined the compliance of conditions of Corporate Governance by Aadhar Housing Finance Limited ("the Company"), as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") for the year ended 31st March, 2023. As per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Fifth Amendment Regulations, 2021, the regulations 16 to 27 shall be applicable to high value debt listed entities on a comply or explain basis until 31st March 2023 and on mandatory basis thereafter.

MANAGEMENT'S RESPONSIBILITY

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

AUDITOR'S RESPONSIBILITY

4. Our responsibility is to provide a reasonable assurance that the Company has complied with the conditions of Corporate Governance, as stipulated in the Listing Regulations.

5. The procedures selected depend on the auditors' judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedure includes, but not limited to, verification of secretarial records and financial information of the Company and obtained necessary representations and declarations from directors including independent directors of the Company.

6. The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this certificate did not involve performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

OPINION

7. Based on the procedures performed by us as referred in paragraphs above and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended 31st March, 2023, referred to in paragraph 1 above.

OTHER MATTERS AND RESTRICTION ON USE

8. This Certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

9. This Certificate is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Certificate for events and circumstances occurring after the date of this Certificate.

For **Roy Jacob & Co**
Company Secretaries

Sd/-
(Roy Jacob)
Proprietor
(C.P. No.8220), (FCS No.9017)
UDIN: F009017E000154866
P.R No. 686/2020

Place: Mumbai
Date: 20th April, 2023

Annexure- 2

DECLARATION CONFIRMING COMPLIANCE TO THE CODE OF CONDUCT

To,
The Board of Directors
Aadhar Housing Finance Ltd.

Declaration confirming compliance to the Code of Conduct for the Directors, Key Managerial Personnel and Senior Management Personnel of Aadhar Housing Finance Limited.

Pursuant to Schedule V (D) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Rishi Anand, Managing Director and Chief Executive Officer of the Company hereby declare that all the Board of Directors, Key Managerial Personnel and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for the Directors, Key Managerial Personnel and Senior Management Personnel applicable to them for the year ended 31st March 2023.

For **Aadhar Housing Finance Limited**

Sd/-
Rishi Anand
Managing Director and Chief Executive Officer

Place: Mumbai
Date: 9th May, 2023

Annexure- 3

RELATED PARTY TRANSACTION POLICY

A. PREAMBLE

Aadhar Housing Finance Limited **("Company")** is dedicated to the highest standard of ethics and integrity and has successfully applied these standards to the business.

Accordingly, the Company is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related party transactions can present a risk of actual or apparent conflicts of interest of the Directors, Senior Management, other related parties etc. with the interest of the Company.

The Board of Directors **("Board")** of the Company, adopts the following policy and procedures with regard to Related Party Transactions **("RPT")** as defined below, in compliance with the requirements of Section 188 of the Companies Act, 2013 and rules made there under and any subsequent amendments thereto **("Companies Act")**, read along with Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("Listing Regulations")** as may be applicable in order to ensure the transparency and procedural fairness of such transactions.

B. OBJECTIVE

Section 188 of the Companies Act read along with the Companies (Meetings of Board and its Powers) Rules, 2014 provides the detailed mechanism for dealing with the RPTs of a Company by the Audit Committee of the Board **("Audit Committee")** including all the approvals required to be passed by the Board and the Shareholders in different circumstances. The objective of this Policy is to ensure proper approvals and reporting of transactions between the Company and its related parties in compliance of provisions of the Companies Act, the Listing Regulations and all other applicable statutory provisions for the time being in force, in this regard.

This policy is designed to govern the transparency of the approval process and disclosure requirements to ensure fairness in the conduct of related party transactions. The Board may amend this policy from time to time as may be required.

Any exceptions to the policy on RPTs must be consistent with the Companies Act, including the rules there under and must be approved in the manner as may be decided by the Board.

C. TRANSACTIONS COVERED UNDER THIS POLICY

Transactions covered under this policy include any contract or arrangement with a related party.

D. DEFINITIONS

1. **"Arm's Length transaction"** means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest, as defined in explanation (b) to Section 188 (1) of the Companies Act.

2. **"Associate Company",** in relation to another Company, means any entity which is an associate under sub-section (6) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

3. **"Audit Committee"** means Audit Committee constituted by the Board of Directors of the Company under the provisions of Listing Regulations and Companies Act, from time to time.

4. **"Board"** means the Board of Directors of the Company.

5. **"Control"** includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:

   Provided that a director or officer of the Company shall not be considered to be in control over such Company, merely by virtue of holding such position.

6. **"Key Managerial Personnel" or "KMP"** includes:
   i. the Chief Executive Officer or the Managing Director or the Manager;
   ii. the Company Secretary;
   iii. the Whole time Director;
   iv. the Chief Financial Officer;
   v. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
   vi. such other officer as may be prescribed.

7. **"Material related party transactions"** means those transactions entered into with the Company by a related party, which when individually or together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company whichever is lower.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements.

8. **"Material Modification"** shall mean a 10% or more increase in the original value/ consideration of any Related Party Transaction which was approved by the Audit Committee/Shareholders of the Company, as the case may be.

9. **"Ordinary course of business"** in order to determine whether a transaction is within the ordinary course of business or not, some of the principles that may be adopted to assess are as follows:

   i. whether the transaction is in line with the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities;

   ii. whether it is permitted by the Memorandum and Articles of Association of the Company; and

   iii. whether the transaction is such that it is required to be undertaken in order to conduct the routine or usual transactions of a Company.

10. **"Related Party"** means a person or an entity shall be considered as related to the Company if:

   i. such person or entity is a related party as defined under Section 2(76) of the Companies Act;

   ii. such person or entity is a related party under the applicable accounting standard(s); or

   iii. related party as defined under regulation 2(zb) of Listing Regulations.

Related Parties under Section 2(76) of the Companies Act:

(i) A director or his relative;

(ii) A key managerial personnel or his relative;

(iii) A firm, in which a director, manager or his relative is a partner;

(iv) A private Company in which a director or manager or his relative is a member or director;

(v) A public Company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid up share capital ;

(vi) Any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;

(vii) Any person on whose advice, directions or instructions a director or manager is accustomed to act;

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity.

(viii) Any body corporate which is:

a. a holding, subsidiary or an associate Company of the Company;

b. a subsidiary of a holding Company to which it is also a subsidiary; or

c. an investing Company or the venturer of the Company.

Explanation – For the purpose of this clause, "the investing Company or the venturer of a Company" means a body corporate whose investment in the Company would result in the Company becoming an associate Company of the body corporate.

(ix) A director other than an independent director or key managerial personnel of the holding Company or his relative.

The Accounting Standard 18 defines related party as "parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and / or operating decisions.

Related Parties under regulation 2(zb) of Listing Regulations

"related party" means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

"Provided that:

(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or

(b) any person or any entity, holding equity shares:

   (i) of twenty per cent or more; or

   (ii) of ten per cent or more, with effect from 1st April 2023;

in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year; shall be deemed to be a related party:"

11. **"Related Party Transactions"** means transactions/ contracts/ arrangement between the Company and its related parties which fall under one or more of the following headings:

Related Party Transaction under Section 188 of the Companies Act:

a) Sale, purchase or supply of any goods or materials;

b) Selling or otherwise disposing of, or buying, property of any kind;

c) Leasing of property of any kind;

d) Availing or rendering of any services;

e) Appointment of any agent for purchase or sale of goods, materials, services or property;

f) Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and

g) Underwriting the subscription of any securities or derivatives thereof, of the Company.

Further, as per Listing Regulations, "Related Party Transaction" means a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged. Further, a "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

Related party transactions under regulation 2(zc) of Listing Regulations

"related party transaction" means a transaction involving a transfer of resources, services or obligations between:

(i) a listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or

(ii) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, with effect from 1st April 2023;

regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that the following shall not be a related party transaction:

(a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

i. payment of dividend;

ii. subdivision or consolidation of securities;

iii. issuance of securities by way of a rights issue or a bonus issue; and

iv. buy-back of securities.

(c) acceptance of fixed deposits by banks/ Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

12. **"Relatives",** as stated in Section 2(77) of the Companies Act, with reference to any person, means anyone who is related to another, if –

i. They are members of a Hindu Undivided Family;

ii. They are husband and wife; or

iii. One person is related to the other in the following manner, namely:

a) Father including step father;

b) Mother including step mother;

c) Son including step son;

d) Son's Wife;

e) Daughter;

f) Daughter's Husband;

g) Brother including step brother; and

h) Sister including step sister

13. **"Office or place of profit"** means any office or place:

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

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

14. **"Total Share Capital"** means the aggregate of the paid-up equity share capital and convertible preference share capital of the Company.

E. DETAILS REQUIRED FOR ASCERTAINING RELATED PARTY

The following details shall be required:

1. Declaration/ Disclosure of interest by all the Directors and KMPs in Form MBP 1;
2. Declaration of relatives by all Directors and KMPs;
3. Declaration about a firm in which a Director/ Manager or his relative is a partner;
4. Declaration about a private Company in which a Director or Manager is a member or director;
5. Declaration regarding a public Company in which a Director or manager is a Director and holds along with the relatives more than 2% of the paid up share capital;
6. Notices from Directors of any change in particulars of Directorship or in other positions during the year;
7. Details of any body corporate, whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager of the Company;
8. Details of any person on whose advice, directions or instructions a director or manager is accustomed to act; apart from advice given in professional capacity; and
9. Details of any Company which is:
   i. a holding, subsidiary or an associate Company of the Company; or
   ii. a subsidiary of a holding Company to which the Company is also a subsidiary.

F. PROCEDURE

The Company shall enter into any contract(s) or arrangement(s) or transaction(s) with a Related Party only after seeking prior approvals from the following :

1. Audit Committee:

All Related Party Transactions and subsequent material modifications whether entered on arm's length basis or not, shall require prior approval of the Audit committee either by circulation or at a meeting. W.e.f 1st April 2022, only those members of the audit committee, who are independent directors, shall approve the related party transactions.

The Audit Committee may also grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

(i) The Audit Committee shall, after obtaining approval of the Board of Directors, lay down the criteria while granting omnibus approval and such approval shall be applicable in respect of transactions which are repetitive in nature.

(ii) The Audit Committee shall satisfy itself the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;

(iii) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, viz.:-

   (a) Repetitiveness of the transactions (in past or in future)

   (b) Justification for the need of omnibus approval.

   Such omnibus approval shall specify:-

   (a) the name(s) of the Related Parties, nature of transaction, period of transaction, maximum amount of transactions that can be entered into in a year and maximum value per transaction which is allowed;

   (b) the indicative base price/current contracted price and the formula for variation in the price if any; and

   (c) such other conditions as the Audit Committee may deem fit.

   However, where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 1 crore per transaction.

   Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.

   Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

A related party transaction to which the subsidiary of a Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the Company;

With effect from 1st April 2023, a related party transaction to which the subsidiary of a Company is a party but the Company is not a party, shall require prior approval of the audit committee of the Company if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;

2. Board of Directors:

All Related Party Transactions, which are proposed to be entered by the Company-

(a) other than in Ordinary Course of Business; and/or

(b) other than transactions on Arm's Length Basis, shall require prior approval of the Board of Directors of the Company, by means of passing of resolution at a meeting of the Board; and

(c) Where any Director is interested in any Related Party Transaction, such Director will abstain from discussion and voting on the resolution relating to such transaction.

Details to be provided to the Audit Committee–

With respect to Related Party Transactions requiring approval of the Audit Committee, the following information, to the extent relevant, shall be presented to the Audit Committee:

a) A general description of the transaction(s), including the material terms and conditions, nature, duration and particulars of the contract.

b) The name of the Related Party and the basis on which such person or entity is a Related Party.

c) Name of director or KMP who is related.

d) Any advance paid or received for the contract or arrangements.

e) Maximum amount of transaction that can be entered into and the manner of determining the pricing and other commercial terms.

f) The Related Party's interest in the transaction(s), including the Related Party's position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction(s).

g) The indicative base price / current contracted price and the formula for variation in the price, if any.

h) Any other material information regarding the transaction(s) or the Related Party's interest in the transaction(s).

Arm's Length transactions - Each Director/ KMP who is a Related Party with respect to a particular Related Party Transaction shall disclose all material information to the Audit Committee/Board of Directors concerning such Related Party Transaction and his or her interest in such transaction.

The Audit Committee shall periodically review this Policy and may recommend amendments to this Policy to the Board from time to time as it deems appropriate.

This Policy is intended to augment and work in conjunction with other Company policies having any code of conduct, code of ethics and/or conflict of interest provisions.

G. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTION

The Company Secretary shall at all times maintain a database of Company's Related Parties containing the names of individuals and companies, identified on the basis of the definition set forth above, along with their personal/ Company details including any revisions therein.

The Finance & Accounts Team shall be provided with a complete list of related parties in respect of the Company and its subsidiaries. Any proposed transaction with Related Party shall be communicated to the Company Secretary for consideration and approval by the Audit Committee and/or the Board of the Company. If the transactions are regular in nature, the Finance & Accounts Team shall seek an enabling approval from the Board with financial limit for such transaction each year.

The Related Party list shall be updated whenever necessary, by the Company Secretary and shall be reviewed on a quarterly basis.

In determining whether to approve or not a Related Party Transaction, the Board will take into account, among other factors, recommendations of the Audit Committee, whether the said Related Party Transaction is in the interest of the Company and its stakeholders and whether there is any actual or potential conflict of interest between the related parties or between the related parties and the Company.

H. APPROVAL OF RELATED PARTY TRANSACTIONS

In accordance with Section 188 of the Companies Act and the Listing Regulations, the Board of Directors and Shareholders of the Company shall accord prior approval for Related Party Transactions, subject to the following:

Board of Directors and Shareholders' approval in terms of Companies Act:

All Related Party Transactions which are either not on Arm's Length Basis or not in the Ordinary Course of Business shall be recommended by the Audit Committee for the approval of the Board of Directors. The Board of Directors shall further recommend the same for the approval of the Shareholders by way of resolution of the Company, in case the said transactions exceed the value of transactions as provided under Section 188 of the Companies Act, 2013 read with rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and any amendment thereof or the transaction is defined as material related party transaction by the Audit Committee.

Board of Directors and Shareholders' approval in terms of Listing Regulations:

In terms of Regulation 23 of the Listing Regulations, all material Related Party Transaction and subsequent material modifications as defined by Audit Committee shall be recommended by the Board of Directors to the Shareholders for their prior approval by way of a resolution.

Provided further that no related party shall vote to approve such resolutions whether the entity is related party to the particular related party or not.

Provided that the requirements of prior approval of shareholders shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

Provided further that prior approval of audit committee, Board of Directors and/or shareholders shall not be applicable in the following cases:

(a) transactions entered into between two government companies;

(b) transactions entered into between a holding Company and its wholly owned subsidiary whose accounts are consolidated with such holding Company and placed before the shareholders at the general meeting for approval.

(c) transactions entered into between two wholly-owned subsidiaries of the listed holding Company, whose accounts are consolidated with such holding Company and placed before the shareholders at the general meeting for approval.

Where an omnibus approval is obtained, the Company Secretary shall obtain details of the Related Party Transactions undertaken by the Company on a quarterly basis, review the value of such transactions and present the same before the Audit Committee for any additional approvals, where the limits laid down under the omnibus approval are likely to be breached.

Individual transactions with Related Parties, which are not in Ordinary Course of Business and not on an Arm's Length Basis, shall be accompanied with management's justification for the same. Before approving such transactions, the Audit Committee will look into the interest of the Company and its Shareholders in carrying out the Related Party Transactions and alternative options, if any, available. The Audit Committee may accordingly approve or modify such transactions, in accordance with this policy and/ or recommend the same to the Board for approval.

The Chairperson of the Audit Committee/Board shall pay sufficient attention and ensure that adequate deliberations are held before approving Related Party Transactions which are not in Ordinary Course of Business and not on Arm's Length Basis and assure themselves that the same are in the interest of the Company and its Shareholders.

Material Related Party Transactions that require prior approval of Shareholders:

1. Sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the Company;
2. Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to 10% or more of net worth of the Company;
3. Leasing of property any kind amounting to 10% or more of the turnover of Company;
4. Availing or rendering of any services, directly or through appointment of agent, amounting 10% or more of the turnover of the Company;

   Explanation: It is hereby clarified that the limits specified in points 1 to 4 above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

5. Transaction is for appointment to any office or place of profit in the Company, its subsidiary Company or associate Company at a monthly remuneration exceeding ₹ 2,50,000 (Rupees Two Lakh Fifty Thousand) and

6. Remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company exceeding one percent of the net worth.

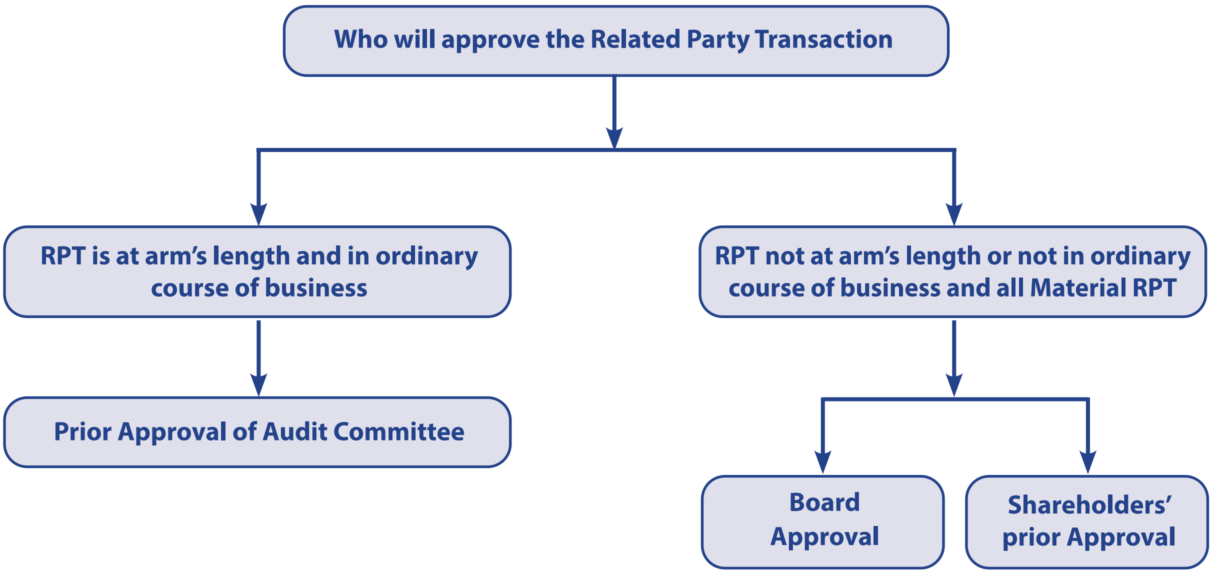
Explanation: The turnover or net worth referred in the above points shall be computed on the basis of the audited financial statement of the preceding financial year.

OTHER KEY ASPECTS

1. All existing material Related Party contracts or arrangements shall be placed for approval of the Shareholders in the general meeting after 1st April 2022.

2. In accordance with Section 188 of the Companies Act read with related rules issued thereon, in case of wholly owned subsidiary, the resolution passed by the holding Company shall be sufficient for the purpose of entering into the transactions between wholly owned subsidiary and holding Company.

AUDIT COMMITTEE/BOARD/SHAREHOLDER APPROVAL MECHANISM FOR ENTERING INTO RELATED PARTY TRANSACTIONS



RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

Where any contract or arrangement is entered into by a Director or any other employee of the Company with a Related Party, without obtaining the consent of the Board or approval by a resolution in the general meeting, where required and if it is not ratified by the Board or, as the case may be, by the Shareholders, at a meeting within three months from the date on which such contract or arrangement was entered into, the matter shall be reviewed by the Audit Committee, which may consider all of the relevant facts and circumstances regarding the Related Party Transactions and evaluate all the options available with the Company. Such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a Related Party to any Director, or is authorized by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.

The Company may proceed against a Director or any other employee who had entered into such contract or arrangement in contravention of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement and shall take any such action, it deems appropriate.

Audit Committee may also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee under this Policy and take any such action it deems appropriate.

I. RECORDS

The Company shall maintain adequate records, either physically or electronically, as required under applicable laws, giving separately the particulars of all contracts or arrangements to which this policy applies.

J. DISCLOSURES

Every Contract or arrangement entered with Related Parties to which sub section (1) of Section 188 of the Companies Act is applicable shall be referred to in the Board's Report to the Shareholders along with the justification for entering into such contract or arrangements. The disclosures should also be made in Form AOC-2 as prescribed under the Companies Act.

Details of all material transactions with Related Parties are to be disclosed quarterly along with the compliance report on corporate governance.

The Company shall disclose the contract or arrangements entered into with the Related Party in the Board's Report to the Shareholders along with the justification for entering into such contract or arrangement.

The Company shall disclose this policy relating to Related Party Transactions on its website and a weblink thereto shall be provided in the Annual Report in terms of the listing agreement with stock exchanges after the shares are listed.

The Company shall disclose such details of Related Party Transaction as may be prescribed by the stock exchanges.

The Company, being high value debt listed entity, shall submit to the stock exchanges the disclosures of related party transactions in the format as specified by the Board from time to time, along with its standalone financial results for the half year.

K. EXEMPTION FROM APPLICABILITY OF THE POLICY

Notwithstanding the foregoing, but subject to the provisions of the applicable laws from time to time, this policy shall not apply to the following Related Party Transactions, which shall not require approval of Audit Committee, Board of Directors or Shareholders, as per the provisions of Regulation 23(5) of LODR regulations and 5th proviso to section 188(1) and 4th provisio to section 177 (4) and of Companies Act, 2013-:

i. Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the Shareholders at the general meeting for approval.

ii. Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business, other than transactions which are not on an Arm's Length basis.

iii. Any transaction in which the Related Party's interest arises solely from the ownership of securities issued by the Company and the Related Party receives the same benefits pro rata as all other holders of the same class of securities, other than transactions which are not on an Arm's Length basis.

L. POLICY REVIEW

The Board of Directors of the Company, subject to applicable laws is entitled to amend, suspend, or rescind this Policy at any time. However, the Board of Directors shall review the policy mandatorily every three years and update accordingly. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this policy and of the provisions of the Companies Act and/ or the Listing Regulations and any other applicable law dealing with related party transactions, such applicable law in force from time to time shall prevail over this policy.

Annexure- 4

FORM 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/associate companies/joint ventures

Part "A": Subsidiaries

Sl. No.	Particulars	(₹ in Lakh)
1	Name of the subsidiary M/s Aadhar Sales and Services Private Limited	
2	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	Not Applicable
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable
4	Share capital	1
5	Reserves & surplus	212
6	Total assets	473
7	Total Liabilities	260
8	Investments	-
9	Turnover	5,111
10	Profit before taxation	27
11	Provision for taxation	9
12	Profit after taxation	18
13	Proposed Dividend	Not Applicable/ NIL
14	% of shareholding	100%

The following information shall be furnished:-

1	Names of subsidiaries which are yet to commence operations	NIL
2	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

Note:- Your Company does not hold significant influence in any other Associate Company, as per section 2(87) and 129(3) are disclosed in the Notes to Accounts and Related Party details in the Audited Financials.

For and on behalf of the Board of Directors

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Executive Vice Chairman
DIN 07153794

Rishi Anand
Managing Director and CEO
DIN 02303503

Prateek Roongta
Director
DIN 00622797

Place : Mumbai
Date : 16th May 2023

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

Annexure- 5

THE ANNUAL REPORT ON CSR ACTIVITIES

(FY 2022-23)

1. Brief outline on CSR Policy of the Company:

The Corporate Social Responsibility (CSR) Policy of Aadhar Housing Finance Limited has been developed in accordance with Section 135 of The Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 and its amendments notified by the Ministry of Corporate Affairs, Government of India.

The CSR vision of the Company is to create responsive and empowered communities and to contribute to the socio-economic development of the communities through initiatives designed around sustainability and governance.

The CSR Policy, formulated in alignment with the vision of the Company, lays down the guidelines and mechanisms to be adopted by the Company to carry out CSR Projects/Initiatives.

All CSR initiatives undertaken in FY 2022-23 were conceived and implemented through a focused approach towards target beneficiaries for generating maximum impact and carried out in partnership with credible implementing partners.

CSR Initiatives

The Company has undertaken various CSR initiatives such as pre-education & health of children of below 6 years, community preventive health care, vocational skills & livelihood etc. Community participation and sustainability of the projects are the key elements of the CSR initiatives.

A monitoring & evaluation system has been developed to monitor progress of all ongoing projects. Reports of implementing partners are reviewed by CSR team and a consolidated report is submitted to CSR committee for their review and inputs.

Our CSR policy is available on our website - https://aadharhousing.com/customer-relations/ahfl-policies-codes

2. Composition of CSR Committee as on 31st March 2023:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Dr. Nivedita Haran	Chairperson, Independent Director	2	2
2	Mr. Mukesh Mehta, Member*	Non-Executive (Nominee) Director	2	1
3	Mr. Deo Shankar Tripathi, Member**	Executive Vice Chairman	2	1
4	Mr. Prateek Roongta***	Member, Non-Executive (Nominee) Director	2	1
5	Mr. Rishi Anand***	Member, Managing Director and Chief Executive Officer	2	1

* Mr. Mukesh Mehta ceased to be Member of the Committee w.e.f. 8th February 2023.

** Mr. Deo Shankar Tripathi ceased to be Member of the Committee w.e.f. 4th December 2022

***Mr. Prateek Roongta and Mr. Rishi Anand were appointed as Members of the Committee w.e.f. 8th February 2023.

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

Web- link for CSR Policy: https://aadharhousing.com/customer-relations/ahfl-policies-codes

Web- link for Composition of CSR Committee: https://aadharhousing.com/disclosures-under-regulation-62-of-the-sebi-lodr-regulation-2015-pdf/composition-of-the-committees-of-the-board-of-directors

Web- link for CSR Projects: https://aadharhousing.com/CSR

4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: NA

5. (a) Average net profit of the Company as per section 135(5) : ₹ **41,008 Lakhs**

(b) Two percent of average net profit of the Company as per section 135(5): ₹ **820.17 Lakhs**

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

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

(e) Total CSR obligation for the financial year (b+c-d): ₹ **820.17 Lakhs**

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) – ₹ **193.23 Lakhs**

(b) Amount spent in Administrative overheads - **NIL**

(c) Amount spent on Impact Assessment, if applicable. - **NIL**

(d) Total amount spent for the Financial Year [(a)+(b)+(c)] – ₹ **193.23 Lakhs**

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (in ₹)	Date of transfer	Name of the Fund	Amount	Date of transfer
193.23 Lakhs	626.94 Lakhs	April 18, 2023	NIL	NIL	NIL

(f) Excess amount for set off, if any :

Sl. No.	Particular	Amount (in ₹ In Lakhs)
(i)	Two percent of average net profit of the Company as per section 135(5)	820.17
(ii)	Total amount spent for the Financial Year	193.23
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.00
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.00
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.00

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

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹)	Amount spent in the Financial Year (in ₹)	Amount transferred to any fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
1	FY 21-22	31.92 Lakhs	2.79 Lakhs	29.13 Lakhs	0.00	0.00	2.79 Lakhs	-

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

If Yes, enter the number of Capital assets created/ acquired:

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
	NA	NA	NA	NA	NA		

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5).

The Board at its meeting held on 10th November, 2022 had reviewed the progress of CSR expenses and directed the Management to review the end to end process of CSR budget spending and update the policy & procedure simultaneously. With a vision to create sustainable impact through its CSR interventions, the Company has identified certain projects & implementation partners that will be providing services or delivery of services over multiple years permitted under the CSR Rules. The aim for this planning was to ensure the continuity of the impact and provide maximum benefits to masses. The Company has transferred the unspent CSR amounts available, within the time limit specified for the identified projects and it is committed to spend the amount from the unspent CSR account over next two years as per the project planned and approved by the CSR Committee/Board.

Sd/-
Managing Director & CEO
Date : 16th May 2023

Sd/-
Chairperson CSR Committee
Date : 16th May 2023

Annexure- 6

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Schedule V Para C Clause (10)(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
Aadhar Housing Finance Limited
2nd Floor, No.3, JVT Towers, 8th A Main Road,
S.R. Nagar, Bengaluru -560027, Karnataka

We have examined the relevant registers, records, forms returns and disclosures received from Aadhar Housing Finance Limited having CIN- U66010KA1990PLC011409 and having registered office at 2nd Floor, No.3, JVT Towers, 8th A Main Road, S.R. Nagar, Bengaluru -560027, Karnataka (hereinafter referred to as 'the Company'), produced before us for the purpose of issuing this Certificate, in accordance with the requirement mentioned in Schedule V Para-C Clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No	Name of Director	DIN	Date of appointment in Company
1	Mr. O P Bhatt	00548091	13rd September 2019
2	Dr. Nivedita Haran	06441500	15th September 2018
3	Ms. Sharmila A Karve	05018751	15th December 2020
4	Mr. Amit Dixit	01798942	2nd August 2019
5	Mr. Mukesh Mehta	08319159	2nd August 2019
6	Mr. Prateek Roongta	00622797	20th January 2023
7	Mr. Deo Shankar Tripathi	07153794	3rd January 2023
8	Mr. Rishi Anand	02303503	3rd January 2023

Ensuring the eligibility of 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 this 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 **Roy Jacob & Co**
Company Secretaries

Sd/-
(Roy Jacob)
Proprietor
(C.P. No.8220), (FCS No.9017)
UDIN:F009017E000155042
P.R No. 686/2020

Place: Mumbai
Date: 20th April, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Aadhar Housing Finance Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of **Aadhar Housing Finance Limited** ('the Company'), which comprise the Balance Sheet as at **31st March 2023**, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2023, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of financial assets based on Expected Credit Losses (ECL) - (Refer note 3 for accounting policies and notes 6, 27, and 37 for financial disclosures in the accompanying standalone financial statements)

At 31st March 2023, the Company reported total gross loans of ₹ 14,03,755 lakh (2022: ₹ 12,13,215 lakh) and expected credit loss provisions of ₹ 18,610 lakh (2022: ₹ 17,181 lakh).

Key Audit Matter	How our audit addressed the key audit matter
Ind AS 109, Financial Instruments (Ind AS 109) requires the Company to provide for impairment of its financial assets using the expected credit loss ('ECL') approach involving an estimation of probability of loss on such financial assets, considering reasonable and supportable information about past events, current conditions and forecasts of future economic conditions which could impact the credit quality of the Company's financial assets. Expected credit loss cannot be measured precisely but can only be estimated through use of statistics. The estimation of impairment loss allowance on financial instruments involves significant judgement and estimates and applying appropriate measurement principles, including additional considerations on account of Reserve Bank of India guidelines in relation to COVID-19 regulatory package and restructuring.	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the expected credit losses through the following procedures, but were not limited to, the following procedures: - Examined the Board Policy approving methodologies for computation of ECL that addresses policies and procedures for assessing and measuring credit risk on the lending exposures of the Company in accordance with the requirements of Ind AS 109. The parameters and assumptions used and their rationale have been documented. Also, obtained the policy on moratorium and restructuring of loans approved by the Board of Directors pursuant to the RBI circulars/guidelines and ensured such policy is in compliant with the requirements of the RBI circulars/guidelines.

Key Audit Matter	How our audit addressed the key audit matter
The expected credit loss is calculated using the percentage of probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each of the stages of loan portfolio. Additional management overlay is estimated considering non-prediction and long-term future impact. The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. The Expected Credit Loss ("ECL") is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgment and assumptions involved in measuring ECL is required with respect to: • determining the criteria for a significant increase in credit risk • factoring in future economic assumptions • past experience and forecast data on customer behaviour on repayments • techniques used to determine probability of default, loss given default and exposure at default. Adjustments to the model-driven ECL results as overlays are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. Considering the significance of the above matter to the financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit.	- Evaluated the design and operating effectiveness of controls across the processes relevant to ECL, including the judgements and estimates. 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, and completeness of the underlying data used in the models, credit monitoring, passing of journal entries and preparing disclosures. - Tested the completeness of loans and advances included in the Expected Credit Loss calculations as of 31st March 2023 by reconciling it with the balances as per loan balance register. We tested the data used in the PD and LGD model for ECL calculation by reconciling it to the source system. We tested assets in stage 1, 2 and 3 on sample basis to verify that they were allocated to the appropriate stage. - Tested the appropriateness of determining Exposure at Default (EAD), PD and LGD, on sample basis. 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. - Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Test of details on post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 and restructuring related overlays, in order to assess the reasonableness of adjustments by challenging key assumptions, adjustments by challenging key assumptions, inspecting the calculation methodology. - On a test check basis, ensured compliance with RBI Master Circular on 'Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances' ('IRACP') read with RBI circular on 'Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications' dated 12th November 2021, in relation to identification, upgradation and provisioning of non-performing assets (NPAs) and ensured that the Company has considered NPAs as credit impaired loans. - Ensured that the Company complied with the minimum provision requirements under RBI circular on "Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)" dated 5 May 2021. Assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying financial statements in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework.

Information Technology ("IT") Systems and Controls for the financial reporting process	
Key Audit Matter	**How our audit addressed the key audit matter**
The Company is highly dependent on its information technology (IT) systems for carrying on its operations which require large volume of transactions to be processed in numerous locations on a daily basis. As a result, there is a high degree of reliance and dependency on such IT systems for the financial reporting process of the Company. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. The accuracy and reliability of the financial reporting process depends on the IT systems and the related control environment, including: ➢ IT general controls over user access management and change management across applications, networks, database, and operating systems and; ➢ IT application controls. Due to the importance of the IT systems and related control environment on the Company's financial reporting process, we have identified testing of such IT systems and related control environment as a key audit matter for the current year audit.	Our key audit procedures with the involvement of our IT specialists included, but were not limited to, the following: • Obtained an understanding of the Company's IT related control environment and conducted risk assessment and identified IT applications, data bases and operating systems that are relevant to our audit. • Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above; • On such in-scope IT systems, we have tested key IT general controls with respect to the following domains: a. Program change management which includes controls on moving program changes to production environment as per defined procedures and relevant segregation of environments; b. User access management which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties; c. Other areas that were assessed under the IT control environment included batch processing and interfaces. We also evaluated the design and tested the operating effectiveness of key automated controls within various business processes. Where deficiencies were identified, tested compensating controls or performed alternative procedures.

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis and Director's Report ('the Reports'), but does not include the standalone financial statements and our auditor's report thereon.

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

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements

that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

   Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

10. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

    - Obtain sufficient and appropriate audit evidence regarding the financial statements of the Company to express an opinion on the financial statements.

11. 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.

12. 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.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

14. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

15. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

16. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) The standalone financial statements dealt with by this report are in agreement with the books of account;

    d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

    e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2023 from being appointed as a director in terms of section 164(2) of the Act;

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31st March 2023 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; and

    g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company, as detailed in note 32 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31st March 2023;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31st March 2023;

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31st March 2023;

        iv. a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 53 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

            b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 54 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

            c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

        v. The Company has not declared or paid any dividend during the year ended 31st March 2023.

        vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1st April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN: 23105117BGRNMV6982

Place: Mumbai
Date: 16 May 2023

Annexure I referred to in Paragraph 15 of the Independent Auditor's Report of even date to the members of Aadhar Housing Finance Limited on the standalone financial statements for the year ended 31st March 2023

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The property, plant and equipment and right to use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification programme adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 10 to the standalone financial statements are held in the name of the Company, except for the following properties:

Description of property	Gross carrying value (INR Lakhs)	Held in name of	Whether promoter, director or their relative or employee	Period held	Reason for not being held in name of company
Land: Plot no.11, Mangala Nagar alias Sri Arunachala Nagar situated in No. 68, Athur Village, Chengalpet Taluk, Kanchipuram District, Tamil Nadu	20	DHFL Vysya Housing Finance Limited	No	Since 20 November 2017	The title deeds are in the name of DHFL Vysya Housing Finance Limited, currently known as Aadhar Housing Finance Limited. The Company was merged under Section 230 to 232 of the Companies Act, 2013.
Land: Plot no 14, Mangala Nagar alias Sri Arunachala Nagar situated in No. 68, Athur Village, Chengalpet Taluk, Kanchipuram District, Tamil Nadu	7	Erstwhile Aadhar Housing Finance Limited	No	Since 20 November 2017	The title deeds are in the name of erstwhile Aadhar Housing Finance Limited that was merged with the Company under Section 230 to 232 of the Companies Act 2013.
Building: Unit No. 5, Row 07, 2013. Block B, Garden City, Coimbatore	13	Erstwhile Aadhar Housing Finance Limited	No	Since 20 November 2017	

(d) The Company has not revalued its Property, Plant and Equipment including Right of Use assets or intangible assets during the year.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.

(ii) (a) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.

(b) The Company has been sanctioned a working capital limit in excess of ₹ 5 crore by banks and financial institutions based on the security of current assets. The quarterly returns/statements, in respect of the working capital limits have been filed by the Company with such banks and/or financial institutions and such returns/statements are in agreement with the books of account of the Company for the respective periods, which were subject to audit.

(iii) (a) The Company is a Housing Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.

(b) In our opinion, and according to the information and explanations given to us, the investments made, guarantees provided, security given and terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are, prima facie, not prejudicial to the interest of the Company.

(c) The Company is a Housing Finance Company ('HFC'), registered under provisions of the National Housing Bank Act, 1987 and rules made thereunder and is regulated by various regulations, circulars and norms issued by the Reserve Bank of India including Master Circular – Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances. In respect of loans and advances in the nature of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments/ receipts of principal and interest are regular, except for the following instances:

Particulars – days past due	Total Amount due (₹ in Lakhs)	No. of cases
1-29 days	29,000	5,075
30-59 days	29,889	4,946
60-89 days	6,339	872
90 days or more	16,259	2,835
Total	**81,487**	**13,728**

(d) The total amount which is overdue for more than 90 days as at 31st March 2023 in respect of loans or advances in the nature of loans granted to such companies, firms, LLPs or other parties is as follows:

Particulars	Amount (₹ in Lakhs)	No. of Cases	Remarks, if any
Principal	16,259	2,835	None

Reasonable steps have been taken by the Company for recovery of such principal amounts and interest.

(e) The Company is a Housing Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loan or advance in the nature of loan, which is repayable on demand or without specifying any terms or period of repayment.

(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and section 186 of the Act in respect of loans and investments. Further, the Company has not entered any transaction covered under section 185 and section 186 of the Act in respect of guarantees and security.

(v) The provisions of the sections 73 to 76 and any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended), are not applicable to the Company being a housing finance company registered with the National Housing Bank ('the NHB'). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/ services / business activities. Accordingly, reporting under clause 3(vi) of the Order is not applicable.

(vii) (a) In our opinion, and and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹ in Lakhs)	Amount paid under Protest (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	4.46	4.46	AY 17-18	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax	17.62	-	October 2016 to June 2017	Show cause cum demand notice
GST Act, 2017	GST	145.86	5.52	FY 19-20	Appellate Tribunal

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.

(ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purpose for which these were obtained, though idle/surplus funds were not required for immediate utilisation have been invested in readily realisable liquid investments.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary.

(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) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.

(b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of section 138 of the Act which is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is Housing Finance Company having a valid Certificate of Registration under Section 29A of the NHB Act, 1987 and is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 in terms of exemption granted under Master Direction - Exemptions from the provisions of RBI Act, 1934 dated 25st August 2016 (as amended). Accordingly, reporting under clause 3(xvi)(a) and (b) of the order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(c) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.

(xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) (a) According to the information and explanations given to us, the Company has not transferred unspent amounts towards Corporate Social Responsibility in respect of other than ongoing projects to a Fund specified in Schedule VII to the Act as required under second proviso to sub-section (5) of section 135 of the said Act. However, the time period of six months from the end of financial year as permitted under second proviso to sub-section (5) of section 135 of the Act, has not lapsed till the date of our report.

(b) According to the information and explanations given to us, the Company has transferred the remaining unspent amounts towards Corporate Social Responsibility (CSR) under sub-section (5) of section 135 of the Act, in respect of ongoing project, within a period of 30 days from the end of financial year to a special account in compliance with the provision of sub-section (6) of section 135 of the Act.

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN: 23105117BGRNMV6982

Place: Mumbai
Date: 16 May 2023

Annexure II

Annexure II to the Independent Auditor's Report of even date to the members of Aadhar Housing Finance Limited on the standalone financial statements for the year ended 31st March 2023

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of **Aadhar Housing Finance Limited** ('the Company') as at and for the year ended **31st March 2023**, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31st March 2023, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN: 23105117BGRNMV6982

Place: Mumbai
Date: 16 May 2023

STANDALONE BALANCE SHEET

as at 31st March 2023

(₹ in Lakh)

	Particulars	Note	As at 31st March 2023	As at 31st March 2022 (Audited)
	Assets			
1.	**Financial assets**			
a)	Cash and cash equivalents	4	40,331	57,276
b)	Other bank balances	4	1,51,286	1,13,599
c)	Receivables	5	797	519
d)	Housing and other loans	6	13,85,145	11,96,034
e)	Investments	7	45,825	33,803
f)	Other financial assets	8	25,885	24,534
			16,49,269	**14,25,765**
2.	**Non-financial assets**			
a)	Current tax assets (net)	9	742	2,247
b)	Property, plant and equipment	10	2,475	2,081
c)	Right to use assets	34	3,828	3,347
d)	Other intangible assets	11	29	79
e)	Other non-financial assets	12	4,972	3,716
			12,046	**11,470**
	Total assets		**16,61,315**	**14,37,235**
	Liabilities and equity			
	Liabilities			
1.	**Financial liabilities**			
a)	Trade payables	13		
i)	Total outstanding dues to micro enterprises and small enterprises		36	8
ii)	Total outstanding dues of creditors other than micro enterprises and small enterprises		8,010	5,089
b)	Debt securities	14	2,54,213	1,76,429
c)	Borrowings (other than debt securities)	15	9,54,273	8,81,897
d)	Deposits	16	312	799
e)	Subordinated liabilities	17	6,547	8,334
f)	Other financial liabilities	18	63,847	45,520
			12,87,238	**11,18,076**
2.	**Non-financial liabilities**			
a)	Provisions	19	1,644	1,287
b)	Deferred tax liabilities (net)	20	944	1,531
c)	Other non-financial liabilities	21	1,932	1,802
			4,520	**4,620**
3.	**Equity**			
a)	Equity share capital	22	39,476	39,476
b)	Other equity	23	3,30,081	2,75,063
			3,69,557	**3,14,539**
	Total liabilities and equity		**16,61,315**	**14,37,235**

The accompanying significant accounting policies and notes form an integral part of the financial statements

In terms of our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
ICAI Firm Registration No: 001076N/N500013

For and on behalf of the Board of Directors of Aadhar Housing Finance Limited

Manish Gujral
Partner
Membership No.: 105117

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Executive Vice-Chairman
DIN 07153794

Rishi Anand
Managing Director & CEO
DIN 02303503

Prateek Roongta
Director
DIN 00622797

Place: Mumbai
Date:16th May 2023

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended 31st March 2023

(₹ in Lakh)

	Particulars	Note	For the year ended 31st March 2023	For the year ended 31st March 2022
1	**Income**			
	Revenue from operations			
a)	Interest income	24	1,77,628	1,53,829
b)	Fees and commission income	24	5,559	3,791
c)	Net gain on fair value changes	24	3,173	2,345
d)	Net gain on derecognition of financial instruments under amortised cost category	24	13,043	9,296
	Total revenue from operations		1,99,403	1,69,261
	Other income	25	24	5
	Total income		**1,99,417**	**1,69,266**
2	**Expenses**			
	Finance costs	26	79,919	76,120
	Impairment on financial instruments	27	4,921	4,871
	Employees benefits expense	28	27,909	21,445
	Depreciation and amortisation expense	10, 11 & 34	1,649	1,325
	Other expenses	29	12,974	8,795
	Total expenses		**1,27,372**	**1,12,556**
3	**Profit before tax and exceptional item (1-2)**		**72,055**	**56,710**
4	**Exceptional item**	57	2,500	-
5	**Profit before tax (3-4)**		**69,555**	**56,710**
6	**Tax expense**			
	Current tax	30	15,683	12,513
	Deferred tax charge / (credit)	30	(586)	(268)
			15,097	**12,245**
7	**Profit for the year (5-6)**		**54,458**	**44,465**
8	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
i	Remeasurements of the defined employee benefit plans		(4)	71
ii	Income tax relating to items that will not be reclassified to profit or loss		1	(18)
	Total other comprehensive income for the year (i + ii)		**(3)**	**53**
9	**Total comprehensive income (7+8)**		**54,455**	**44,518**
10	**Earnings per equity share**			
	Basic earnings per share (₹)	31	13.80	11.26
	Diluted earnings per share (₹)	31	13.38	10.92

The accompanying significant accounting policies and notes form an integral part of the financial statements

In terms of our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
ICAI Firm Registration No: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date:16th May 2023

For and on behalf of the Board of Directors of Aadhar Housing Finance Limited

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Executive Vice-Chairman
DIN 07153794

Rishi Anand
Managing Director & CEO
DIN 02303503

Prateek Roongta
Director
DIN 00622797

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

STANDALONE CASH FLOW STATEMENT

for the year ended 31st March 2023

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
A. Cash flow from operating activities		
Profit before tax	69,555	56,710
Adjustments for:		
Depreciation and amortisation expense	1,649	1,325
(Profit)/ Loss on sale of fixed assets	(29)	17
Interest on lease liabilities	350	295
Impairment on financial instruments and Loss on sale of asset held for sale	4,921	4,871
Profit on sale of investment in mutual fund and other investments	(3,173)	(2,345)
Provision for Employee share based payments	563	767
Operating profit before working capital changes	**73,836**	**61,640**
Adjustments for:		
Increase in other financial and non-financial liabilities and provisions	20,939	980
Increase in trade receivables	(278)	(247)
Increase in other financial and non-financial assets	(3,253)	(12,327)
Cash generated from operations during the year	**91,244**	**50,046**
Tax paid (net of refunds)	(14,178)	(11,457)
Net cash flow generated from operations before movement in housing and other loans	**77,066**	**38,589**
Housing and other property loans disbursed	(5,90,261)	(3,99,193)
Proceeds from assignment and co-lending of portfolio	1,26,240	77,212
Housing and other property loans repayments	2,71,234	1,92,728
Net cash used in operating activities [A]	**(1,15,721)**	**(90,664)**
B. Cash flow from investing activities		
Proceeds received on sale / redemption of investments	8,29,324	6,70,035
Payment towards purchase of investments	(8,38,173)	(6,51,783)
Investment in fixed deposits (net of maturities)	(37,687)	65,179
Payment towards purchase of fixed assets	(1,044)	(1,181)
Proceeds received on sale of fixed assets	37	6
Net cash generated from / (used in) investing activities [B]	**(47,543)**	**82,256**
C. Cash flow from financing activities		
Share issue expenses / expenses towards offer for sale of shares	(587)	(378)
Proceeds from loans from banks/institutions	2,98,500	3,41,500
Proceeds from Non-convertible debentures	91,700	41,900
Repayment of loans to banks/institutions	(2,26,371)	(2,71,303)
Repayment of Non-convertible debentures	(15,300)	(80,019)
Repayment of deposits	(565)	(3,369)
Payment of lease liabilities	(1,058)	(846)
Net cash generated from financing activities [C]	**1,46,319**	**27,485**
Net increase / (decrease) in cash and cash equivalents [A+B+C]	**(16,945)**	**19,077**
Cash and cash equivalents at the beginning of the year	**57,276**	**38,199**
Cash and cash equivalents at the end of the year (refer note 4)	**40,331**	**57,276**

The accompanying significant accounting policies and notes form an integral part of the financial statements

In terms of our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
ICAI Firm Registration No: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date:16th May 2023

For and on behalf of the Board of Directors of Aadhar Housing Finance Limited

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Executive Vice-Chairman
DIN 07153794

Rishi Anand
Managing Director & CEO
DIN 02303503

Prateek Roongta
Director
DIN 00622797

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March 2023

a) Equity Share Capital

For the year ended 31st March 2023

(₹ in Lakh)

Particulars	Amount
Balance as at 1st April 2022	**39,476**
Changes in equity share capital during the year	-
Balance as at 31st March 2023	**39,476**

For the year ended 31st March 2022

(₹ in Lakh)

Particulars	Amount
Balance as at 1st April 2021	**39,476**
Changes in equity share capital during the year	-
Balance as at 31st March 2022	**39,476**

b) Other Equity

For the year ended 31st March 2023

(₹ in Lakh)

Particulars	Capital reserve on amalgamation	Securities premium	Statutory reserve	Debenture redemption reserve	General Reserve	Employee Stock Option Outstanding	Retained earnings	Total
Balance as at 1st April 2022	**6**	**1,33,700**	**34,995**	**16,910**	**13,619**	**1,487**	**74,346**	**2,75,063**
Profit for the period	-	-	-	-	-	-	54,458	54,458
Other comprehensive income	-	-	-	-	-	-	(3)	(3)
Transferred to statutory reserve	-	-	10,900	-	-	-	(10,900)	-
Transferred to general reserve	-	-	-	-	5,450	-	(5,450)	-
Employee Stock Option Outstanding	-	-	-	-	-	563	-	563
Balance as at 31st March 2023	**6**	**1,33,700**	**45,895**	**16,910**	**19,069**	**2,050**	**1,12,451**	**3,30,081**

For the year ended 31st March 2022

(₹ in Lakh)

Particulars	Capital reserve on amalgamation	Securities premium	Statutory reserve	Debenture redemption reserve	General Reserve	Employee Stock Option Outstanding	Retained earnings	Total
Balance as at 1st April 2021	**6**	**1,33,700**	**26,091**	**16,910**	**9,269**	**720**	**43,082**	**2,29,778**
Profit for the year	-	-	-	-	-	-	44,465	44,465
Other comprehensive income	-	-	-	-	-	-	53	53
Transferred to statutory reserve	-	-	8,904	-	-	-	(8,904)	-
Transferred to general reserve	-	-	-	-	4,350	-	(4,350)	-
Employee Stock Option Outstanding	-	-	-	-	-	767	-	767
Balance as at 31st March 2022	**6**	**1,33,700**	**34,995**	**16,910**	**13,619**	**1,487**	**74,346**	**2,75,063**

The accompanying significant accounting policies and notes form an integral part of the financial statements
In terms of our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
ICAI Firm Registration No: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

For and on behalf of the Board of Directors of Aadhar Housing Finance Limited

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Executive Vice-Chairman
DIN 07153794

Rishi Anand
Managing Director & CEO
DIN 02303503

Prateek Roongta
Director
DIN 00622797

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

Place: Mumbai
Date:16th May 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

1. Corporate information

Aadhar Housing Finance Limited (formerly known as DHFL Vysya Housing Finance Limited) (the "Company") was incorporated in India in the name of Vysya Bank Housing Finance Limited ("VBHFL") on 26 November, 1990. VBHFL was taken over by Dewan Housing Finance Corporation Limited in 2003 and renamed as DHFL Vysya Housing Finance Ltd ("DVHFL"). The erstwhile Aadhar Housing Finance Ltd which was established in 2010 and commenced operation in February, 2011 was merged into DVHFL on 20th November 2017 and renamed as Aadhar Housing Finance Limited on 4th December 2017 with permission of National Housing Bank ("NHB") and Registrar of Companies ("ROC"). The Company is carrying business of providing loans to customers including individuals, companies, corporations, societies or association of persons for purchase / construction / repair and renovation of residential property, loans against property and provide other property related services. The Company is registered with National Housing Bank under section 29A of the National Housing Bank Act, 1987. The Company is a subsidiary of BCP Topco VII Pte. Ltd. ("Holding Company").

During the financial year 2019-20, the Wadhawan Global Capital Ltd. and Dewan Housing Finance Corporation Limited, along with promoter shareholders and International Finance Corporation (collectively "sellers") transferred their entire shareholding to BCP Topco VII Pte. Ltd., which is held through intermediary companies by private equity funds managed by wholly owned subsidiaries of The Blackstone Group L.P. (collectively "Blackstone").

The Company is a Public Limited Company and its debts are listed on the Bombay Stock Exchange (BSE).

The financials were authorized for issue by the Company's Board of Directors on 16th May, 2023.

2. Significant accounting policies

2.1 Basis of preparation and presentation

The Standalone Financial Statements have been prepared in accordance with the recognition and measurement principle of Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 (the "Act"), read with relevant rules issued thereunder and other accounting principles generally accepted in India, requirements prescribed under the Schedule III - Division III of the Act, as amended, the circulars, the guidelines and the master directions issued by the Reserve Bank of India (the "RBI") and National Housing Bank (the "NHB") from time to time to the extent applicable.

The previous period numbers have been regrouped/ re-classified (as necessary) and incremental disclosures have been made to conform with current period disclosures.

2.2 Going concern

These financial statements have been prepared on a going concern basis.

2.3 Historical cost convention

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The measurement and/ or disclosure in these financial statements has been accordingly determined except for share based payment transactions, leasing transactions and certain other transactions that are required to be valued in accordance with Ind AS 102, Ind AS 116 and Ind AS 36, respectively.

2.4 Presentation of financial statements

Amounts in the financial statements are presented in Indian Rupees in Lakh. Per share data is presented in Indian Rupee.

2.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable, as applicable.

a. Interest income

The main source of revenue for the Company is Income from Housing and Other property loans. Repayment of housing and property loan is by way of Equated Monthly Instalments (EMIs) comprising of principal and interest. EMIs generally commence once the loan is disbursed. Pending commencement of EMIs, pre-EMI interest is payable every month on the loan that has been disbursed. Interest is

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

calculated either on annual rest or on monthly rest basis in terms of the financing scheme opted by the borrower.

Interest income on housing and property loans and other financial instruments carried at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ("EIR") applicable.

The EIR considers all fees, charges, transaction costs, and other premiums or discounts that are incremental and directly attributable to the specific financial instrument at the time of its origination. The financial assets that are classified at fair value through statement of profit and loss ("FVTPL"), transaction costs are recognised in statement of profit and loss at initial recognition.

The interest income on non-credit impaired financial assets is calculated by applying the EIR to the gross carrying amount (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). Interest income on credit-impaired financial assets is calculated on net carrying value (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

b. Fee and commission income:

Fee and commission, other than the fee that forms an integral part of EIR, are accounted on accrual basis.

c. Dividend income

Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

d. Investment income

The gains/losses on sale of investments are recognised in the statement of profit and loss on trade date. Gain or loss on sale of investments is determined on the basis of weighted average cost.

e. Other operating revenue:

Prepayment charges, delayed payment interest and other such incomes where recovery is uncertain are recognised on receipt basis.

2.6 Property, plant and equipment and Intangible Assets

Property, plant and equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at cost less accumulated depreciation/ amortization and impairment losses, if any. The cost of PPE is its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the PPE ready for its intended use, other incidental expenses and interest on borrowing attributable to acquisition of qualifying PPE upto the date the asset is ready for its intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

PPEs not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land which is not depreciated) less their residual values over their useful lives specified in Schedule II to the Act, or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Estimated useful life considered by the Company are:

Asset	Estimated Useful Life
Office equipment & computer	5 – 10 Years
Furniture and fixtures	10 Years
Vehicles	8 Years
Leasehold improvements	Lease Period
Buildings	60 Years

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

Intangible assets are amortised on straight line basis over the estimated useful life of 3 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit and loss when the asset is derecognised.

Impairment of assets

As at the end of each financial year, the Company reviews the carrying amounts of its PPE and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE and intangible assets are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal 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 the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognised immediately in the statement of profit and loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss was recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

2.7 Employee benefits

i. Defined contribution plan

The contribution to provident fund, pension fund, National Pension Scheme and employee state insurance scheme are considered as defined contribution plans and are charged as an expense in the statement of profit and loss based on the amount of contribution required to be made as and when services are rendered by the employees.

ii. Defined benefits plan

The Company's gratuity liability under the Payment of Gratuity Act, 1972 is determined on the basis of actuarial valuation made at the end of each year using the projected unit credit method.

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed periodically by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognition of the asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

iii. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

iv. Other long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

v. Share-based payment arrangements

The share appreciation rights / stock options granted to employees pursuant to the Company's Stock appreciation rights scheme / stock options policy are measured at the fair value of the rights at the grant date. The fair value of the rights / options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within other equity.

2.8 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, 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 right-of-use assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability.

The right-of-use assets are 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 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 statement of profit and loss depending upon the nature of modification. Where the carrying amount

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

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 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 lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

2.9 Financial instruments

Recognition of financial instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets primarily comprise of loans and advances, deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of deposits, borrowings (other than debt securities), debt securities, subordinate liabilities and trade payables.

Initial measurement of financial instruments

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the statement of profit and loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in the statement of profit and loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

  After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial assets

Classification of financial assets

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Company may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 – Business Combination applies, in OCI; and
- the Company may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

Investment in equity instruments at FVOCI

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI.

The Company has not elected to classify any equity investment at FVOCI.

Debt instruments at amortised cost or at FVTOCI

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset individually and the Company's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are meeting SPPI test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed individually and together to achieve a particular business objective.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in statement of profit or loss.

Subsequent measurement of financial assets

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Company business model objective is to hold financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

Reclassifications

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

that result in reclassifying the Company's financial assets. During the current financial year and previous financial year there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

Impairment

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Company measures ECL based on category of loans at a collective level. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

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.

Based on the above process, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1 - Performing assets with zero to thirty days past due (DPD). Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 and Stage 3.
- Stage 2 - Under-performing assets having 31 to 90 DPD. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3 - Non-performing assets with overdue more than 90 DPD

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

The financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Derecognition of financial assets

A financial asset is derecognised only when:

- The Company has transferred the rights to receive cash flows from the financial assets or
- retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial assets. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

The Company transfers loans through assignment transactions. In accordance with the Ind AS 109, on derecognition of a financial asset under assignment transactions, the difference between the carrying amount and the consideration received shall be recognised in statement of profit and loss.

Write-off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is 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 subject to the write-off. A write-off constitutes a derecognition event.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities shall be recognised in statement of profit and loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

A financial liability is

a) a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or

b) a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or

c) a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' in the statement of profit and loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

2.10 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, balance in current account and Balances with banks in deposits accounts with original maturity of less than 3 months. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

2.11 Borrowing costs

Interest expenses are calculated using EIR and all other borrowing costs are recognised in the statement of profit and loss when they are incurred.

2.12 Foreign currencies

a. The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company has been determined based on the primary economic environment in which the Company operates considering the currency in which funds are generated, spent and retained.

b. Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the period-end. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the statement of profit and loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

2.13 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. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Income / costs which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under Unallocated Income / Costs.

2.14 Investments in subsidiary

Investments in subsidiary is measured at cost as per Ind AS 27 – Separate Financial Statements.

2.15 Earnings per share

Basic earnings per share has been computed by dividing net income by the weighted average number of shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to the fraction paid up. Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

2.16 Taxes on income

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the statement of profit and loss except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognised outside profit or loss.

Current tax

The tax currently payable is based on the estimated taxable profit for the year for the Company and is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using applicable tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.17 Special reserve

The Company creates statutory reserve every year out of its profits in terms of section 36(1)(viii) of the Income Tax Act, 1961 read with section 29C of the National Housing Bank Act, 1987.

2.18 Impairment reserve

As per the RBI Circular RBI/2019-20/170 DOR (NBFC). CC.PD.No.109/22.10.106/2019-20 dated 13 March, 2020, in the event of the aggregate impairment provision under Ind AS 109 is lower than that required under the Income Recognition, Asset Classification and Provisioning Norms , then the difference shall be appropriated from the Net Profit or loss after tax to a separate “Impairment Reserve”.

2.19 Provisions, contingent liabilities and contingent assets

- Provisions are recognised only when an entity has a present obligation (legal or constructive) as a result of a past event; 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

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- a present obligation arising from past events, when no reliable estimate is possible.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent assets:

Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2.20 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.

2.21 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

2.22 Exceptional items

An item of income or expense which its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and the same is disclosed in the notes to accounts.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

2.23 Statement of cash flows

Statement of cash flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method.

Cash and cash equivalents (including bank balances) shown in the statement of cash flows exclude items which are not available for general use as on the date of Balance Sheet.

3. Critical accounting judgements and key sources of estimation uncertainties

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

Expected credit loss

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and credit assessment and including forward-looking information. In certain cases, the assessment based on past experience is required for future estimation of cash flows which requires significant judgment.

The inputs used and process followed by the Company in determining the increase in credit risk have been detailed in note 37.

EIR

The Company's EIR methodology, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as other fee income/ expense that are integral parts of the instrument.

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.

Following abbreviation to be read as :

"ESOP" - Employee Stock Option Plan

"ESAR" - Employee Stock Appreciation Rights

Business model assessment

The Company's business model objective is to hold financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates, accordingly entire Loan Portfolio is classified at amortised cost.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

4 Cash and bank balances

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Cash and cash equivalents		
a) Cash on hand	97	345
b) Balances with banks in current accounts	6,804	2,712
c) Balances with banks in deposits accounts with original maturity of less than 3 months (refer note (i) below)	33,430	54,219
	40,331	**57,276**
Other bank balances		
a) In other deposit accounts		
- Original maturity of more than three months (refer note (ii) & (iii) below)	1,51,284	1,13,596
b) Earmarked balances with banks		
- Unclaimed dividend account	2	3
	1,51,286	**1,13,599**
Total	**1,91,617**	**1,70,875**

i) Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

ii) Fixed deposit and other balances with banks earns interest at fixed rate.

iii) Other bank balances includes deposits of ₹ 28,251 Lakh for 31st March 2023 which are under lien including lien towards unutilized bank overdraft. (31st March 2022: ₹ 39,565 Lakh).

5 Receivables

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Trade receivables		
Unsecured, considered good	797	519
Total	**797**	**519**

i) Trade receivables includes amounts due from the related parties amounting to Nil (31st March 2022 : Nil) [Refer Note 43].

ii) No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

iii) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

iv) Trade Receivables ageing schedule

As At 31st March 2023

(₹ in Lakh)

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Revenue	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	-	795	1	1	-	-	797

As At 31st March 2022

(₹ in Lakh)

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Revenue	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	12	455	51	1	-	-	519

Note: Date of the transaction considered as due date of payment

v) Impairment allowance for trade receivable is Nil and therefore related disclosures are not given in the financial statement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

6 Housing and other loans

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
At amortised cost		
i) Housing and other property loans	13,90,434	12,00,693
ii) Loans to developers	-	110
iii) Interest accrued on above loans	13,321	12,412
Total gross	**14,03,755**	**12,13,215**
Less: Impairment loss allowance	18,610	17,181
Total net	**13,85,145**	**11,96,034**

i) All Housing and other loans are originated in India.

ii) Loans granted by the Company are secured by equitable mortgage/ registered mortgage of the property and assets financed and/or undertaking to create a security and/or assignment of Life Insurance Policies and/or personal guarantees and/or hypothecation of assets and are considered appropriate and good.

iii) The Company has assigned pool of certain housing and property loans and managed servicing of such loan accounts. The balance outstanding in the pool, as at the reporting date aggregates ₹ 3,28,179 Lakh (31st March 2022: ₹ 2,72,969 Lakh). The carrying value of these assets have been de-recognised in the books of the Company.

iv) There is no outstanding loan to Public institution.

v) There were no loans given against the collateral of gold jewellery and hence the percentage of such loans to the total outstanding asset is Nil (31st March 2022 : Nil).

vi) Housing loan and other property loan includes ₹ 12,526 Lakh (31st March 2022: ₹ 8,394 Lakh) given to employees of the Company under the staff loan.

vii) Housing loan and other property loan includes ₹ 3,976 Lakh (31st March 2022: ₹ 3,078 Lakh) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

viii) The Company has maintained an impairment provision of ₹ 7,631 Lakh as at 31st March 2023 (31st March 2022 : ₹ 8,536 Lakh) on account of One time restructuring and additional management overlay.

7 Investments

Particulars	As at 31st March 2023	As at 31st March 2022	As at 31st March 2023	As at 31st March 2022
	No's of Units / Shares		(₹ in Lakh)	
At cost				
Investments in equity instruments (Subsidiary)				
Investment in Aadhar Sales and Services Private Limited (Face Value of ₹ 10 each)	10,000	10,000	1	1
			1	1
At amortised cost				
Investments in bonds				
6.54% GOI Bonds 2032 (Face Value of ₹ 100 each)	1,25,00,000	0	11,900	-
6.10% GOI Bonds 2031 (Face Value of ₹ 100 each)	2,75,00,000	1,75,00,000	26,886	17,423
6.57% GOI Bonds 2033 (Face Value of ₹ 100 each)	5,00,000	5,00,000	495	494
7.26%% GOI Bonds 2032 (Face Value of ₹ 100 each)	50,00,000	0	4,996	-
9.80% NCD Jaipur Vidyut Vitran Nigam Ltd (Face Value of ₹ 1,00,000 each) (refer note iii below)	2,000	2,000	1,544	1,713
			45,821	**19,630**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

Particulars	As at 31st March 2023	As at 31st March 2022	As at 31st March 2023	As at 31st March 2022
	No's of Units / Shares		(₹ in Lakh)	
At fair value through profit and loss				
Investments in mutual funds				
ABSL Liquid Fund Direct Growth	-	2,38,488	-	818
SBI Liquid Fund Direct Growth	-	75,810	-	2,527
HDFC Liquid Fund Direct Growth	-	59,814	-	2,503
Axis Liquid Fund - Direct Growth	-	1,48,213	-	3,504
Nippon India Liquid Fund Direct Growth	-	13,976	-	728
ICICI Prudential Liquid Fund - Direct Plan - Growth	-	9,46,558	-	2,984
BNP Paribas Liquid Fund Direct Growth	-	45,093	-	1,106
			-	**14,170**
Investments in quoted equity instruments (others than subsidiary)				
Reliance Power Limited Equity Shares (Face value of ₹ 10 each)	222	222	0	0
IDFC First Bank Limited Equity Shares (Face value of ₹ 10 each)	2390	2,390	1	1
Sharmrao Vithal Co-operative Bank Equity Shared (Face value of ₹ 10 each)	100	-	0	-
Mangalore Refinery and Petrochemical Limited Equity Shares (Face value of ₹ 10 each)	3000	3,000	2	1
			3	**2**
Total			**45,825**	**33,803**

Notes :

i) Amount "0" represent value less than ₹ 50,000.

ii) All investments are made within India.

iii) Investment in bonds aggregating to ₹ 1,544 Lakh (31st March 2022: ₹ 1,713 Lakh) carry a floating charge in favour of fixed deposits holder read with note no 16.

8 Other financial assets

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured, Considered Good		
Receivable from related parties		
Others		
Receivable from assigned portfolio	25,017	23,816
Receivable on assigned loans (net of servicing fee)	-	3
Security deposits	868	715
Total	**25,885**	**24,534**

9 Current tax assets (net)

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Income tax paid in advance (net of provisions)	742	2,247
Total	**742**	**2,247**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

10. Property, plant and equipment

(₹ in Lakh)

Particulars	Freehold Land	Building - Owned	Furniture & Fixture	Office Equipments	Vehicles	Computer	Total
Balance as at 1st April 2021	**27**	**13**	**1,300**	**746**	**28**	**1,211**	**3,325**
Additions during the year	-	-	383	140	-	425	948
Deduction / adjustments	-	-	(87)	(26)	(2)	(29)	(144)
Balance as at 31st March 2022	**27**	**13**	**1,596**	**860**	**26**	**1,607**	**4,129**
Balance as at 1st April 2022	**27**	**13**	**1,596**	**860**	**26**	**1,607**	**4,129**
Additions during the year	-	-	312	154	-	585	1,051
Deduction / adjustments	-	-	(62)	(41)	(1)	(236)	(340)
Balance as at 31st March 2023	**27**	**13**	**1,846**	**973**	**25**	**1,956**	**4,840**
Accumulated depreciation							
Balance as at 1st April 2021	**-**	**3**	**461**	**338**	**8**	**876**	**1,686**
Depreciation for the year	-	2	161	100	4	218	485
Deduction / adjustments	-	-	(74)	(21)	(2)	(26)	(123)
Balance as at 31st March 2022	**-**	**5**	**548**	**417**	**10**	**1,068**	**2,048**
Balance as at 1st April 2022	**-**	**5**	**548**	**417**	**10**	**1,068**	**2,048**
Depreciation for the year	-	2	189	98	4	336	629
Deduction / adjustments	-	(1)	(43)	(24)	-	(244)	(312)
Balance as at 31st March 2023	**-**	**6**	**694**	**491**	**14**	**1,160**	**2,365**
Net book value							
As at 31st March 2023	**27**	**7**	**1,152**	**482**	**11**	**796**	**2,475**
As at 31st March 2022	**27**	**8**	**1,048**	**443**	**16**	**539**	**2,081**

Title deeds of Immovable Properties not held in name of the Company:-

Particulars of the land and building	Gross block as at 31st March 2023	Property Held since which date	Reason for not being held in the name of Company
Plot no.11, Mangala Nagar alias Sri Arunachala Nagar situated in No. 68, Athur Village, Chengalpet Taluk, Kanchipuram District, Tamil Nadu	20	November 20, 2017 (date of Amalgamation)	The title deeds are in the name of DHFL Vysya Housing Finance Limited, currently known as Aadhar Housing Finance Limited. The Company was merged under Section 230 to 232 of the Companies Act, 2013.
Plot no 14, Mangala Nagar alias Sri Arunachala Nagar situated in No. 68, Athur Village, Chengalpet Taluk, Kanchipuram District, Tamil Nadu	7	November 20, 2017 (date of Amalgamation)	The title deeds are in the name of erstwhile Aadhar Housing Finance Limited that was merged with the Company under Section 230 to 232 of the Companies Act 2013.
Unit No. 5, Row 07, Block B, Garden City, Coimbatore	13	November 20, 2017 (date of Amalgamation)	

1. In respect of immovable properties of land and buildings that have been taken on lease, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement

2. In None of the title deed mentioned above Promoter , Director, or relative of promoter / director or employee of promoter / director is holder of title deed

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

11. Other intangible asset

(₹ in Lakh)

Particulars	Amount
Balance as at 1st April 2021	**314**
Additions during the year	22
Deduction / adjustments	-
Balance as at 31st March 2022	**336**
Balance as at 1st April 2022	**336**
Additions during the year	1
Deduction / adjustments	-
Balance as at 31st March 2023	**337**
Accumulated depreciation	
Balance as at 1st April 2021	**187**
Depreciation for the year	70
Deduction / adjustments	-
Balance as at 31st March 2022	**257**
Balance as at 1st April 2022	**257**
Depreciation for the year	51
Deduction / adjustments	-
Balance as at 31st March 2023	**308**
Net book value	
As at 31st March 2023	**29**
As at Match 31, 2022	**79**

Note: Other Intangible Assets includes Computer Software

12 Other non-financial assets

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Asset held for sale	396	396
Less : Provision for diminution in the value of asset held for sale	(185)	(185)
	211	**211**
Prepaid expenses	625	439
Capital advance	46	34
Advance for expenses and other advances	1,252	744
Unamortised share issue expenses [Refer Note i below]	2,559	1,972
Balance with government authorities	279	316
Total	**4,972**	**3,716**

Notes :

i) The Company has incurred certain expenses towards proposed Initial public offering of its equity shares. The company expects to recover certain amounts from the selling shareholders and the balance amount would be charged-off to securities premium account in accordance with Section 52 of the Companies Act, 2013 upon share being issued.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

13 Trade payables

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Total outstanding dues to micro enterprises and small enterprises (Refer Note a and b below)	36	8
Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer Note b and c below)	8,010	5,089
Total	**8,046**	**5,097**

a) Based on and to the extent of information received by the Company from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors.

There are no overdue amounts to Micro, Small and Medium Enterprises as at 31st March 2023 for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.

b) Trade Payables ageing schedule

As At 31st March 2023

(₹ in Lakh)

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME*	-	36	-	-	-	36
Others	7,969	36	5	-	-	8,010
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Total	**7,969**	**72**	**5**	**-**	**-**	**8,046**

*GST credit disputed Cases

As At 31st March 2022

(₹ in Lakh)

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	8	-	-	-	8
Others	4,639	450	-	-	-	5,089
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Total	**4,639**	**458**	**-**	**-**	**-**	**5,097**

Note: Date of the transaction considered as due date of payment

c) Trade Payables includes ₹ 116 Lakh (31st March 2022: ₹ 120 Lakh) due to related parties [Refer Note 43].

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

14 Debt securities

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
At amortised cost		
Secured		
Redeemable non convertible debentures	2,54,213	1,76,429
Total	**2,54,213**	**1,76,429**

i) All debt securities are issued in India

ii) Terms of repayment and rate of interest in case of debt securities:

As At 31st March 2023

(₹ in Lakh)

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Secured					
Redeemable non convertible debentures	6.90% to 9.80%	1,79,671	46,840	28,449	2,54,960

As At 31st March 2022

(₹ in Lakh)

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Secured					
Redeemable non convertible debentures	6.90% to 9.80%	1,52,277	22,360	2,123	1,76,760

Maturity profile disclosed above excludes discount/premium and EIR adjustments amounting to ₹ 747 Lakh (March 31, 2022: ₹ 331 Lakh).

List of Redeemable debentures

(₹ in Lakh)

Sr No.	ISIN	Rate of interest	Date of Redemption	As at 31st March 2023	As at 31st March 2022
1	INE538L07072	9.80%	3rd June 2022	-	1,000
2	INE538L07072	9.80%	3rd June 2022	-	1,000
3	INE538L07080	9.80%	7th August2022	-	800
4	INE538L07080	9.80%	7th August 2022	-	100
5	INE538L07080	9.80%	7th August 2022	-	100
6	INE538L07098	9.80%	3rd September 2022	-	1,000
7	INE538L07106	9.80%	10th September 2022	-	1,000
8	INE538L07122	9.70%	4th November 2022	-	2,000
9	INE538L07155	9.60%	28th December 2022	-	2,000
10	INE538L07171	9.60%	7th January 2023	-	2,000
11	INE538L07296	9.30%	28th April 2023	1,000	1,000
12	INE538L07296	9.30%	28th April 2023	130	130
13	INE883F07017	9.40%	5th May 2023	3,000	3,000
14	INE538L07304	9.50%	13th May 2023	500	500
15	INE883F07165	9.15%	20th June 2023	20,000	20,000
16	INE538L07502	9.25%	29th September 2023	3,051	3,051
17	INE538L07510	9.65%	29th September 2023	1,896	1,896
18	INE883F07124	9.36%	27th October 2023	400	400
19	INE883F07140	9.40%	21st November 2023	1,800	1,800
20	INE883F07140	9.40%	21st November 2023	200	200

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

Sr No.	ISIN	Rate of interest	Date of Redemption	As at 31st March 2023	As at 31st March 2022
21	INE883F07157	9.40%	22nd November 2023	900	900
22	INE538L07056	9.80%	23 March 2025	2,500	2,500
23	INE538L07163	9.60%	6th January 2026	1,000	1,000
24	INE538L07163	9.60%	6th January 2026	1,000	1,000
25	INE538L07163	9.60%	6th January2026	1,000	1,000
26	INE538L07189	9.60%	19th January 2026	1,000	1,000
27	INE538L07197	9.60%	19th January 2026	100	100
28	INE538L07197	9.60%	19th January 2026	170	170
29	INE538L07205	9.60%	25th January 2026	1,000	1,000
30	INE538L07205	9.60%	25th January 2026	1,000	1,000
31	INE538L07213	9.55%	29th January 2026	500	500
32	INE538L07213	9.55%	29th January 2026	100	100
33	INE538L07213	9.55%	29th January 2026	500	500
34	INE538L07213	9.55%	29th January 2026	100	100
35	INE538L07221	9.55%	1st March 2026	1,000	1,000
36	INE538L07254	9.55%	22nd March 2026	2,000	2,000
37	INE538L07270	9.55%	31st March 2026	1,000	1,000
38	INE538L07270	9.55%	31st March 2026	250	250
39	INE883F07025	9.40%	5th May 2026	2,000	2,000
40	INE883F07041	9.35%	8th July 2026	200	200
41	INE883F07058	9.40%	13th July 2026	120	120
42	INE883F07066	9.28%	18th July 2026	200	200
43	INE883F07074	9.15%	5th August 2026	120	120
44	INE538L07379	9.00%	16th November 2026	500	500
45	INE538L07528	9.35%	29th September2028	955	955
46	INE538L07536	9.75%	29th September 2028	1,168	1,168
47	INE883F07173	8.00%	5th May2023	20,000	20,000
48	INE883F07181	8.20%	17th August 2023	30,000	30,000
49	INE883F07199	8.20%	1st September 2023	16,500	16,500
50	INE883F07215	8.10%	20th October 2025	5,000	5,000
51	INE883F07223	7.10%	7th October 2024	9,900	9,900
52	INE883F07231	6.90%	29th October 2024	12,000	12,000
53	INE883F07249	7.15%	9th December 2026	10,000	10,000
54	INE883F07256	9.55%*	24th February 2026	7,500	10,000
55	INE883F07264	8.53%*	15th June 2029	35,100	-
56	INE883F07264	8.48%*	15th June 2029	35,100	-
57	INE883F07298	8.30%*	6th February 2028	10,000	-
58	INE883F07280	8.30%*	6-January-2028	11,500	-
*Floating rate linked to RBI repo				**2,54,960**	**1,76,760**

iii) The Company has raised ₹ 91,700 Lakh (31st March 2022 : ₹ 41,900 Lakh) from Secured Redeemable Non Convertible Debentures (NCDs) during the year ended 31st March 2023. NCDs are long term and are secured by way of pari passu first charge by way of (present & future obligations) hypothecation on standard book debts / receivables/ outstanding moneys, current assets, Cash & Bank balances & Investments as per contracted terms except for those book debts/ receivables charged or to be charged in favour of NHB for refinance availed or to be availed from them and the Company has provided Security on specific immovable property on certain series of NCDs private placement (excluding IPO Series). NCDs including current maturities are redeemable at par/premium in various periods.

iv) There has been no deviation in the utilisation of issue proceeds of public issued secured redeemable NCD, from the Objects as stated in the Shelf prospectus document dated 03rd September 2018.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

15 Borrowings (other than debt securities)

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Secured		
At amortised cost		
Term Loans		
from banks	6,54,067	6,35,860
from National Housing Bank	3,00,206	2,38,537
Cash credit facilities		
from banks	-	7,500
Total	**9,54,273**	**8,81,897**

i) All borrowings are issued in India

ii) Terms of repayment and rate of interest in case of Borrowings:

As At 31st March 2023

(₹ in Lakh)

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Secured					
Term loan from banks	Floating*	3,34,442	1,97,444	1,23,480	6,55,366
Term Loan from National Housing Bank	2.94% to 7.30%	1,51,110	90,981	58,115	3,00,206

As At 31st March 2022

(₹ in Lakh)

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Secured					
Term loan from banks	Floating*	3,25,821	1,68,060	1,43,525	6,37,406
Term Loan from National Housing Bank	2.94% to 7.30%	1,14,688	65,696	58,153	2,38,537

*(Linked with MCLR/Base Rate of respective banks)

Maturity profile disclosed above excludes EIR adjustments amounting to ₹ 1,299 Lakh (31st March 2022 : ₹ 1,546 Lakh).

iii) The secured term loans from banks are availed from various scheduled banks. These loans are repayable as per the individual contracted terms in one or more instalments between April 2023 and January 2033. These loans are secured / to be secured by way of jointly ranking pari passu inter-se charge, along with NHB and NCD holders, on the Company's book debts, housing loans and the whole of the present and future movable assets of the Company as applicable.

iv) Secured term loan from National Housing Bank are repayable as per the contracted terms in one or more instalments between April 2023 and January 2033. These loans from National Housing Bank are secured / to be secured by way of first charge to and in favour of NHB, other banks and NCD holders and jointly ranking pari passu inter-se, on the Company's book debts, housing loans and the whole of the present and future movable and immovable assets wherever situated excluding SLR assets.

v) Cash credit facilities from banks are secured by way of jointly ranking pari passu inter-se charge, along with NHB and NCD holders, on the Company's book debts, housing loans and the whole of the present and future movable assets of the Company as applicable. All cash credit facilities are repayable as per the contracted / rollover term.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

16 Deposits

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Deposit		
At amortised cost		
Public deposits	312	799
Total	**312**	**799**

The National Housing Bank Directives requires all HFCs, accepting public deposits, to create a floating charge on the statutory liquid assets maintained in favour of the depositors through the mechanism of a Trust Deed. The Company has accordingly appointed SEBI approved Trustee Company as a Trustee for the above by executing a trust deed.

The public deposits of the Company as defined in paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge on the Statutory Liquid Assets maintained in terms of sub-sections (1) and (2) of Section 29B of the National Housing Bank Act, 1987.

17 Subordinated liabilities

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured		
Redeemable non convertible debentures	6,547	8,334
Total	**6,547**	**8,334**

i) All subordinated liabilities are issued in India

ii) Terms of repayment and rate of interest in case of Subordinated Liabilities:

As At 31st March 2023

(₹ in Lakh)

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Redeemable non convertible debentures	9.75% to 10.00%	600	6,000	-	6,600

As At 31st March 2022

(₹ in Lakh)

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Redeemable non convertible debentures	9.75% to 10.00%	2,400	6,000	-	8,400

Maturity profile disclosed above excludes EIR adjustments amounting to ₹ 53 Lakh (31st March 2021: ₹ 66 Lakh).

iii) Unsecured Redeemable Non-Convertible Debentures are subordinated to present and future senior indebtedness of the Company. These Unsecured Redeemable Non-Convertible Debentures qualifies as Tier II capital in accordance with National Housing Bank (NHB) guidelines for assessing capital adequacy based on balance term to maturity. These debentures are redeemable at par on maturity at the end of various periods.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

18 Other financial liabilities

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Book overdraft	35,908	19,623
Lease liabilities (refer note 34)	3,795	3,053
Accrued employee benefits	6,575	3,649
Interest accrued but not due - Deposits	4	1
Interest accrued but not due - Others	8,398	8,198
Amount payable under assignment of receivables	9,086	10,836
Unpaid dividend (refer note below)	3	4
Unpaid matured deposits and interest accrued thereon	78	156
Total	**63,847**	**45,520**

The Company has transferred a sum of ₹ 0.65 Lakh during the year ended 31st March 2023 (31st March 2022 : ₹ 0.28 Lakh) being Unclaimed Dividend to Investor Education and Protection Fund under section 124 of the Companies Act, 2013.

19 Provisions

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Provision for employee benefits		
Provision for compensated absences	878	758
Provision for gratuity (refer note 40)	766	529
Total	**1,644**	**1,287**

20 Deferred tax liabilities (net)

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Deferred tax liabilities		
Deferred tax liabilities	6,485	6,595
Deferred Tax Assets	5,541	5,064
Total deferred tax liabilities (net)	**944**	**1,531**

Deferred tax assets and liabilities in relation to:

(₹ in Lakh)

Particulars	As at 1st April 2022	Charged to Profit and Loss	Charged to Other Comprehensive Income	As at 31st March 2023
Deferred tax liabilities				
Fair value on Amalgamation	780	(390)	-	390
Net gain on derecognition of financial instruments under amortised cost category	5,815	280	-	6,095
	6,595	**(110)**	**-**	**6,485**
Deferred tax assets				
On difference between book balance and tax balance of assets	118	(3)	-	115
On account of impairment on financial instruments	3,979	301	-	4,280
On account of provision for employee benefits	296	117	1	414
Others	671	61	-	732
	5,064	**476**	**1**	**5,541**
Net Deferred tax (assets)/liabilities	**1,531**	**(586)**	**(1)**	**944**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

Deferred tax assets and liabilities in relation to:

(₹ in Lakh)

Particulars	As at 1st April 2021	Charged to Profit and Loss	Charged to Other Comprehensive Income	As at 31st March 2022
Deferred tax liabilities				
Fair value on Amalgamation	1,170	(390)	-	780
Net gain on derecognition of financial instruments under amortised cost category	5,073	742	-	5,815
	6,243	**352**	**-**	**6,595**
Deferred tax assets				
On difference between book balance and tax balance of assets	113	5	-	118
On account of impairment on financial instruments	3,493	486	-	3,979
On account of provision for employee benefits	277	37	(18)	296
Others	579	92	-	671
	4,462	**620**	**(18)**	**5,064**
Net Deferred tax (assets)/liabilities	**1,781**	**(268)**	**18**	**1,531**

21 Other non-financial liabilities

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Advance from Customers	256	298
Statutory dues	792	715
Others	884	789
Total	**1,932**	**1,802**

22 Equity share capital

Particulars	As at 31st March 2023	As at 31st March 2022	As at 31st March 2023	As at 31st March 2022
	Number of shares		**(₹ in Lakh)**	
Authorised share capital				
Equity shares of ₹ 10 each	50,00,00,000	50,00,00,000	50,000	50,000
Issued share capital				
Equity shares of ₹ 10 each	39,47,54,970	39,47,54,970	39,476	39,476
Subscribed and paid up capital				
Equity shares of ₹ 10 each	39,47,54,970	39,47,54,970	39,476	39,476
Total			**39,476**	**39,476**

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year:

Particulars	As at 31st March 2023	As at 31st March 2022
Equity shares at the beginning of the year	39,47,54,970	39,47,54,970
Add: Shares issued during the year	-	-
Equity shares at the end of the year	**39,47,54,970**	**39,47,54,970**

* Includes allotment of 26,100 bonus shares pertaining to existing share holder holding shares in physical mode, allotment of same is pending on account of conversion of physical shares into demat mode.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

b) Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders. Dividend declared towards equity shares will be subject to the approval of shareholder in the ensuing Annual General Meeting.

c) The shareholders vide a special resolution have approved bonus issue of 35,52,43,149 equity shares of the Company in the ratio of nine shares of face value of ₹ 10 each for each existing equity share of the face value of ₹ 10 each on 16th January 2021 in extraordinary general meeting (EGM).

d) The Company has not bought back any class of shares.

e) The Company has not alloted any class of shares as fully paid up pursuant to contract without payment being received in cash.

f) The Company has not proposed any dividend during the year ended 31st March 2023.

g) Details of shareholders holding more than five percent equity shares in the Company are as under:

(₹ in Lakh)

Particulars	As at 31st March 2023			As at 31st March 2022		
	% of Total Shares	Number of shares	% of Change during the year ended	% of Total Shares	Number of shares	% of Change during the year ended
BCP Topco VII Pte. Ltd (Holding Company)	98.72%	38,96,83,420	-	98.72%	38,96,83,420	-

h) Shareholding of promoters

(₹ in Lakh)

Particulars	As at 31st March 2023			As at 31st March 2022		
	% of Total Shares	Number of shares	% of Change during the year ended	% of Total Shares	Number of shares	% of Change during the year ended
BCP Topco VII Pte. Ltd (Holding Company)	98.72%	38,96,83,420	-	98.72%	38,96,83,420	-

23 Other equity

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Capital reserve on amalgamation	6	6
Securities premium	1,33,700	1,33,700
Statutory reserve (Special reserve as per Section 29C of National Housing Bank Act, 1987 and Special reserve as per Section 36(1)(viii) of the Income Tax Act, 1961) (refer note (i) below)	45,895	34,995
Debenture redemption reserve (refer note (ii) below)	16,910	16,910
General reserve	19,069	13,619
Employee Stock Option Outstanding	2,050	1,487
Retained earnings	1,12,451	74,347
Total	**3,30,081**	**2,75,063**

Notes :

i) Statement for Disclosure on Statutory / Special Reserves, as prescribed by NHB vide its circular no NHB(ND)/DRS/Pol. Circular.61/2013-14, dated: 7th April, 2014 and NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9th February 2017. (₹ in Lakh)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

Particulars		As at 31st March 2023	As at 31st March 2022
Balance at the beginning of the year			
a)	Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	708	708
b)	Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	34,287	25,383
c)	**Total**	**34,995**	**26,091**
Additions during the year			
a)	Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-	-
b)	Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	10,900	8,904
c)	**Total**	**10,900**	**-**
Utilised during the year			
a)	Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-	-
b)	Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	-	-
c)	**Total**	**-**	**-**
Balance at the end of the year			
a)	Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	708	708
b)	Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	45,187	34,287
c)	**Total**	**45,895**	**34,995**

ii) The Company has created Debenture redemption reserve as at year ended 31st March 2023 aggregating of ₹ 16,910 Lakh (31st March 2022 : ₹ 16,910 Lakh) required towards its public issue of Secured Redeemable Non-Convertible Debentures.

23a Nature and Purpose of Reserves:

i. Capital reserve on Amalgamation - This reserve is created on account of merger of Aadhar Housing Finance Limited into DHFL Vysya Housing Finance Limited.

ii. Securities Premium - Securities premium account is used to record premium on issue of shares. The reserve is utilised in accordance with the provisions of Companies Act, 2013.

iii. Statutory Reserve - Section 29C (i) of the National Housing Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1)(viii) of the Income Tax Act 1961, is considered to be an eligible transfer. During the year ended 31st March 2023, the Company has transferred an amount of ₹ 10,900 Lakh (P.Y. ₹ 8,904 Lakh) to special reserve in terms of Section 36(1)(viii) of the Income Tax Act 1961 and has been considered eligible for special reserve u/s 29C of the National Housing Bank Act, 1987.

iv. Debenture Redemption reserve - This reserve is created while issuing Debentures with an objective to reduce the risk of default in repayments of debentures. The Company has created debenture redemption reserve towards its public issue of Secured Redeemable Non-convertible Debentures.

v. Employee Stock Option Outstanding - This reserve relates to stock option granted by the Company to employees under various ESOP schemes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

24 Revenue from operations

(₹ in Lakh)

Particulars		For the year ended 31st March 2023	For the year ended 31st March 2022
a)	**Interest income**		
	On financial assets measured at amortised cost		
	Interest on loans	1,67,485	1,46,343
	Interest on fixed deposits	7,397	6,890
	Interest on bonds and debentures	2,746	596
		1,77,628	**1,53,829**
b)	**Net gain on fair value changes**		
	Measured at FVTPL		
	Equity investment measured at FVTPL		
	Realised	-	-
	Unrealised	1	0
		1	**0**
	Investment in mutual fund measured at FVTPL		
	Realised	3,172	2,290
	Unrealised	-	55
		3,172	2,345
		3,173	2,345
c)	**Net gain on derecognition of financial instruments under amortised cost category**		
	On assignment of portfolio	13,043	9,296
d)	**Fees and commission Income**		
	Loan processing fee and other charges (net of business sourcing expenses)	3,322	2,209
	Intermediary services	2,237	1,582
		5,559	**3,791**
Total		**1,99,403**	**1,69,261**

i) Amount "0" represent value less than ₹ 50,000.

ii) Disclosure in respect of fees and commission income on insurance business undertaken by the company

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Life Insurance Business	848	513
Non - Life Insurance Business	845	666
Total	**1,693**	**1,179**

25 Other income

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Rent income	2	2
Profit on sale of fixed asset (net)	8	-
Miscellaneous income	14	3
Total	**24**	**5**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

26 Finance costs

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Interest expenses on financial liabilities measured at amortised cost		
Interest on borrowings (other than debt securities)	59,346	55,563
Interest on deposits	37	79
Interest on non convertible debentures	17,824	16,974
Interest on subordinated liabilities	689	827
Interest on others	110	77
Interest on lease liabilities (refer note 34)	350	295
Finance charges	1,563	2,305
Total	**79,919**	**76,120**

27 Impairment on financial instruments

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
On financial instruments measured at amortised cost		
Impairment allowance on Loans (Refer note 27.1 & 27.2 below)	3,048	4,267
Bad-debts written off	1,873	604
Total	**4,921**	**4,871**

27.1 The Company has reversed impairment provision of ₹ 905 Lakh during the year ended 31st March 2023 towards management overlay and loans on which one-time restructuring was implemented (31st March 2022 impairment charge of ₹ 2514 Lakh).

27.2 Impairment allowance on Loans (including write off) includes reversal of ₹ 754 Lakh during the year ended 31st March 2023 (31st March 2022 : ₹ 2,091 Lakh) towards loans to developers. The net carrying value of loans to developers after impairment provision is Nil as at 31st March 2023 (Nil as at 31st March 2022). The Company has not made any fresh loan sanctions under loans to developers during the year ended 31st March 2023 (31st March 2022 : Nil).

28 Employee benefits expense

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Salaries, bonus and other allowances	24,959	18,894
Contribution to provident fund and other funds (refer note 40)	1,725	1,277
Share based payments to employees (refer note 41)	563	767
Staff welfare expenses	662	507
Total	**27,909**	**21,445**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

29 Other expenses

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Rent (refer note 34)	661	590
Travelling expenses	1,786	1,167
Printing and stationery	369	240
Advertisement and business promotion	1,408	524
Insurance	904	624
Legal and professional charges	742	614
Auditors remuneration (refer note below 29.2)	99	129
Postage, telephone and other communication expenses	840	642
General repairs and maintenance	2,540	1,433
Electricity charges	343	225
Directors sitting fees and commission (refer note 43)	154	146
Corporate social responsibility expenses (refer note below 29.1)	821	600
Goods and service tax	1,531	1,131
Loss on sale of fixed assets (net)	-	17
Other expenses	776	713
Total	**12,974**	**8,795**

29.1 Details of Corporate Social Responsibility

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
a) Amount required to be spent during the year	820	600
b) Amount spent during the year	222	856
c) Amount provided as at year end	630	32
d) Amount of shortfall at the end of the year	630	32
e) Total amount of previous year shortfall	32	289

f) Reason for shortfall : The unspent amount has been transferred to the Unspent CSR Account and will be utilized for an identified ongoing projects in FY 23-24.

g) Nature CSR activities :- Donation of ambulances & support equipment, early child care & education, skill development & livelihood enhancement, skilling for specially challenged, skilling for kids of destitute homes, computer lab set up for government schools, skilling of women, health camps, donation of oxygen concentrators, donation of ration kits.

Amount mentioned above were paid in cash during the respective financial period and were incurred for the purpose other than construction / purchase of assets.

29.2 Details of auditors remuneration:

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Audit fee (including regulatory certificates)	80	115
Tax audit fee	15	6
Others	4	8
	99	**129**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

30 Tax expenses

a) Income tax expenses

The major components of income tax expenses

i) Profit and loss section

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Current tax expenses	15,683	12,513
Deferred tax charge / (credit)	(586)	(268)
Total	**15,097**	**12,245**

ii) Other comprehensive income section

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Current tax expenses	-	-
Deferred tax	(1)	18
Total	**(1)**	**18**

b) Reconciliation of tax expenses

(₹ in Lakh)

	Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
(A)	Profit before income taxes	69,551	56,781
(B)	Enacted tax rate in India (including surcharge and cess)	25.168%	25.168%
(C)	Expected tax expenses	17,505	14,291
(D)	Other than temporary difference		
	Special reserve	2,579	2,178
	Difference in Tax expense of earlier years	3	-
	Expenses disallowed / (allowed)	(173)	(150)
(E)	Tax expense recognised in profit and loss	15,097	12,245
(F)	Tax expense recognised in other comprehensive income	(1)	18

31. Earnings per equity share

The following is the computation of earnings per equity share on basic and diluted earnings per equity share:

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Net profit after tax attributable to equity shareholders (₹ In Lakh)	54,458	44,465
Weighted average number of equity shares outstanding during the year (Nos)	39,47,54,970	39,47,54,970
Add: Effect of potential issue of shares / stock rights outstanding during the year*	1,21,59,478	1,23,85,519
Weighted average number of equity shares outstanding during the year including potential shares outstanding (Nos)	40,69,14,448	40,71,40,489
Face value per equity share (₹)	10	10
Basic earnings per equity share (₹)	13.80	11.26
Diluted earnings per equity share (₹)	13.38	10.92

* not considered when anti-dilutive

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

32. Contingent liabilities

Claims against the Company not acknowledged as debt:

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Income tax matters of earlier years	378	357
Indirect tax matters of earlier years	521	216
Total	**899**	**573**

Part of the aforementioned contingent liabilities towards income tax and indirect tax have been paid under protest.

33. Commitments

i. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at 31st March 2023 ₹ 482 Lakh. (31st March 2022 ₹ 361 Lakh)

ii. Undisbursed amount of loans sanctioned and partly disbursed as at 31st March 2023 ₹ 90,071 Lakh. (31st March 2022 ₹ 55,957 Lakh)

iii. Undisbursed amount of loans sanctioned but not disbursed as at 31st March 2023 ₹ 74,878 Lakh. (31st March 2022 ₹ 53,033 Lakh)

34. Lease

Following are the changes in the carrying value of right of use assets:

(₹ in Lakh)

Particulars	Building	Intangible Asset	Total
Balance as of 1st April 2022	**2,660**	**687**	**3,347**
Addition during the year	1,452	-	1,452
Deletion during the year	2	-	2
Depreciation charge for the year	816	153	969
Balance as of 31st March 2023	**3,294**	**534**	**3,828**
Balance as of 1st April 2021	**2,983**	**564**	**3,547**
Addition during the year	426	199	625
Deletion during the year	55	-	(55)
Depreciation charge for the year	694	76	(770)
Balance as of 31st March 2022	**2,660**	**687**	**3,347**

The following is the movement in lease liabilities:

(₹ in Lakh)

Particulars	Building	Intangible Asset	Total
Balance as of 1st April 2022	**3,053**	**-**	**3,053**
Addition during the year	1,452	-	1,452
Finance cost accrued during the year	349	-	349
Deletion during the year	(2)	-	(2)
Payment made during the year	(1,057)	-	(1,057)
Balance as of 31st March 2023	**3,795**	**-**	**3,795**
Balance as of 1st April 2021	**3,241**	**-**	**3,241**
Addition during the year	424	-	424
Finance cost accrued during the year	295	-	295
Deletion during the year	(55)	-	(55)
Payment made during the year	(854)	-	(854)
Balance as of 31st March 2022	**3,053**	**-**	**3,053**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March 2023 on an undiscounted basis:

Particulars	₹ in Lakh
Less than one year	1,132
One to five years	3,093
More than five years	633
Total	**4,858**

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March 2022 on an undiscounted basis:

Particulars	₹ in Lakh
Less than one year	894
One to five years	2,261
More than five years	653
Total	**3,809**

Rental expense recorded for short-term leases was ₹ 661 Lakh For the year ended 31st March 2023. (31st March 2022 ₹ 590 Lakh)

The aggregate depreciation on Right to use assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

35. Financial instruments

(i) Fair value hierarchy

The Company uses the following hierarchy to determine the fair values of its financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There were no transfers between levels 1, 2 and 3 during the year.

The Company recognises transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation process

The management of the Company performs the valuations of financial assets and liabilities required for financial reporting purposes.

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans are calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Valuation processes and Technique

Type of Instrument	Reference Price
Investment in Mutual Funds	NAV as on the reporting date.
Investment in Equity Shares	Quoted price on exchange as on the reporting date.

As at 31st March 2023

(₹ in Lakh)

Particulars	Fair Value Hierarchy	Fair Value			Carrying Value		
		FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets							
Investments							
- Equity instruments	Level 1	3	-	-	3	-	-
- Government securities	Level 2	-	-	43,381	-	-	44,277
9.80% NCD Jaipur Vidyut Vitran Nigam Ltd Face Value of ₹ 1,00,000/- each	Level 1	-	-	1,642	-	-	1,544
Financial liabilities							
Debt securities	Level 1	-	-	7,226	-	-	7,089
Debt securities	Level 3	-	-	2,48,581	-	-	247,124

As at 31st March 2022

(₹ in Lakh)

Particulars	Fair Value Hierarchy	Fair Value			Carrying Value		
		FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets							
Investments							
- Equity instruments	**Level 1**	2	-	-	2	-	-
- Mutual funds	**Level 1**	14,170	-	-	14,170	-	-
- Government securities	**Level 2**	-	-	17,313	-	-	17,917
-9.80% NCD Jaipur Vidyut Vitran Nigam Ltd	**Level 1**	-	-	1,960	-	-	1,713
Financial liabilities							
Debt securities	**Level 1**	-	-	7,299	-	-	7,052
Debt securities	**Level 3**	-	-	1,72,989	-	-	1,69,377

The Company considers that the carrying amounts recognised in the financial statements for housing and other loans, debt securities (other than disclosed above), deposits, subordinated liabilities, borrowings (other than debt securities) , trade receivables, payables and other financial assets and liabilities whose fair value is not disclosed approximate their fair values. The Company is carrying the investment in subsidiary at Cost.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

36. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR.

(₹ in Lakh)

Particulars	31st March 2023			31st March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Cash and cash equivalents	40,331	-	40,331	57,276	-	57,276
Other bank balances	1,22,939	28,347	1,51,286	1,01,558	12,041	1,13,599
Receivables	797	-	797	519	-	519
Housing and other loans	1,85,867	11,99,278	13,85,145	1,46,845	10,49,189	11,96,034
Investments	-	45,825	45,825	14,170	19,633	33,803
Other financial assets	8,248	17,637	25,885	10,682	13,852	24,534
Non-financial assets						
Current tax assets (Net)	742	-	742	2,247	-	2,247
Property, plant and equipment	-	2,475	2,475	-	2,081	2,081
Right of use assets	-	3,828	3,828	-	3,347	3,347
Other intangible assets	-	29	29	-	79	79
Other non-financial assets	4,283	689	4,972	3,646	70	3,716
Total Assets	**3,63,207**	**12,98,108**	**16,61,315**	**3,36,943**	**11,00,292**	**14,37,235**
LIABILITIES						
Financial Liabilities						
Trade Payables	8,046	-	8,046	5,097	-	5,097
Debt Securities	1,11,429	1,42,784	2,54,213	10,668	1,65,761	1,76,429
Borrowings (Other than debt securities)	1,17,265	8,37,008	9,54,273	1,33,242	7,48,655	8,81,897
Deposits	196	116	312	488	311	799
Subordinated liabilities	547	6,000	6,547	1,734	6,600	8,334
Other financial liabilities	60,867	2,980	63,847	43,104	2,416	45,520
Non-Financial Liabilities						
Provisions	1,644	-	1,644	-	1,287	1,287
Deferred tax liabilities (Net)	-	944	944	-	1,531	1,531
Other non-financial liabilities	1,932	-	1,932	1,802	-	1,802
Total liabilities	**3,01,926**	**9,89,832**	**12,91,758**	**1,96,135**	**9,26,561**	**11,22,696**
Net	**61,281**	**3,08,276**	**3,69,557**	**1,40,808**	**1,73,731**	**3,14,539**

Note: The maturity analysis is prepared considering the prepayments on housing and other loans in line with historical trend. Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Company for compiling the return submitted to the RBI/NHB, which has been relied upon by the auditors.

37. Financial risk management

a. Liquidity Risk

Liquidity risk is the current and prospective risk arising out of an inability to meet financial commitments as they fall due, through available cash flows or through the sale of assets at fair market value. It includes both, the risk of unexpected increases in the cost of funding an asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

The Company manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines. Given the need to fund diverse products, the Company maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due. Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and financial liabilities including debt financing plans and maintenance of Balance Sheet liquidity ratios are considered while reviewing the liquidity position.

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 Asset Liability Committee (ALCO) of the Company formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

Maturity analysis of financial assets and financial liabilities

As at 31st March 2023

(₹ in Lakh)

Particulars	Carrying Value	Due within 1 year	Due within 1 to 3 year	Due within 3 to 5 year	More than 5 year
Financial Assets					
Cash and cash equivalents	40,331	40,331	-	-	-
Other bank balances	1,51,286	1,22,939	96	-	28,251
Housing and other loans	13,85,145	1,85,867	2,99,044	2,53,037	6,47,197
Investments	45,825	-	-	-	45,825
Receivables & Other financial assets	26,682	9,045	10,633	4,232	2,772
Total	**16,49,269**	**3,58,182**	**3,09,773**	**2,57,269**	**7,24,045**
Financial Liabilities					
Trade payables	8,046	8,046	-	-	-
Debt securities	2,54,213	1,11,429	67,495	46,840	28,449
Borrowings (other than debt securities)	9,54,273	1,17,265	3,66,987	2,88,426	1,81,595
Deposits	312	196	77	33	6
Subordinated liabilities	6,547	547	-	6,000	-
Other financial liabilities	63,847	60,867	1,508	664	808
Total	**12,87,238**	**2,98,350**	**4,36,067**	**3,41,963**	**2,10,858**
Net	**3,62,031**	**59,832**	**(1,26,294)**	**(84,694)**	**5,13,187**
Cumulative Net		**59,832**	**(66,462)**	**(1,51,156)**	**3,62,031**

As at 31st March 2022

(₹ in Lakh)

Particulars	Carrying Value	Due within 1 year	Due within 1 to 3 year	Due within 3 to 5 year	More than 5 year
Financial Assets					
Cash and cash equivalents	57,276	57,276	-	-	-
Other bank balances	1,13,599	1,01,558	11,798	-	243
Housing and other loans	11,96,034	1,46,845	2,54,993	2,16,754	5,77,442
Investments	33,803	14,170	-	-	19,633
Receivables & Other financial assets	25,053	11,201	9,204	3,120	1,528
Total	**14,25,765**	**3,31,050**	**2,75,995**	**2,19,874**	**5,98,846**
Financial Liabilities					
Trade payables	5,097	5,097	-	-	-
Debt securities	1,76,429	10,668	1,41,278	22,360	2,123

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

Particulars	Carrying Value	Due within 1 year	Due within 1 to 3 year	Due within 3 to 5 year	More than 5 year
Borrowings (other than debt securities)	8,81,897	1,33,242	3,13,221	2,33,756	2,01,678
Deposits	799	488	260	41	10
Subordinated liabilities	8,334	1,734	600	6,000	-
Other financial liabilities	45,520	43,104	1,361	689	366
Total	**11,18,076**	**1,94,333**	**4,56,720**	**2,62,846**	**2,04,177**
Net	**3,07,689**	**1,36,717**	**(1,80,725)**	**(42,972)**	**3,94,669**
Cumulative Net		**1,36,717**	**(44,008)**	**(86,980)**	**3,07,689**

Note: The maturity analysis is prepared considering the prepayments on housing and other loans in line with historical trend.

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the company for compiling the return submitted to the NHB, which has been relied upon by the auditors.

b. Interest Risk

The core business of the company is providing housing and other mortgage 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 through above measures on a quarterly basis.

Interest Rate Sensitivity

The following table demonstrates the net sensitivity to a reasonably possible change in interest rate (all other variables being constant) of the Company's statement of profit and loss (before taxes)

(₹ in Lakh)

Particulars	Basis Points	For the year ended 31st March 2023	For the year ended 31st March 2022
Increase by basis points	+50	1,523	1,967
Decrease by basis points	-50	(1,523)	(1,967)

c. Credit risk

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to the company. In its lending operations, the Company is principally exposed to credit risk.

The credit risk is governed by the Credit Policy approved by the Board of Directors. The Credit Policy outlines the type of products that can be offered, customer categories, the targeted customer profile and the credit approval process and limits.

The Company measures, monitors and manages credit risk at an individual borrower level and at the group exposure level for corporate borrowers. The credit risk for retail borrowers is being managed at portfolio level for both Home loans and other property loans. The Company has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk.

Credit Risk Assessment Methodology

Company's customers for retail loans are primarily lower and middle income, salaried and self-employed individuals. The loans are secured by the mortgage of the borrowers' property.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

The Company's credit officers evaluate credit proposals on the basis of operating policies approved by the Board of Directors. The criteria typically include factors such as the borrower's income, the loan-to-value ratio and demographic parameters. Any deviations need to be approved at the designated levels.

External agencies such as field investigation agencies facilitate a comprehensive due diligence process including visits to offices and homes in the case of loans made to retail borrowers.

Company monitor's borrower account behaviour as well as static data regularly to monitor the portfolio performance of each product segment regularly, and use these as inputs in revising its product programs, target market definitions and credit assessment criteria to meet the twin objectives of combining volume growth and maintenance of asset quality.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Stage 1	High quality assets	12-month ECL
Stage 2	Assets for which there is significant increase in credit risk	Lifetime ECL
Stage 3	Credit-impaired assets	Lifetime ECL – credit-impaired

The key elements in calculation of ECL are as follows:

PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The PD has been determined based on seasoned historical portfolio data using the survival analysis methodology.

EAD - The Exposure at Default includes repayments scheduled by contract or otherwise, expected drawdowns on committed facilities, accrued interest from missed payments and loan commitments.

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. The LGD is determined based on seasoned historical portfolio data.

Based on management overlay and one-time restructuring provision amount of ₹ 7,631 lakh has been carried as of 31st March 2023 (31st March 2022: ₹ 8,536 Lakh).

The customers who have availed the benefit of one-time restructuring have been disclosed in stage 2 assets.

An analysis of changes in the gross carrying amount (excluding adjustment to carrying value on account of application of effective interest rate) and the corresponding ECL allowances in relation to lending is, as follows:

a) Housing and Other Property Loan

The table below shows the credit quality and the exposure to credit risk based on the year-end stage classification. The amounts presented are gross of impairment allowances.

As at 31st March 2023

(₹ in Lakh)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss (refer note 1 and 2 below)	Net Carrying Amount
Stage 1 – High quality assets	Loan	13,29,439	5,294	13,24,145
Stage 2 – Assets for which there is significant increase in credit risk	Loan	58,057	7,748	50,309
Stage 3 - Credit-impaired assets	Loan	16,259	5,568	10,691

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

1. Above includes Expected Credit Loss provision on Loan commitment amount to ₹ 214 Lakh (Stage1- included in ₹ 5,294 Lakh).
2. Above includes Expected Credit Loss provision on account of additional management overlay and one-time restructuring amounting to ₹ 7,631 Lakh.
3. Stage 3 assets includes loan assets more than 90 DPD and less than equal to 90 DPD, the breakup is as under :-

(₹ in Lakh)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
Stage 3a – Assets Less than equal to 90 DPD	Loan	589	142	447
Stage 3b – Assets more than 90 DPD (refer note)	Loan	15,670	5,426	10,244
Total Stage 3 - Credit-impaired assets	**Loan**	**16,259**	**5,568**	**10,691**

As at 31st March 2022

(₹ in Lakh)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss (refer note 1 and 2 below)	Net Carrying Amount
Stage 1 – High quality assets	Loan	11,29,730	3,547	11,26,183
Stage 2 – Assets for which there is significant increase in credit risk	Loan	65,120	8,170	56,950
Stage 3 - Credit-impaired assets	Loan	18,255	5,353	12,902

1. Above includes Expected Credit Loss provision on Loan commitment amount to ₹ 93 Lakh (Stage1- included in ₹ 3,547 Lakh).
2. Above includes Expected Credit Loss provision due to economic situation of Covid-19 and loans on which One Time Restructuring was implemented amounting to ₹ 8,536 Lakh.
3. Stage 3 assets includes loan assets more than 90 DPD and less than equal to 90 DPD, the breakup is as under :-

(₹ in Lakh)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
Stage 3a – Assets Less than equal to 90 DPD	Loan	3,389	532	2,857
Stage 3b – Assets more than 90 DPD (refer note)	Loan	14,866	4,821	10,045
Total Stage 3 - Credit-impaired assets	**Loan**	**18,255**	**5,353**	**12,902**

Note : Stage 3b - Assets more than 90 DPD is comparable with Stage 3 assets of 31st March 2021.

Reconciliation of Loan balances is given below:

(₹ in Lakh)

Particulars	31st March 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**11,29,730**	**65,120**	**18,255**	**12,13,105**
New assets added during the year	5,89,648	-	-	5,89,648
Assets derecognised under direct assignment	(1,26,240)	-	-	(1,26,240)
Repayment of Loans (excluding write offs)	(2,55,253)	(9,942)	(3,394)	(2,68,589)
Transfers to / from Stage 1	13,628	(10,065)	(3,563)	-
Transfers to / from Stage 2	(19,090)	20,777	(1,687)	-
Transfers to / from Stage 3	(2,747)	(7,359)	10,106	-
Amounts written off	(237)	(474)	(3,458)	(4,169)
Gross carrying amount closing balance	**13,29,439**	**58,057**	**16,259**	**14,03,755**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

Particulars	31st March 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**9,98,296**	**68,486**	**13,501**	**10,80,283**
New assets added during the year	3,99,193	-	-	3,99,193
Assets derecognised under direct assignment	(77,212)	-	-	(77,212)
Repayment of Loans (excluding write offs)	(1,77,772)	(5,381)	(1,888)	(1,85,041)
Transfers to / from Stage 1	18,279	(17,258)	(1,021)	-
Transfers to / from Stage 2	(26,240)	26,349	(109)	-
Transfers to / from Stage 3	(4,676)	(7,055)	11,731	-
Amounts written off	(138)	(21)	(3,959)	(4,118)
Gross carrying amount closing balance	**11,29,730**	**65,120**	**18,255**	**12,13,105**

Reconciliation of ECL balance is given below:

(₹ in Lakh)

Particulars	31st March 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**3,547**	**8,170**	**5,353**	**17,070**
New assets added during the year	2,300	-	-	2,300
Assets derecognised under direct assignment	(492)	-	-	(492)
Repayment of Loans (excluding write offs)	(791)	(1,248)	(1,001)	(3,040)
Transfers to / from Stage 1	53	(39)	(14)	-
Transfers to / from Stage 2	(2,465)	2,684	(218)	1
Transfers to / from Stage 3	(872)	(2,336)	3,208	-
Impact on year end ECL of exposures transferred between stages during the year	4,161	827	1,653	6,641
Additional provision due to management overlay and onetime restructuring	90	164	45	299
Amounts written off	(237)	(474)	(3,458)	(4,169)
Gross carrying amount closing balance	**5,294**	**7,748**	**5,568**	**18,610**

Note: Above includes Expected Credit Loss provision on Loan commitment amounting to ₹ 214 Lakh.

(₹ in Lakh)

Particulars	31st March 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**2,442**	**7,956**	**4,336**	**14,734**
New assets added during the year	1,237	-	-	1,237
Assets derecognised under direct assignment	(239)	-	-	(239)
Repayment of Loans (excluding write offs)	(427)	(626)	(626)	(1,679)
Transfers to / from Stage 1	57	(53)	(4)	-
Transfers to / from Stage 2	(3,293)	3,307	(14)	-
Transfers to / from Stage 3	(1,379)	(2,081)	3,460	-
Impact on year end ECL of exposures transferred between stages during the year	5,287	(2,826)	2,160	4,621
Additional provision due to management overlay and onetime restructuring	-	2,514	-	2,514
Amounts written off	(138)	(21)	(3,959)	(4,118)
Gross carrying amount closing balance	**3,547**	**8,170**	**5,353**	**17,070**

Note: Above includes Expected Credit Loss provision on Loan commitment amounting to ₹ 96 Lakh.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

b) Loans to Developers

The table below shows the credit quality and the exposure to credit risk based on the period-end stage classification. The amounts presented are gross of impairment allowances.

As at 31st March 2023

(₹ in Lakh)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
Stage 1 – High quality assets	Loan	-	-	-
Stage 2 – Assets for which there is significant increase in credit risk	Loan	-	-	-
Stage 3 - Credit-impaired assets	Loan	-	-	-

As at 31st March 2022

(₹ in Lakh)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
Stage 1 – High quality assets	Loan	-	-	-
Stage 2 – Assets for which there is significant increase in credit risk	Loan	-	-	-
Stage 3 - Credit-impaired assets	Loan	110	110	-

Reconciliation of Loan balances is given below:

(₹ in Lakh)

Particulars	31st March 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**-**	**-**	**110**	**110**
New assets added during the year	-	-	-	-
Repayment of Loans (excluding write offs)	-	-	(782)	(782)
Transfers to / from Stage 1	-	-	-	-
Transfers to / from Stage 2	-	-	-	-
Transfers to / from Stage 3	-	-	-	-
Amounts (written off) / recovery from write offs	-	-	672	672
Gross carrying amount closing balance	-	-	-	-

(₹ in Lakh)

Particulars	31st March 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**188**	**-**	**-**	**188**
New assets added during the year	-	-	-	-
Repayment of Loans (excluding write offs)	(1,722)	-	-	(1,722)
Transfers to / from Stage 1	-	-	-	-
Transfers to / from Stage 2	-	-	-	-
Transfers to / from Stage 3	(110)	-	110	-
Amounts written off	1,644	-	-	1,644
Gross carrying amount closing balance	**-**	**-**	**110**	**110**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

Reconciliation of ECL balance is given below:

(₹ in Lakh)

Particulars	31st March 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**-**	**-**	**110**	**110**
New assets added during the year	-	-	-	-
Repayment of Loans (excluding write offs)	-	-	(782)	(782)
Transfers to / from Stage 1	-	-	-	-
Transfers to / from Stage 2	-	-	-	-
Transfers to / from Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	782	782
Amounts (written off) / recovery from write offs	-	-	(110)	(110)
Gross carrying amount closing balance	**-**	**-**	**-**	**-**

Note: Above includes Expected Credit Loss provision on Loan commitment amounting to Nil Lakh.

(₹ in Lakh)

Particulars	31st March 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**50**	**-**	**-**	**50**
New assets added during the year	-	-	-	-
Repayment of Loans (excluding write offs)	(1,644)	-	-	(1,644)
Transfers to / from Stage 1	-	-	-	-
Transfers to / from Stage 2	-	-	-	-
Transfers to / from Stage 3	-	-	110	110
Impact on year end ECL of exposures transferred between stages during the year	(50)	-	-	(50)
Amounts written off	1,644	-	-	1,644
Gross carrying amount closing balance	**-**	**-**	**110**	**110**

Note: Above includes Expected Credit Loss provision on Loan commitment amounting to Nil Lakh.

c) Company monitors Gross NPAs on Assets under Company's management ("AUM") and Own Book at retail and overall basis.

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
AUM	17,22,283	14,77,779
GNPA on AUM*	19,977	21,545
GNPA on AUM (%)*	1.16%	1.46%
Retail AUM	17,22,283	14,77,669
GNPA on Retail AUM*	19,977	21,435
GNPA on Retail AUM (%)*	1.16%	1.45%
Own Book	13,94,104	12,04,809
GNPA on Own Book**	16,259	18,257
GNPA on Own Book (%)**	1.17%	1.52%
Retail Own Book	13,94,104	12,04,699
GNPA on Retail Own Book**	16,259	18,147
GNPA on Retail Own Book (%)**	1.17%	1.51%

Note: The amount mentioned above of 'Own Book' excludes EIR, Interest accrued.

* Includes loan assets of INR 705 Lakhs (0.04%) not more than 90 DPD which have been classified as NPA as per the RBI circular dated 12th November 2021. [31st March 2022: ₹ 3,954 Lakh(0.27%)].

** Includes loan assets of INR 589 Lakhs (0.04%) not more than 90 DPD which have been classified as NPA as per the RBI circular dated 12th November 2021. [31st March 2022: ₹ 3,281 Lakh(0.27%)]

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

38. Capital Management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents and Liquid investments) divided by Total 'equity' (as shown in the balance sheet) and Capital adequacy ratio.

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Total Borrowings (₹ in Lakh)	12,15,345	10,67,459
Total Net Borrowings (₹ in Lakh)	10,23,730	8,82,417
Total Equity (₹ in Lakh)	3,69,557	3,14,539
Gross Debt Equity Ratio	3.29	3.39
Net Debt Equity Ratio	2.77	2.81

Total net borrowing = Total borrowings – Cash and bank balances – Investment in Liquid Mutual fund – Receivable from Mutual Fund

The Company is required to maintain the CRAR of 15% as required by RBI and NHB. Further company is required to maintain borrowing not exceeding 12 times of Net Owned Fund.

Below are the details of CRAR and other ratios maintained by the Company.

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Risk weighted Assets (₹ in Lakh)	8,33,913	7,02,432
Net owned funds (Tier I Capital) (₹ in Lakh)	3,47,417	3,10,501
Tier II Capital (₹ in Lakh)	8,894	8,467
CRAR	42.73%	45.41%
Variance in CRAR	(2.68%)	3.02%
CRAR-Tier I Capital	41.66%	44.20%
Variance in CRAR-Tier I Capital	(2.54%)	3.71%
CRAR- Tier II Capital	1.07%	1.21%
Variance in CRAR-Tier II Capital	(0.14%)	(17.12%)
Amount of subordinated debt raised as Tier-II Capital (₹ in Lakh)	3,600	4,920
Amount raised by issue of perpetual debt instruments	Nil	Nil
Liquidity Coverage Ratio as on reporting date*	166.42%	70.09%

1. CRAR (Capital Risk Adjusted Ratio) = [Risk Weighted Assets / Net owned fund and Tier II Capital]
2. CRAR (Capital Risk Adjusted Ratio) -Tier I Capital = [Risk Weighted Assets / Net owned fund]
3. CRAR (Capital Risk Adjusted Ratio) -Tier II Capital = [Risk Weighted Assets / Tier II Capital)
4. Liquidity Coverage Ratio = [Stock of High Quality Liquid Assets / Total net cash outflow required in next 30 calendar days]

Liquidity Coverage Ratio requirement applicable from 1st December 2021 to the Company as per Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 circular no RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated 17th February 2021.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

39. Segment reporting

The Company operates only in one Operating Segment i.e Housing Finance business - Financial Services and all other activities are incidental to the main business activity, hence have only one reportable Segment as per Indian Accounting Standard 108 "Operating Segments". The reportable business segments are in line with the segment wise information which is being presented to the CODM. The Company has identified Managing Director and CEO as CODM.

The Company has its operations within India and all revenue is generated within India.

40. Employee benefits

40.1 Defined contribution plan

The Company makes contributions to provident fund for qualifying employees to Regional Provident Fund Commissioner under defined contribution plan under the Provident Fund Act.

Amount recognised as an expense and included under the head "Contribution to Provident and Other Funds" of Statement of Profit and Loss are as follows:

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Contribution to provident fund	464	369
Contribution to pension fund	455	369
Contribution to new pension scheme	47	40
Contribution to ESIC	4	6

40.2 Defined obligation benefit

The Company provides gratuity to its employees which are defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The gratuity plan typically exposes the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. For other defined benefit plans, the discount rate is determined by reference to market yield at the end of reporting period on high quality corporate bonds when there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit.

Interest risk:

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.

Longevity risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk:

The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

The following table sets out the funded status of the Gratuity and the amount recognised in the Financial Statements:

i. Changes in Defined Benefit Obligation

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Liability at the beginning of the year	1,224	1,046
Current service cost	304	252
Interest cost	82	68
Plan Amendment Cost	-	-
Actuarial (gain) / loss - experience	5	(47)
Actuarial (gain) / loss - demographic assumptions	-	-
Actuarial (gain) / loss - financial assumptions	(28)	(36)
Benefits paid	(103)	(59)
Liability at the end of the year	1,484	1,224

ii. Changes in Fair Value of Plan Assets

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Plan Assets at the beginning of the year	695	663
Expected return on plan assets	49	44
Actuarial Gain/(Loss)	(26)	(12)
Employer Contribution	-	-
Plan Assets at the end of the year	718	695

iii. Reconciliation of Fair Value of Assets and Obligations

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Fair value of Plan Assets	718	695
Present Value of Obligation	1,484	1,224
Amount Recognised in Balance Sheet	(766)	(529)

iv. Expenses recognised in Statement of Profit and Loss

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Current Service Cost	304	252
Net interest on net defined benefit liability / (asset)	33	24
Plan Amendment cost / Direct Payment	-	-
Expenses recognised in the statement of profit and loss under employee benefits expenses	337	276

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

v. Expenses recognised in Statement of Other Comprehensive Income

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Actuarial (gain) / loss arising during year	4	(71)
(Income) / Expenses recognised in the other comprehensive income	4	(71)

vi. Expected benefit payments

(₹ in Lakh)

Particulars	As at 31st March 2023
31st March 2024	113
31st March 2025	112
31st March 2026	135
31st March 2027	168
31st March 2028	238
31st March 2029 to 31st March 2033	1,852

vii. Expected Employer Contributions for the year ending 31st March 2024 is ₹ 7,66,11,193.

viii. Weighted average duration of defined benefit obligation is 9 years.

ix. Actuarial Assumptions

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Mortality Table	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.
Discount Rate	7.20%	7.00%
Salary Escalation Rate	9.50%	9.50%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factor including supply and demand in the employment market. The above information is certified by actuary and this has been relied upon by the auditors.

The expected rate of return on plan asset is determined considering several applicable factors, mainly the composition of plan asset held, assessed risks, historical result of return on plan assets and the Company's policy for plan assets management.

Effect of change in assumptions as at 31st March 2023

(₹ in Lakh)

Particulars	Plan Liabilities
Discount Rate (increase by 0.5%)	(67)
Discount Rate (decrease by 0.5%)	72
Salary Escalation Rate (increase by 0.5%)	62
Salary Escalation Rate (decrease by 0.5%)	(60)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

x. Amount recognised in current year and previous years

Gratuity:

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022	For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2019
Defined benefit obligation	1,484	1,224	1,046	848	580
Fair value of plan asset	718	695	663	616	509
(Surplus)/ Deficit in the plan	766	529	383	232	71
Actuarial (gain)/loss on plan obligation	(23)	(83)	(43)	130	59
Actuarial gain/(loss) on plan asset	(26)	(12)	6	10	(2)

Plan Assets as at 31st March 2023

Plan asset composition	Percentage
Schemes of Insurance –conventional products	2.65%
Schemes of Insurance –ULIP Product	97.35%

41. Employee stock appreciation rights and Employees Stock Option

a) Employee Stock Appreciation Rights Plan 2018 ("ESAR 2018" / "Plan")

ESAR 2018 was approved by the shareholders of the company and subsequently the Grant was approved by the Board and the Nomination and Remuneration Committee at its meeting held on March 26, 2018.

Movement in ESARs

(₹ in Lakh)

Particulars	For the year ended 31st March 2023 (No's)	For the year ended 31st March 2022 (No's)
Opening	19,69,286.25	19,69,286.25
Granted during the year	-	-
Lapsed during the year	-	-
Exercised by employee	-	-
Closing	**19,69,286.25**	**19,69,286.25**
Vested as at year end	**19,69,286.25**	**19,69,286.25**
Unvested as at year end	**-**	**-**

ESAR were granted at the Price of ₹ 291.70 which was the fair value on the grant date.

The key assumptions used to estimate the fair value of ESARs are:

Particulars	ESAR 2018
Dividend yield	2.40%
Expected Life	3 Years
Risk free interest rate	7.45%
Volatility	0.01%
Model Used	Black & Scholes

The expense arises from equity settled ESARs amounting to ₹ Nil (31st March 2022 : Nil) For the year ended 31st March 2023.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

b) Employee stock option plans (ESOPS)

Employee Stock Option Plan 2020 ("ESOP Plan 2020")

ESOP Plan 2020 was approved by the shareholders of the company and subsequently the Grant was approved by the Board and the Nomination and Remuneration Committee at its meeting held on 05th May 2020 with the grant date of 31st December 2020 and meeting held on 16th January 2021 with the grant date of 16th January 2021. Details of ESOP Plan 2020 granted are as follows:

Particulars	ESOP Plan 2020 – March 2020	ESOP Plan 2020 – January 2021	ESOP Plan 2020 – September 2021
Scheme Name	Employee Stock Option Plan 2020	Employee Stock Option Plan 2020	Employee Stock Option Plan 2020
No. of options approved	12,00,000	6,15,460	18,79,549
Date of Grant	31st March 2020	16th January 2021	22nd September 2021
No of option granted	10,44,395	6,15,460	18,79,549
Exercise Price (₹)	908.05	90.805	90.805
Method of Settlement	Equity	Equity	Equity
Time Based Eligibility	20% each year in next Five years.	20% each year in next Five years.	20% each year in next Five years.
Vesting Schedule	Eligible options will vest in 60%, 40% in on Eligibility date, 1st year from eligibility date	Eligible options will vest in 60%, 40% in on Eligibility date, 1st year from eligibility date	Eligible options will vest in 60%, 40% in on Eligibility date, 1st year from eligibility date
Condition	1. All eligible options will vest subject to BCP Topco VII Pte. Ltd. Realising minimum net consideration cumulatively from the sale of the Shares held 2. Proportion of eligible option vesting to extent of sale by BCP Topco VII Pte. Ltd.	1. All eligible options will vest subject to BCP Topco VII Pte. Ltd. Realising minimum net consideration cumulatively from the sale of the Shares held 2. Proportion of eligible option vesting to extent of sale by BCP Topco VII Pte. Ltd.	1. All eligible options will vest subject to BCP Topco VII Pte. Ltd. Realising minimum net consideration cumulatively from the sale of the Shares held 2. Proportion of eligible option vesting to extent of sale by BCP Topco VII Pte. Ltd.
Exercise period	2 Years from Vesting	2 Years from Vesting	2 Years from Vesting
Weighted Average Share Price	908.05	90.805	90.805

* ESOP Plan 2020 – March 2020 disclosure doesn't include the impact of bonus issue of equity shares of the Company in the ratio of nine shares of face value of ₹ 10 each for each existing equity share of the face value of ₹ 10 each on 16th January 2021 in extraordinary general meeting (EGM).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

Computation of fair value of options

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	ESOP Plan 2020 (31st December 2020)	ESOP Plan 2020 (16th January 2021)	ESOP Plan 2020 (22nd September 2021)
Fair value of the option (₹)	₹ 96 to ₹ 333	₹ 28.15 to ₹ 51.92	₹ 28.8 to ₹ 51.6
Fair value of share on the date of grant (₹)	908.05	110.00	111.10
Exercise Price(₹)	908.05	90.805	90.805
Expected Life	3 years to 9 years	3 years to 9 years	3 years to 9 years
Expected Volatility (%)	9.7% to 12.7%	15.6% to 22.1%	15.2% to 22.0%
Life of the Option (years)	3 years to 9 years	3 years to 9 years	3 years to 9 years
Risk Free rate of return (%)	5.2% to 6.7%	4.0% to 6.6%	3.9% to 6.3%
Expected dividend rate (%)	0.8%	0.6%	0.6%

The expected life of the share options is based on current expectations and is not necessarily indicative of exercise patterns that may actually occur. Further, the condition of specified sale of the shares held by the investor is estimated to be fulfilled on the relevant eligibility dates.

Movement in ESOPs

Particulars	For the year ended 31st March 2023 (No's)	For the year ended 31st March 2022 (No's)
Opening	1,11,50,433	1,07,02,850
Granted during the year	-	18,79,549
Lapsed during the year	9,51,586	14,31,966
Closing	**1,01,98,847**	**1,11,50,433**
Vested as at year end	-	-
Unvested as at year end	1,01,98,847	1,11,50,433

The expense arises from equity settled ESOPs transaction amounting to ₹ 563 Lakh (31st March 2022: ₹ 767 Lakh) For the year ended 31st March 2023.

42. Foreign currency transactions

The Foreign currency transactions are as follows:-

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Foreign Exchange outgo	263	3
Total	**263**	**3**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

43. Related party transactions

List of related parties with whom transactions have taken place during the year and relationship:

S. No	Relationship	Name of Related Party
1.	Holding Company	BCP Topco VII Pte. Ltd.
2.	Wholly owned subsidiary	Aadhar Sales and Service Private Limited
3.	Key Management Personnel	Mr. Om Prakash Bhatt - Independent Director & Non- Executive Chairman of the Board
		Mr. Rishi Anand - Managing Director and CEO (w.e.f. 3rd January 2023)
		Mr. Deo Shankar Tripathi - Managing Director and CEO (upto December 04, 2022) - Executive Vice Chairman (w.e.f. J3rd January 2023)
		Mr. Amit Dixit – Non-Executive Director
		Mr. Mukesh G Mehta – Non-Executive Director
		Mr. Prateek Roongta – Non-Executive Director
		Mrs. Sharmila Abhay Karve – Independent Director
		Mrs. Dr. Nivedita Haran – Independent Director
		Mr. Rajesh Viswanathan – Chief Financial Officer
		Mr. Sreekanth VN – Company Secretary

Transactions with Related Parties:

(₹ in Lakh)

Name	Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Income :			
Aadhar Sales and Services Private Limited	Rent Income	2	2
Rishi Anand – Managing Director and CEO (From 3rd January 2023)	Interest Income on Housing Loan	1	-
Expenditure:			
Aadhar Sales and Services Private Limited	Business sourcing services	5,098	4,003
Deo Shankar Tripathi - Executive Director from 3rd January 2023 (Manging Director and CEO upto 4th December 2022)	Remuneration	250	236
Interest paid on Fixed Deposit held by relative of the Managing Director (Suman Deo Tripathi)	Interest Expense	0*	1
Interest paid on Fixed Deposit held by Managing Director & CEO	Interest Expense	-	2
Rishi Anand – Managing Director and CEO (From 3rd January 2023)	Remuneration	40	-
Rajesh Viswanathan – Chief Finance Officer	Remuneration	195	185
Sreekanth VN – Company Secretary	Remuneration	77	66
Others:			
Aadhar Sales and Services Private Limited	Recovery of Expenses	-	1

Compensation of key management personnel of the Company

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Short–term employee benefits	541	469
Post–employment pension (defined contribution)	21	18
Sitting fee and commission	154	146
Total	**716**	**633**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

Balances with Related Parties:

(₹ in Lakh)

Name	Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Aadhar Sales and Services Private Limited	Investment	1	1
Aadhar Sales and Services Private Limited	Receivables	0*	0*
Rishi Anand – Managing Director and CEO (From 3rd January 2023)	Housing Loan	120	-
Directors Commission & sitting fee	Payable	116	120
Fixed Deposit held by relative of the Managing Director (up to 4th December 2022)	Payable	-	26

* Less than ₹ 50,000

44. A comparison between provisions required under Income Recognition, Asset classification and provision norms and impairment allowances made under Ind AS 109 as at 31st March 2023

(₹ in Lakh)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5)=(3)-(4)	6	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	13,29,439	5,080	13,24,359	5,561	(481)
	Stage 2 (Refer Note 3)	58,057	7,748	50,309	3,249	4,498
Subtotal		**13,87,496**	**12,827**	**13,74,668**	**8,810**	**4,017**
Non-Performing Assets (NPA)						
Substandard	Stage 3	10,264	2,871	7,393	1,540	1,331
Doubtful - up to 1 year	Stage 3	4,279	1,860	2,419	1,070	790
1 to 3 years	Stage 3	1,704	831	873	682	150
More than 3 years	Stage 3	13	6	7	13	(7)
Subtotal for doubtful		**5,995**	**2,697**	**3,298**	**1,764**	**933**
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	90,071	214	89,856	-	214
Subtotal		**90,071**	**214**	**89,856**	**-**	**214**
	Stage 1	**14,19,510**	**5,294**	**14,14,216**	**5,561**	**(267)**
	Stage 2	**58,057**	**7,748**	**50,309**	**3,249**	**4,498**
Total	Stage 3	**16,259**	**5,568**	**10,691**	**3,304**	**2,264**
	Total	**14,93,825**	**18,610**	**14,75,216**	**12,114**	**6,496**

Notes:

1. The provision under Expected Credit Loss Model is higher than Income Recognition and Prudential Norms.
2. Customers who has availed the benefit of One-time restructuring as per RBI Circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 2020 and RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 2020 (for restructuring of accounts of Micro, small and Medium Enterprises (MSME) sector – Restructuring of Advances having exposure less than or equal to ₹ 25 crores) and RBI Notification – RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 05th May 2021 (Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses) have been disclosed as Stage 2 assets under Ind AS with gross outstanding value of ₹ 31,311 Lakh. Impairment provision and provision required under IRACP is maintained at 10% as required by RBI circular.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

45. Disclosures pursuant to RBI Notification RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 date 6th August 2020 and – RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 05th May 2021 (Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses)

(₹ in Lakh)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at 30th September 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half-year ended 31st March 2023	Of (A) amount written off during the half-year ended 31st March 2023	Of (A) amount paid by the borrowers during the half-year ended 31st March 2023	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at 31st March 2023
Personal Loans (refer note below)	32,380	1,597	89	2,433	31,311*
Corporate persons	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**32,380**	**1,597**	**89**	**2,433**	**31,311***
As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016					

* Includes ₹ 3,050 Lakhs of NPA accounts which has become standard during the half year ended 31st March 2023.

46. Disclosures pursuant to RBI Notification-RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021.

a) Details of transfer through assignment in respect of loans not in default during the year ended 31st March 2023

Particulars	Year ended 31st March 2023
Entity	NBFC (Housing Finance Company)
Count of Loan Accounts Assigned	14,874
Amount of Loan Accounts Assigned (₹ in Lakh)	1,13,396
Weighted average maturity (in Months)	174
Weighted average holding period (in Months)	22
Retention of beneficial economic interest (MRR)	10%
Coverage of tangible security coverage	100%

The Loans transferred are not rated as same are non-corporate borrowers.

b) The Company has not transferred or acquired, any stressed / default loans during the year ended 31st March 2023.

c) Details of transfer through Co-lending in respect of loans not in default during the year ended 31st March 2023

Particulars	Year ended 31st March 2023
Entity	NBFC (Housing Finance Company)
Count of Loan Accounts Assigned	1,201
Amount of Loan Accounts Assigned (₹ in Lakh)	12,844
Weighted average maturity (in Months)	207
Weighted average holding period (in Months)	4
Retention of beneficial economic interest (MRR)	20%
Coverage of tangible security coverage	100%

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

47. The Company periodically files returns/statements with banks and financial institution as per the agreed terms and they are in agreement with books of accounts of the Company. This information has been relied upon by the auditors.

48. Registration of charges or satisfaction with Registrar of Companies are filed and paid within the statutory period for debt and borrowings issued during the year.

49. Money raised by way of debt instruments and the term loans have been applied by the Company for the purposes for which they were raised, other than temporary deployment pending application of proceeds.

50. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

51. None of the entities in the Company have been declared wilful defaulter by any bank or financial institution or government or any government authority.

52. The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

53. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. 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

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

54. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a. 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

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries

55. There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

56. The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

57. Exceptional item

During the current year, the Company has accrued for one-time special bonus to its employees amounting to ₹ 2,500 Lakh that is debited to the Statement of Profit & Loss. Considering the nature, frequency, and materiality of the item it is treated as an exceptional item in the Statement of Profit & Loss.

58. There has been no instances of breach of covenants of loan availed or debt securities issued during the financial year ended 31st March 2023.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

59. Disclosure of details as required under notification issued by RBI dated 17th February 2021, RBI/2020-21/73 DOR.FIN. HFC.CC.No.120/03.10.136/2020-21, notification issued by RBI dated 13th March 2020 RBI/2019-20/170 DOR (NBFC). CC.PD.o.109/22.10.106/2019-20 and disclosure required as per scale based regulations:

59.1 Disclosure as per Annexure III of the Circular

(₹ in Lakh)

Particulars			31st March 2023	
Liabilities side			**Amount outstanding**	**Amount overdue**
(1)	**Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:**			
	(a)	Debentures : Secured	2,54,213	-
		: Unsecured	6,547	-
		(other than falling within the meaning of public deposits)		
	(b)	Deferred Credits	-	-
	(c)	Term Loans	9,54,273	-
	(d)	Inter-corporate loans and borrowing	-	-
	(e)	Commercial Paper	-	-
	(f)	Public Deposits	394	-
	(g)	Other Loans (specify nature)	-	-
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued there on but not paid):**			
	(a)	In the form of Unsecured debentures	-	-
	(b)	In the form of partly secured debentures i.e.debentures where there is a shortfall in the value of security	-	-
	(c)	Other public deposits	394	-

Particulars				31st March 2023
Assets side				**Amount outstanding**
(3)	**Break-up of Loans and Advances including billsreceivables [other than those included in (4) below]:**			
	(a)	Secured		14,03,755
	(b)	Unsecured		-
(4)	**Break up of Leased Assets and stock on hireand other assets counting towards asset financing activities**			
	(i)	Lease assets including lease rentals undersundry debtors		
		(a)	Financial lease	-
		(b)	Operating lease	-
	(ii)	Stock on hire including hire charges undersundry debtors		
		(a)	Assets on hire	-
		(b)	Repossessed Assets	-
	(iii)	Other loans counting towards asset financingactivities		
		(a)	Loans where assets have beenrepossessed	-
		(b)	Loans other than (a) above	-
(5)	**Break-up of Investments**			
	Current Investments			
	1.	**Quoted**		
		(i)	Shares	
			(a) Equity	-
			(b) Preference	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

Particulars	31st March 2023
Assets side	**Amount outstanding**
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
2. Unquoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
Long Term investments	
1. Quoted	
(i) Share	
(a) Equity	3
(b) Preference	-
(ii) Debentures and Bonds	1,544
(iii) Units of mutual funds	-
(iv) Government Securities	44,277
(v) Others (please specify)	-
2. Unquoted	
(i) Shares	
(a) Equity	1
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-

(6) Borrower group-wise classification of assets financed as in (3) and (4) above:

(₹ in Lakh)

Category	Amount net of provisions		
	Secured	**Unsecured**	**Total**
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	13,85,145	-	13,85,145
Total	**13,85,145**	**-**	**13,85,145**

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(₹ in Lakh)

Category	Market Value / Break up or fair value or NAV	Book Value (Netof Provisions)
1. Related Parties		
(a) Subsidiaries	1	1
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	45,023	45,824
Total	**45,023**	**45,824**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

As per notified Accounting Standard

(8) Other information

(₹ in Lakh)

Particulars			Amount
(i)	Gross Non-Performing Assets		
	(a)	Related parties	-
	(b)	Other than related parties	16,259
(ii)	Net Non-Performing Assets		
	(a)	Related parties	-
	(b)	Other than related parties	10,691
(iii)	Assets acquired in satisfaction of debt		-

59.2 Summary of Significant accounting policies

The accounting policies are disclosed as note 2 and 3 of the Standalone Financial Statement for the year ended 31st March 2023

59.3 Capital to Risk Asset Ratio (CRAR)

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
CRAR	42.73%	45.41%
CRAR-Tier I Capital	41.66%	44.20%
CRAR- Tier II Capital	1.07%	1.21%
Amount of subordinated debt raised as Tier-II Capital (₹ in Lakh)	3,600	4,920
Amount raised by issue of perpetual debt instruments	Nil	Nil

59.4 Reserve Fund u/s 29C of NHB Act, 1987

Statement for Reserve Fund is disclosed in Note No. 23 of the Standalone Financial Statement for the year ended 31st March 2023.

59.5 Investment

(₹ in Lakh)

Particulars				As at 31st March 2023	As at 31st March 2022
1.	**Value of Investments**				
	(i)	Gross value of investments			
		(a)	In India	45,825	33,803
		(b)	Outside India	-	-
	(ii)	Provisions for Depreciation			
		(a)	In India	-	-
		(b)	Outside India	-	-
	(iii)	Net value of investments			
		(a)	In India	45,825	33,803
		(b)	Outside India	-	-
2.	**Movement of provisions held towards depreciation on investments**				
	(i)	Opening balance		-	-
	(ii)	Add: Provisions made during the year		-	-
	(iii)	Less: Write-off / Written-back of excess provisions during the year		-	-
	(iv)	Closing balance		-	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

59.6 Derivatives

i. Forward Rate Agreement (FRA)/ Interest Rate Swap

Nil during the year ended 31st March 2023 (31st March 2022: Nil)

ii. Exchange Traded Interest Rate (IR) Derivative

Nil during the year ended 31st March 2023 (31st March 2022: Nil)

iii. Disclosures on Risk Exposure in Derivatives

The Company has not entered into derivative transaction during the year ended 31st March 2023 & 31st March 2022.

59.7 Securitisation

i. Securitised assets as per books of the SPVs sponsored by the HFC

Nil during the year ended 31st March 2023 (31st March 2022: Nil)

ii. Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction - Nil during the year ended 31st March 2023 (31st March 2022: Nil)

iii. Detail of Assignment transactions undertaken:

(₹ in Lakh)

	Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
1	No of Pools/Accounts	11	7
2	Aggregate value (Net of Provisions) of accounts assigned	1,13,396	77,212
3	Aggregate consideration	1,13,396	77,212
4	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5	Aggregate gain over net book value	13,043	9,296

iv. Details of non-performing financial assets purchased / sold

A. Details of non-performing financial assets purchased:

Nil during the year ended 31st March 2023 (31st March 2022: Nil)

B. Details of non-performing financial assets sold:

Nil during the year ended 31st March 2023 (31st March 2022: Nil)

59.8 Maturity pattern of certain items of assets and liabilities as per Asset Liability Management system of the company as of 31st March 2023 is as under:

(₹ in Lakh)

Particulars	1 day to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years	Total
Liabilities											
Deposits	82	7	5	8	2	38	135	78	33	5	394
Borrowings from banks	279	-	3,444	963	12,506	32,124	69,248	3,66,987	2,88,425	1,80,296	9,54,273
Market Borrowings	-	-	1,130	23,500	20,000	54,297	13,850	67,495	52,840	27,648	2,60,760
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	18,384	3,330	6,661	14,927	14,800	43,659	84,106	2,99,044	2,53,037	6,47,196	13,85,145
Investments	44,277	-	-	-	3	-	-	-	-	1,545	45,825
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

Note:

1. The maturity analysis is prepared considering the prepayments on housing and other loans in line with historical trend. Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the company for compiling the return submitted to the RBI/NHB, which has been relied upon by the auditors.
2. The above-mentioned amount of Advances excludes interest accrued on loans, fair value of loans, ECL provision on stage 3 loans and EIR.

59.9 Exposure to Real Estate Sector

(₹ in Lakh)

Particulars			As at 31st March 2023	As at 31st March 2022
A.	**DIRECT EXPOSURE**			
	(i)	Residential Mortgages –		
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	10,37,853	9,32,227
	(ii)	Commercial Real Estate		
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits	3,56,251	2,72,582
	(iii)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
		- Residential	-	-
		- Commercial Real Estate	-	-
B.	**INDIRECT EXPOSURE**			
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		-	-
Total Exposure to Real Estate Sector			**13,94,104**	**12,04,809**

Note:

1. Amount disclosed under Commercial Real Estate includes non-housing loan which are provided against residential property.
2. The amount mentioned above for Total Exposure to Real estate sector excludes EIR and interest accrued on loans.
3. The amount mentioned above of Total own loan book amount excludes EIR and interest accrued on loans.

59.10 Exposure to Capital Market

(₹ in Lakh)

Particulars		As at 31st March 2023	As at 31st March 2022
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpusof which is not exclusively invested in corporate debt	3	2
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakh)

Particulars		As at 31st March 2023	As at 31st March 2022
(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 theprimary security other than shares / convertible bonds / convertibledebentures / units of equity oriented mutual funds 'does not fully cover the advances'	-	-
(v)	Secured and unsecured advances to stock brokers 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 formeeting 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: (a) Category I (b) Category II (c) Category III	-	-
Total Exposure to Capital Market		**3**	**3**

Note: As mentioned in para 23.2.2 of RBI master direction –NBFC –HFC dated 17.02.2021 the computation of exposure to capital markets has been done considering cost price of the investment.

59.11 Details of financing parent company products

Nil during the year ended 31st March 2023 (31st March 2022: Nil)

59.12 Details of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL) exceeded by the HFC

Nil during the year ended 31st March 2023 (31st March 2022: Nil)

59.13 Unsecured Advances

Nil during the year ended 31st March 2023 (31st March 2022: Nil)

59.14 Advances against Intangible Collateral

Nil during the year ended 31st March 2023 (31st March 2022: Nil)

59.15 Exposure to group companies engaged in real estate business

Nil during the year ended 31st March 2023 (31st March 2022: Nil)

The Exposure to a single borrower and group of borrower does not exceed the limit stipulated by the NHB prudential norms applicable to Housing Finance Companies.

59.16 There were no loans given against the collateral of gold jewellery.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

59.17 Registration obtained from other financial sector regulators

Regulator	Registration Number
IRDA Registration as Corporate Agent(Composite)	Registration Code :- CA0012
LEI	335800JQMNJOX3W7LY96
SEBI	BSE Company Code- 10844/ 11302
RBI	RBI Registration Number : FC 11 BYR 0068
NHB	NHB Registration No.- 04.0168.18

59.18 Disclosure of penalties imposed by RBI, NHB and other regulators

Nil during the year ended 31st March 2023 (Nil in 31st March 2022)

59.19 Related party Transactions

Details of all material transactions with related parties are disclosed in note 43.

59.20 Group Structure

Holding Company - BCP Topco VII Pte Ltd
(Percentage of Holding - 98.72%)

Company - Aadhar Housing Finance Limited
(Percentage of Holding - 100%)

Subsidiary Company - Aadhar Sales & Servies Pvt Limited

59.21 Rating assigned by Credit Rating Agencies and migration of rating during the year.

(₹ in Lakh)

Name of the Rating Agency	Type	Rating As at 31st March 2023	Rating As at 31st March 2022
CARE	Long Term Bank Facilities	CARE AA (Stable)	CARE AA (Stable)
CARE	Non-Convertible Debentures	CARE AA (Stable)	CARE AA (Stable)
CARE	Subordinated Debt	CARE AA (Stable)	CARE AA - (Stable)
BRICKWORKS	Non-Convertible Debentures	BWR AA(Stable)	BWR AA(Stable)
BRICKWORKS	Subordinated Debt	BWR AA(Stable)	BWR AA(Stable)
CRISIL	Commercial Paper	CRISIL A1+	CRISIL A1+
ICRA	Commercial Paper	ICRA A1+	ICRA A1+
CARE	Fixed Deposits	CARE AA (Stable)	NA
CRISIL	Fixed Deposits	NA	FAA- (Stable)
ICRA	Non-Convertible Debentures	ICRA AA (Stable)	ICRA A1+
ICRA	Subordinated Debt	ICRA AA (Stable)	ICRA A1+
India Rating	Long Term Borrowings	IND AA (Stable)	IND A1+

59.22 Remuneration of Non-Executive Directors for the year ended 31st March 2023.

(In ₹)

Name of the Director	Sitting Fee	Commission	Total
Shri. O P Bhatt	9,80,000	92,30,000	1,02,10,000
Smt. Sharmila Karve	9,80,000	16,30,000	26,10,000
Dr. Nivedita Haran	8,40,000	7,00,000	15,40,000

Note: Above does not include the provision for commission amounting to ₹ 116 Lakh (excluding disallowance of GST) for the year ended 31st March 2023 which will be paid subject to approval in the ensuing Annual General Meeting. Commission paid during the year (FY 22-23) pertains to previous year (FY 21-22).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

59.23 Net profit or Loss for the period, prior period items and changes in accounting policies

The financial statements have been prepared under historical cost convention on an accrual basis in accordance with the Indian Accounting Standards ("Ind AS") and the relevant provisions of the Companies Act, 2013 (the "Act") (to the extent notified). Same accounting policies have been followed for all period presented in these financial statements.

59.24 Revenue Recognition

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

59.25 Consolidated Financial Statements (CFS)

Refer to the Consolidated Financial Statements for the relevant disclosures.

59.26 Disclosure as per Loan Portfolio

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Secured		
Housing loans		
Standard loans	10,26,810	9,19,579
Sub-Standard loans	6,940	8,141
Doubtful loans	4,103	4,618
Loss assets	-	-
Total Housing Loans	**10,37,853**	**9,32,338**
Other property loan		
Standard loans	3,51,035	2,66,973
Sub-Standard loans	3,324	3,699
Doubtful loans	1,892	1,800
Loss assets	-	-
Total Other Property Loans	**3,02,431**	**2,72,472**
Total Own Loan Book	**13,94,104**	**12,04,809**
Assigned Book	**3,28,179**	**2,72,969**
Total Asset Under Management	**17,22,283**	**14,77,779**

Note: The amount mentioned above of Total own loan book amount excludes EIR and interest accrued on loans.

59.27 Insurance portion of Housing Loan is excluded from Housing Loan and regrouped in Other Property Loans (Refer Note 51.9, 51.26, 51.32, 51.38). The Insurance portion amounting to ₹ 53,821 lakh (31st March 2022: ₹ 54,133 Lakh) helps in mitigating the risk and secures the Company's Loan portfolio against any eventuality.

59.28 The Company has prepared the financial statements taking into consideration 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 including the prevailing RBI/NHB regulations.

The Company has complied with the extant provisions of the applicable Ind AS for the purpose of asset classification based on credit risks and provisioning as per expected credit loss requirements during the financial year ended 31st March 2023. In respect of asset classification and provisioning requirements, the Company has complied with RBI Circulars dated March 13, 2020 on implementation of Indian Accounting Standards and have considered the impact of the RBI circulars during the year.

Refer for Note 44 – (comparison between provisions required under Income Recognition, Asset classification and provision norms and impairment allowances made under Ind AS 109)

59.29 The Company has complied and is meeting principal business criteria as laid down under paragraph 4.1.17 of the RBI circular dated 17th February, 2021 RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

59.30 The Company operates in 20 States and Union Territories in India. The company does not have any branch/offices outside India.

Additional Disclosures

59.31 Provisions and Contingencies

Break up of provisions and contingencies shown under the head Expenditure in Profit and Loss Account

(₹ in Lakh)

Particulars			For the year ended 31st March 2023	For the year ended 31st March 2022
1.	Provisions for depreciation on Investment		-	-
2.	Provision made towards Income Tax		15,683	12,513
3.	Provision towards NPA		105	1,127
4.	Provision for Standard Assets		1,325	1,269
5.	Other Provision (Expenses) and Contingencies			
5a.	(a)	Provision for Expenses	7,976	4,639
5b.	(b)	Provision for asset held for sale	-	-

59.32 Break up of Loan and Advances and Provisions thereon

(₹ in Lakh)

Particulars		Housing		Non-Housing	
		As at 31st March 2023	As at 31st March 2022	As at 31st March 2023	As at 31st March 2022
Standard Assets					
a)	Total Outstanding Amount	10,36,492	9,29,016	3,54,674	2,69,840
b)	Provisions made	9,035	8,390	4,011	3,328
Sub-Standard Assets					
a)	Total Outstanding Amount	6,940	8,216	3,324	3,728
b)	Provisions made	1,971	1,940	895	983
Doubtful Assets - Category – I					
a)	Total Outstanding Amount	2,828	2,943	1,451	1,134
b)	Provisions made	1,240	1,135	620	463
Doubtful Assets - Category – II					
a)	Total Outstanding Amount	1,263	1,531	441	649
b)	Provisions made	620	607	211	271
Doubtful Assets - Category – III					
a)	Total Outstanding Amount	12	146	1	18
b)	Provisions made	6	58	0	7
Loss Assets					
a)	Total Outstanding Amount	-	-	-	-
b)	Provisions made	-	-	-	-
TOTAL					
a)	**Total Outstanding Amount**	**10,47,535**	**9,41,853**	**3,59,890**	**2,75,368**
b)	**Provisions made**	**12,873**	**12,129**	**5,737**	**5,052**

Note: The above mentioned total outstanding amount excludes EIR.

59.33 Draw Down from Reserves

During FY 2022-23, there were no draw down from Reserves.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

59.34 Concentration of Public Deposits

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Total Deposits of twenty largest depositors	144	341
Percentage of Deposits of twenty largest deposits to Total Deposits of the HFC	36.55%	35.66%

59.35 Concentration of Loans and Advances

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Total Loans and Advances to twenty largest borrowers	2,761	2,175
Percentage of Loans and Advances to twenty largest borrowers to Total Advances of the HFC	0.19%	0.18%

59.36 Concentration of all Exposure (including off-balance sheet exposure)

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Total Loans and Advances to twenty largest borrowers	2,761	2,175
Percentage of Loans and Advances to twenty largest borrowers / customers to Total exposure of the HFC on borrowers / customers.	0.16%	0.15%

59.37 Concentration of NPAs

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Total Exposure to top ten NPA accounts	315	522

59.38 Sector-wise NPAs

S. No.	Particulars	Percentage of NPAs to Total Advances in that Sector
A.	**Housing Loan:**	
1.	Individuals	1.08%
2.	Builders / Project Loans	-
3.	Corporate	-
4.	Others	-
B.	**Non Housing Loans:**	
1.	Individuals	1.49%
2.	Builders / Project Loans	-
3.	Corporate	-
4.	Others	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

59.39 Movement of NPAs

(₹ in Lakh)

S. No.	Particulars		For the year ended 31st March 2023	For the year ended 31st March 2022
i)	Net NPAs to Net Advances (%)		0.76%	1.07%
ii)	Movement of NPAs (Gross)			
	a)	**Opening Balance**	**18,257**	**13,071**
	b)	Additions during the year	10,106	11,856
	c)	Reductions during the year	12,104	6,670
	d)	**Closing Balance**	**16,259**	**18,257**
iii)	Movement of Net NPAs			
	a)	**Opening Balance**	**12,794**	**8,735**
	b)	Additions during the year	7,903	8,463
	c)	Reductions during the year	10,006	4,404
	d)	**Closing Balance**	**10,691**	**12,794**
iv)	Movement of provisions for NPAs (excluding provision on standard assets)			
	a)	**Opening Balance**	**5,463**	**4,336**
	b)	Additions during the year	2,203	3,393
	c)	Reductions during the year	2,098	2,266
	d)	**Closing Balance**	**5,568**	**5,463**

Includes write off.

59.40 Overseas Assets

Nil as at 31st March 2023 (31st March 2022: Nil)

59.41 Off- Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Overseas: Nil

Domestic: Nil

59.42 Loan accounts which became doubtful due to fraudulent misrepresentation by the borrowers and has been written off during the year.

27 Accounts with outstanding value of ₹ 366 Lakhs (31st March 2022: 7 Accounts with outstanding value of ₹ 86 Lakhs)

59.43 Disclosure of Complaints

i. Summary information on complaints received by the company from customers and from the Offices of Ombudsman

S. No.	Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Complaints received by the company from its customers			
1)	No. of complaints pending at the beginning of the year	43	16
2)	No. of complaints received during the year	2,185	2,331
3)	No. of complaints redressed/disposed during the year	2,211	2,304
	3.1 Of which, No. of complaints rejected by the company	-	-
4)	No. of complaints pending at the end of the year	17	43
Maintainable complaints received by the company from Office of Ombudsman			
5)	Number of maintainable complaints received by the NBFC from Office of Ombudsman	-	-
	5.1 Of which, number of complaints resolved in favour of the company by Office of Ombudsman	-	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

S. No.	Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
	5.2 Of which, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
	5.3 Of which, number of complaints resolved after passing of Awards by Office of Ombudsman against the company	-	-
6)	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

ii. Top five grounds of complaints received by the company from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
For the year ended 31st March 2023					
PMAY CLSS	9	343	42% decrease	3	Nil
Regular Emi Related	1	72	8% decrease	-	Nil
Double EMI deduction due to technical error at SBI end	1	237	NA	-	Nil
Loan Disbursement	10	308	5% increase	1	Nil
Foreclosure Related	4	224	39% decrease	1	Nil
Loan Account Related	2	175	32% increase	1	Nil
For the year ended 31st March 2022					
PMAY CLSS (U)	2	595	4% increase	9	Nil
Foreclosure Related	2	367	106% increase	4	Nil
Loan Disbursement	2	292	18% increase	10	Nil
AHFL Emp/Channel Partner/DST	1	190	168% increase	1	Nil
Loan Account Related	4	133	60% decrease	2	Nil

59.44 Intra- group Exposure

The company does not have any intra group exposure during the year ended 31st March 2023, and the year ended March 31, 2022.

59.45 Unhedged foreign currency exposures

The company does not have any unhedged foreign currency exposure during the year ended 31st March 2023, and the year ended 31st March 2022.

59.46 Sectoral Exposure

(₹ in Lakh)

Sectors	As at 31st March 2023			As at 31st March 2022		
	Total Exposure (including off balance sheet exposure)	Gross NPA	% of GNPA to Total exposure	Total Exposure (including off balance sheet exposure)	Gross NPA	% of GNPA to Total exposure
Housing and Other property related loans	14,93,825	16,259	1.09%	12,69,173	18,363	1.45%

Above information does not include banks / other NBFC's share on loans assigned / co-lent.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

59.47 Related party Disclosure as per the Scale Based regulation.

(₹ in Lakh)

Related Party / Items	Parent (as per the Ownership or Control)		Subsidiaries		Key Management Personnel		Relatives of the Key Management Personnel		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Borrowings	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	26	-	26
Placement of Deposits	-	-	-	-	-	-	-	-	-	-
Commission Payable	-	-	-	-	116	120	-	-	116	120
Advances	-	-	-	-	120	-	-	-	-	-
Investments	-	-	1	1	-	-	-	-	1	1
Rent Income	-	-	2	2	-	-	-	-	2	2
Business Sourcing Expenses	-	-	5,098	4,003	-	-	-	-	5,098	4,003
Remuneration	-	-	-	-	562	487	-	-	562	487
Interest Income	-	-	-	-	1	-	-	-	1	-
Interest Expense	-	-	-	-	-	2	0*	1	0*	3
Recovery of the Expense	-	-	-	1	-	-	-	-	-	1
Director Sitting fees and Commission	-	-	-	-	154	146	-	-	154	146

* less than ₹ 50,000

60. Divergence in the asset classification and provisioning

There is no divergence in asset classification and provisioning as assessed by NHB where:

i) The additional provisioning requirements assessed by National Housing Bank (NHB) exceeds 5% of the reported profits before tax and impairment loss on financial instruments as on 31st March 2023, or

ii) The additional Gross NPAs identified by NHB exceeds 5% of the reported Gross NPAs as on 31st March 2023.

61. Disclosure of Liquidity Risk

i. Funding Concentration based on significant counterparty (both deposits and borrowings)

S.No	Number of Significant Parties	Amount (₹ in Lakh)	% of Total deposits	% of Total Liabilities
1	2	4,76,656.60	120978.93%	36.90%

ii. Top 20 large deposits

(₹ in Lakh)

Particulars	As at 31st March 2023
Total Deposits of twenty largest depositors	143.69
Percentage of Deposits of twenty largest deposits to Total Deposits of the HFC	36.55%

iii. Top 10 borrowings

(₹ in Lakh)

Particulars	As at 31st March 2023
Top 10 Borrowings	8,17,965
Percentage of Borrowings of Ten largest Borrowings to Total Borrowing of the HFC	67.30%

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

iv. Funding Concentration based on significant instrument/product

Name of Instrument	₹ in Lakh	% of Total Borrowing
Debt securities	2,54,213	20.92%
Term Loan	6,54,067	53.81%
NHB	3,00,206	24.70%
Deposits	394	0.03%
Subordinated liabilities	6,547	0.54%

v. Stock Ratios:

a) Commercial papers as a % of total public funds, total liabilities and total assets
Nil

b) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets
Nil

c) Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets

(₹ in Lakh)

Particulars	As at 31st March 2023
Total Liabilities of less than 12 months	3,01,926
% of total public funds	76630.96%
% of total liabilities	23.37%
% of total assets	18.17%

62. Disclosure of LCR

(₹ in Lakh)

Particulars		Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets			
1	Total High Quality Liquid Assets (HQLA)	42,864	42,512
Cash Outflows			
2	Deposits (for deposit taking companies)	103	119
3	Unsecured wholesale funding	-	-
4	Secured wholesale funding	14,040	16,146
5	Additional requirements, of which	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	-	-
6	Other contractual funding obligations	15,437	17,753
7	Other contingent funding obligations	67,153	77,226
8	**TOTAL CASH OUTFLOWS**		**1,11,244**
Cash Inflows			
9	Secured lending		-
10	Inflows from fully performing exposures	19,215	14,412
11	Other cash inflows	2,84,864	2,13,648
12	TOTAL CASH INFLOWS		2,28,060
			Total Adjusted Value
13	TOTAL HQLA		42,512
14	TOTAL NET CASH OUTFLOWS		27,811
15	LIQUIDITY COVERAGE RATIO (%)		152.86%

Total High Quality Liquid Assets (HQLA) includes Investments made in Government securities & NCD issued by State Government companies.

Note: The above unweighted average is calculated basis 90 days daily average.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

63. Previous year figures have been regrouped/re-classified wherever necessary to confirm to current year's classification. The impact of such regrouping/ re-classification are not material to the Financial Statements.

For **Walker Chandiok & Co LLP**
Chartered Accountants
ICAI Firm Registration No: 001076N/N500013

For and on behalf of the Board of Directors of Aadhar Housing Finance Limited

Manish Gujral
Partner
Membership No.: 105117

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Executive Vice-Chairman
DIN 07153794

Rishi Anand
Managing Director & CEO
DIN 02303503

Prateek Roongta
Director
DIN 00622797

Place: Mumbai
Date:16th May 2023

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of Aadhar Housing Finance Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Aadhar Housing Finance Limited ('the Holding Company') and its subsidiary Aadhar Sales and Services Private Limited (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2023, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 14 of the Other Matter section below, is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiary, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of financial assets based on Expected Credit Losses (ECL) - (Refer note 3 for accounting policies and notes 6, 27, and 37 for financial disclosures in the accompanying consolidated financial statements)

At 31 March 2023, the Company reported total gross loans of ₹ 14,03,755 lakh (2022: ₹ 12,13,215 lakh) and expected credit loss provisions of ₹ 18,610 lakh (2022: ₹ 17,181 lakh).

Key Audit Matter	How our audit addressed the key audit matter
Ind AS 109, Financial Instruments (Ind AS 109) requires the Company to provide for impairment of its financial assets using the expected credit loss ('ECL') approach involving an estimation of probability of loss on such financial assets, considering reasonable and supportable information about past events, current conditions and forecasts of future economic conditions which could impact the credit quality of the Company's financial assets. Expected credit loss cannot be measured precisely but can only be estimated through use of statistics. The estimation of impairment loss allowance on financial instruments involves significant judgement and estimates and applying appropriate measurement principles, including additional considerations on account of Reserve Bank of India guidelines in relation to COVID-19 regulatory package and restructuring.	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the expected credit losses through the following procedures, but were not limited to, the following procedures: - Examined the Board Policy approving methodologies for computation of ECL that addresses policies and procedures for assessing and measuring credit risk on the lending exposures of the Company in accordance with the requirements of Ind AS 109. The parameters and assumptions used and their rationale have been documented. Also, obtained the policy on moratorium and restructuring of loans approved by the Board of Directors pursuant to the RBI circulars/guidelines and ensured such policy is in compliant with the requirements of the RBI circulars/guidelines.

Key Audit Matter	How our audit addressed the key audit matter
The expected credit loss is calculated using the percentage of probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each of the stages of loan portfolio. Additional management overlay is estimated considering non-prediction and long-term future impact. The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. The Expected Credit Loss ("ECL") is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgment and assumptions involved in measuring ECL is required with respect to: • Segmentation of loan book in buckets • determining the criteria for a significant increase in credit risk • factoring in future economic assumptions • past experience and forecast data on customer behaviour on repayments • techniques used to determine probability of default, loss given default and exposure at default. Adjustments to the model-driven ECL results as overlays are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. As at 31 March 2023, overlays represent approximately 50% of the ECL balances. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts. Considering the significance of the above matter to the financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit.	- Evaluated the design and operating effectiveness of controls across the processes relevant to ECL, including the judgements and estimates. 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, and completeness of the underlying data used in the models, credit monitoring, passing of journal entries and preparing disclosures. - Tested the completeness of loans and advances included in the Expected Credit Loss calculations as of 31st March 2023 by reconciling it with the balances as per loan balance register. We tested the data used in the PD and LGD model for ECL calculation by reconciling it to the source system. We tested assets in stage 1, 2 and 3 on sample basis to verify that they were allocated to the appropriate stage. - Tested the appropriateness of determining Exposure at Default (EAD), PD and LGD, on sample basis. 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. - Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Test of details on post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 and restructuring related overlays, in order to assess the reasonableness of adjustments by challenging key assumptions, adjustments by challenging key assumptions, inspecting the calculation methodology. - On a test check basis, ensured compliance with RBI Master Circular on 'Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances' ('IRACP') read with RBI circular on 'Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications' dated 12th November 2021, in relation to identification, upgradation and provisioning of non-performing assets (NPAs) and ensured that the Company has considered NPAs as credit impaired loans. - Ensured that the Company complied with the minimum provision requirements under RBI circular on "Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)" dated 5th May 2021 Assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying financial statements in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework.

Information Technology ("IT") Systems and Controls for the financial reporting process	
Key Audit Matter	**How our audit addressed the key audit matter**
The Company is highly dependent on its information technology (IT) systems for carrying on its operations which require large volume of transactions to be processed in numerous locations on a daily basis. As a result, there is a high degree of reliance and dependency on such IT systems for the financial reporting process of the Company. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. The accuracy and reliability of the financial reporting process depends on the IT systems and the related control environment, including: ➢ IT general controls over user access management and change management across applications, networks, database, and operating systems and; ➢ IT application controls. Due to the importance of the IT systems and related control environment on the Company's financial reporting process, we have identified testing of such IT systems and related control environment as a key audit matter for the current year audit.	Our key audit procedures with the involvement of our IT specialists included, but were not limited to, the following: • Obtained an understanding of the Company's IT related control environment and conducted risk assessment and identified IT applications, data bases and operating systems that are relevant to our audit. • Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above; • On such in-scope IT systems, we have tested key IT general controls with respect to the following domains: a. Program change management which includes controls on moving program changes to production environment as per defined procedures and relevant segregation of environments b. User access management which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties c. Other areas that were assessed under the IT control environment included batch processing and interfaces. We also evaluated the design and tested the operating effectiveness of key automated controls within various business processes. Where deficiencies were identified, tested compensating controls or performed alternative procedures.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis and Director's Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy

and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are 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 the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

   Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

10. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern;

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

    - Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

11. 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.

12. 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.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We

describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

14. We did not audit the annual financial statements of one subsidiary, whose financial statements reflects total assets of ₹ 473 lakhs and net assets of ₹ 213 lakhs as at 31 March 2023, total revenues of ₹ 5,111 lakhs, total net profit after tax of ₹ 18 lakhs, total comprehensive income of ₹ 61 lakhs and net cash inflows amounting to ₹ 152 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, associates and joint ventures, are based solely on the reports of the other auditors.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act based on our audit and on the consideration of the report of the other auditor, referred to in paragraph 14, on separate financial statements of the subsidiary, we report that the Holding Company and its subsidiary company, incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

16. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued till date by us and by the other auditor, of companies included in the consolidated financial statements for the year ended 31 March 2023 and covered under the Act, we report that:

    A) Following are the qualifications/adverse remarks reported by us and the other auditors in the Order reports of the companies included in the consolidated financial statements for the year ended 31 March 2023 for which such Order reports have been issued till date and made available to us:

S. No.	Name	CIN	Holding Company / subsidiary / Associate / Joint Venture	Clause number of the CARO report which is qualified or adverse
1	Aadhar Housing Finance Limited	U66010KA1990PLC011409	Holding Company	Clause i(c), iii(c), iii(d), vii(a), vii(b)
2	Aadhar Sales Services Private Limited	U74999MH2017PTC297139	Subsidiary Company	Clause vii(a)

17. As required by section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements and other financial information of the subsidiary, incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

    c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

    e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group, are disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act;

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies, associate companies and joint venture companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I' wherein we have expressed an unmodified opinion; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiary incorporated in India whose financial statements have been audited under the Act:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in note 32 to the consolidated financial statements as at 31 March 2023;

ii. The Holding Company and its subsidiary company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate companies and joint venture companies during the year ended 31 March 2023;

iv. a. The respective managements of the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary respectively that, to the best of their knowledge and belief , as disclosed in note 53 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary company, ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

b. The respective managements of the Holding Company and its subsidiary company, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary, respectively that, to the best of their knowledge and belief, as disclosed in note 54 to the consolidated financial statements, no funds have been received by the Holding Company or its subsidiary companies, or its associate companies or its joint venture companies from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or its subsidiary shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiary, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The Holding Company and its subsidiary have not declared or paid any dividend during the year ended 31 March 2023.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1st April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN: 23105117BGRNMW8526

Place: Mumbai
Date: 16th May 2023

Annexure I to the Independent Auditor's Report of even date to the members of Aadhar Housing Finance Limited on the consolidated financial statements for the year ended 31 March 2023

Annexure I

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Aadhar Housing Finance Limited ('the Holding Company') and its subsidiary, Aadhar Sales and Services Private Limited (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter(s) paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, {its subsidiary companies, its associate companies and joint venture companies} as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition

of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary company, the Holding Company and its subsidiary company which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, which are companies covered under the Act, whose financial statements reflect total assets of ₹ 473 lakhs and net assets of ₹ 213 lakhs as at 31 March 2023, total revenues of ₹ 5,111 lakhs, total net profit after tax of ₹ 18 lakhs, total comprehensive income of ₹ 61 lakhs and net cash inflows amounting to ₹ 42 lakhs for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company have been audited by other auditors whose report has been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN: 23105117BGRNMW8526

Place: Mumbai
Date: 16th May 2023

CONSOLIDATED BALANCE SHEET

as at 31st March 2023

(₹ in Lakh)

Particulars		Note	As at 31st March 2023	As at 31st March 2022 (Audited)
	Assets			
1.	**Financial assets**			
a)	Cash and cash equivalents	4	40,514	57,417
b)	Other bank balances	4	1,51,286	1,13,599
c)	Receivables	5	797	519
d)	Housing and other loans	6	13,85,145	11,96,034
e)	Investments	7	45,940	33,802
f)	Other financial assets	8	25,885	24,534
			16,49,567	**14,25,905**
2.	**Non-financial assets**			
a)	Current tax assets (net)	9	882	2,422
b)	Property, plant and equipment	10	2,475	2,081
c)	Right to use assets	34	3,828	3,347
d)	Other intangible assets	11	29	79
e)	Defered tax assets	20	26	28
f)	Other non-financial assets	12	4,980	3,719
			12,220	**11,676**
	Total assets		**16,61,787**	**14,37,581**
	Liabilities and equity			
	Liabilities			
1.	**Financial liabilities**			
a)	Trade payables	13		
i)	Total outstanding dues to micro enterprises and small enterprises		36	8
ii)	Total outstanding dues of creditors other than micro enterprises and small enterprises		8,014	5,092
b)	Debt securities	14	2,54,213	1,76,429
c)	Borrowings (other than debt securities)	15	9,54,273	8,81,897
d)	Deposits	16	312	799
e)	Subordinated liabilities	17	6,547	8,334
f)	Other financial liabilities	18	63,847	45,520
			12,87,242	**11,18,079**
2.	**Non-financial liabilities**			
a)	Provisions	19	1,749	1,390
b)	Deferred tax liabilities (net)	20	944	1,531
c)	Other non-financial liabilities	21	2,086	1,912
			4,779	**4,833**
3.	**Equity**			
a)	Equity share capital	22	39,476	39,476
b)	Other equity	23	3,30,290	2,75,193
			3,69,766	**3,14,669**
	Total liabilities and equity		**16,61,787**	**14,37,581**

The accompanying significant accounting policies and notes form an integral part of the financial statements
In terms of our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
ICAI Firm Registration No: 001076N/N500013

For and on behalf of the Board of Directors of Aadhar Housing Finance Limited

Manish Gujral
Partner
Membership No.: 105117

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Executive Vice-Chairman
DIN 07153794

Rishi Anand
Managing Director & CEO
DIN 02303503

Prateek Roongta
Director
DIN 00622797

Place: Mumbai
Date:16th May 2023

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31st March 2023

(₹ in Lakh)

	Particulars	Note	For the year ended 31st March 2023	For the year ended 31st March 2022
1	**Income**			
	Revenue from operations			
a)	Interest income	24	1,77,628	1,53,829
b)	Fees and commission income	24	10,473	7,356
c)	Net gain on fair value changes	24	3,179	2,346
d)	Net gain on derecognition of financial instruments under amortised cost category	24	13,043	9,296
	Total revenue from operations		2,04,323	1,72,827
	Other income	25	29	29
	Total income		**2,04,352**	**1,72,856**
2	**Expenses**			
	Finance costs	26	79,919	76,120
	Impairment on financial instruments	27	4,921	4,871
	Employees benefits expense	28	32,201	24,819
	Depreciation and amortisation expense	10, 11 & 34	1,649	1,325
	Other expenses	29	13,580	8,985
	Total expenses		**1,32,270**	**1,16,120**
3	**Profit before tax and exceptional items (1-2)**		**72,082**	**56,736**
4	**Exceptional item**	57	2,500	-
5	**Profit before tax (3-4)**		**69,582**	**56,736**
6	**Tax expense**			
	Current tax	30	15,711	12,545
	Deferred tax charge / (credit)	30	(605)	(294)
			15,106	**12,251**
7	**Profit for the year (5-6)**		**54,476**	**44,485**
8	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
i	Remeasurements of the defined employee benefit plans		78	179
ii	Income tax relating to items that will not be reclassified to profit or loss		(20)	(44)
	Total other comprehensive income for the year (i + ii)		**58**	**135**
9	**Total comprehensive income (7+8)**		**54,534**	**44,620**
10	**Earnings per equity share**			
	Basic earnings per share (₹)	31	13.80	11.27
	Diluted earnings per share (₹)	31	13.39	10.93

The accompanying significant accounting policies and notes form an integral part of the financial statements
In terms of our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
ICAI Firm Registration No: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date:16th May 2023

For and on behalf of the Board of Directors of Aadhar Housing Finance Limited

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Executive Vice-Chairman
DIN 07153794

Rishi Anand
Managing Director & CEO
DIN 02303503

Prateek Roongta
Director
DIN 00622797

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March 2023

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
A. Cash flow from operating activities		
Profit before tax	69,582	56,736
Adjustments for:		
Depreciation and amortisation expense	1,649	1,325
(Profit)/ Loss on sale of fixed assets	(29)	17
Interest on lease liabilities	350	295
Impairment on financial instruments and Loss on sale of asset held for sale	4,921	4,871
Profit on sale of investment in mutual fund and other investments	(3,179)	(2,346)
Provision for Employee share based payments	563	767
Operating profit before working capital changes	**73,857**	**61,665**
Adjustments for:		
Increase in other financial and non-financial liabilities and provisions	21,068	1,069
Increase in trade receivables	(278)	(247)
Increase in other financial and non-financial assets	(3,258)	(12,370)
Cash generated from operations during the year	**91,389**	**50,117**
Tax paid (net of refunds)	(14,171)	(11,539)
Net cash flow generated from operations before movement in housing and other loans	**77,218**	**38,578**
Housing and other property loans disbursed	(5,90,261)	(3,99,193)
Proceeds from assignment and co-lending of portfolio	1,26,240	77,212
Housing and other property loans repayments	2,71,234	1,92,728
Net cash used in operating activities [A]	**(1,15,569)**	**(90,675)**
B. Cash flow from investing activities		
Proceeds received on sale / redemption of investments	8,30,799	6,70,563
Payment towards purchase of investments	(8,39,758)	(6,52,310)
Investment in fixed deposits (net of maturities)	(37,687)	65,179
Payment towards purchase of fixed assets	(1,044)	(1,181)
Proceeds received on sale of fixed assets	37	6
Net cash generated from / (used in) investing activities [B]	**(47,653)**	**82,257**
C. Cash flow from financing activities		
Share issue expenses / expenses towards offer for sale of shares	(587)	(378)
Proceeds from loans from banks/institutions	2,98,500	3,41,500
Proceeds from Non-convertible debentures	91,700	41,900
Repayment of loans to banks/institutions	(2,26,371)	(2,71,303)
Repayment of Non-convertible debentures	(15,300)	(80,019)
Repayment of deposits	(565)	(3,369)
Payment of lease liabilities	(1,058)	(846)
Net cash generated from financing activities [C]	**1,46,319**	**27,485**
Net increase / (decrease) in cash and cash equivalents [A+B+C]	**(16,903)**	**19,067**
Cash and cash equivalents at the beginning of the year	**57,417**	**38,350**
Cash and cash equivalents at the end of the year (refer note 4)	**40,514**	**57,417**

The accompanying significant accounting policies and notes form an integral part of the financial statements

In terms of our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
ICAI Firm Registration No: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date:16th May 2023

For and on behalf of the Board of Directors of Aadhar Housing Finance Limited

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Director
DIN 00622797

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March 2023

a) Equity Share Capital

For the year ended 31st March 2023

(₹ in Lakh)

Particulars	Amount
Balance as at 1st April 2022	**39,476**
Changes in equity share capital during the year	-
Balance as at 31st March 2023	**39,476**

For the year ended 31st March 2022

(₹ in Lakh)

Particulars	Amount
Balance as at 1st April 2021	**39,476**
Changes in equity share capital during the year	-
Balance as at 31st March 2022	**39,476**

b) Other Equity

For the year ended 31st March 2023

(₹ in Lakh)

Particulars	Capital reserve on amalgamation	Securities premium	Statutory reserve	Debenture redemption reserve	General Reserve	Employee Stock Option Outstanding	Retained earnings	Total
Balance as at 1st April 2022	**6**	**1,33,700**	**34,995**	**16,910**	**13,619**	**1,487**	**74,476**	**2,75,193**
Profit for the period	-	-	-	-	-	-	54,476	54,476
Other comprehensive income	-	-	-	-	-	-	58	58
Transferred to statutory reserve	-	-	10,900	-	-	-	(10,900)	-
Transferred to general reserve	-	-	-	-	5,450	-	(5,450)	-
Employee Stock Option Outstanding	-	-	-	-	-	563	-	563
Balance as at 31st March 2023	**6**	**1,33,700**	**45,895**	**16,910**	**19,069**	**2,050**	**1,12,660**	**3,30,290**

For the year ended 31st March 2022

(₹ in Lakh)

Particulars	Capital reserve on amalgamation	Securities premium	Statutory reserve	Debenture redemption reserve	General Reserve	Employee Stock Option Outstanding	Retained earnings	Total
Balance as at 1st April 2021	**6**	**1,33,700**	**26,091**	**16,910**	**9,269**	**720**	**43,110**	**2,29,806**
Profit for the year	-	-	-	-	-	-	44,485	44,485
Other comprehensive income	-	-	-	-	-	-	135	135
Transferred to statutory reserve	-	-	8,904	-	-	-	(8,904)	-
Transferred to general reserve	-	-	-	-	4,350	-	(4,350)	-
Employee Stock Option Outstanding	-	-	-	-	-	767	-	767
Balance as at 31st March 2022	**6**	**1,33,700**	**34,995**	**16,910**	**13,619**	**1,487**	**74,476**	**2,75,193**

The accompanying significant accounting policies and notes form an integral part of the financial statements

In terms of our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
ICAI Firm Registration No: 001076N/N500013

For and on behalf of the Board of Directors of Aadhar Housing Finance Limited

Manish Gujral
Partner
Membership No.: 105117

O P Bhatt
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Managing Director & CEO
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Prateek Roongta
Director
DIN 00622797

Place: Mumbai
Date:16th May 2023

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

1. Corporate information

Aadhar Housing Finance Limited (formerly known as DHFL Vysya Housing Finance Limited) (the "Parent Company") and its subsidiary company (collectively referred to as "the Group" or "the Company") was incorporated in India in the name of Vysya Bank Housing Finance Limited ("VBHFL") on 26th November 1990. VBHFL was taken over by Dewan Housing Finance Corporation Limited in 2003 and renamed as DHFL Vysya Housing Finance Ltd ("DVHFL"). The erstwhile Aadhar Housing Finance Ltd which was established in 2010 and commenced operation in February, 2011 was merged into DVHFL on 20th November 2017 and renamed as Aadhar Housing Finance Limited on 4th December 2017 with permission of National Housing Bank ("NHB") and Registrar of Companies ("ROC"). The Company is carrying business of providing loans to customers including individuals, companies, corporations, societies or association of persons for purchase / construction / repair and renovation of residential property, loans against property and provide other property related services. The Parent Company is registered with National Housing Bank under section 29A of the National Housing Bank Act, 1987. The Parent Company is a subsidiary of BCP Topco VII Pte. Ltd. ("Holding Company").

During the financial year 2019-20, the Wadhawan Global Capital Ltd. and Dewan Housing Finance Corporation Limited, along with promoter shareholders and International Finance Corporation (collectively "sellers") transferred their entire shareholding to BCP Topco VII Pte. Ltd., which is held through intermediary companies by private equity funds managed by wholly owned subsidiaries of The Blackstone Group L.P. (collectively "Blackstone").

The Parent Company is a Public Limited Company and its debts are listed on the Bombay Stock Exchange (BSE).

The financials were authorized for issue by the Company's Board of Directors on 16th May, 2023.

2. Significant accounting policies

2.1 Basis of preparation and presentation

The Consolidated Financial Statements have been prepared in accordance with the recognition and measurement principle of Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 (the "Act"), read with relevant rules issued thereunder and other accounting principles generally accepted in India, requirements prescribed under the Schedule III - Division III of the Act, as amended, the circulars, the guidelines and the master directions issued by the Reserve Bank of India (the "RBI") and National Housing Bank (the "NHB") from time to time to the extent applicable.

The previous period numbers have been regrouped/ re-classified (as necessary) and incremental disclosures have been made to conform with current period disclosures.

2.2 Going concern

These financial statements have been prepared on a going concern basis.

2.3 Historical cost convention

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The measurement and/ or disclosure in these financial statements has been accordingly determined except for share based payment transactions, leasing transactions and certain other transactions that are required to be valued in accordance with Ind AS 102, Ind AS 116 and Ind AS 36, respectively.

2.4 Basis of Consolidation

The Group consolidates all entities which are controlled by it.

The Group establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity's returns by using its power over relevant activities of the entity.

Entities controlled by the Group are consolidated from the date control commences until the date control ceases.

All inter-company transactions, balances and income and expenses are eliminated in full on consolidation.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Parent Company.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

Details of Companies Consolidated in these consolidated financial statements

Name of the Company	Type	Country of Incorporation	Holding As at 31st March 2023	Holding As at 31st March 2022
Aadhar Housing Finance Limited	Parent Company	India	Parent Company	Parent Company
Aadhar Sales and Services Private Limited	Subsidiary Company	India	100%	100%

2.5 Presentation of financial statements

Amounts in the financial statements are presented in Indian Rupees in Lakh. Per share data is presented in Indian Rupee.

2.6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable, as applicable.

a. Interest income

The main source of revenue for the Group is Income from Housing and Other property loans. Repayment of housing and property loan is by way of Equated Monthly Instalments (EMIs) comprising of principal and interest. EMIs generally commence once the loan is disbursed. Pending commencement of EMIs, pre-EMI interest is payable every month on the loan that has been disbursed. Interest is calculated either on annual rest or on monthly rest basis in terms of the financing scheme opted by the borrower.

Interest income on housing and property loans and other financial instruments carried at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate (“EIR”) applicable.

The EIR considers all fees, charges, transaction costs, and other premiums or discounts that are incremental and directly attributable to the specific financial instrument at the time of its origination. The financial assets that are classified at fair value through statement of profit and loss (“FVTPL”), transaction costs are recognised in statement of profit and loss at initial recognition.

The interest income on non-credit impaired financial assets is calculated by applying the EIR to the gross carrying amount (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). Interest income on credit-impaired financial assets is calculated on net carrying value (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

b. Fee and commission income:

Fee and commission, other than the fee that forms an integral part of EIR, are accounted on accrual basis.

c. Dividend income

Dividend income is recognised when the Group’s right to receive dividend is established by the reporting date.

d. Investment income

The gains/losses on sale of investments are recognised in the statement of profit and loss on trade date. Gain or loss on sale of investments is determined on the basis of weighted average cost.

e. Other operating revenue:

Prepayment charges, delayed payment interest and other such incomes where recovery is uncertain are recognised on receipt basis.

2.7 Property, plant and equipment and Intangible Assets

Property, plant and equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. PPE is stated at cost less accumulated depreciation/ amortization and impairment losses, if any. The cost of PPE is its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the PPE ready for its intended use, other incidental expenses and interest on borrowing attributable to acquisition of qualifying PPE upto the date the asset is ready for its intended use.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

PPEs not ready for the intended use on the date of the Balance Sheet are disclosed as “capital work-in-progress”.

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land which is not depreciated) less their residual values over their useful lives specified in Schedule II to the Act, or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Asset	Estimated Useful Life
Office equipment & computer	5 – 10 Years
Furniture and fixtures	10 Years
Vehicles	8 Years
Leasehold improvements	Lease Period
Buildings	60 Years

Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as “Intangible assets under development”.

Intangible assets are amortised on straight line basis over the estimated useful life of 3 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the asset’s revised carrying amount over its remaining useful life.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit and loss when the asset is derecognised.

Impairment of assets

As at the end of each financial year, the Group reviews the carrying amounts of its PPE and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE and intangible assets are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal 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 the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognised immediately in the statement of profit and loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss was recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

2.8 Employee benefits

i. Defined contribution plan

The contribution to provident fund, pension fund, National Pension Scheme and employee state insurance scheme are considered as defined contribution plans and are charged as an expense in the statement of profit and loss based on the amount of contribution required to be made as and when services are rendered by the employees.

ii. Defined benefits plan

The Group's gratuity liability under the Payment of Gratuity Act, 1972 is determined on the basis of actuarial valuation made at the end of each year using the projected unit credit method.

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed periodically by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognition of the asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

iii. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

iv. Other long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

v. Share-based payment arrangements

The share appreciation rights / stock options granted to employees pursuant to the Group's Stock appreciation rights scheme / stock options policy are measured at the fair value of the rights at the grant date. The fair value of the rights / options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within other equity.

2.9 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

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 right-of-use assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability.

The right-of-use assets are 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 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 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 Group recognises any remaining amount of the re-measurement in 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 lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

2.10 Financial instruments

Recognition of financial instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets primarily comprise of loans and advances, deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of deposits, borrowings (other than debt securities), debt securities, subordinate liabilities and trade payables.

Initial measurement of financial instruments

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the statement of profit and loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in the statement of profit and loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial assets

Classification of financial assets

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- all other debt instruments (e.g. debt instruments managed on a fair value basis,

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Group may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 – Business Combination applies, in OCI; and
- the Group may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

Investment in equity instruments at FVOCI

The Group subsequently measures all equity investments at fair value through profit or loss, unless the Group's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI.

The Group has not elected to classify any equity investment at FVOCI.

Debt instruments at amortised cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset individually and the Group's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are meeting SPPI test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how financial assets are managed individually and together to achieve a particular business objective.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL upon

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in statement of profit or loss.

Subsequent measurement of financial assets

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group's business model objective is to hold financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

Reclassifications

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. During the current financial year and previous financial year there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made.

Impairment

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Group measures ECL based on category of loans at a collective level. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

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.

Based on the above process, the Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1 - Performing assets with zero to thirty days past due (DPD). Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 and Stage 3.
- Stage 2 - Under-performing assets having 31 to 90 DPD. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3 - Non-performing assets with overdue more than 90 DPD

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

The financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Derecognition of financial assets

A financial asset is derecognised only when:

- The Group has transferred the rights to receive cash flows from the financial assets or
- retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial assets. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

The Group transfers loans through assignment transactions. In accordance with the Ind AS 109, on derecognition of a financial asset under assignment transactions, the difference between the carrying amount and the consideration received shall be recognised in statement of profit and loss.

Write-off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is 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 subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities shall be recognised in statement of profit and loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain/ loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

A financial liability is

a) a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or

b) a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or

c) a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' in the statement of profit and loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, balance in current account and Balances with banks in deposits accounts with original maturity of less than 3 months. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

2.12 Borrowing costs

Interest expenses are calculated using EIR and all other borrowing costs are recognised in the statement of profit and loss when they are incurred.

2.13 Foreign currencies

a. The functional currency and presentation currency of the Group is Indian Rupee. Functional currency of the Group has been determined based on the primary economic environment in which the Group operates considering the currency in which funds are generated, spent and retained.

b. Transactions in currencies other than the Group's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the period-end. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the statement of profit and loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

2.14 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. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Income / costs which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under Unallocated Income / Costs.

2.15 Earnings per share

Basic earnings per share has been computed by dividing net income by the weighted average number of shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to the fraction paid up. Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

2.16 Taxes on income

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax expense comprises current and deferred taxes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

Income tax expense is recognised in the statement of profit and loss except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognised outside profit or loss.

Current tax

The tax currently payable is based on the estimated taxable profit for the year for each entity of the Group and is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using applicable tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and each entity of the Group intends to settle its current tax assets and liabilities on a net basis.

2.17 Special reserve

The Parent Company creates statutory reserve every year out of its profits in terms of section 36(1)(viii) of the Income Tax Act, 1961 read with section 29C of the National Housing Bank Act, 1987.

2.18 Impairment reserve

As per the RBI Circular RBI/2019-20/170 DOR (NBFC). CC.PD.No.109/22.10.106/2019-20 dated 13 March, 2020, in the event of the aggregate impairment provision under Ind AS 109 is lower than that required under the Income Recognition, Asset Classification and Provisioning Norms , then the difference shall be appropriated from the Net Profit or loss after tax to a separate “Impairment Reserve”.

2.19 Provisions, contingent liabilities and contingent assets

- Provisions are recognised only when an entity has a present obligation (legal or constructive) as a result of a past event; 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

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- a present obligation arising from past events, when no reliable estimate is possible.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent assets:

Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

2.20 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.

2.21 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

2.22 Exceptional items

An item of income or expense which its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Group is treated as an exceptional item and the same is disclosed in the notes to accounts.

2.23 Statement of cash flows

Statement of cash flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method.

Cash and cash equivalents (including bank balances) shown in the statement of cash flows exclude items which are not available for general use as on the date of Balance Sheet.

3. Critical accounting judgements and key sources of estimation uncertainties

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

Expected credit loss

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and credit assessment and including forward-looking information. In certain cases, the assessment based on past experience is required for future estimation of cash flows which requires significant judgment.

The inputs used and process followed by the Group in determining the increase in credit risk have been detailed in note 37.

EIR

The Group's EIR methodology, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as other fee income/ expense that are integral parts of the instrument.

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 41.

Following abbreviation to be read as :

"ESOP" - Employee Stock Option Plan

"ESAR" - Employee Stock Appreciation Rights

Business model assessment

The Parent Company's business model objective is to hold financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates, accordingly entire Loan Portfolio is classified at amortised cost.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

4 Cash and bank balances

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Cash and cash equivalents		
a) Cash on hand	97	345
b) Balances with banks in current accounts	6,987	2,853
c) Balances with banks in deposits accounts with original maturity of less than 3 months (refer note (i) below)	33,430	54,219
	40,514	**57,417**
Other bank balances		
a) In other deposit accounts		
- Original maturity of more than three months (refer note (ii) & (iii) below)	1,51,284	1,13,596
b) Earmarked balances with banks		
- Unclaimed dividend account	2	3
	1,51,286	**1,13,599**
Total	**1,91,800**	**1,71,016**

i) Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

ii) Fixed deposit and other balances with banks earns interest at fixed rate.

iii) Other bank balances includes deposits of ₹ 28,251 Lakh for 31st March 2023 which are under lien including lien towards unutilized bank overdraft. (31st March 2022: ₹ 39,565 Lakh).

5 Receivables

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Trade receivables		
Unsecured, considered good	797	519
Total	**797**	**519**

i) Trade receivables includes amounts due from the related parties amounting to Nil (31st March 2022 : Nil) [Refer Note 43].

ii) No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

iii) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

iv) Trade Receivables ageing schedule

As At 31st March 2023

(₹ in Lakh)

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Revenue	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	-	795	1	1	-	-	797

As At 31st March 2022

(₹ in Lakh)

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Revenue	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	12	455	51	1	-	-	519

Note: Date of the transaction considered as due date of payment

v) Impairment allowance for trade receivable is Nil and therefore related disclosures are not given in the financial statement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

6 Housing and other loans

(₹ in Lakh)

Particulars		As at 31st March 2023	As at 31st March 2022
At amortised cost			
i)	Housing and other property loans	13,90,434	12,00,693
ii)	Loans to developers	-	110
iii)	Interest accrued on above loans	13,321	12,412
	Total gross	**14,03,755**	**12,13,215**
	Less: Impairment loss allowance	18,610	17,181
	Total net	**13,85,145**	**11,96,034**

i) All Housing and other loans are originated in India.

ii) Loans granted by the Company are secured by equitable mortgage/ registered mortgage of the property and assets financed and/or undertaking to create a security and/or assignment of Life Insurance Policies and/or personal guarantees and/or hypothecation of assets and are considered appropriate and good.

iii) The Company has assigned pool of certain housing and property loans and managed servicing of such loan accounts. The balance outstanding in the pool, as at the reporting date aggregates ₹ 3,28,179 Lakh (31st March 2022: ₹ 2,72,969 Lakh). The carrying value of these assets have been de-recognised in the books of the Company.

iv) There is no outstanding loan to Public institution.

v) There were no loans given against the collateral of gold jewellery and hence the percentage of such loans to the total outstanding asset is Nil (31st March 2022 : Nil).

vi) Housing loan and other property loan includes ₹ 12,526 Lakh (31st March 2022: ₹ 8,394 Lakh) given to employees of the Company under the staff loan.

vii) Housing loan and other property loan includes ₹ 3,976 Lakh (31st March 2022: ₹ 3,078 Lakh) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

viii) The Company has maintained an impairment provision of ₹ 7,631 Lakh as at 31st March 2023 (31st March 2022 : ₹ 8,536 Lakh) on account of One time restructuring and additional management overlay.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

7 Investments

Particulars	As at 31st March 2023	As at 31st March 2022	As at 31st March 2023	As at 31st March 2022
	No's of Units / Shares		(₹ in Lakh)	
At amortised cost				
Investments in bonds				
6.54% GOI Bonds 2032 (Face Value of ₹ 100 each)	1,25,00,000	0	11,900	-
6.10% GOI Bonds 2031 (Face Value of ₹ 100 each)	2,75,00,000	1,75,00,000	26,886	17,423
6.57% GOI Bonds 2033 (Face Value of ₹ 100 each)	5,00,000	5,00,000	495	494
7.26%% GOI Bonds 2032 (Face Value of ₹ 100 each)	50,00,000	0	4,996	-
9.80% NCD Jaipur Vidyut Vitran Nigam Ltd (Face Value of ₹ 1,00,000 each) (refer note iii below)	2,000	2,000	1,544	1,713
			45,821	**19,630**
At fair value through profit and loss				
Investments in mutual funds				
ABSL Liquid Fund Direct Growth	-	2,38,488	-	818
SBI Liquid Fund Direct Growth	-	75,810	-	2,527
HDFC Liquid Fund Direct Growth	-	59,814	-	2,503
Axis Liquid Fund - Direct Growth	-	1,48,213	10	3,504
Nippon India Liquid Fund Direct Growth	-	13,976	-	728
Invesco India Liquid Fund Direct Growth	-	-	25	-
ICICI Prudential Liquid Fund - Direct Plan - Growth	-	9,46,558	81	2,984
BNP Paribas Liquid Fund Direct Growth	-	45,093	-	1,106
			116	**14,170**
Investments in quoted equity instruments (others than subsidiary)				
Reliance Power Limited Equity Shares (Face value of ₹ 10 each)	222	222	0	0
IDFC First Bank Limited Equity Shares (Face value of ₹ 10 each)	2390	2,390	1	1
Sharmrao Vithal Co-operative Bank Equity Shared (Face value of ₹ 10 each)	100	-	0	-
Mangalore Refinery and Petrochemical Limited Equity Shares (Face value of ₹ 10 each)	3000	3,000	2	1
			3	**2**
Total			**45,940**	**33,802**

Notes :

i) Amount "0" represent value less than ₹ 50,000.

ii) All investments are made within India.

iii) Investment in bonds aggregating to ₹ 1,544 Lakh (31st March 2022: ₹ 1,713 Lakh) carry a floating charge in favour of fixed deposits holder read with note no 16.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

8 Other financial assets

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured, Considered Good		
Receivable from related parties		
Others		
Receivable from assigned portfolio	25,017	23,816
Receivable on assigned loans (net of servicing fee)	-	3
Security deposits	868	715
Total	**25,885**	**24,534**

9 Current tax assets (net)

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Income tax paid in advance (net of provisions)	882	2,422
Total	**882**	**2,422**

10. Property, plant and equipment

(₹ in Lakh)

Particulars	Freehold Land	Building - Owned	Furniture & Fixture	Office Equipments	Vehicles	Computer	Total
Balance as at 1st April 2021	**27**	**13**	**1,300**	**746**	**28**	**1,211**	**3,325**
Additions during the year	-	-	383	140	-	425	948
Deduction / adjustments	-	-	(87)	(26)	(2)	(29)	(144)
Balance as at 31st March 2022	**27**	**13**	**1,596**	**860**	**26**	**1,607**	**4,129**
Balance as at 1st April 2022	**27**	**13**	**1,596**	**860**	**26**	**1,607**	**4,129**
Additions during the year	-	-	312	154	-	585	1,051
Deduction / adjustments	-	-	(62)	(41)	(1)	(236)	(340)
Balance as at 31st March 2023	**27**	**13**	**1,846**	**973**	**25**	**1,956**	**4,840**
Accumulated depreciation							
Balance as at 1st April 2021	**-**	**3**	**461**	**338**	**8**	**876**	**1,686**
Depreciation for the year	-	2	161	100	4	218	485
Deduction / adjustments	-	-	(74)	(21)	(2)	(26)	(123)
Balance as at 31st March 2022	**-**	**5**	**548**	**417**	**10**	**1,068**	**2,048**
Balance as at 1st April 2022	**-**	**5**	**548**	**417**	**10**	**1,068**	**2,048**
Depreciation for the year	-	2	189	98	4	336	629
Deduction / adjustments	-	(1)	(43)	(24)	-	(244)	(312)
Balance as at 31st March 2023	**-**	**6**	**694**	**491**	**14**	**1,160**	**2,365**
Net book value							
As at 31st March 2023	**27**	**7**	**1,152**	**482**	**11**	**796**	**2,475**
As at 31st March 2022	**27**	**8**	**1,048**	**443**	**16**	**539**	**2,081**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

Title deeds of Immovable Properties not held in name of the Company:-

Particulars of the land and building	Gross block as at 31st March 2023	Property Held since which date	Reason for not being held in the name of Company
Plot no.11, Mangala Nagar alias Sri Arunachala Nagar situated in No. 68, Athur Village, Chengalpet Taluk, Kanchipuram District, Tamil Nadu	20	20th November 2017 (date of Amalgamation)	The title deeds are in the name of DHFL Vysya Housing Finance Limited, currently known as Aadhar Housing Finance Limited. The Company was merged under Section 230 to 232 of the Companies Act, 2013.
Plot no 14, Mangala Nagar alias Sri Arunachala Nagar situated in No. 68, Athur Village, Chengalpet Taluk, Kanchipuram District, Tamil Nadu	7	20th November 2017 (date of Amalgamation)	The title deeds are in the name of erstwhile Aadhar Housing Finance Limited that was merged with the Company under Section 230 to 232 of the Companies Act 2013.
Unit No. 5, Row 07, Block B, Garden City, Coimbatore	13	20th November 2017 (date of Amalgamation)	

1. In respect of immovable properties of land and buildings that have been taken on lease, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement

2. In None of the title deed mentioned above Promoter , Director, or relative of promoter / director or employee of promoter / director is holder of title deed

11. Other intangible asset

(₹ in Lakh)

Particulars	Amount
Balance as at 1st April 2021	**314**
Additions during the year	22
Deduction / adjustments	-
Balance as at 31st March 2022	**336**
Balance as at 1st April 2022	**336**
Additions during the year	1
Deduction / adjustments	-
Balance as at 31st March 2023	**337**
Accumulated depreciation	
Balance as at 1st April 2021	**187**
Depreciation for the year	70
Deduction / adjustments	-
Balance as at 31st March 2022	**257**
Balance as at 1st April 2022	**257**
Depreciation for the year	51
Deduction / adjustments	-
Balance as at 31st March 2023	**308**
Net book value	
As at 31st March 2023	**29**
As at Match 31, 2022	79

Note: Other Intangible Assets includes Computer Software

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

12 Other non-financial assets

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Asset held for sale	396	396
Less : Provision for diminution in the value of asset held for sale	(185)	(185)
	211	**211**
Prepaid expenses	625	439
Capital advance	46	34
Advance for expenses and other advances	1,260	747
Unamortised share issue expenses [Refer Note i below]	2,559	1,972
Balance with government authorities	279	316
Total	**4,980**	**3,719**

Notes :

i) The Company has incurred certain expenses towards proposed Initial public offering of its equity shares. The company expects to recover certain amounts from the selling shareholders and the balance amount would be charged-off to securities premium account in accordance with Section 52 of the Companies Act, 2013 upon share being issued.

13 Trade payables

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Total outstanding dues to micro enterprises and small enterprises (Refer Note a and b below)	36	8
Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer Note b and c below)	8,014	5,092
Total	**8,050**	**5,100**

a) Based on and to the extent of information received by the Company from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors.

There are no overdue amounts to Micro, Small and Medium Enterprises as at 31st March 2023 for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.

b) Trade Payables ageing schedule

As At 31st March 2023

(₹ in Lakh)

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME*	-	36	-	-	-	36
Others	7,973	36	5	-	-	8,014
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Total	**7,973**	**72**	**5**	**-**	**-**	**8,050**

*GST credit disputed Cases

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

As At 31st March 2022

(₹ in Lakh)

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	8	-	-	-	8
Others	4,642	450	-	-	-	5,092
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Total	**4,642**	**458**	**-**	**-**	**-**	**5,100**

Note: Date of the transaction considered as due date of payment

c) Trade Payables includes ₹ 116 Lakh (31st March 2022: ₹ 120 Lakh) due to related parties [Refer Note 43].

14 Debt securities

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
At amortised cost		
Secured		
Redeemable non convertible debentures	2,54,213	1,76,429
Total	**2,54,213**	**1,76,429**

i) All debt securities are issued in India

ii) Terms of repayment and rate of interest in case of debt securities:

As At 31st March 2023

(₹ in Lakh)

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Secured					
Redeemable non convertible debentures	6.90% to 9.80%	1,79,671	46,840	28,449	2,54,960

As At 31st March 2022

(₹ in Lakh)

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Secured					
Redeemable non convertible debentures	6.90% to 9.80%	1,52,277	22,360	2,123	1,76,760

Maturity profile disclosed above excludes discount/premium and EIR adjustments amounting to ₹ 747 Lakh (31st March 2022: ₹ 331 Lakh).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

List of Redeemable debentures

(₹ in Lakh)

Sr No.	ISIN	Rate of interest	Date of Redemption	As at 31st March 2023	As at 31st March 2022
1	INE538L07072	9.80%	3rd June 2022	-	1,000
2	INE538L07072	9.80%	3rd June 2022	-	1,000
3	INE538L07080	9.80%	7th August 2022	-	800
4	INE538L07080	9.80%	7th August 2022	-	100
5	INE538L07080	9.80%	7th August 2022	-	100
6	INE538L07098	9.80%	3rd September 2022	-	1,000
7	INE538L07106	9.80%	10th September 2022	-	1,000
8	INE538L07122	9.70%	4th November 2022	-	2,000
9	INE538L07155	9.60%	28th December 2022	-	2,000
10	INE538L07171	9.60%	7th January 2023	-	2,000
11	INE538L07296	9.30%	28th April 2023	1,000	1,000
12	INE538L07296	9.30%	28th April 2023	130	130
13	INE883F07017	9.40%	5th May 2023	3,000	3,000
14	INE538L07304	9.50%	13th May 2023	500	500
15	INE883F07165	9.15%	20th June 2023	20,000	20,000
16	INE538L07502	9.25%	29th September 2023	3,051	3,051
17	INE538L07510	9.65%	29th September 2023	1,896	1,896
18	INE883F07124	9.36%	27th October 2023	400	400
19	INE883F07140	9.40%	21st November 2023	1,800	1,800
20	INE883F07140	9.40%	21st November 2023	200	200
21	INE883F07157	9.40%	22nd November 2023	900	900
22	INE538L07056	9.80%	23rd March 2025	2,500	2,500
23	INE538L07163	9.60%	6th January 2026	1,000	1,000
24	INE538L07163	9.60%	6th January 2026	1,000	1,000
25	INE538L07163	9.60%	6th January 2026	1,000	1,000
26	INE538L07189	9.60%	19th January 2026	1,000	1,000
27	INE538L07197	9.60%	19th January 2026	100	100
28	INE538L07197	9.60%	19th January 2026	170	170
29	INE538L07205	9.60%	25th January 2026	1,000	1,000
30	INE538L07205	9.60%	25th January 2026	1,000	1,000
31	INE538L07213	9.55%	29th January 2026	500	500
32	INE538L07213	9.55%	29th January 2026	100	100
33	INE538L07213	9.55%	29th January 2026	500	500
34	INE538L07213	9.55%	29th January 2026	100	100
35	INE538L07221	9.55%	1st March 2026	1,000	1,000
36	INE538L07254	9.55%	22nd March 2026	2,000	2,000
37	INE538L07270	9.55%	31th March 2026	1,000	1,000
38	INE538L07270	9.55%	31th March 2026	250	250
39	INE883F07025	9.40%	5th May 2026	2,000	2,000
40	INE883F07041	9.35%	8th July 2026	200	200
41	INE883F07058	9.40%	13th July 2026	120	120
42	INE883F07066	9.28%	18th July 2026	200	200
43	INE883F07074	9.15%	5th August 2026	120	120
44	INE538L07379	9.00%	16th November 2026	500	500
45	INE538L07528	9.35%	29th September-2028	955	955

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

(₹ in Lakh)

Sr No.	ISIN	Rate of interest	Date of Redemption	As at 31st March 2023	As at 31st March 2022
46	INE538L07536	9.75%	29th September 2028	1,168	1,168
47	INE883F07173	8.00%	5th May 2023	20,000	20,000
48	INE883F07181	8.20%	17th August 2023	30,000	30,000
49	INE883F07199	8.20%	1st September 2023	16,500	16,500
50	INE883F07215	8.10%	20th October 2025	5,000	5,000
51	INE883F07223	7.10%	7th October 2024	9,900	9,900
52	INE883F07231	6.90%	29th October 2024	12,000	12,000
53	INE883F07249	7.15%	9th December 2026	10,000	10,000
54	INE883F07256	9.55%*	24th February 2026	7,500	10,000
55	INE883F07264	8.53%*	15th June 2029	35,100	-
56	INE883F07264	8.48%*	15th June 2029	35,100	-
57	INE883F07298	8.30%*	6th February 2028	10,000	-
58	INE883F07280	8.30%*	6th January 2028	11,500	-
*Floating rate linked to RBI repo				**2,54,960**	**1,76,760**

iii) The Company has raised ₹ 91,700 Lakh (31st March 2022 : ₹ 41,900 Lakh) from Secured Redeemable Non Convertible Debentures (NCDs) during the year ended 31st March 2023. NCDs are long term and are secured by way of pari passu first charge by way of (present & future obligations) hypothecation on standard book debts / receivables/ outstanding moneys, current assets, Cash & Bank balances & Investments as per contracted terms except for those book debts/ receivables charged or to be charged in favour of NHB for refinance availed or to be availed from them and the Company has provided Security on specific immovable property on certain series of NCDs private placement (excluding IPO Series). NCDs including current maturities are redeemable at par / premium in various periods.

iv) There has been no deviation in the utilisation of issue proceeds of publically issued secured redeemable NCD, from the Objects as stated in the Shelf prospectus document dated 03rd September 2018.

15 Borrowings (other than debt securities)

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Secured		
At amortised cost		
Term Loans		
from banks	6,54,067	6,35,860
from National Housing Bank	3,00,206	2,38,537
Cash credit facilities		
from banks	-	7,500
Total	**9,54,273**	**8,81,897**

i) All borrowings are issued in India

ii) Terms of repayment and rate of interest in case of Borrowings:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

As At 31st March 2023

(₹ in Lakh)

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Secured					
Term loan from banks	Floating*	3,34,442	1,97,444	1,23,480	6,55,366
Term Loan from National Housing Bank	2.94% to 7.30%	1,51,110	90,981	58,115	3,00,206

As At 31st March 2022

(₹ in Lakh)

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Secured					
Term loan from banks	Floating*	3,25,821	1,68,060	1,43,525	6,37,406
Term Loan from National Housing Bank	2.94% to 7.30%	1,14,688	65,696	58,153	2,38,537

* (Linked with MCLR/Base Rate of respective banks)

Maturity profile disclosed above excludes EIR adjustments amounting to ₹ 1,299 Lakh (31st March 2022 : ₹ 1,546 Lakh).

iii) The secured term loans from banks are availed from various scheduled banks. These loans are repayable as per the individual contracted terms in one or more instalments between April 2023 and January 2033. These loans are secured / to be secured by way of jointly ranking pari passu inter-se charge, along with NHB and NCD holders, on the Company's book debts, housing loans and the whole of the present and future movable assets of the Company as applicable.

iv) Secured term loan from National Housing Bank are repayable as per the contracted terms in one or more instalments between April 2023 and January 2033. These loans from National Housing Bank are secured / to be secured by way of first charge to and in favour of NHB, other banks and NCD holders and jointly ranking pari passu inter-se, on the Company's book debts, housing loans and the whole of the present and future movable and immovable assets wherever situated excluding SLR assets.

v) Cash credit facilities from banks are secured by way of jointly ranking pari passu inter-se charge, along with NHB and NCD holders, on the Company's book debts, housing loans and the whole of the present and future movable assets of the Company as applicable. All cash credit facilities are repayable as per the contracted / rollover term.

16 Deposits

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Deposit		
At amortised cost		
Public deposits	312	799
Total	**312**	**799**

The National Housing Bank Directives requires all HFCs, accepting public deposits, to create a floating charge on the statutory liquid assets maintained in favour of the depositors through the mechanism of a Trust Deed. The Company has accordingly appointed SEBI approved Trustee Company as a Trustee for the above by executing a trust deed.

The public deposits of the Company as defined in paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge on the Statutory Liquid Assets maintained in terms of sub-sections (1) and (2) of Section 29B of the National Housing Bank Act, 1987.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

17 Subordinated liabilities

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured		
Redeemable non convertible debentures	6,547	8,334
Total	**6,547**	**8,334**

i) All subordinated liabilities are issued in India

ii) Terms of repayment and rate of interest in case of Subordinated Liabilities:

As At 31st March 2023

(₹ in Lakh)

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Redeemable non convertible debentures	9.75% to 10.00%	600	6,000	-	6,600

As At 31st March 2022

(₹ in Lakh)

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Redeemable non convertible debentures	9.75% to 10.00%	2,400	6,000	-	8,400

Maturity profile disclosed above excludes EIR adjustments amounting to ₹ 53 Lakh (31st March 2021: ₹ 66 Lakh).

iii) Unsecured Redeemable Non-Convertible Debentures are subordinated to present and future senior indebtedness of the Company. These Unsecured Redeemable Non-Convertible Debentures qualifies as Tier II capital in accordance with National Housing Bank (NHB) guidelines for assessing capital adequacy based on balance term to maturity. These debentures are redeemable at par on maturity at the end of various periods.

18 Other financial liabilities

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Book overdraft	35,908	19,623
Lease liabilities (refer note 34)	3,795	3,053
Accrued employee benefits	6,575	3,649
Interest accrued but not due - Deposits	4	1
Interest accrued but not due - Others	8,398	8,198
Amount payable under assignment of receivables	9,086	10,836
Unpaid dividend (refer note below)	3	4
Unpaid matured deposits and interest accrued thereon	78	156
Total	**63,847**	**45,520**

The Company has transferred a sum of ₹ 0.65 Lakh during the year ended 31st March 2023 (31st March 2022 : ₹ 0.28 Lakh) being Unclaimed Dividend to Investor Education and Protection Fund under section 124 of the Companies Act, 2013.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

19 Provisions

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Provision for employee benefits		
Provision for compensated absences	878	758
Provision for gratuity (refer note 40)	871	632
Total	**1,749**	**1,390**

20 Deferred tax liabilities (net)

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Deferred tax liabilities		
Deferred tax liabilities	6,485	6,595
Deferred Tax Assets	5,541	5,064
	944	1,531
Deferred Tax Assets	26	28
Total deferred tax liabilities (net)	**918**	**1,503**

Deferred tax assets and liabilities in relation to:

(₹ in Lakh)

Particulars	As at 1st April 2022	Charged to Profit and Loss	Charged to Other Comprehensive Income	As at 31st March 2023
Deferred tax liabilities				
Fair value on Amalgamation	780	(390)	-	390
Net gain on derecognition of financial instruments under amortised cost category	5,815	280	-	6,095
	6,595	**(110)**	**-**	**6,485**
Deferred tax assets				
On difference between book balance and tax balance of assets	118	(3)	-	115
On account of impairment on financial instruments	3,979	301	-	4,280
On account of provision for employee benefits	324	136	(20)	440
Others	671	61	-	732
	5,092	495	(20)	5,567
Net Deferred tax (assets)/liabilities	**1,503**	**(605)**	**20**	**918**

Deferred tax assets and liabilities in relation to:

(₹ in Lakh)

Particulars	As at 1st April 2021	Charged to Profit and Loss	Charged to Other Comprehensive Income	As at 31st March 2022
Deferred tax liabilities				
Fair value on Amalgamation	1,170	(390)	-	780
Net gain on derecognition of financial instruments under amortised cost category	5,073	742	-	5,815
	6,243	**352**	**-**	**6,595**
Deferred tax assets				
On difference between book balance and tax balance of assets	113	5	-	118
On account of impairment on financial instruments	3,493	486	-	3,979
On account of provision for employee benefits	277	65	(18)	324
Others	579	92	-	671
	4,462	648	(18)	5,092

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

Net Deferred tax (assets)/liabilities	**1,781**	**(296)**	**18**	**1,503**

21 Other non-financial liabilities

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Advance from Customers	256	298
Statutory dues	943	822
Others	887	792
Total	**2,086**	**1,912**

22 Equity share capital

Particulars	As at 31st March 2023	As at 31st March 2022	As at 31st March 2023	As at 31st March 2022
	Number of shares		(₹ in Lakh)	
Authorised share capital				
Equity shares of ₹ 10 each	50,00,00,000	50,00,00,000	50,000	50,000
Issued share capital				
Equity shares of ₹ 10 each	39,47,54,970	39,47,54,970	39,476	39,476
Subscribed and paid up capital				
Equity shares of ₹ 10 each	39,47,54,970	39,47,54,970	39,476	39,476
Total			**39,476**	**39,476**

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year:

Particulars	As at 31st March 2023	As at 31st March 2022
Equity shares at the beginning of the year	39,47,54,970	39,47,54,970
Add: Shares issued during the year	-	-
Equity shares at the end of the year	**39,47,54,970**	**39,47,54,970**

* Includes allotment of 26,100 bonus shares pertaining to existing share holder holding shares in physical mode, allotment of same is pending on account of conversion of physical shares into demat mode.

b) Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders. Dividend declared towards equity shares will be subject to the approval of shareholder in the ensuing Annual General Meeting.

c) The shareholders vide a special resolution have approved bonus issue of 35,52,43,149 equity shares of the Company in the ratio of nine shares of face value of ₹ 10 each for each existing equity share of the face value of ₹ 10 each on 16th January 2021 in extraordinary general meeting (EGM).

d) The Company has not bought back any class of shares.

e) The Company has not alloted any class of shares as fully paid up pursuant to contract without payment being received in cash.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

f) The Company has not proposed any dividend during the year ended 31st March 2023.

g) Details of shareholders holding more than five percent equity shares in the Company are as under:

(₹ in Lakh)

Particulars	As at 31st March 2023			As at 31st March 2022		
	% of Total Shares	Number of shares	% of Change during the year ended	% of Total Shares	Number of shares	% of Change during the year ended
BCP Topco VII Pte. Ltd (Holding Company)	98.72%	38,96,83,420	-	98.72%	38,96,83,420	-

h) Shareholding of promoters

(₹ in Lakh)

Particulars	As at 31st March 2023			As at 31st March 2022		
	% of Total Shares	Number of shares	% of Change during the year ended	% of Total Shares	Number of shares	% of Change during the year ended
BCP Topco VII Pte. Ltd (Holding Company)	98.72%	38,96,83,420	-	98.72%	38,96,83,420	-

23 Other equity

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Capital reserve on amalgamation	6	6
Securities premium	1,33,700	1,33,700
Statutory reserve (Special reserve as per Section 29C of National Housing Bank Act, 1987 and Special reserve as per Section 36(1)(viii) of the Income Tax Act, 1961) (refer note (i) below)	45,895	34,995
Debenture redemption reserve (refer note (ii) below)	16,910	16,910
General reserve	19,069	13,619
Employee Stock Option Outstanding	2,050	1,487
Retained earnings	1,12,660	74,476
Total	**3,30,290**	**2,75,193**

Notes :

i) Statement for Disclosure on Statutory / Special Reserves, as prescribed by NHB vide its circular no NHB(ND)/DRS/Pol. Circular.61/2013-14, dated: 7th April 2014 and NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9th February 2017.

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	708	708
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	34,287	25,383
c) Total	**34,995**	**26,091**
Additions during the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-	-
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	10,900	8,904

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
c) **Total**	**10,900**	**-**
Utilised during the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-	-
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	-	-
c) **Total**	**-**	**-**
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	708	708
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	45,187	34,287
c) **Total**	**45,895**	**34,995**

ii) The Company has created Debenture redemption reserve as at year ended 31st March 2023 aggregating of ₹ 16,910 Lakh (31st March 2022 : ₹ 16,910 Lakh) required towards its public issue of Secured Redeemable Non-Convertible Debentures.

23a Nature and Purpose of Reserves:

i. Capital reserve on Amalgamation - This reserve is created on account of merger of Aadhar Housing Finance Limited into DHFL Vysya Housing Finance Limited.

ii. Securities Premium - Securities premium account is used to record premium on issue of shares. The reserve is utilised in accordance with the provisions of Companies Act, 2013.

iii. Statutory Reserve - Section 29C (i) of the National Housing Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1)(viii) of the Income Tax Act 1961, is considered to be an eligible transfer. During the year ended 31st March 2023, the Company has transferred an amount of ₹ 10,900 Lakh (P.Y. ₹ 8,904 Lakh) to special reserve in terms of Section 36(1)(viii) of the Income Tax Act 1961 and has been considered eligible for special reserve u/s 29C of the National Housing Bank Act, 1987.

iv. Debenture Redemption reserve - This reserve is created while issuing Debentures with an objective to reduce the risk of default in repayments of debentures. The Company has created debenture redemption reserve towards its public issue of Secured Redeemable Non-convertible Debentures.

v. Employee Stock Option Outstanding - This reserve relates to stock option granted by the Company to employees under various ESOP schemes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

24 Revenue from operations

(₹ in Lakh)

Particulars		For the year ended 31st March 2023	For the year ended 31st March 2022
a)	**Interest income**		
	On financial assets measured at amortised cost		
	Interest on loans	1,67,485	1,46,343
	Interest on fixed deposits	7,397	6,890
	Interest on bonds and debentures	2,746	596
		1,77,628	**1,53,829**
b)	**Net gain on fair value changes**		
	Measured at FVTPL		
	Equity investment measured at FVTPL		
	Realised	-	-
	Unrealised	1	0
		1	**0**
	Investment in mutual fund measured at FVTPL		
	Realised	3,176	2,291
	Unrealised	2	55
		3,178	2,346
		3,179	**2,346**
c)	**Net gain on derecognition of financial instruments under amortised cost category**		
	On assignment of portfolio	13,043	9,296
d)	**Fees and commission Income**		
	Loan processing fee and other charges (net of business sourcing expenses)	8,236	5,774
	Intermediary services	2,237	1,582
		10,473	**7,356**
Total		**2,04,323**	**1,72,827**

i) Amount "0" represent value less than ₹ 50,000.

ii) Disclosure in respect of fees and commission income on insurance business undertaken by the company

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Life Insurance Business	848	513
Non - Life Insurance Business	845	666
Total	**1,693**	**1,179**

25 Other income

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Profit on sale of fixed asset (net)	8	-
Miscellaneous income	21	29
Total	**29**	**29**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

26 Finance costs

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Interest expenses on financial liabilities measured at amortised cost		
Interest on borrowings (other than debt securities)	59,346	55,563
Interest on deposits	37	79
Interest on non convertible debentures	17,824	16,974
Interest on subordinated liabilities	689	827
Interest on others	110	77
Interest on lease liabilities (refer note 34)	350	295
Finance charges	1,563	2,305
Total	**79,919**	**76,120**

27 Impairment on financial instruments

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
On financial instruments measured at amortised cost		
Impairment allowance on Loans (Refer note 27.1 & 27.2 below)	3,048	4,267
Bad-debts written off	1,873	604
Total	**4,921**	**4,871**

27.1 The Company has reversed impairment provision of ₹ 905 Lakh during the year ended 31st March 2023 towards management overlay and loans on which one-time restructuring was implemented (31st March 2022 impairment charge of ₹ 2514 Lakh).

27.2 Impairment allowance on Loans (including write off) includes reversal of ₹ 754 Lakh during the year ended 31st March 2023 (31st March 2022 : ₹ 2,091 Lakh) towards loans to developers. The net carrying value of loans to developers after impairment provision is Nil as at 31st March 2023 (Nil as at 31st March 2022). The Company has not made any fresh loan sanctions under loans to developers during the year ended 31st March 2023 (31st March 2022 : Nil).

28 Employee benefits expense

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Salaries, bonus and other allowances	28,787	21,829
Contribution to provident fund and other funds (refer note 40)	2,189	1,716
Share based payments to employees (refer note 41)	563	767
Staff welfare expenses	662	507
Total	**32,201**	**24,819**

29 Other expenses

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Rent (refer note 34)	661	590
Travelling expenses	1,786	1,167
Printing and stationery	369	240
Advertisement and business promotion	1,408	524
Insurance	1,086	737
Legal and professional charges	1,162	687
Auditors remuneration (refer note below 29.2)	101	132

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Postage, telephone and other communication expenses	840	642
General repairs and maintenance	2,540	1,433
Electricity charges	343	225
Directors sitting fees and commission (refer note 43)	154	146
Corporate social responsibility expenses (refer note below 29.1)	821	600
Goods and service tax	1,531	1,131
Loss on sale of fixed assets (net)	-	17
Other expenses	778	714
Total	**13,580**	**8,985**

29.1 Details of Corporate Social Responsibility

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
a) Amount required to be spent during the year	820	600
b) Amount spent during the year	222	856
c) Amount provided as at year end	630	32
d) Amount of shortfall at the end of the year	630	32
e) Total amount of previous year shortfall	32	289

f) **Reason for shortfall :** The unspent amount has been transferred to the Unspent CSR Account and will be utilized for an identified ongoing projects in FY 23-24.

g) **Nature CSR activities :** Donation of ambulances & support equipment, early child care & education, skill development & livelihood enhancement, skilling for specially challenged, skilling for kids of destitute homes, computer lab set up for government schools, skilling of women, health camps, donation of oxygen concentrators, donation of ration kits.

Amount mentioned above were paid in cash during the respective financial year and were incurred for the purpose other than construction / purchase of assets.

29.2 Details of auditors remuneration:

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Audit fee (including regulatory certificates)	82	118
Tax audit fee	15	6
Others	4	8
	101	**132**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

30 Tax expenses

a) Income tax expenses

The major components of income tax expenses

i) Profit and loss section

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Current tax expenses	15,711	12,545
Deferred tax charge / (credit)	(605)	(294)
Total	**15,106**	**12,251**

ii) Other comprehensive income section

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Current tax expenses	-	-
Deferred tax	20	44
Total	**20**	**44**

b) Reconciliation of tax expenses

(₹ in Lakh)

	Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
(A)	Profit before income taxes	69,660	56,915
(B)	Enacted tax rate in India (including surcharge and cess)	25.168%	25.168%
(C)	Expected tax expenses	17,532	14,324
(D)	Other than temporary difference		
	Special reserve	2,579	2,178
	Difference in Tax expense of earlier years	3	-
	Expenses disallowed / (allowed)	(176)	(149)
(E)	Tax expense recognised in profit and loss	15,106	12,251
(F)	Tax expense recognised in other comprehensive income	20	44

31. Earnings per equity share

The following is the computation of earnings per equity share on basic and diluted earnings per equity share:

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Net profit after tax attributable to equity shareholders (₹ In Lakh)	54,476	44,485
Weighted average number of equity shares outstanding during the year (Nos)	39,47,54,970	39,47,54,970
Add: Effect of potential issue of shares / stock rights outstanding during the year*	1,21,59,478	1,23,85,519
Weighted average number of equity shares outstanding during the year including potential shares outstanding (Nos)	40,69,14,448	40,71,40,489
Face value per equity share (₹)	10	10
Basic earnings per equity share (₹)	13.80	11.27
Diluted earnings per equity share (₹)	13.39	10.93

* not considered when anti-dilutive

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

32. Contingent liabilities

Claims against the Company not acknowledged as debt:

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Income tax matters of earlier years	378	357
Indirect tax matters of earlier years	521	216
Total	**899**	**573**

Part of the aforementioned contingent liabilities towards income tax and indirect tax have been paid under protest.

33. Commitments

i. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at 31st March 2023 ₹ 482 Lakh. (31st March 2022 ₹ 361 Lakh)

ii. Undisbursed amount of loans sanctioned and partly disbursed as at 31st March 2023 ₹ 90,071 Lakh. (31st March 2022 ₹ 55,957 Lakh)

iii. Undisbursed amount of loans sanctioned but not disbursed as at 31st March 2023 ₹ 74,878 Lakh. (31st March 2022 ₹ 53,033 Lakh)

34. Lease

Following are the changes in the carrying value of right of use assets:

(₹ in Lakh)

Particulars	Building	Intangible Asset	Total
Balance as of 1st April 2022	**2,660**	**687**	**3,347**
Addition during the year	1,452	-	1,452
Deletion during the year	2	-	2
Depreciation charge for the year	816	153	969
Balance as of 31st March 2023	**3,294**	**534**	**3,828**
Balance as of 1st April 2021	**2,983**	**564**	**3,547**
Addition during the year	426	199	625
Deletion during the year	55	-	(55)
Depreciation charge for the year	694	76	(770)
Balance as of 31st March 2022	**2,660**	**687**	**3,347**

The following is the movement in lease liabilities:

(₹ in Lakh)

Particulars	Building	Intangible Asset	Total
Balance as of 1st April 2022	**3,053**	**-**	**3,053**
Addition during the year	1,452	-	1,452
Finance cost accrued during the year	349	-	349
Deletion during the year	(2)	-	(2)
Payment made during the year	(1,057)	-	(1,057)
Balance as of 31st March 2023	**3,795**	**-**	**3,795**
Balance as of 1st April 2021	**3,241**	**-**	**3,241**
Addition during the year	424	-	424
Finance cost accrued during the year	295	-	295
Deletion during the year	(55)	-	(55)
Payment made during the year	(854)	-	(854)
Balance as of 31st March 2022	**3,053**	**-**	**3,053**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March 2023 on an undiscounted basis:

Particulars	₹ in Lakh
Less than one year	1,132
One to five years	3,093
More than five years	633
Total	**4,858**

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March 2022 on an undiscounted basis:

Particulars	₹ in Lakh
Less than one year	894
One to five years	2,261
More than five year	653
Total	**3,809**

Rental expense recorded for short-term leases was ₹ 661 Lakh For the year ended 31st March 2023. (31st March 2022 ₹ 590 Lakh).

The aggregate depreciation on Right to use assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

35. Financial instruments

(i) Fair value hierarchy

The Group uses the following hierarchy to determine the fair values of its financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There were no transfers between levels 1, 2 and 3 during the year.

The Group recognises transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation process

The management of the Group performs the valuations of financial assets and liabilities required for financial reporting purposes.

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans are calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

Valuation processes and Technique

Type of Instrument	Reference Price
Investment in Mutual Funds	NAV as on the reporting date.
Investment in Equity Shares	Quoted price on exchange as on the reporting date.

As at 31st March 2023

(₹ in Lakh)

Particulars	Fair Value Hierarchy	Fair Value			Carrying Value		
		FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets							
Investments							
- Equity instruments	Level 1	3	-	-	3	-	-
- Mutual funds	Level 1	116	-	-	116	-	-
- Government securities	Level 2	-	-	43,381	-	-	44,277
9.80% NCD Jaipur Vidyut Vitran Nigam Ltd Face Value of ₹ 1,00,000/- each	Level 1	-	-	1,642	-	-	1,544
Financial liabilities							
Debt securities	Level 1	-	-	7,226	-	-	7,089
Debt securities	Level 3	-	-	2,48,581	-	-	247,124

As at 31st March 2022

(₹ in Lakh)

Particulars	Fair Value Hierarchy	Fair Value			Carrying Value		
		FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets							
Investments							
- Equity instruments	Level 1	2	-	-	2	-	-
- Mutual funds	Level 1	14,170	-	-	14,170	-	-
- Government securities	Level 2	-	-	17,313	-	-	17,917
-9.80% NCD Jaipur Vidyut Vitran Nigam Ltd	Level 1	-	-	1,960	-	-	1,713
Financial liabilities							
Debt securities	Level 1	-	-	7,299	-	-	7,052
Debt securities	Level 3	-	-	1,72,989	-	-	1,69,377

The Group considers that the carrying amounts recognised in the financial statements for housing and other loans, debt securities (other than disclosed above), deposits, subordinated liabilities, borrowings (other than debt securities) , trade receivables, payables and other financial assets and liabilities whose fair value is not disclosed approximate their fair values. The Group is carrying the investment in subsidiary at Cost.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

36. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Group uses the same basis of expected repayment behaviour as used for estimating the EIR.

(₹ in Lakh)

Particulars	31st March 2023			31st March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Cash and cash equivalents	40,514	-	40,514	57,417	-	57,417
Other bank balances	1,22,939	28,347	1,51,286	1,01,558	12,041	1,13,599
Receivables	797	-	797	519	-	519
Housing and other loans	1,85,867	11,99,278	13,85,145	1,46,845	10,49,189	11,96,034
Investments	116	45,824	45,940	14,170	19,632	33,802
Other financial assets	8,248	17,637	25,885	10,682	13,852	24,534
Non-financial assets						
Current tax assets (Net)	882	-	882	2,422	-	2,422
Property, plant and equipment	-	2,475	2,475	-	2,081	2,081
Right to use assets	-	3,828	3,828	-	3,347	3,347
Other intangible assets	-	29	29	-	79	79
Deferred tax assets (Net)	-	26	26	-	28	28
Other non-financial assets	4,291	689	4,980	3,649	70	3,719
Total Assets	**3,63,654**	**12,98,133**	**16,61,787**	**3,37,262**	**11,00,319**	**14,37,581**
LIABILITIES						
Financial Liabilities						
Trade Payables	8,050	-	8,050	5,100	-	5,100
Debt Securities	1,11,429	1,42,784	2,54,213	10,668	1,65,761	1,76,429
Borrowings (Other than debt securities)	1,17,265	8,37,008	9,54,273	1,33,242	7,48,655	8,81,897
Deposits	196	116	312	488	311	799
Subordinated liabilities	547	6,000	6,547	1,734	6,600	8,334
Other financial liabilities	60,867	2,980	63,847	43,104	2,416	45,520
Non-Financial Liabilities						
Provisions	1,747	2	1,749	-	1,390	1,390
Deferred tax liabilities (Net)	-	944	944	-	1,531	1,531
Other non-financial liabilities	2,086	-	2,086	1,912	-	1,912
Total liabilities	**3,02,187**	**9,89,834**	**12,92,021**	**1,96,248**	**9,26,664**	**11,22,912**
Net	**61,467**	**3,08,299**	**3,69,766**	**1,41,014**	**1,73,655**	**3,14,669**

Note: The maturity analysis is prepared considering the prepayments on housing and other loans in line with historical trend. Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Group for compiling the return submitted to the RBI/NHB, which has been relied upon by the auditors.

37. Financial risk management

a. Liquidity Risk

Liquidity risk is the current and prospective risk arising out of an inability to meet financial commitments as they fall due, through available cash flows or through the sale of assets at fair market value. It includes both, the risk of unexpected increases in the cost of funding an asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

The Group manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines. Given the need to fund diverse products, the Group maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due. Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and financial liabilities including debt financing plans and maintenance of Balance Sheet liquidity ratios are considered while reviewing the liquidity position.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

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 Asset Liability Committee (ALCO) of the Group formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

Maturity analysis of financial assets and financial liabilities

As at 31st March 2023

(₹ in Lakh)

Particulars	Carrying Value	Due within 1 year	Due within 1 to 3 year	Due within 3 to 5 year	More than 5 year
Financial Assets					
Cash and cash equivalents	40,514	40,514	-	-	-
Other bank balances	1,51,286	1,22,939	96	-	28,251
Housing and other loans	13,85,145	1,85,867	2,99,044	2,53,013	6,47,221
Investments	45,940	116	-	-	45,824
Receivables & Other financial assets	26,682	9,045	10,633	4,232	2,772
Total	**16,49,567**	**3,58,481**	**3,09,773**	**2,57,245**	**7,24,068**
Financial Liabilities					
Trade payables	8,050	8,050	-	-	-
Debt securities	2,54,213	1,11,429	67,495	46,840	28,449
Borrowings (other than debt securities)	9,54,273	1,17,265	3,66,987	2,88,426	1,81,595
Deposits	312	196	77	33	6
Subordinated liabilities	6,547	547	-	6,000	-
Other financial liabilities	63,847	60,867	1,508	664	808
Total	**12,87,242**	**2,98,354**	**4,36,067**	**3,41,963**	**2,10,858**
Net	**3,62,325**	**60,127**	**(1,26,294)**	**(84,718)**	**5,13,210**
Cumulative Net		**60,127**	**(66,167)**	**(1,50,885)**	**3,62,325**

As at 31st March 2022

(₹ in Lakh)

Particulars	Carrying Value	Due within 1 year	Due within 1 to 3 year	Due within 3 to 5 year	More than 5 year
Financial Assets					
Cash and cash equivalents	57,417	57,417	-	-	-
Other bank balances	1,13,599	1,01,558	11,798	-	243
Housing and other loans	11,96,034	1,46,845	2,54,993	2,16,754	5,77,442
Investments	33,802	14,170	-	-	19,632
Receivables & Other financial assets	25,053	11,201	9,204	3,120	1,528
Total	**14,25,905**	**3,31,191**	**2,75,995**	**2,19,874**	**5,98,845**
Financial Liabilities					
Trade payables	5,100	5,100	-	-	-
Debt securities	1,76,429	10,668	1,41,278	22,360	2,123
Borrowings (other than debt securities)	8,81,897	1,33,242	3,13,221	2,33,756	2,01,678
Deposits	799	488	260	41	10
Subordinated liabilities	8,334	1,734	600	6,000	-
Other financial liabilities	45,520	43,104	1,361	689	366
Total	**11,18,079**	**1,94,336**	**4,56,720**	**2,62,846**	**2,04,177**
Net	**3,07,826**	**1,36,855**	**(1,80,725)**	**(42,972)**	**3,94,668**
Cumulative Net		**1,36,855**	**(43,870)**	**(86,842)**	**3,07,826**

Note: The maturity analysis is prepared considering the prepayments on housing and other loans in line with historical trend. Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Group for compiling the return submitted to the NHB, which has been relied upon by the auditors.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

b. Interest Risk

The core business of the Group is providing housing and other mortgage loans. The Group borrows through various financial instruments to finance its core lending activity. These activities expose the Group 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 through above measures on a quarterly basis.

Interest Rate Sensitivity

The following table demonstrates the net sensitivity to a reasonably possible change in interest rate (all other variables being constant) of the Group's statement of profit and loss (before taxes)

(₹ in Lakh)

Particulars	Basis Points	For the year ended 31st March 2023	For the year ended 31st March 2022
Increase by basis points	+50	1,523	1,967
Decrease by basis points	-50	(1,523)	(1,967)

c. Credit risk

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to the Group. In its lending operations, the Group is principally exposed to credit risk.

The credit risk is governed by the Credit Policy approved by the Board of Directors. The Credit Policy outlines the type of products that can be offered, customer categories, the targeted customer profile and the credit approval process and limits.

The Group measures, monitors and manages credit risk at an individual borrower level and at the group exposure level for corporate borrowers. The credit risk for retail borrowers is being managed at portfolio level for both Home loans and other property loans. The Group has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk.

Credit Risk Assessment Methodology

Group's customers for retail loans are primarily lower and middle income, salaried and self-employed individuals. The loans are secured by the mortgage of the borrowers' property.

The Group's credit officers evaluate credit proposals on the basis of operating policies approved by the Board of Directors. The criteria typically include factors such as the borrower's income, the loan-to-value ratio and demographic parameters. Any deviations need to be approved at the designated levels.

External agencies such as field investigation agencies facilitate a comprehensive due diligence process including visits to offices and homes in the case of loans made to retail borrowers.

Group monitor's borrower account behaviour as well as static data regularly to monitor the portfolio performance of each product segment regularly, and use these as inputs in revising its product programs, target market definitions and credit assessment criteria to meet the twin objectives of combining volume growth and maintenance of asset quality.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Stage 1	High quality assets	12-month ECL
Stage 2	Assets for which there is significant increase in credit risk	Lifetime ECL
Stage 3	Credit-impaired assets	Lifetime ECL – credit-impaired

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

The key elements in calculation of ECL are as follows:

PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The PD has been determined based on seasoned historical portfolio data using the survival analysis methodology.

EAD - The Exposure at Default includes repayments scheduled by contract or otherwise, expected drawdowns on committed facilities, accrued interest from missed payments and loan commitments.

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. The LGD is determined based on seasoned historical portfolio data.

Based on management overlay and one-time restructuring additional provision amount of ₹ 7,631 lakh has been carried as of 31st March 2023 (31st March 2022: ₹ 8,536 Lakh).

The customers who have availed the benefit of one-time restructuring have been disclosed in stage 2 assets.

An analysis of changes in the gross carrying amount (excluding adjustment to carrying value on account of application of effective interest rate) and the corresponding ECL allowances in relation to lending is, as follows:

a) Housing and Other Property Loan

The table below shows the credit quality and the exposure to credit risk based on the period-end stage classification. The amounts presented are gross of impairment allowances.

As at 31st March 2023

(₹ in Lakh)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss (refer note 1 and 2 below)	Net Carrying Amount
Stage 1 – High quality assets	Loan	13,29,439	5,294	13,24,145
Stage 2 – Assets for which there is significant increase in credit risk	Loan	58,057	7,748	50,309
Stage 3 - Credit-impaired assets	Loan	16,259	5,568	10,691

1. Above includes Expected Credit Loss provision on Loan commitment amount to ₹ 214 Lakh (Stage1- included in ₹ 5,294 Lakh).
2. Above includes Expected Credit Loss provision on account of additional management overlay and one-time restructuring amounting to ₹ 7,631 Lakh.
3. Stage 3 assets includes loan assets more than 90 DPD and less than equal to 90 DPD, the breakup is as under :-

(₹ in Lakh)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
Stage 3a – Assets Less than equal to 90 DPD	Loan	589	142	447
Stage 3b – Assets more than 90 DPD (refer note)	Loan	15,670	5,426	10,244
Total Stage 3 - Credit-impaired assets	Loan	**16,259**	**5,568**	**10,691**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

As at 31st March 2022

(₹ in Lakh)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss (refer note 1 and 2 below)	Net Carrying Amount
Stage 1 – High quality assets	Loan	11,29,730	3,547	11,26,183
Stage 2 – Assets for which there is significant increase in credit risk	Loan	65,120	8,170	56,950
Stage 3 - Credit-impaired assets	Loan	18,255	5,353	12,902

1. Above includes Expected Credit Loss provision on Loan commitment amount to ₹ 93 Lakh (Stage1- included in ₹ 3,547 Lakh).
2. Above includes Expected Credit Loss provision due to economic situation of Covid-19 and loans on which One Time Restructuring was implemented amounting to ₹ 8,536 Lakh.
3. Stage 3 assets includes loan assets more than 90 DPD and less than equal to 90 DPD, the breakup is as under :-

(₹ in Lakh)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
Stage 3a – Assets Less than equal to 90 DPD	Loan	3,389	532	2,857
Stage 3b – Assets more than 90 DPD (refer note)	Loan	14,866	4,821	10,045
Total Stage 3 - Credit-impaired assets	Loan	**18,255**	**5,353**	**12,902**

Note : Stage 3b - Assets more than 90 DPD is comparable with Stage 3 assets of 31st March 2021.

Reconciliation of Loan balances is given below:

(₹ in Lakh)

Particulars	31st March 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**11,29,730**	**65,120**	**18,255**	**12,13,105**
New assets added during the year	5,89,648	-	-	5,89,648
Assets derecognised under direct assignment	(1,26,240)	-	-	(1,26,240)
Repayment of Loans (excluding write offs)	(2,55,253)	(9,942)	(3,394)	(2,68,589)
Transfers to / from Stage 1	13,628	(10,065)	(3,563)	-
Transfers to / from Stage 2	(19,090)	20,777	(1,687)	-
Transfers to / from Stage 3	(2,747)	(7,359)	10,106	-
Amounts written off	(237)	(474)	(3,458)	(4,169)
Gross carrying amount closing balance	**13,29,439**	**58,057**	**16,259**	**14,03,755**

(₹ in Lakh)

Particulars	31st March 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**9,98,296**	**68,486**	**13,501**	**10,80,283**
New assets added during the year	3,99,193	-	-	3,99,193
Assets derecognised under direct assignment	(77,212)	-	-	(77,212)
Repayment of Loans (excluding write offs)	(1,77,772)	(5,381)	(1,888)	(1,85,041)
Transfers to / from Stage 1	18,279	(17,258)	(1,021)	-
Transfers to / from Stage 2	(26,240)	26,349	(109)	-
Transfers to / from Stage 3	(4,676)	(7,055)	11,731	-
Amounts written off	(138)	(21)	(3,959)	(4,118)
Gross carrying amount closing balance	**11,29,730**	**65,120**	**18,255**	**12,13,105**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

Reconciliation of ECL balance is given below:

(₹ in Lakh)

Particulars	31st March 2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount opening balance	**3,547**	**8,170**	**5,353**	**17,070**
New assets added during the year	2,300	-	-	2,300
Assets derecognised under direct assignment	(492)	-	-	(492)
Repayment of Loans (excluding write offs)	(791)	(1,248)	(1,001)	(3,040)
Transfers to / from Stage 1	53	(39)	(14)	-
Transfers to / from Stage 2	(2,465)	2,684	(218)	1
Transfers to / from Stage 3	(872)	(2,336)	3,208	-
Impact on year end ECL of exposures transferred between stages during the year	4,161	827	1,653	6,641
Additional provision due to management overlay and onetime restructuring	90	164	45	299
Amounts written off	(237)	(474)	(3,458)	(4,169)
Gross carrying amount closing balance	**5,294**	**7,748**	**5,568**	**18,610**

Note: Above includes Expected Credit Loss provision on Loan commitment amounting to ₹ 214 Lakh.

(₹ in Lakh)

Particulars	31st March 2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount opening balance	**2,442**	**7,956**	**4,336**	**14,734**
New assets added during the year	1,237	-	-	1,237
Assets derecognised under direct assignment	(239)	-	-	(239)
Repayment of Loans (excluding write offs)	(427)	(626)	(626)	(1,679)
Transfers to / from Stage 1	57	(53)	(4)	-
Transfers to / from Stage 2	(3,293)	3,307	(14)	-
Transfers to / from Stage 3	(1,379)	(2,081)	3,460	-
Impact on year end ECL of exposures transferred between stages during the year	5,287	(2,826)	2,160	4,621
Additional provision due to management overlay and onetime restructuring	-	2,514	-	2,514
Amounts written off	(138)	(21)	(3,959)	(4,118)
Gross carrying amount closing balance	**3,547**	**8,170**	**5,353**	**17,070**

Note: Above includes Expected Credit Loss provision on Loan commitment amounting to ₹ 96 Lakh.

b) Loans to Developers

The table below shows the credit quality and the exposure to credit risk based on the period-end stage classification. The amounts presented are gross of impairment allowances.

As at 31st March 2023

(₹ in Lakh)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
Stage 1 – High quality assets	Loan	-	-	-
Stage 2 – Assets for which there is significant increase in credit risk	Loan	-	-	-
Stage 3 - Credit-impaired assets	Loan	-	-	-

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

As at 31st March 2022

(₹ in Lakh)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
Stage 1 – High quality assets	Loan	-	-	-
Stage 2 – Assets for which there is significant increase in credit risk	Loan	-	-	-
Stage 3 - Credit-impaired assets	Loan	110	110	-

Reconciliation of Loan balances is given below:

(₹ in Lakh)

Particulars	31st March 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**-**	**-**	**110**	**110**
New assets added during the year	-	-	-	-
Repayment of Loans (excluding write offs)	-	-	(782)	(782)
Transfers to / from Stage 1	-	-	-	-
Transfers to / from Stage 2	-	-	-	-
Transfers to / from Stage 3	-	-	-	-
Amounts (written off) / recovery from write offs	-	-	672	672
Gross carrying amount closing balance	**-**	**-**	**-**	**-**

(₹ in Lakh)

Particulars	31st March 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**188**	**-**	**-**	**188**
New assets added during the year	-	-	-	-
Repayment of Loans (excluding write offs)	(1,722)	-	-	(1,722)
Transfers to / from Stage 1	-	-	-	-
Transfers to / from Stage 2	-	-	-	-
Transfers to / from Stage 3	(110)	-	110	-
Amounts written off	1,644	-	-	1,644
Gross carrying amount closing balance	**-**	**-**	**110**	**110**

Reconciliation of ECL balance is given below:

(₹ in Lakh)

Particulars	31st March 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**-**	**-**	**110**	**110**
New assets added during the year	-	-	-	-
Repayment of Loans (excluding write offs)	-	-	(782)	(782)
Transfers to / from Stage 1	-	-	-	-
Transfers to / from Stage 2	-	-	-	-
Transfers to / from Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	782	782
Amounts (written off) / recovery from write offs	-	-	(110)	(110)
Gross carrying amount closing balance	**-**	**-**	**-**	**-**

Note: Above includes Expected Credit Loss provision on Loan commitment amounting to Nil Lakh.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

(₹ in Lakh)

Particulars	31st March 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**50**	**-**	**-**	**50**
New assets added during the year	-	-	-	-
Repayment of Loans (excluding write offs)	(1,644)	-	-	(1,644)
Transfers to / from Stage 1	-	-	-	-
Transfers to / from Stage 2	-	-	-	-
Transfers to / from Stage 3	-	-	110	110
Impact on year end ECL of exposures transferred between stages during the year	(50)	-	-	(50)
Amounts written off	1,644	-	-	1,644
Gross carrying amount closing balance	**-**	**-**	**110**	**110**

Note: Above includes Expected Credit Loss provision on Loan commitment amounting to Nil Lakh.

c) ***Company monitors Gross NPAs on Assets under Company's management ("AUM") and Own Book at retail and overall basis.***

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
AUM	17,22,283	14,77,779
GNPA on AUM*	19,977	21,545
GNPA on AUM (%)*	1.16%	1.46%
Retail AUM	17,22,283	14,77,669
GNPA on Retail AUM*	19,977	21,435
GNPA on Retail AUM (%)*	1.16%	1.45%
Own Book	13,94,104	12,04,809
GNPA on Own Book**	16,259	18,257
GNPA on Own Book (%)**	1.17%	1.52%
Retail Own Book	13,94,104	12,04,699
GNPA on Retail Own Book**	16,259	18,147
GNPA on Retail Own Book (%)**	1.17%	1.51%

Note: The amount mentioned above of 'Own Book' excludes EIR, Interest accrued.

* Includes loan assets of ₹ 705 Lakhs (0.04%) not more than 90 DPD which have been classified as NPA as per the RBI circular dated 12th November 2021. [31st March 2022: ₹ 3,954 Lakh(0.27%)].

** Includes loan assets of ₹ 589 Lakhs (0.04%) not more than 90 DPD which have been classified as NPA as per the RBI circular dated 12th November 2021. [31st March 2022: ₹ 3,281 Lakh(0.27%)]

38. Capital Management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents and Liquid investments) divided by Total 'equity' (as shown in the balance sheet) and Capital adequacy ratio.

(₹ in Lakh)

Particulars	As at 31st March 2023	As at 31st March 2022
Total Borrowings (₹ in Lakh)	12,15,345	10,67,459
Total Net Borrowings* (₹ in Lakh)	10,23,431	8,82,276
Total Equity (₹ in Lakh)	3,69,766	3,14,669
Gross Debt Equity Ratio	3.29	3.39
Net Debt Equity Ratio	2.77	2.80

*Total net borrowing = Total borrowings – Cash and bank balances – Investment in Liquid Mutual fund – Receivable from Mutual Fund

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

The Group is required to maintain the CRAR of 15% as required by RBI and NHB. Further Group is required to maintain borrowing not exceeding 12 times of Net Owned Fund.

Below are the details of CRAR and other ratios maintained by the Group.

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Risk weighted Assets (₹ in Lakh)	8,33,913	7,02,432
Net owned funds (Tier I Capital) (₹ in Lakh)	3,47,417	3,10,501
Tier II Capital (₹ in Lakh)	8,894	8,467
CRAR	42.73%	45.41%
Variance in CRAR	(2.68%)	3.02%
CRAR-Tier I Capital	41.66%	44.20%
Variance in CRAR-Tier I Capital	(2.54%)	3.71%
CRAR- Tier II Capital	1.07%	1.21%
Variance in CRAR-Tier II Capital	(0.14%)	(17.12%)
Amount of subordinated debt raised as Tier-II Capital (₹ in Lakh)	3,600	4,920
Amount raised by issue of perpetual debt instruments	Nil	Nil
Liquidity Coverage Ratio as on reporting date*	166.42%	70.09%

1. CRAR (Capital Risk Adjusted Ratio) = [Risk Weighted Assets / Net owned fund and Tier II Capital]
2. CRAR (Capital Risk Adjusted Ratio) -Tier I Capital = [Risk Weighted Assets / Net owned fund]
3. CRAR (Capital Risk Adjusted Ratio) -Tier II Capital = [Risk Weighted Assets / Tier II Capital)
4. Liquidity Coverage Ratio = [Stock of High Quality Liquid Assets / Total net cash outflow required in next 30 calendar days]

* Liquidity Coverage Ratio requirement applicable from 1st December 2021 to the Parent Company as per Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 circular no RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated 17th February 2021.

39. Segment reporting

The Company operates only in one Operating Segment i.e Housing Finance business - Financial Services and all other activities are incidental to the main business activity, hence have only one reportable Segment as per Indian Accounting Standard 108 "Operating Segments". The reportable business segments are in line with the segment wise information which is being presented to the CODM. The Company has identified Managing Director and CEO as CODM.

The Group has its operations within India and all revenue is generated within India.

40. Employee benefits

40.1 Defined contribution plan

The Group makes contributions to provident fund for qualifying employees to Regional Provident Fund Commissioner under defined contribution plan under the Provident Fund Act.

Amount recognised as an expense and included under the head "Contribution to Provident and Other Funds" of Statement of Profit and Loss are as follows:

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Contribution to provident fund	543	437
Contribution to pension fund	624	518
Contribution to new pension scheme	47	40
Contribution to ESIC	112	109

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

40.2 Defined obligation benefit

The Group provides gratuity to its employees which are defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The gratuity plan typically exposes the Group to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. For other defined benefit plans, the discount rate is determined by reference to market yield at the end of reporting period on high quality corporate bonds when there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit.

Interest risk:

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.

Longevity risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk:

The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The following table sets out the funded status of the Gratuity and the amount recognised in the Financial Statements:

i. Changes in Defined Benefit Obligation

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Liability at the beginning of the year	1,327	1,156
Current service cost	383	345
Interest cost	89	75
Plan Amendment Cost	-	-
Actuarial (gain) / loss - experience	(76)	(151)
Actuarial (gain) / loss - demographic assumptions	-	-
Actuarial (gain) / loss - financial assumptions	(29)	(40)
Benefits paid	(105)	(59)
Liability at the end of the year	1,589	1,327

ii. Changes in Fair Value of Plan Assets

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Plan Assets at the beginning of the year	695	663
Expected return on plan assets	49	44
Actuarial Gain/(Loss)	(26)	(12)
Employer Contribution	-	-
Plan Assets at the end of the year	718	695

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

iii. Reconciliation of Fair Value of Assets and Obligations

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Fair value of Plan Assets	718	695
Present Value of Obligation	1,589	1,327
Amount Recognised in Balance Sheet	(871)	(632)

iv. Expenses recognised in Statement of Profit and Loss

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Current Service Cost	383	345
Net interest on net defined benefit liability / (asset)	41	31
Plan Amendment cost / Direct Payment	-	-
Expenses recognised in the statement of profit and loss under employee benefits expenses	424	376

v. Expenses recognised in Statement of Other Comprehensive Income

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Actuarial (gain) / loss arising during year	(79)	(179)
(Income) / Expenses recognised in the other comprehensive income	(79)	(179)

vi. Expected benefit payments

(₹ in Lakh)

Particulars	As at 31st March 2023
31st March 2024	115
31st March 2025	113
31st March 2026	145
31st March 2027	182
31st March 2028	268
31st March 2029 to 31st March 2033	2,180

vii. Expected Employer Contributions for the year ending 31st March 2024 is ₹ 7,66,11,193.

viii. Weighted average duration of defined benefit obligation is 9 years.

ix. Actuarial Assumptions

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Mortality Table	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.
Discount Rate	7.20%	7.00%
Salary Escalation Rate	9.50%	9.50%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factor including supply and demand in the employment market. The above information is certified by actuary and this has been relied upon by the auditors.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

The expected rate of return on plan asset is determined considering several applicable factors, mainly the composition of plan asset held, assessed risks, historical result of return on plan assets and the Group's policy for plan assets management.

Effect of change in assumptions as at 31st March 2023

(₹ in Lakh)

Particulars	Plan Liabilities
Discount Rate (increase by 0.5%)	(73)
Discount Rate (decrease by 0.5%)	79
Salary Escalation Rate (increase by 0.5%)	69
Salary Escalation Rate (decrease by 0.5%)	(66)

x. Amount recognised in current year and previous years

Gratuity:

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022	For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2019
Defined benefit obligation	1,589	1,327	1,156	913	580
Fair value of plan asset	718	695	663	616	509
(Surplus)/ Deficit in the plan	877	632	493	297	71
Actuarial (gain)/loss on plan obligation	(105)	(191)	(40)	118	52
Actuarial gain/(loss) on plan asset	(26)	(12)	6	10	(2)

Plan Assets as at 31st March 2023

Plan asset composition	Percentage
Schemes of Insurance –conventional products	2.65%
Schemes of Insurance –ULIP Product	97.35%

41. Employee stock appreciation rights and Employees Stock Option

a) Employee Stock Appreciation Rights Plan 2018 (“ESAR 2018” / “Plan”)

ESAR 2018 was approved by the shareholders of the Parent company and subsequently the Grant was approved by the Board and the Nomination and Remuneration Committee at its meeting held on March 26, 2018.

Movement in ESARs

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Opening	**19,69,286.25**	**19,69,286.25**
Granted during the year	-	-
Lapsed during the year	-	-
Exercised by employee	-	-
Closing	**19,69,286.25**	**19,69,286.25**
Vested as at year end	**19,69,286.25**	**19,69,286.25**
Unvested as at year end	**-**	**-**

ESAR were granted at the Price of ₹ 291.70 which was the fair value on the grant date.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

The key assumptions used to estimate the fair value of ESARs are:

Particulars	ESAR 2018
Dividend yield	2.40%
Expected Life	3 Years
Risk free interest rate	7.45%
Volatility	0.01%
Model Used	Black & Scholes

The expense arises from equity settled ESARs amounting to ₹ Nil (31st March 2022: Nil) For the year ended 31st March 2023.

b) Employee stock option plans (ESOPS)

Employee Stock Option Plan 2020 ("ESOP Plan 2020")

ESOP Plan 2020 was approved by the shareholders of the Parent company and subsequently the Grant was approved by the Board and the Nomination and Remuneration Committee at its meeting held on 05th May 2020 with the grant date of 31st December 2020 and meeting held on 16th January 2021 with the grant date of 16th January 2021. Details of ESOP Plan 2020 granted are as follows:

Particulars	ESOP Plan 2020 – March 2020*	ESOP Plan 2020 – January 2021	ESOP Plan 2020 – September 2021
Scheme Name	Employee Stock Option Plan 2020	Employee Stock Option Plan 2020	Employee Stock Option Plan 2020
No. of options approved	12,00,000	6,15,460	18,79,549
Date of Grant	31st March 2020	16th January 2021	22nd September 2021
No of option granted	10,44,395	6,15,460	18,79,549
Exercise Price (₹)	908.05	90.805	90.805
Method of Settlement	Equity	Equity	Equity
Time Based Eligibility	20% each year in next Five years.	20% each year in next Five years.	20% each year in next Five years.
Vesting Schedule	Eligible options will vest in 60%, 40% in on Eligibility date, 1st year from eligibility date	Eligible options will vest in 60%, 40% in on Eligibility date, 1st year from eligibility date	Eligible options will vest in 60%, 40% in on Eligibility date, 1st year from eligibility date
Condition	1. All eligible options will vest subject to BCP Topco VII Pte. Ltd. Realising minimum net consideration cumulatively from the sale of the Shares held 2. Proportion of eligible option vesting to extent of sale by BCP Topco VII Pte. Ltd.	1. All eligible options will vest subject to BCP Topco VII Pte. Ltd. Realising minimum net consideration cumulatively from the sale of the Shares held 2. Proportion of eligible option vesting to extent of sale by BCP Topco VII Pte. Ltd.	1. All eligible options will vest subject to BCP Topco VII Pte. Ltd. Realising minimum net consideration cumulatively from the sale of the Shares held 2. Proportion of eligible option vesting to extent of sale by BCP Topco VII Pte. Ltd.
Exercise period	2 Years from Vesting	2 Years from Vesting	2 Years from Vesting
Weighted Average Share Price	908.05	90.85	90.805

* ESOP Plan 2020 – March 2020 disclosure doesn't include the impact of bonus issue of equity shares of the Parent Company in the ratio of nine shares of face value of ₹ 10 each for each existing equity share of the face value of ₹ 10 each on 16th January 2021 in extraordinary general meeting (EGM).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

Computation of fair value of options

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	ESOP Plan 2020 (31st December 2020)	ESOP Plan 2020 (16th January 2021)	ESOP Plan 2020 (22nd September 2021)
Fair value of the option (₹)	₹ 96 to ₹ 333	₹ 28.15 to ₹ 51.92	₹ 28.8 to ₹ 51.6
Fair value of share on the date of grant (₹)	908.05	110.00	111.10
Exercise Price(₹)	908.05	90.805	90.805
Expected Life	3 years to 9 years	3 years to 9 years	3 years to 9 years
Expected Volatility (%)	9.7% to 12.7%	15.6% to 22.1%	15.2% to 22.0%
Life of the Option (years)	3 years to 9 years	3 years to 9 years	3 years to 9 years
Risk Free rate of return (%)	5.2% to 6.7%	4.0% to 6.6%	3.9% to 6.3%
Expected dividend rate (%)	0.8%	0.6%	0.6%

The expected life of the share options is based on current expectations and is not necessarily indicative of exercise patterns that may actually occur. Further, the condition of specified sale of the shares held by the investor is estimated to be fulfilled on the relevant eligibility dates.

Movement in ESOPs

Particulars	For the year ended 31st March 2023 (No's)	For the year ended 31st March 2022 (No's)
Opening	1,11,50,433	1,07,02,850
Granted during the year	-	18,79,549
Lapsed during the year	9,51,586	14,31,966
Closing	1,01,98,847	1,11,50,433
Vested as at year end	-	-
Unvested as at year end	1,01,98,847	1,11,50,433

The expense arises from equity settled ESOPs transaction amounting to ₹ 563 Lakh (31st March 2022: ₹ 767 Lakh) For the year ended 31st March 2023.

42. Foreign currency transactions

The Foreign currency transactions are as follows:-

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Foreign Exchange outgo	263	3
Total	**263**	**3**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

43. Related party transactions

List of related parties with whom transactions have taken place during the year and relationship:

S. No	Relationship	Name of Related Party
1.	Holding Company	BCP Topco VII Pte. Ltd.
2.	Key Management Personnel	Mr. Om Prakash Bhatt - Independent Director & Non- Executive Chairman of the Board
		Mr. Rishi Anand - Managing Director and CEO (w.e.f. 3rd January 2023)
		Mr. Deo Shankar Tripathi
		- Managing Director and CEO (upto 04th December 2022)
		- Executive Vice Chairman (w.e.f. 3rd January 2023)
		Mr. Amit Dixit – Non-Executive Director
		Mr. Mukesh G Mehta – Non-Executive Director
		Mr. Prateek Roongta – Non-Executive Director
		Mrs. Sharmila Abhay Karve – Independent Director
		Mrs. Dr. Nivedita Haran – Independent Director
		Mr. Rajesh Viswanathan – Chief Financial Officer
		Mr. Sreekanth VN – Company Secretary

Transactions with Related Parties:

(₹ in Lakh)

Name	Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Income :			
Rishi Anand – Managing Director and CEO (From 3rd January 2023)	Interest Income on Housing Loan	1	-
Expenditure:			
Deo Shankar Tripathi - Executive Director from 3rd January 2023 (Manging Director and CEO upto 4th December 2022)	Remuneration	250	236
Interest paid on Fixed Deposit held by relative of the Managing Director (Suman Deo Tripathi)	Interest Expense	0*	1
Interest paid on Fixed Deposit held by Managing Director & CEO	Interest Expense	-	2
Rishi Anand – Managing Director and CEO (From 3rd January 2023)	Remuneration	40	-
Rajesh Viswanathan – Chief Finance Officer	Remuneration	195	185
Sreekanth VN – Company Secretary	Remuneration	77	66

Compensation of key management personnel of the Group

(₹ in Lakh)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Short–term employee benefits	541	469
Post–employment pension (defined contribution)	21	18
Sitting fee and commission	154	146
Total	**716**	**633**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

Balances with Related Parties:

(₹ in Lakh)

Name	Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Rishi Anand – Managing Director and CEO (From 3rd January 2023)	Housing Loan	120	-
Directors Commission & sitting fee	Payable	116	120
Fixed Deposit held by relative of the Managing Director (up to 4th December 2023)	Payable	-	26

* Less than ₹ 50,000

44. A comparison between provisions required under Income Recognition, Asset classification and provision norms and impairment allowances made under Ind AS 109 as at 31st March 2023

(₹ in Lakh)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5)=(3)-(4)	6	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	13,29,439	5,080	13,24,359	5,561	(481)
	Stage 2 (Refer Note 3)	58,057	7,748	50,309	3,249	4,498
Subtotal		**13,87,496**	**12,827**	**13,74,668**	**8,810**	**4,017**
Non-Performing Assets (NPA)						
Substandard	Stage 3	10,264	2,871	7,393	1,540	1,331
Doubtful - up to 1 year	Stage 3	4,279	1,860	2,419	1,070	790
1 to 3 years	Stage 3	1,704	831	873	682	150
More than 3 years	Stage 3	13	6	7	13	(7)
Subtotal for doubtful		**5,995**	**2,697**	**3,298**	**1,764**	**933**
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	90,071	214	89,856	-	214
Subtotal		**90,071**	**214**	**89,856**	**-**	**214**
	Stage 1	**14,19,510**	**5,294**	**14,14,216**	**5,561**	**(267)**
	Stage 2	**58,057**	**7,748**	**50,309**	**3,249**	**4,498**
Total	**Stage 3**	**16,259**	**5,568**	**10,691**	**3,304**	**2,264**
	Total	**14,93,825**	**18,610**	**14,75,216**	**12,114**	**6,496**

Notes:

1. The provision under Expected Credit Loss Model is higher than Income Recognition and Prudential Norms.
2. Customers who has availed the benefit of One-time restructuring as per RBI Circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 2020 and RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 2020 (for restructuring of accounts of Micro, small and Medium Enterprises (MSME) sector – Restructuring of Advances having exposure less than or equal to ₹ 25 crores) and RBI Notification – RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 5th May 2021 (Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses) have been disclosed as Stage 2 assets under Ind AS with gross outstanding value of ₹ 31,311 Lakh. Impairment provision and provision required under IRACP is maintained at 10% as required by RBI circular.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

45. Disclosures pursuant to RBI Notification RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 date 6th August 2020 and – RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated 05th May 2021 (Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses)

(₹ in Lakh)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at 30th September 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half-year ended 31st March 2023	Of (A) amount written off during the half-year ended 31st March 2023	Of (A) amount paid by the borrowers during the half-year ended 31st March 2023	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at 31st March 2023
Personal Loans (refer note below)	32,380	1,597	89	2,433	31,311*
Corporate persons	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**32,380**	**1,597**	**89**	**2,433**	**31,311***
As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016					

* Includes ₹ 3,050 Lakhs of NPA accounts which has become standard during the half year ended 31st March 2023.

46. Disclosures pursuant to RBI Notification-RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated 24th September 2021.

a) Details of transfer through assignment in respect of loans not in default during the year ended 31st March 2023

Particulars	Year ended 31st March 2023
Entity	NBFC (Housing Finance Company)
Count of Loan Accounts Assigned	14,874
Amount of Loan Accounts Assigned (₹ in Lakh)	1,13,396
Weighted average maturity (in Months)	174
Weighted average holding period (in Months)	22
Retention of beneficial economic interest (MRR)	10%
Coverage of tangible security coverage	100%

The Loans transferred are not rated as same are non-corporate borrowers.

b) The Parent Company has not transferred or acquired, any stressed / default loans during the year ended 31st March 2023.

c) Details of transfer through Co-lending in respect of loans not in default during the year ended 31st March 2023

Particulars	Year ended 31st March 2023
Entity	NBFC (Housing Finance Company)
Count of Loan Accounts Assigned	1,201
Amount of Loan Accounts Assigned (₹ in Lakh)	12,844
Weighted average maturity (in Months)	207
Weighted average holding period (in Months)	4
Retention of beneficial economic interest (MRR)	20%
Coverage of tangible security coverage	100%

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

47. The Group periodically files returns/statements with banks and financial institution as per the agreed terms and they are in agreement with books of accounts of the Group. This information has been relied upon by the auditors.

48. Registration of charges or satisfaction with Registrar of Companies are filed and paid within the statutory period for debt and borrowings issued during the year.

49. Money raised by way of debt instruments and the term loans have been applied by the Group for the purposes for which they were raised, other than temporary deployment pending application of proceeds.

50. No proceedings have been initiated on or are pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

51. None of the entities in the Group have been declared wilful defaulter by any bank or financial institution or government or any government authority.

52. The Group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

53. The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a. 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

b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

54. The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

a. directly or indirectly lends or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries

55. There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

56. The Group has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

57. Exceptional item

During the current year, the Parent Company has accrued for one-time special bonus to its employees amounting to ₹ 2,500 Lakh that is debited to the Statement of Profit & Loss. Considering the nature, frequency, and materiality of the item it is treated as an exceptional item in the Statement of Profit & Loss.

58. There has been no instances of breach of covenants of loan availed or debt securities issued during the financial year ended 31 March 2023.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

59. Divergence in the asset classification and provisioning

There is no divergence in asset classification and provisioning as assessed by NHB where:

i) The additional provisioning requirements assessed by National Housing Bank (NHB) exceeds 5% of the reported profits before tax and impairment loss on financial instruments as on 31 March 2023, or

ii) The additional Gross NPAs identified by NHB exceeds 5% of the reported Gross NPAs as on 31 March 2023.

60. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act.

Name of the entity in the Group	Net assets i.e. Total Assets minus Total Liabilities			
	As % of consolidated net assets	Amount (₹ in Lakh) As at 31st March 2023	As % of consolidated net assets	Amount (₹ in Lakh) As at 31st March 2022
Parent				
Aadhar Housing Finance Limited	99.94%	3,69,557	99.96%	3,14,539
Direct Subsidiary				
Aadhar Sales and Services Private Limited	0.06%	0.06%	0.04%	134

Name of the entity in the Group	Profit after tax			
	As % of consolidated net profit after tax	Amount (₹ in Lakh) As at 31st March 2023	As % of consolidated net profit after tax	Amount (₹ in Lakh) As at 31st March 2022
Parent				
Aadhar Housing Finance Limited	99.97%	54,458	99.96%	44,465
Direct Subsidiary				
Aadhar Sales and Services Private Limited	0.03%	18	0.04%	20

Name of the entity in the Group	Other Comprehensive Income			
	As % of consolidated Other Comprehensive Income	Amount (₹ in Lakh) As at 31st March 2023	As % of consolidated Other Comprehensive Income	Amount (₹ in Lakh) As at 31st March 2022
Parent				
Aadhar Housing Finance Limited	(5.17%)	(3)	39.26%	53
Direct Subsidiary				
Aadhar Sales and Services Private Limited	105.17%	61	60.74%	82

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

Name of the entity in the Group	Total Comprehensive Income			
	As % of consolidated Total Comprehensive Income	Amount (₹ in Lakh) As at 31st March 2023	As % of consolidated Total Comprehensive Income	Amount (₹ in Lakh) As at 31st March 2022
Parent				
Aadhar Housing Finance Limited	99.86%	54,455	99.77%	44,518
Direct Subsidiary				
Aadhar Sales and Services Private Limited	0.14%	79	0.23%	102

61. Previous year figures have been regrouped/re-classified wherever necessary to confirm to current year's classification. The impact of such regrouping/ re-classification are not material to the Financial Statements.

For **Walker Chandiok & Co LLP**
Chartered Accountants
ICAI Firm Registration No: 001076N/N500013

For and on behalf of the Board of Directors of Aadhar Housing Finance Limited

Manish Gujral
Partner
Membership No.: 105117

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Executive Vice-Chairman
DIN 07153794

Rishi Anand
Managing Director & CEO
DIN 02303503

Prateek Roongta
Director
DIN 00622797

Place: Mumbai
Date:16th May 2023

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

Notes

GHAR BANEGA, TOH DESH BANEGA.

www.aadharhousing.com

Registered Office

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Corporate Office

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