Annual Report 2022-23

SMFG IndiaCredit

Pragati Ki Nayi Pehchaan

Embracing Transformation. Redefining Progress.

Contents

A New Identity of Progress

In the ever-evolving landscape of financial services, SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)* (SMICC) takes on a 'new identity of progress', bringing hope and empowerment for its customers. Understanding the deepest desires and aspirations of its clientele, the Company has aligned its actions and intents to fulfil these dreams, effectively transforming into a catalyst for their progress.

At the heart of this new identity lies the recognition of its customers' aspirations. SMICC goes beyond just understanding their financial needs; it delves into their dreams of expanding their businesses, and securing a brighter future for their families. Armed with this insight, the organisation has tailored its services to resonate with these dreams, ensuring a personalised and purposeful approach.

With unwavering determination, SMICC has set out on a mission to make these aspirations a tangible reality.

By offering tailored financial products and services, it empowers customers to seize opportunities that would have otherwise remained distant dreams. Through seamless processes and innovative solutions, it dismantles barriers and paves the way for a smoother journey to success.

In the eyes of its customers, SMICC is a trusted partner, and an ally in their pursuit of progress. It celebrates their victories, big and small, and stands by them during challenging times. Beyond being just a financial institution, it has become a source of inspiration, driving its customers towards their goals.

As this new identity of progress takes shape, SMICC is witness to the transformation it brings to the lives of its customers. Their dreams no longer seem elusive; instead, they find the support and encouragement they need to thrive and prosper. In this journey together, it becomes more than just a financial service provider; it becomes a trusted companion in every step towards a brighter and a more prosperous future.

Fullerton India
Rishta Sammaan Ka

SMFG
India Credit
Pragati Ki Nayi Pehchaan

Who We Are

For over 15 years, SMFG India Credit Co. Ltd. *(Formerly Fullerton India Credit Co. Ltd.)* (SMICC) has been leaving a remarkable imprint on India's financial landscape. With a firm hold in the market, it takes pride in offering a diverse range of products that cater to a wide array of customer segments spread across different regions, with a particular focus on Tier 2 and below locations.

What truly distinguishes SMICC is the exceptional support it receives from two prominent players in the financial world: Sumitomo Mitsui Financial Group (SMFG) from Japan and Fullerton Financial Holdings (FFH) from Singapore which have a sharp eye for operating successful financial services in emerging markets.

Meticulously crafted business models enable SMICC to serve the specific needs of rural and urban retail consumers, small business finance seekers, and individuals looking for affordable home loans. With a robust governance structure, independent risk and internal audit functions, cutting-edge analytics, and underwriting capabilities, its operations stand on solid ground.
A remarkable strength lies in its multi-channel distribution network, offering customers direct high-touch experiences, partner-assisted services, and convenient self-serve options.

SMICC's ultimate focus lies in serving the mass market borrowers, encompassing the underserved, the aspiring lower class, and the middle-class segments. Thanks to its unwavering dedication and adaptability, it is making a profound impact on India's journey towards financial inclusion.

2007
LAUNCHED OPERATIONS IN INDIA

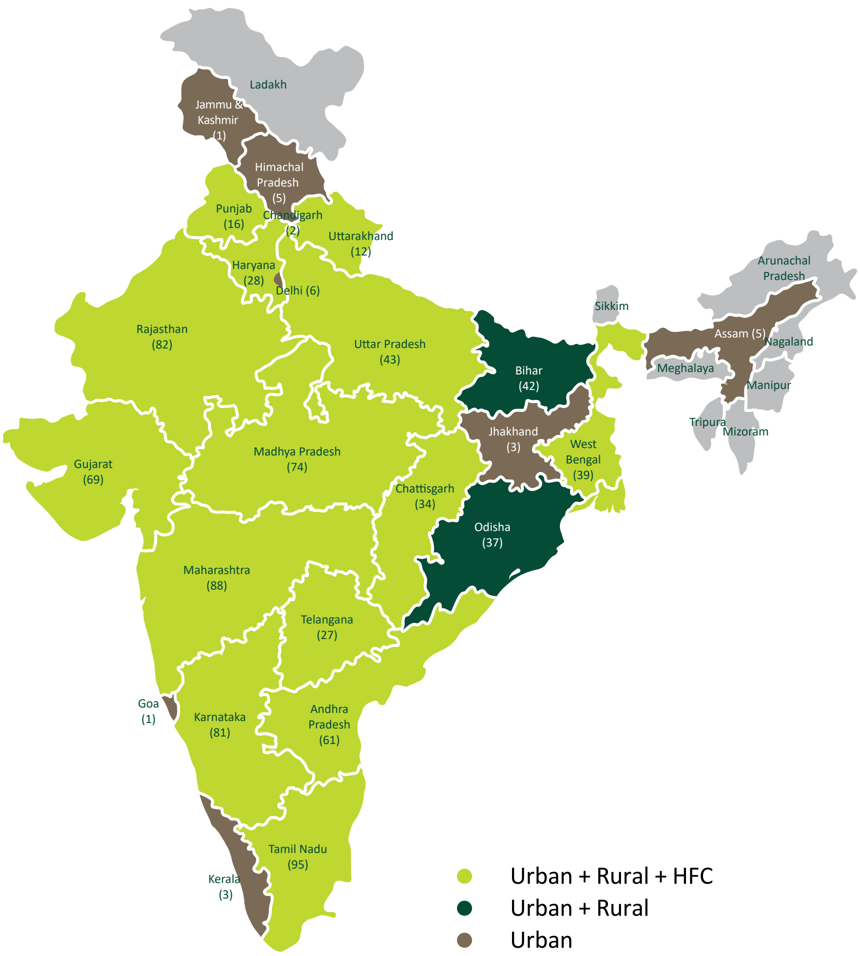
3.3 mn+
CUSTOMERS SERVED

600+
TOWNS AND CITY-WIDE NETWORK

65,000+
VILLAGES REACHED

Geographical Presence

Nationwide Distribution Network



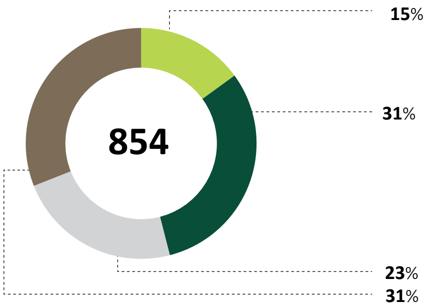
- Urban + Rural + HFC
- Urban + Rural
- Urban

Map not to scale.

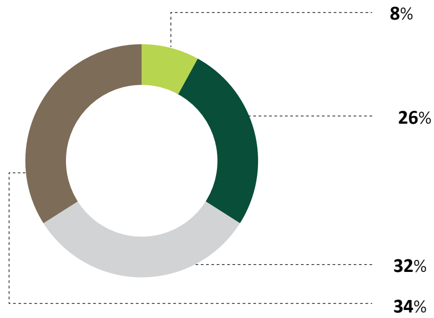
854
DISTRIBUTION POINTS

24
STATES COVERED

Geographically diversified

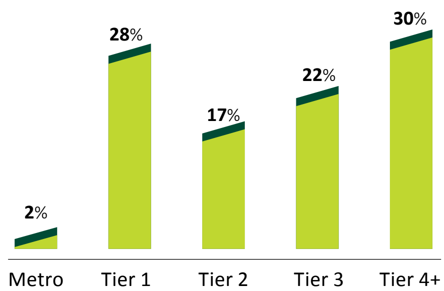


Geographically diversified (AUM)

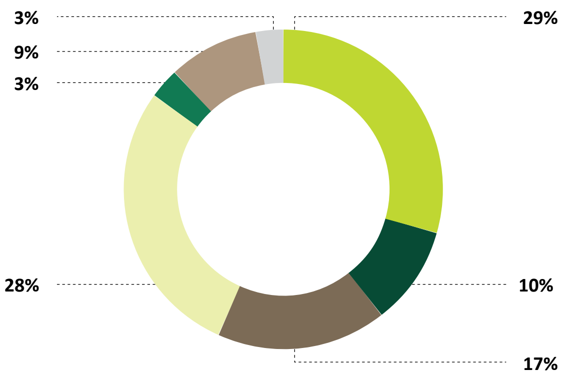


- East
- West
- North
- South

Tier Coverage



Diversified Product Suite



Digital lending comprises

14%

of the portfolio

- Loans against propety
- Housing loans
- Business loans
- Personal loans - Salaried
- Commercial vehicle loans
- Micro loans
- Other

Shaping a Better Financial Landscape

Vision

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

Mission

We are a responsible financial services partner

We drive financial inclusion

We foster innovation in everything we do

We deliver products and solutions for customer delight

We believe in our people and partners in their success

We provide long-term and sustainable shareholder value, balancing risk, and reward

We are committed to enriching the communities we serve

Values

Integrity

We are a transparent and fair organisation, guided by a strong and clear sense of ethics.

Collaboration

We understand the power of alliances and communication in an interdependent world and seek new opportunities and partnerships to grow.

Innovation

We constantly pursue the latest ideas and approaches to enhance our offering to all stakeholders.

Diversity

We celebrate the potential and power of difference and welcome multiple perspectives, views, ideas, and cultures.

Excellence

We follow the highest quality standards and are committed to delivering the best to all our stakeholders.

Agility

We quickly respond to the latest ideas and situations; we understand change and rise to its challenges by remaining open and positive.

A Chronology of Progress

2022-23

Highest-ever quarterly disbursal in Q4 FY2023 | AUM crossed ₹350 billion in January 2023

2021

SMFG, Japan acquires 74.9% stake from FFH in November 2021

2018-20

Digital business launched | Distribution points exceeded 600+ | AUM crossed ₹200 billion in July 2018

2015-17

Capital infused for growth ₹3.5 billion | Home loan business launched | AUM crossed ₹100 billion in October 2015

2012-13

Capital infused for growth ₹1.5 billion | Rural network established | Funding diversified

2010-11

Product diversification | Secured products re-launched | Operational breakeven

2006-08

Commercial Launch of NBFC operations | Pan-India presence established

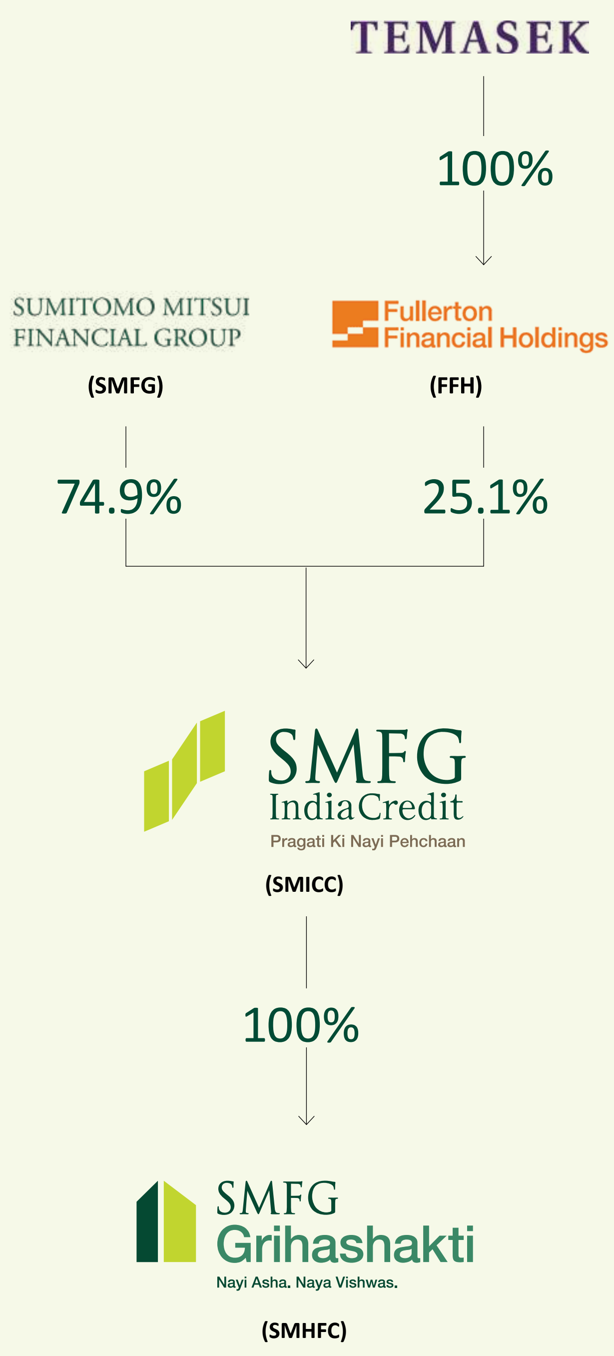
2005

FFH acquires Fullerton India Credit Company (FICC) in December 2005

2003

(FFH), Singapore incorporated as a wholly-owned subsidiary of Temasek Holding (P) Ltd.

Shareholders' Profile



FY 2022-23 Progress

₹30,187 cr
ASSETS UNDER MANAGEMENT
44% YoY

₹895 cr
PROFIT BEFORE TAX
10.5x growth

₹5,028 cr
TOTAL INCOME
40% YoY

₹670 cr
PROFIT AFTER TAX
11.5x growth YoY

₹25,203 cr
DISBURSALS
98% YoY

14.7%
RETURN ON EQUITY
↑ 12.9% YoY

18.8%
CAPITAL ADEQUACY RATIO

18,651
EMPLOYEE HEADCOUNT (INCL. HFC)
↑ 39% YoY

854
DISTRIBUTION POINTS (INCL. HFC)
↑ 35% YoY

3.3 mn+
CUSTOMERS
↑ 93%

Progressing with Purpose

Despite a global economic slowdown, we have recorded a substantial increase in our portfolio, driven by strategic partnerships, prudent risk management, and a deep understanding of our customers needs.

Dear Shareholders,

With great pleasure, I present to you the Annual Report for FY 2022-23, the first under our new name – SMFG India Credit Company Limited (*Formerly Fullerton India Credit Co. Ltd.*) (SMICC). With Sumitomo Mitsui Financial Group (SMFG) and Fullerton Financial Holdings Pte. Ltd. (FFH) at the helm of the organisation, we look forward to delivering more value to our shareholders and customers across our Urban, Rural, Digital, and Home Finance businesses. Through this investment, we aim to write a significant chapter in India's growth story.

First and foremost, I would like to express my gratitude to our team members who have worked tirelessly to achieve stupendous results this year. Thanks to your commitment and resolve, SMICC has maintained a strong foothold in the Indian financial sector, demonstrating resilience and adaptability in the face of evolving market dynamics. Despite a global economic slowdown, we have recorded a substantial increase in our portfolio, driven by strategic partnerships, prudent risk management, and a deep understanding of our customers' needs. This growth has strengthened our position in the market and solidified our reputation as a reliable financial institution.

Strong Financial Performance

One of the key achievements last year was our strong financial performance. SMICC's standalone Asset Under Management (AUM) have crossed ₹30,000 crores, marking a growth of 44% over FY 2021-22. Disbursals grew by 98% from ₹12,738 crores in FY 2021-22 to ₹25,203 crores in FY 2022-23. This year, our most notable feat was the impressive 10x growth in our Profit Before Tax (PBT) from ₹85 crores in FY 2021-22 to ₹895 crores in FY 2022-23.

Throughout the year, we have focused on fostering a culture of customer-centricity and responsible financial practices. Our disbursals in the urban business stood at ₹11,014 crores, marking a 48% growth over FY 2021-22. SMICC's rural business SMFG Gramshakti, which primarily serves the unbanked markets in rural India, also witnessed a 48% YoY increase in disbursals, which stood at ₹5,802 crores. SMICC has made significant strides in enhancing its digital capabilities. Disbursals through our digital business grew by 6.2x to ₹8,387 crores in FY 2022-23.

SMICC has thrived in the ever-changing Indian financial sector. We have focused on fostering a culture of customer-centricity and responsible financial practices.

₹30,187 cr
ASSETS UNDER MANAGEMENT

↑ **44%**

₹25,203 cr
DISBURSALS

↑ **98%**

₹895 cr+
PROFIT BEFORE TAX

↑ **10.5x**

Leveraging Technological Advancements

By embracing technological advancements, we have successfully implemented pragmatic solutions to improve operational efficiency, streamline processes, and provide our customers with seamless digital experiences. Furthermore, we plan to explore the market opportunity in the Small and Medium-sized Enterprises (SME) segment by tapping into supply chain financing, cash flow-based lending, and the Open Network for Digital Commerce (ONDC) network. This year, we launched a state-of-the-art cloud-based collections system and are also on track to redesign our customer and sales journeys.

We have enhanced our ability to assess risks, personalise offerings and deliver tailored financial solutions to a diverse customer base by leveraging data analytics. Today, SMICC caters to more than 3 million customers in over 20 states in the country, and our quest to increase this reach continues to be our focus.

3.3 mn+

SMICC caters to customers in over 20 states in the country, and our quest to increase this reach continues to be our focus.

We remain committed to upholding our core values, delivering exceptional financial services, and contributing to the growth and prosperity of our stakeholders.

Creating Impact Through Outreach

We firmly believe in giving back to society and actively contributing to the communities we serve. Under our Corporate Social Responsibility umbrella 'Uday', our award-winning initiatives like Pashu Vikas Diwas, Niramaya, Sakhi, Krishi Mitra, have made a positive impact on education, healthcare, community outreach and environmental conservation. Our flagship cattle-care CSR initiative Pashu Vikas Diwas was awarded under 'Most Innovative CSR Project of the Year' category at the 7th CSR Health & Impact Awards 2023. The initiative was also recognised by World Book of Records as the single largest cattle-care camp in the world. By collaborating with local organisations and actively engaging our workforce, we have been able to drive meaningful change and create lasting value.

Ensuring Financial Resilience

As we navigate through a rapidly changing landscape, we will continue to prioritise expanding our distribution network, instilling agility in our culture, continued focus on collections, and prudent risk management. By staying attuned to the needs of our customers and leveraging our expertise, we are confident in our ability to seize emerging opportunities and drive sustainable growth.

I would like to thank our Board of Directors and our shareholders, SMFG and FFH, for their confidence in our organisation, which is the driving force behind our accomplishments. I also want to express my gratitude to the regulatory authorities for their guidance and supervision, which enables us to maintain a robust and compliant framework.

As we move forward, SMFG is committed to the growth journey of our India franchise to serve our customers across the semi-urban and the rural markets. You will see SMFG enhance its footprint further across the Indian geography in the future, cementing our vision of creating long-term value for our customers and our shareholders. We remain committed to upholding our core values, delivering exceptional financial services, and contributing to the growth and prosperity of our stakeholders.

Sincerely,

NOBUYUKI KAWABATA
Chairman of the Board of Directors

Empowering Lives Through Financial Progress

“In this new phase of our journey, we have recommitted ourselves to the same guiding principles that we operate with, which are only going to be re-energised by the ethos of SMFG.”

Dear Shareholders,

In FY 2022-23, the global economy witnessed intense fluctuations owing to inflation, war, and financial disturbances, resulting in a substantial slowdown in global growth and recession in many developed nations. Despite these challenges, India has demonstrated resilience and adaptability to navigate these turbulent times. We, as an organisation, have also showcased similar wherewithal and have emerged stronger and more focused, staying true to our mission of customer service, social responsibility, and sustainable growth. Our values and commitment towards our stakeholders have remained robust as ever, even after the most significant change in our brand – our identity.

Redefining Our Identity

November 2021 witnessed a historic deal where Sumitomo Mitsui Financial Group (SMFG), one of the most prominent global financial service groups with a heritage of over 400 years in Japan, acquired a 74.9% stake in our Company from FFH and Angelica Investments Pte. Ltd. Pursuant to this deal and the subsequent name change, we are now SMFG India Credit Company Limited (*Formerly Fullerton India Credit Co. Ltd.*) (SMICC).

Our values and commitment towards our stakeholders have remained robust as ever, even after the most significant change in our brand – our identity.

In this new phase of our journey, we have recommitted ourselves to the same guiding principles that we operate with, which are only going to be re-energised by the ethos of our majority shareholder – SMFG. Our new brand SMICC, encompasses a refreshed visual identity, including a new logo, brand signage, marketing materials, website, social media channels, and all other touchpoints that represent our organisation. This brand change is not only about a new visual identity; but it also signifies a fresh chapter in our Company’s history.

Fuelling Growth and Transformation

FY 2022-23 was all about accelerated growth and transformation, and SMICC has delivered yet another year of robust financial performance. We recorded an impressive 10x growth in our PBT, which stands at ₹895 crores. Our total disbursals jumped by 98% to ₹25,203 crores vis-à-vis ₹12,738 crores in FY 2021-22. Our standalone AUM has increased by 44% to surpass ₹30,000 crores in FY 2022-23. This growth is a testament to our commitment to excellence and our ability to capture opportunities in the market. It fortifies our belief that the three key drivers – our wide distribution network, diversified product offering, and an enhanced digital ecosystem will propel our business going forward.

At SMICC, we strive to provide our customers with tailored financial solutions that meet their evolving needs. This year, our urban business has delivered an exceptional performance owing to the return of credit demand to normalcy, backed with improved Government schemes aiding our business. The urban business saw a 48% increase in disbursals over FY 2021-22, with unsecured business loans and personal loans accounting for 60% of the total urban portfolio in FY 2022-23, indicating faster growth in the segment. With 216 branches spread across 22 states and four union territories (UTs), the urban portfolio caters to more than 2.4 lakh customers.

SMFG Gramshakti – our rural business arm has expanded to 511 touchpoints across 16 states, covering 65,000+ villages, offering a diverse product portfolio including group loans, business loans, personal loans, mortgage loans, two-wheeler loans, and merchandise loans. Group loans and mortgage loans account for 43% and 40% of the total loan book of FY 2022-23, respectively. Our disbursals for SMFG Gramshakti grew from ₹3,917 crores in FY 2021-22 to ₹5,802 crores in FY 2022-23, marking a 48% increase. Post recovery from the pandemic, rural India witnessed a boost in consumer confidence, helping SMFG Gramshakti to speed up its disbursals since Q2 FY2022. Today, SMFG Gramshakti has forged relationships with over 16 lakh customers across different parts of India and continues to expand its stronghold to serve underbanked segments.

16 lakh+

SMFG GRAMSHAKTI CUSTOMERS ACROSS INDIA

SMICC displayed a remarkable growth in both disbursals and AUM for its digital business. Disbursals grew at a staggering 6.2x from ₹1,362 crores in FY 2021-22 to ₹8,387 crores in FY 2022-23. AUM for the vertical has grown multi-fold to ₹5,220 crores in March 2023, compared to ₹1,295 crores in March 2022. We aim to further strengthen our partnerships with emerging fintech players to boost our digital footprint, keeping the customer-first approach to lending at the heart of the business.

The Power of Hybrid Lending

Our focus on innovation and technology has enabled us to stay ahead of the curve, ensuring our continued relevance in the rapidly changing financial landscape. For our urban business, app-based sourcing, advanced scorecards for processing urban lending transactions, and marketing analytics for driving new borrower acquisitions by identifying high-propensity customers will be critical drivers in the future. The apps used across our rural business have integrated automated policy approvals, reducing subjectivity in credit appraisals. We have adopted a hybrid model, incorporating best practices from traditional fin-touch and modern fintech companies, leveraging the best of both worlds to create a genuinely scalable lending model. In the digital business segment, we are building a state-of-the-art digital lending platform for disbursing loans in minutes, requiring minimal customer inputs.

Prudent risk management is a core pillar of our operations. Our robust risk framework has helped us navigate uncertainties and maintain business stability. Our dedicated risk management team ensures that we identify, assess, and mitigate risks effectively, protecting our stakeholders' interests and preserving the long-term value of our organisation.

Building A Better Tomorrow

As a responsible corporate citizen, our commitment to CSR is built on four key pillars of Livelihood, Healthcare, Education and Environment. Initiatives like Jeevika and Pashu Vikas Diwas support the livelihood of rural populace, Nirmaya & Jyoti focus on community healthcare, Sakhi enables financial literacy for women, while Krishi Mitra promotes organic farming that contributes to building a sustainable environment. These initiatives continue to drive positive change in the communities we operate. Through our investments in these areas, our aim is to create a lasting impact and contribute to the overall well-being of society.

Redefining Progress

Looking ahead, we remain optimistic about the future. The financial services industry is undergoing rapid transformation, driven by technology, and changing customer expectations. We are well-positioned to capitalise on these opportunities, leveraging our strengths and capabilities to drive sustainable growth. Our strategic priorities include further expanding our digital footprint, deepening customer relationships, and exploring new avenues for growth.

I would like to express my heartfelt gratitude to our employees, whose dedication and hard work have been instrumental in our success. I also extend my appreciation to our Board members and our valued shareholders – SMFG and FFH (Fullerton Financial Holdings), for their unwavering support and trust in our organisation.

I am confident that SMICC will continue to deliver exceptional performance, uphold the highest standards of corporate governance, and create long-term value for our shareholders. We remain committed to our vision of becoming a leading NBFC, recognised for our customer-centricity, innovation, and financial expertise. We are well on track to become the new face of progress – '***Pragati ki Nayi Pehchaan***'.

Sincerely,

SHANTANU MITRA
Chief Executive Officer and Managing Director

Visionary Minds Driving Innovation

A group of exceptional individuals, each bringing unique expertise and insights to the table. They are the navigators, charting the course for the Company's success with unwavering determination and creativity.

NOBUYUKI KAWABATA

Chairman, Non-Executive,
Non-Independent Director

Mr. Nobuyuki Kawabata is the Chairman of the Board of Directors of SMFG India Credit Company Limited (*Formerly Fullerton India Credit Co. Ltd.).* He was appointed Senior Managing Executive Officer and Deputy Head of the International Banking Unit of Sumitomo Mitsui Banking Corporation (SMBC) on April 1, 2022. He had been CEO of the Americas Division and Managing Executive Officer of SMBC since April 1, 2016, and was appointed Managing Executive Officer of Sumitomo Mitsui Financial Group (SMFG) on April 1, 2018. He was appointed Advisor of SMBC and SMFG on April 1, 2023.

Mr. Kawabata has more than 35 years of banking experience in different areas and roles. He has been instrumental in tripling revenue and expanding new business for the Americas division, introducing Hedge Fund/PE Fund in Tokyo, establishing Sumitomo Mitsui Financial Group (SMFG), a holding company of which SMBC is a wholly-owned subsidiary, and multiple other merging and acquisitions.

Mr. Kawabata holds a B.A. degree from the Tokyo University of Foreign Studies.

SHANTANU MITRA

Chief Executive Officer and
Managing Director

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

Mr. Mitra has over 40 years of experience in financial services, with over 20 years at Standard Chartered Bank and Citibank where he had stints in India, Singapore and Thailand. His last role in Standard Chartered Bank was Senior Regional Risk Officer, India, Middle East & Africa, based in Mumbai. His previous experience with SMFG India Credit included a stint from 2010 to 2017, initially as Head of Consumer Risk for the parent company Fullerton Financial Holdings, Singapore and subsequently a very successful tenure as CEO & MD with SMFG India Credit.

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

YEO HONG PING

Non-Executive,
Non-Independent Director

Mr. Yeo Hong Ping is a Non-Executive Director on the Board of SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.).* Mr. Yeo oversees the building of the Fullerton Financial Holdings (FFH) franchise and the development of FFH's visions and strategies with the goal of increasing stakeholder value on a sustainable basis. As Chief Executive Officer, Mr. Yeo has overall responsibility of FFH and its investee companies.

Before joining FFH, Mr. Yeo was Managing Director of J.P. Morgan and was responsible for the overall investment banking business in Singapore. Mr. Yeo also served as Senior Management Committee member for J.P. Morgan Singapore, and Board Member for J.P. Morgan (SEA). He previously held other senior appointments including Head of Real Estate Investment Banking and Head of Corporate Finance in South East Asia.

RAJEEV KANNAN
Non-Executive,
Non-Independent Director

Mr. Rajeev Kannan is a Non-Executive Director on the Board of SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.).* He is the Managing Executive Officer and Co-Head of Asia Pacific Division of Sumitomo Mitsui Banking Corporation (SMBC) as well as in Sumitomo Mitsui Financial Group (SMFG) since April 2022. In his role, Mr. Kannan is responsible for SMBC and SMFG's business in the Asia-Pacific Region.

Prior to this role, Mr. Kannan ran the corporate coverage and banking business for Asia-Pacific for 2 years and investment banking for the region for 4 years. He also spent 4 years in Tokyo covering global structured finance.

Mr. Kannan's banking career spans nearly 30 years having held various leadership roles with global, regional and product responsibilities.

He has deep experience in corporate and investment banking, structured finance, principal investments, private credit and infrastructure/green finance and is a thought leader in this space. Mr. Kannan is also a member of the Board of Directors of Clifford Capital Holdings Pte Ltd, Pierfront Capital Pte Limited and ESR Group Limited and also an Advisory Board Member of Singapore Green Finance Center, a partnership between SMU and Imperial College.

Mr. Kannan holds a Master's degree in Management and Engineering from the Birla Institute of Technology & Science (BITS), Pilani. Mr. Kannan was awarded IBF Distinguished Fellow in 2019 by the Institute of Banking & Finance, Singapore.

ANINDO MUKHERJEE
Non-Executive,
Non-Independent Director

Mr. Anindo Mukherjee is a Non-Executive Director on the Board of SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.).* He is the Chief Operating Officer at Fullerton Financial Holdings Pte Ltd (FFH), Singapore. Mr. Mukherjee oversees the Company's operational activities and works closely with the investee companies to implement their business plans, manage risk and governance, and develop operational capabilities.

Mr. Mukherjee has more than 30 years of banking experience. Before joining FFH, he was responsible for Risk Management, Legal and Compliance functions in SMFG India Credit. His vast experience includes working with Standard Chartered Bank, where he was the Regional Credit Officer for the Consumer Business in India & South Asia and having exposure across a variety of other international and private banks, including Bank of America, ABN AMRO Bank, and HDFC Bank.

He is a Chartered Accountant from the Institute of Chartered Accountants of India and a Cost & Management Accountant from the Institute of Cost and Works Accountants of India.

DIWAKAR GUPTA
Non-Executive,
Independent Director

Mr. Diwakar Gupta is an Independent Director on the Board of SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.).* Mr. Gupta has nearly five decades of experience in the financial services industry across the public sector and development banking. He was the Vice President of Private Sector and Co-financing at the Asian Development Bank (ADB) from 2015 to 2020. Mr. Gupta oversaw ADB's assistance to private sector projects at ADB and was responsible for building and maintaining ADB's public-private partnership operations.

Before ADB, he was the MD & CFO of the State Bank of India. He was responsible for setting strategies and direction alongside other State Bank's Central Management Committee members. He joined the Bank in 1974 and held several leadership positions at its various units and subsidiaries. He held the position of Deputy Managing Director (National and Rural Banking) and CEO - SBI Card & Payment Services, among others in the Bank. Mr. Gupta has also worked in an advisory capacity with India Value Fund Advisors (IVFA) and Aditya Birla Financial Services Pvt. Ltd. and as an Independent Director on the boards of leading business councils, financial services companies, and other private organisations in India. Mr. Gupta is also the Senior Advisor (Research) in Centre for Advanced Financial Research and Learning (CAFRAL), promoted by RBI.

He holds a Master's degree in Physics from St. Stephens College (Delhi) and is a Certified Associate of the Indian Institute of Bankers (CAIIB).

SEEMA BAHUGUNA
Non-Executive, Independent Director

Ms. Seema Bahuguna is an Independent Director on the Board of SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)*. She belongs to the 1983 batch of the Indian Administrative Service. She has 36 years of experience working in senior decision-making levels in the Govt. of India and the State Govt. of Rajasthan, where she was involved in formulating and implementing policies, strategies, and programmes. She has more than 14 years of experience working in the fields of Industry, Foreign Trade, Finance and the Public Sector.

As Director of Industries and MD of the Bureau of Industrial Promotion in Rajasthan, she was instrumental in formulating the Industrial Policy of the State Govt. as well as creating customised packages to attract investors into the state. As Additional Director General Foreign Trade in the Ministry of Commerce, Govt. of India, she was associated with launching the first Foreign Trade Policy of the Government of India in 2004. This marked a paradigm shift from a control-based regulatory Import/ Export regime to one of Trade Promotion and facilitation.

As Secretary - Department of Public Enterprises (DPE) for about three years, she played a crucial role in formulating the standard financial and HR policies for around 260+ operating Central Public sector Enterprises across a broad spectrum ranging from Petroleum, Coal, Power, Railways, Mines to Defence Production. This provided a great opportunity to understand the problems being faced by the public sector in India and to analyse its relative strength and weakness vis-à-vis the peers in the private sector. Several novel initiatives were taken during this time to improve the efficiency and competitiveness of these companies to enable them to face the challenges of a modern global environment. Their annual performance appraisal systems were made more result-oriented and dynamic by introducing profitability and efficiency standards.

Measures were also taken to enhance the skills of Board level and below Board level employees through different capacity-building initiatives. These systemic improvements enabled DPE, as the nodal department for Public Sector companies, to truly become an enabler in improving their performance. As a member of the Bank Boards Bureau, she was involved in selecting the top management of the Public Sector Banks and Insurance Companies like LIC. This experience gave her a unique insight into the working of this crucial sector of the economy.

Ms. Bahuguna is a MA in History from Delhi University and MSc in Development Studies from the University of Bath, UK. She has also undergone specialised training in Sustainable Development, WTO issues, and courses on Ethics and Governance at the University of California, Berkeley and Leadership and Strategic Thinking at the University of Cambridge.

COLATHUR NARAYANAN RAM
Non-Executive, Independent Director

Mr. C N Ram is an Independent Director on the Board of SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)*. As the MD & CEO of FYDNA Tech Corp Pvt. Ltd. since February, 2021, he oversees the development of a modern cloud-native core digital banking platform. He has over four decades of experience predominantly in Banks, manufacturing, business process outsourcing and consulting with considerable exposure to strategic planning, data analytics, information security, technology operations, business transformation and ERP implementation. He is also associated with Warburg Pincus India Pvt. Ltd. since July 2015 as an Advisor, and has worked closely with the RBI on various projects that have had significant impact on the Banking industry.

Mr. Ram has also worked on the Customer Advisory Boards of leading Global firms like Sun Microsystems, NCR, HP and VISA International. He was the Group President & CIO of the Essar group between 2010-13, where he was responsible for mentoring the individual Business CIOs, aligning business and IT, streamlining IT governance, and improving information security. In 2008, Mr. Ram along with 5 others set up a social venture called Rural Shores Business Services that creates job opportunities for educated youth in rural India. He was the third employee at HDFC Bank (14 years) and the first tech employee at Bank of America, India (12 years). HDFC Bank was recognised as one of the most tech-savvy institutions in the country and pioneered many innovative tech-enabled solutions for businesses.

Mr. Ram holds a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad and B. Tech degree from the Indian Institute of Technology Madras in Chennai. He has won three Lifetime Achievement Awards from leading publications for his stellar work as CIO in multiple companies.

RAJARAMAN BALACHANDER
Non-Executive, Independent Director

Mr. Balachander Rajaraman is an Independent Director on the Board of SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)*. He has over 30 years of rich, global experience working with large professional services firms and has served as a trusted advisor to senior management, CEOs, and Board/Audit Committee of companies. He brings in-depth expertise in Corporate Laws & Governance, Taxation, Accounting & Audits, Financial Management & Reporting, Digital Transformation Strategy, Business Process Improvement and Restructuring & IBC.

Prior to his current appointment, Mr. Balachander had been the National Leader for Accounting, Reporting & Compliance at Ernst & Young, until 2019. He was also EY India's IPO leader and played a key role in the Strategic Growth Markets (SGM) initiative of the firm. Prior to his association with EY, Mr. Balachander was a Partner at Thakur, Vaidyanath Aiyar & Co. (TVA). He was a Management Committee member of the PHD Chamber of Commerce & Industry, and has been associated with expert committees at ASSOCHAM and CII.

He is a Commerce graduate from the University of Delhi, a Fellow Chartered Accountant, a member of The Indian Institute of Insolvency Professionals of ICAI and has done a Post-graduate Programme in International Management from IMI India.

DAKSHITA DAS
Non-Executive, Independent Director

Ms. Dakshita Das is an Independent Director on the Board of SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)*. Ms. Das is an experienced bureaucrat having served as an Indian Railway Accounts Service (IRAS) Officer, and as MD & CEO at National Housing Bank.

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

She has handled the preparation of over 15 budgets for the central government including the Union Budget, budgets for States under President's Rule and the Indian Railways budget. As MD & CEO of the National Housing Bank, she ensured the deepening of supervision thereby ensuring that the financial health of the companies was not compromised at the risk and cost of the borrower. During her tenure, she undertook steps to ensure adequate availability of liquidity and tightened regulations for systemically important companies. Within the Department of Economic Affairs (MoF), Ms. Das was responsible for arranging draw-down of funds against all Loan and Grant Agreements with various multi-lateral and bilateral agencies. As part of the Department of Financial Services, Ms. Das handled the charges of insurance and debt recovery, undertaking key initiatives such as the first stage disinvestment of LIC.

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

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

Leading with Purpose

Meet the faces behind the Company's success and discover how their strategic thinking and collaborative spirit are empowering progress.

SHANTANU MITRA

Chief Executive Officer and Managing Director

Mr. Shantanu Mitra helms SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)* as its Chief Executive Officer & Managing Director.

With a rich experience in financial services spanning over 40 years, Mr. Mitra leads the overall corporate strategy at SMFG India Credit. With a cumulative tenure of over 20 years at Standard Chartered Bank and Citibank where he held senior leadership positions, Mr. Mitra's career has straddled across various geographies in Asia, Africa, and the Middle East. His previous experience with SMFG India Credit included a stint from 2010 to 2017, initially as Head of Consumer Risk for the parent Company Fullerton Financial Holdings, Singapore and subsequently a very successful tenure as CEO and MD with SMFG India Credit.

Mr. Mitra holds a BSc in Statistics from the University of Calcutta, India and is a Member of Institute of Chartered Accountants, England & Wales. He has served in various Board and Advisory capacities including Non-Executive Director at DBS Bank, India, and Operating Partner with Global PE firm - Advent International, including Advisor in their portfolio companies.

AJAY PAREEK

Chief Business Officer (CBO)

Mr. Ajay Pareek is responsible for leading all the core businesses, Urban, Rural and Digital businesses. He also leads the Marketing and Customer Service functions.

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

He is a Chartered Accountant and a Harvard SELPI alumnus.

SWAMINATHAN SUBRAMANIAN
Chief Operating Officer (COO)

Mr. Swaminathan Subramanian manages the operations, technology, legal, human resources, enterprise services, and CSR functions. With his extensive experience and proven leadership skills across a broad range of organisational priorities, he has played an integral role in the transformation agenda of the Company.

Driven by a strong business acumen and demonstrated versatility of operating in complex business environments, he has consistently delivered results and helped take strategic decisions with strong business impact.

Mr. Subramanian has held leadership roles across various geographies such as Africa, Asia and Middle East, apart from India, for over 25 years of his experience in MNCs and Indian Business Houses. Before joining the SMFG India Credit family again in May 2021, he was with Sterlite Power, heading the HR function as Group Chief Human Resources Officer (CHRO) for India and Brazil. He has worked with leading companies across the globe during his career, such as Reliance Capital (as Group Chief People Officer), JP Morgan, Barclays, Standard Chartered Bank, and Accenture.

He is a gold medalist in Engineering from Jadavpur University, and an MBA from XLRI Jamshedpur.

PANKAJ MALIK
Chief Financial Officer (CFO)

Mr. Pankaj Malik's responsibilities include financial planning and accounting, taxation, company secretarial, corporate governance, and treasury functions.

He has over 25 years of experience and has worked in various capacities across finance and allied functions. Prior to joining SMFG India Credit, Pankaj was associated with COLT Telecom, an affiliate of Fidelity international. As their Financial Controller and Company Secretary, he was instrumental in setting up their India operations. In his earlier stints, he was associated with GE Commercial Financial and Motherson Sumi Systems Limited in various capacities.

Mr. Malik is an alumnus of Harvard Business School. He is also a qualified Chartered Accountant, Company Secretary, Cost Accountant and Certified Public Accountant from the State of Colorado, USA.

Leadership Team

SRINIVASAN BALACHANDER
Chief Compliance Officer

In his nearly three decades of experience in Banking, Mr. Srinivasan Balachander has held various roles, mainly in the Compliance function. In his previous stint at Bandhan Bank where he was the Chief Compliance Officer, his many responsibilities included managing compliance risk for the organisation, regulatory liaising and reporting to the Audit Committee of the Board.

He was earlier associated with organisations such as Axis Bank, Global Trust Bank and The Vysya Bank.

He holds a PG Diploma in Business Data processing from Bharathidasan University.

DHANANJAY TIWARI
Chief Risk Officer (CRO)

As Chief Risk Officer, Mr. Dhananjay Tiwari is responsible for identification, measurement and mitigation of risks along with inherent and control risks.

An engineer turned finance professional, he has more than 26 years of experience across Urban, Rural and Home Finance businesses. Prior to joining SMFG India Credit, he had been associated with leading global companies including the Reliance Group, Vistaar Financials, HDFC Bank, Kotak Mahindra Primus Ltd. and Gujarat Lease Financing. He has an extensive experience in credit policy design, collection strategy, risk analytics and capacity planning.
His areas of expertise include Retail credit risk management, market risk, operations risk and fraud risk.

He holds a Master's degree in Business Administration and a Bachelor's degree in Mechanical Engineering from The Maharaja Sayajirao University of Baroda.

RAHUL BHARDWAJ
Chief Information Officer & Head of Operations

In his earlier stint at SMFG India Credit between 2006-17, Mr. Rahul Bhardwaj held multiple leadership roles. He was responsible for designing and implementing the first full suite of Technology applications at SMFG India Credit, as well as the creation of a regional structure for operations and instituting a metric-driven delivery culture. In his illustrious career spanning more than two decades, he has also worked with Jio Payments Bank, ICICI Bank, Aptech Internet and Globus Stores.

Mr. Bhardwaj holds a B.E in Electrical Engineering from Delhi College of Engineering and a PGDBM from IIM Bangalore.

SUNIL KAW
Head of Credit Underwriting

Mr. Sunil Kaw is the Head of Credit Underwriting at SMFG India Credit and is responsible for credit appraisal for all loan products.

A seasoned banker with 26+ years of experience, he has an extensive experience in credit underwriting across secured and unsecured credit products of Retail and SME in India. He has a vast expertise across functions including Sales, Credit Policy, Underwriting, Analytics, Fraud Control and System development. Prior to his current role, he had also served as the Head of Risk Policy at SMFG India Credit. He has previously been associated with leading global banks such as Kotak Mahindra Primus, Standard Chartered Bank and Barclays Bank PLC.

Mr. Kaw holds a Post Graduate Diploma in General Management from EMERITUS Institute of Management, Singapore and a Bachelors' degree in Science.

ANIMESH CHATTERJEE
Head of Treasury

Mr. Animesh Chatterjee is the Head of Treasury at SMFG India Credit. He has been working with the Company for the better part of a decade, during which he has ensured seamless fundraising, investments, liquidity risk management, budgeting and planning, and undertaken capital accretive activities including pool sale. He has also successfully headed the Treasury function for SMFG Grihashakti during this time, where he was responsible for overseeing fund raising, deployment of surplus fund, pool sales and maintaining lender and rating agency relationship.

He is a Chartered Accountant with 20+ years of experience in Treasury and Finance. Prior to joining SMFG Group, he held senior positions at reputed NBFC's and MNC treasuries where he was responsible for scaling up domestic and international fund raising and surplus management.

SANJEEB KUMAR PRUSTI
Head of Internal Audit

Mr. Sanjeeb Kumar Prusti spearheads SMFG India Credit's audit function, where he is responsible for risk based internal audits and assessments, internal controls, and governance framework of the organisation.

With a Chartered Accountancy background, he comes with an experience exceeding 20+ years in the realms of audit and risk management. During his tenure at Citibank spanning almost 17 years, Mr. Prusti played integral roles across all lines of defence including internal audit, operational and emerging risk of all business lines and mid-office functions. He also led various key projects on GRC tool implementation and Regulatory Inventory. He later joined Axis bank following Axis' acquisition of Citibank's India consumer business earlier this year. Notably, he was instrumental in leading the project management office for the transition of Citibank's consumer business divestiture to Axis Bank.

Mr. Prusti's earlier stints were at HDFC Bank and ICICI Bank, where he engaged in roles encompassing Audit, Compliance, and Branch Operations.

Your Path to Financial Freedom

Welcome to a world of limitless possibilities where financial aspirations take flight. The Company's loan offerings are meticulously crafted to transform dreams into reality, empowering you on your journey to success.

Personal Loan

SMFG India Credit offers low-interest personal loans with a seamless online application process, serving millions across India. Benefits include 100% paperless application, collateral-free loans, and flexible repayment options for various purposes.

Business Loan

The Company offers instant online business loans for startups and expansions. Their flexible solutions cover various capital needs, serving diverse sectors with personalised offerings.

Loan Against Property

Unlock the potential of your property with an online Loan Against Property (LAP) from SMFG India Credit. Utilise the property's value to meet various expenses while enjoying the freedom to use the funds as needed. Our tailored property loan options cater to salaried individuals, self-employed, and SMEs, ensuring a perfect fit for your requirements.

Building Dreams

SMFG Grihashakti, a subsidiary of SMICC, understands the common dream of building one's own home. Whether it's purchasing a new home or a residential plot, the organisation is your perfect companion in this journey. Beyond new home loans, it offers financing for home improvement, construction, and extension. Services also encompass Loan Against Property, as well as loans for commercial properties and plots. Launched in December 2015 and based in Mumbai, SMFG Grihashakti is dedicated to catering to the housing finance needs of salaried and self-employed individuals and organisations.

Loan Against Securities

Borrow funds against your financial assets through a loan against securities at floating interest rates. Eligible applicants include Indian residents, sole proprietorship owners, and various types of companies. It is an opportunity to leverage investments and achieve financial goals.

Growing Enterprise Loan

SMICC's Growing Enterprise Loan offers financial assistance for short-term goals. With a focus on convenience, loans up to ₹3 lakhs requires no documentation, helping aspiring individuals overcome hurdles and achieve their aspirations.

Solidarity Group Loan

SMFG India Credit's Solidarity Group Loan addresses the hurdles faced by rural women in accessing funds for their business ideas. By forming groups, women can avail financial aid without income concerns, fostering financial independence and empowering them to pursue their dreams and aspirations.

Two-wheeler and Commercial Vehicle loans

SMFG India Credit offers easy two-wheeler loans, making owning a bike a convenient reality. Their digital application process ensures a comfortable experience, with attractive interest rates and flexible repayment tenures. Additionally, their Commercial Vehicle loan caters to self-employed individuals and businesses, providing financial assistance for diverse commercial vehicle needs with competitive interest rates and customisable loan options.

Emergency Credit Line Guarantee Scheme

A dedicated MSME loan initiative aimed at assisting small businesses during the COVID-19 pandemic and lockdown. Primarily for MSMEs, this scheme provides guaranteed emergency credit lines to tackle working capital challenges. It offers a lifeline to businesses, ensuring access to much-needed capital when obtaining credit has become difficult. Beneficiaries include MSMEs and various registered business entities like proprietorships, partnerships, and private limited companies. ECLGS is a crucial support system to help these enterprises regain stability and resume their operations.

Leveraging Synergies for Unprecedented Growth

From expanding business momentum to leveraging synergies with a Japanese financial organisation, SMICC's foreign parentage, with a legacy of 400 years, ensures rigorous governance, and equal emphasis on urban and rural sectors.

SMICC is proud to be a part of a large Japanese financial organisation, which has brought forth numerous synergies, unlocked exciting opportunities, and granted the Company a standalone presence across India with unprecedented support and resources.

The Company creates significant value for its stakeholders with its distinctive competitive advantage as outlined below:

Strong Parentage and Governance

With deep inter-linkages between SMICC and its parent company, it benefits from strategic and operational oversight, ensuring robust governance standards and best practices. The support and expertise of its Japanese parent company empowers it to navigate market challenges effectively and make informed decisions. This solid foundation of international backing and governance not only enhances its financial stability but also inspires trust among customers and stakeholders. It cements the Company's position as a credible and reliable financial partner, capable of delivering exceptional solutions and services.

Unique Business Model in Retail Finance

SMICC has meticulously built a granular pan-India portfolio, strategically targeting the underbanked segment with limited access to formal financial channels. By focusing on this underserved segment, it unlocks immense potential for growth and impact. The Company's tailored financial solutions address the specific needs and aspirations of this customer base, fostering financial inclusion and empowerment. This distinct approach sets it apart from traditional financial institutions and positions it as a champion in driving positive change and sustainable growth in the retail finance space.

Prudent Liquidity and Risk Management

The Company adheres to stringent multinational credit and operational risk mitigation standards, ensuring a robust risk management framework. Its team of experts diligently monitors and assesses potential risks, implementing prudent Asset Liability Management (ALM) practices to maintain a healthy balance between assets and liabilities. By proactively managing liquidity and effectively mitigating risks, it safeguards its financial stability and enhances investor confidence. This disciplined approach strengthens its market position and solidifies its reputation as a responsible and reliable financial institution, capable of weathering challenges and delivering sustainable growth.

Investing in Digitisation, Technology, and Analytics

SMICC's commitment to being future-ready is underpinned by strategic investments in digitisation, technology, and analytics. Embracing end-to-end process digitisation enables seamless operations, enhancing efficiency and customer experiences. It has also established a robust data infrastructure to harness the power of data-driven insights, enabling informed decision-making and personalised offerings. Through cutting-edge analytics, it uncovers valuable patterns and trends, optimising risk management and driving innovation. These transformative investments equipping SMICC to adapt, thrive, and cater to the evolving needs of its customers in the digital age.

Customer-centric Approach

SMICC's transformation has been multi-faceted, encompassing talent, technology, and investment strategies. As a completely foreign-held NBFC, it has maintained an exceptional credit rating for the last decade, granting it greater access to resources.

Another key aspect that sets it apart is its equal emphasis on both urban and rural sectors. The Company straddles both worlds, ensuring a balanced approach and addressing the needs of diverse customer segments. Its book division distinguishes between urban and rural, acknowledging the unique challenges and opportunities each presents.

At its core, SMICC remains committed to providing customers with the best financial solutions to meet their ever-evolving needs.

Driving Growth through Technology

Embracing a transformative journey, SMICC has evolved into a leaner, smarter, and highly technologically enabled organisation. Recognising the vital role of technology in driving growth, it harnessed technology-driven solutions to cater to diverse customer needs and ensure seamless financial services for customers.

Amidst a rapidly changing competitive landscape, technology plays a vital role in driving business success. SMICC has taken substantial strides to bolster its digital capabilities, aligning itself with the changing market dynamics.

Enterprise Architecture

SMICC's digital journey is well underway, with a recent technology review leading to a robust digital strategy. Partnering with leading technology experts, the Company has implemented a cloud-based collections system and redesigned customer and sales journeys. This multi-year endeavour is backed by an enterprise architecture function, guiding technology decisions and modernising legacy systems. The focus lies in aligning organisational goals, business capabilities, and processes with technology solutions while simplifying systems and adopting a modern, cloud-first approach. Aggressive infrastructure upgrades further support its commitment to digital augmentation.

Empowering A Digital Culture

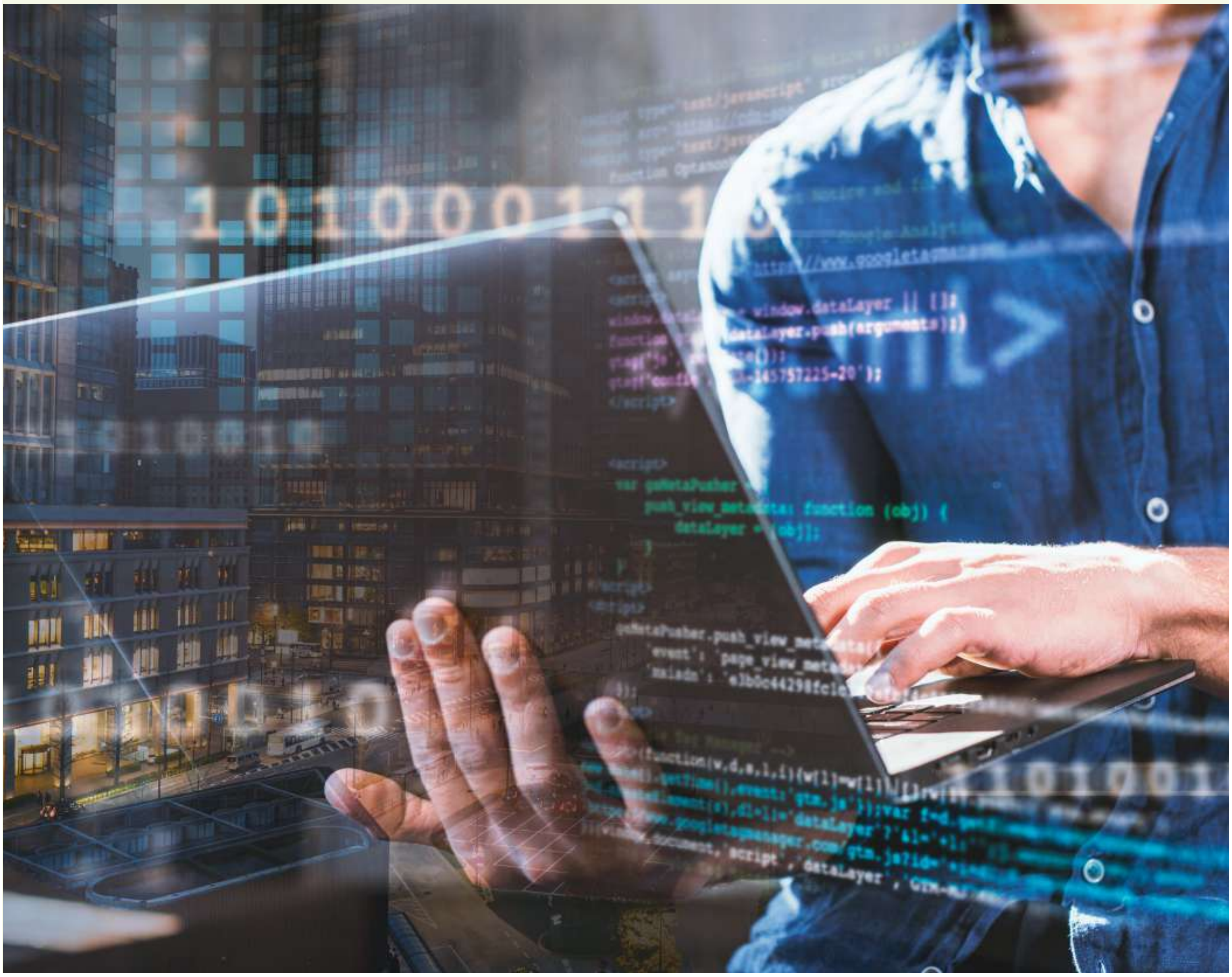
Throughout the year, SMICC undertook significant strides towards fostering a digital culture. Over 220 employees, including senior-level executives, were trained in Agile methodologies, underlining its commitment to adopting Agile practices Company-wide. Additionally, it made substantial progress in assembling a robust technology leadership team, laying a stable foundation for its envisioned technology landscape. As it prioritises digitisation, it also maintains a strong focus on cyber security and resilience. These initiatives reflect the Company's dedication to remaining at the forefront of technological advancements, ensuring an elevated experience for all stakeholders.

Tech-Driven Rural Empowerment

In the rural landscape, SMICC has made remarkable strides in adopting technology to enhance financial services. It has seen substantial growth in personal loans and loan against property with a 55% transition to e-NACH and digital payments like wallets and business correspondents (BCs). Riding the wave of digital payments, it has expanded its reach to self-help groups (SHGs), accounting for 9% of its total pool.

The Company's technology intervention has been extensive, with investments in front and back-end systems, architectural advancements, and robust customer and sales journeys. It makes calculated decisions based on analytics and industry data, strategically approaching different segments. Introducing a brand-new collection app with e-receipts and cloud-based features has modernised its services.

In collaboration with a significant local tech player, the Company has upgraded its infrastructure significantly over the past 18 months, ensuring a seamless and innovative technological foundation.



Building a Vibrant Workforce

In the dynamic world of finance, SMICC's success story is written by its exceptional people who drive its growth, innovation, and customer-centricity.

SMICC's success hinges on the capabilities of its employees, and their invaluable contribution. The management focuses on nurturing their strengths, fostering effectiveness, and ensuring their well-being. As a 'Great Place to Work', for the fourth year in a row and among the 'Companies with Great Managers' for the sixth time in a row, it wholeheartedly champions and recognises the strength of character, endurance, and resilience in its workplace.

Driving Positive Change

On International Women's Day, SMICC proudly launched its gender diversity-focused programe, unTAGGED, Beyond Barriers. The 'Wonder Women at Work' session featured inspiring stories of women leaders overcoming barriers and insights on addressing unconscious biases. The session highlighted the support of male allies in promoting diversity. The Company celebrates women daily, striving to create a diverse and inclusive world for everyone.

Nurturing Talent for Future Success

The Company's employee development framework, 'Gurukul', focuses on skills for current and future roles, preparing employees for new opportunities. They adopt a strategic and holistic approach to build a sustainable organisation and adapt to the evolving business landscape for future success. Furthermore, SMICC underwent a comprehensive revamp of its talent base, successfully regaining lost talent. Presently, 125 out of 400 vice presidents are from the original team. The compliance function and operational risk team were also reinforced to enhance their effectiveness.

Employee Volunteering

SMICC's employees are actively engaged through various volunteering activities and are the driving force behind initiatives such as e-waste collection campaigns, that ensure responsible disposal and promote environmental sustainability. Through tree plantation drives, it embraces nature and creates green havens for future generations. Additionally, its dedicated employees volunteer generously to make donations to the underprivileged, bringing smiles to those who need it most. Together, they are creating a positive impact and nurturing a culture of compassion and care.

4,000+
EMPLOYEES ADDED ACROSS VARIOUS FUNCTIONS

3,800+
EMPLOYEES RECOGNISED AND REWARDED

Social Impact in Action

SMFG India Credit is not just a financial institution; it is an agent of positive change. The Company enables sustainable development and inclusive growth in communities through their Corporate Social Responsibility (CSR) initiatives.

By implementing innovative socio-economic projects, it embraces its role as a responsible corporate citizen. It empowers the under-banked and unbanked, uplifting lives and brightening futures with valuable services and skills. Together, it strives to build a more equitable and thriving world for all. The Company supports underbanked communities by providing financial services and empowering them with skills to enhance their standard of living. Operating under the brand name 'Uday – ek nayi subah', it aims to bring hope and positive change to the lives of the underprivileged.

SMICC's CSR initiatives fall under four main areas of action – healthcare, livelihood, environment, and education, as under:

Healthcare

Niramaya: Primary healthcare

Jyoti: Eye care programmes

Livelihood

Pashu Vikas: Cattle-care camps

Jeevika: Livelihood enhancement and training programmes

Environment

Krishi Mitra: Environment and organic farming

Yuva Kaushal: Skill development for youth

Education

Akshar: Education programmes

Sakhi: Financial literacy

Empowering Women

The successful completion of Sakhi 4.0 resulted in increased awareness of government schemes, benefitting many participants. The initiative offered hands-on training in digital payments, rural postal life insurance, and banking transactions. Moreover, Sakhi played a role in sourcing women candidates for job opportunities at the Company, leading to final placements for 20 women.

30,000+

LIVES IMPACTED THROUGH DIGITAL FINANCIAL LITERACY FOR WOMEN

Healthcare

SMICC's initiatives include health awareness and intervention programmes for the community, particularly the underprivileged, with a focus on eye care and nutrition. Special attention is given to women and children through health interventions promoting best practices. Additionally, there are awareness campaigns on preventive healthcare, emphasising hygiene and clean drinking water.

The Company is committed to improving healthcare access and outcomes for underserved communities through its mobile health vans (MHVs) and health programmes. Currently, there are 17 MHVs in operation, catering to communities across 10 Indian states.

300,000+

LIVES IMPACTED

Livelihood

The Company's CSR initiatives include identifying technical experts to guide programmes, skill development, capacity building, income enhancement through market linkages, and programmes for knowledge enhancement and empowerment.

92,000+

LIVES IMPACTED THROUGH CATTLE-CARE CAMPS

Pashu Vikas Day

SMICC's cattle care camps achieved recognition from the 'World Book of Records' as the world's largest single-day event. Ten mega locations were set up and were visited by members of the leadership team to motivate the on-ground team. The initiative spanned across 375 rural branches, encompassing 450+ villages across 15 Indian states. Over 4,000 employees volunteered to ensure the event's success, which received media coverage on CNBC and TV18.

Environment

In the environmental sector, the Company's CSR initiatives involve the adoption of sustainable environmental practices, including the promotion and adoption of environmentally friendly practices such as organic farming. There are also awareness and adoption programmes for green technology and alternative energy to promote eco-friendly practices.

22,000+

LIVES IMPACTED THROUGH THE PROMOTION OF ORGANIC FARMING

Education

SMICC actively promotes financial education to empower individuals with the knowledge and skills to make informed financial decisions. Through workshops, seminars, and digital resources, it aims to enhance financial literacy and foster better financial management among diverse communities.

Honours of Excellence

Step into a world adorned with accolades and triumphs, where SMICC's exceptional achievements take centre stage. From industry accolades to customer appreciation, these honours reflect the Company's commitment to delivering outstanding financial solutions.

SMICC was recognised as one of **'India's Top Leadership Factories'** by Great Manager Institute for implementing best-in-class leadership development processes and creating leaders at scale, May 2023.

SMICC won a **Bronze** at the second edition of **The Economic Times Human Capital Awards** 2023 in the **'Excellence in Change Management' category**, February 2023.

SMICC won the prestigious **NBFC's Tomorrow Conclave** and **DNA Awards for 'Best Leadership Development Initiative**' under Human Resources Group, August 2022.

The Company was certified as a **'Great Place to Work'** for the **fourth** time in a row by the Great Place to Work® Institute, February 2023.

SMICC won the much-coveted **Golden Peacock HR Excellence Award 2021** in the 'Financial Services' category, June 2022.

SMICC was recognised among the **'Companies with Great Managers'** for the **sixth** time in a row by People Business, December 2022. Additionally, **two managers were also bestowed with the 'Great Manager Award'.**

Corporate Information

Board of Directors

MR. SHIRISH APTE
Non-Executive, Independent Director, Non-Executive Chairman
(Ceased w.e.f. 30 April, 2022)

MR. NOBUYUKI KAWABATA
Non-Executive, Non-Independent Director,
Non-Executive Chairman
(Appointed as Non-Executive Chairman w.e.f. 7 May, 2022)

MR. YEO HONG PING
Non-Executive, Non-Independent Director

MR. SHANTANU MITRA
CEO & Managing Director

MR. RAJEEV KANNAN
Non-Executive, Non-Independent Director

MR. ANINDO MUKHERJEE
Non-Executive, Non-Independent Director

MS. SEEMA BAHUGUNA
Non-Executive, Independent Director
(Appointed w.e.f. 26 April, 2022)

MR. DIWAKAR GUPTA
Non-Executive, Independent Director
(Appointed w.e.f. 13 July, 2022)

MR. COLATHUR NARAYANAN RAM
Non-Executive, Independent Director
(Appointed w.e.f. 7 September, 2022)

DR. MILAN SHUSTER
Non-Executive, Independent Director
(Ceased w.e.f. 30 September, 2022)

MS. SUDHA PILLAI
Non-Executive, Independent Director
(Ceased w.e.f. 30 September, 2022)

MR. RAJARAMAN BALACHANDER
Non-Executive, Independent Director
(Appointed w.e.f. 10 October, 2022)

MS. DAKSHITA DAS
Non-Executive, Independent Director
(Appointed w.e.f. 28 February, 2023)

Chief Financial Officer

MR. PANKAJ MALIK

Company Secretary

MR. ARUN MULGE
(Ceased w.e.f. 1 August, 2022)

MR. GIRISH KOLIYOTE
(Appointed w.e.f. 2 August, 2022 and ceased w.e.f. 15 April, 2023)

Statutory Auditor

Kalyaniwalla & Mistry LLP; and
KKC & Associates LLP *(Formerly Khimji Kunverji & Co. LLP)*

Bankers

Asian Development Bank
Axis Bank Limited
Bank of America
Bank of Baroda
Barclays Bank
Canara Bank
DBS Bank
DCB Bank Limited
Deutsche Bank
HDFC Bank Limited
ICICI Bank
IDBI Bank
Indian Overseas Bank
International Finance Corporation
Karnataka Bank
Kotak Mahindra Bank
Punjab National Bank
South Indian Bank
Standard Chartered Bank
State Bank of India
Sumitomo Mitsui Banking Corporation
The Federal Bank Limited
The Hongkong and Shanghai Banking
UCO Bank
Union Bank of India

Rating Agencies

CARE Ratings
CRISIL Ratings Ltd
ICRA Ltd
India Ratings and Research Private Limited

Registered Office

Megh Towers, 3rd floor, Old No.307, New No. 165, Poonamallee High Road, Maduravoyal, Chennai – 600 095.

Corporate Office

10th floor, Office No. 101, 102 & 103, 2 North Avenue, Maker Maxity, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.

Our Powai office (address given below) would continue to be an Annex to the Corporate Office

B Wing, 6th floor, Supreme Business Park, Hiranandani, Powai, Mumbai – 400 076.

Directors' Report

Dear Members,

The Board of Directors takes immense pleasure in presenting the 28th Annual Report and the Audited Financial Statements of SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)* (SMICC), for the financial year (FY) ended 31 March, 2023.

Background

SMICC is a leading financial services company in India, engaged in the lending business, offering a wide array of products and services to its customers in retail, micro consumers and MSME segments. SMICC, along with its wholly owned subsidiary SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)* (SMHFC) is committed to serving its customers through superior financial services solutions, with over 16 years of proven track record in the lending space, with pan-India presence through its 850+ branches and retail touch points, covering over 600 towns and 65,000 villages.

SMICC operates in niche sectors and provides financial access to the underserved and unserved segments of customers. It is committed to 'power aspirations and empowering lives' through loans for personal as well as business use. The Company's primary services constitute financing of SME/MSME for working capital and growth through an array of products such as Loan Against Property (LAP), Commercial Vehicle loans, Business Loans, etc. Retail lending solutions include Personal Loans, Home Loans, Home Improvement Loans, Two-wheeler Loans, loans for rural livelihood advancement, Rural Housing loans, and loans for micro enterprises, among others.

SMHFC primarily operates in the affordable housing space and provides home loans and LAP to its retail customers, both salaried and self-employed. SMHFC also provides loans to developers for construction of residential and commercial properties. SMHFC is poised to grow its distribution in sub-urban towns and establish outreach through an extensive direct sourcing model.

New Identity of Progress

Following the acquisition of 74.9% of the Company's paid-up share capital by Sumitomo Mitsui Financial Group (SMFG) from Angelica Investments Pte. Ltd. and Fullerton Financial Holdings Pte. Ltd. in November 2021, the Company, along with its wholly owned subsidiary, SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)* (SMHFC) assumed the new name to indicate the association with SMFG.

The Company, following the name change, also changed the whole branding in June 2023. Inheriting its new logo and aesthetics from the new parent company, SMFG, the new logo with the rising mark, along with the new tagline *'Pragati ki Nayi Pehchaan'* (new identity of progress) signifies our customers' aspirations and our actions to fulfil those aspirations – a true catalyst of their progress.

Fullerton India
Rishta Sammaan Ka

SMFG
IndiaCredit
Pragati Ki Nayi Pehchaan

The Company's housing finance subsidiary too changed its identity to 'SMFG Grihashakti'. Leveraging the legacy and brand recall of 'Grihashakti', new logo reflects a new sense of hope and confidence for its customers in the affordable housing space.

Fullerton Grihashakti
Iraada hai toh Raasta hai

SMFG Grihashakti
Nayi Asha. Naya Vishwas.

The Board and its management would like to reiterate that while the Company has changed its branding, the underlying strong business values and its commitment to customers and communities remain unchanged.

Strong Financial Performance

SMICC's Assets Under Management (AUM) grew by 44% in FY 2022-23 [March 2023: ₹36,613 crores as against ₹25,398 crores in March 2022], driven by higher disbursements during the year.

Profit after tax grew 9.6x in FY 2022-23 [₹709 crores as against ₹74 crores in FY 2021-22], primarily due to increase in average earning assets and lower credit cost during the current year.

₹36,613 crores

ASSETS UNDER MANAGEMENT UP 44% YOY

₹709 crores

PROFIT AFTER TAX UP 9.6X YOY

Portfolio quality of the Company improved during the year. Stage-3 ratio (gross) as at March 2023 stood at 3.9% as against 6.7% at March 2022 and Stage-3 ratio (net) as at March 2023 stood at 2.1% as against 3.1% at March 2022.

Return on Equity (ROE) and Return on Assets (ROA) improved significantly in the current year. ROE grew to 14.7% from 1.7% and ROA grew to 2.1% from 0.3%. Earnings Per Share (EPS) grew to ₹3.2 in FY 2023 as against ₹0.3 reported last year.

Shareholders' Funds grew to ₹5,215 crores as at March 2023 as against ₹4,462 crores as at March 2022, due to profits during the year. Book value per share also increased to ₹23.2 per share from ₹19.9 per share.

The Company continues to maintain a healthy capital adequacy ratio. The capital adequacy ratio at a standalone level stood at 18.8% as at March 2023, against the regulatory requirement of 15.0%.

Please refer 'Management Discussion and Analysis' section enclosed as **Annexure I** to this report, for further details on the performance of the Company.

1. Financial Performance Highlights for FY 2022-23

The Company delivered a strong set of numbers for the year under review, with robust growth in both income and net profit, aided by buoyant credit demand on the back of a solid expansion in India's economic output.

(₹ crores)

Particulars	Standalone		Consolidated	
	FY 2022	FY 2023	FY 2022	FY 2023
Total income	**3,591**	**5,028**	**4,093**	**5,712**
Finance cost	(1,325)	(1,765)	(1,596)	(2,122)
Depreciation	(87)	(108)	(94)	(120)
Operating expenses	(1,203)	(1,705)	(1,338)	(1,935)
Pre- impairment operating profit	**976**	**1,450**	**1,065**	**1,535**
Impairment on financial assets	(891)	(555)	(958)	(587)
Profit before tax	**85**	**895**	**107**	**948**
Tax expense	(27)	(224)	(33)	(239)
Profit after tax	**58**	**670**	**74**	**709**
Balance brought forward from previous year	240	286	122	181
Transfer to Reserve Fund under Section 45- IC & Section 29C(i) of the RBI Act, 1934 and NHB Act, 1987	(12)	(134)	(15)	(141)
Surplus carried to Balance Sheet	**286**	**822**	**181**	**749**

* Previous year's figures have been regrouped based on current year's classification.

2. Capital Adequacy

The Company maintains a healthy capital adequacy ratio as of 31 March, 2023, at 18.8%, as against the regulatory requirement of 15.0%.

3. Dividend

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

4. Transfer to Reserves

During the year, the Company transferred ₹134 crores (20% of the profit for the year), to reserves created as per the norms laid down under Section 45-IC of the Reserve Bank of India Act, 1934.

5. Share Capital

During the year, the Company did not issue any new shares. The total issued, subscribed, and paid-up capital of the Company as of 31 March, 2023, stood at ₹2,246.72 crores. The details of the equity shares of the face value of ₹10 each, held as of 31 March, 2023, are as under:

Name	Number of Shares	%
Sumitomo Mitsui Financial Group along with six (6) nominee shareholders	1,682,791,295	74.90
Angelica Investments Pte. Ltd.	563,926,055	25.10
Total	**2,246,717,350**	**100.00**

6. Disclosure on ESOPs

The Company does not have any employee stock option/ purchase scheme. The details of share appreciation rights are mentioned in Note 39 of the notes to accounts to the audited standalone financial statements.

7. Performance of Housing Finance Subsidiary

SMHFC's total loan portfolio stood at ₹6,426 crores as of 31 March, 2023, as against ₹4,456 crores as of 31 March, 2022, up 44% YoY. SMHFC's PBT grew 134% YoY to ₹54 crores from ₹23 crores.

The financial statements of the subsidiary Company is also available on the Company's website at https://www.smfgindiacredit.com/investors/disclosures-under-regulation-62-of-the-lodr/subsidiaries-accounts.aspx

As per Regulation 16(1)(c) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ('SEBI LODR 2015') SMHFC is identified as a material subsidiary of the Company. Accordingly, Policy on Material Subsidiary has been prepared. The same is available on website at https://www.smfgindiacredit.com/policies.aspx

Pursuant to Section 129(3) of the Act, a Statement in Form AOC-1 containing salient features of the financial statement of the subsidiary Company, forms part of the financial statements.

During the year under review, the Company did not have any associate or joint venture.

8. State of Company's affairs, Economy, Industry Overview, future outlook etc.

A detailed overview of the state of affairs of the Company, economy, industry overview, future outlook etc. is provided in the 'Management Discussion and Analysis' section enclosed as **Annexure I** to this report.

9. Change(s) in the nature of business, if any

There were no changes in the nature of the business of the Company during the year under review.

10. Debt Position

During FY 2022-23, the Company met its funding requirements through the issue of Commercial Papers and secured as well as unsecured Non-Convertible Debentures (NCDs). The total incremental borrowings on a standalone level, during the financial year stood at ₹20,605 crores (₹9,302 crores repaid during the year). The Company issued ₹1,980 crores of commercial papers (₹600 crores repaid during the year) and ₹3,865 crores were raised through issuance of secured and unsecured non-convertible debentures (₹2,788 crores repaid during the year for secured and unsecured non-convertible debentures) to various mutual funds, High Net worth Individuals (HNIs) and financial institutions, on a private placement basis. The Company raised funds equivalent to USD 350 million via the ECB route to diversify borrowing sources and repaid ECB Loan equivalent of USD 250 million. During the previous year, the Company achieved significant progress in raising funds through two channels. Firstly, it sold a pool of assets, both secured and unsecured, as underlying assets, via direct assignment amounting to ₹48,258 lakhs. Secondly, it utilised the Pass-through Certificates (PTC) route, securing an additional ₹8,838 lakhs.

The Company availed long-term and short-term bank loans of ₹11,894 crores (and repaid ₹4,121 crores during the year) from banks (including Working Capital Demand Loan). The Company has been regular in repayment of its borrowings and payment of interest thereon. No interest payment or principal repayment of the term Loans or on the NCDs was due and unpaid as of 31 March, 2023.

11. Robust Credit Ratings

During the year under review, rating agencies reaffirmed/issued the following ratings to the Company:

Rating Agency	Facility	Type	Rating
CRISIL	LT	NCD/BL/SD/Retail- NCD/MLD-NCD	CRISIL AAA with stable outlook
	ST	CP	CRISIL A1+
ICRA	LT	NCD/BL/SD/Retail-NCD/MLD-NCD	ICRA AAA with stable outlook
	ST	STD/CP	ICRA A1+
CARE	LT	NCD/BL/SD	CARE AAA with stable outlook
	ST	CP	CARE A1+
India Ratings	LT	SD	IND AAA with stable outlook

LT - Long-term
NCD - Non-convertible debentures
CP - Commercial paper
STD - Short-term debt
MLD - Long-Term Principal Protected Market Linked Debentures
ST - Short-term
SD - Subordinate debt
BL - Bank lines
Retail NCD - Retail Non-Convertible Debentures

A status of ratings assigned by rating agencies and migration of ratings during the year is also provided in *'note to the standalone financial statements'* of the Company.

12. Loans/Advances/Investments Outstanding During FY 2022-23

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

Sr. No.	Particulars	Amount Outstanding as of 31 March, 2023	Maximum Amount Outstanding During the Year Ending March 2023	Amount Outstanding as of 31 March, 2022	Maximum Amount Outstanding During the Year Ending March 2022
a.	Loans and advances in the nature of loans to subsidiary: SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)*	Nil	Nil	Nil	Nil
b.	Loans and advances in the nature of loans to Associate	NA	NA	NA	NA
c.	Loans and advances in the nature of loans to firms/ companies in which Directors are interested	Nil	Nil	Nil	Nil
d.	Investments by the loanee (borrower) in the shares of parent company and subsidiary company, when the Company has made a loan or advance in the nature of loan	Nil	Nil	Nil	Nil

As on the reporting date, the Company has offered a committed line of credit of ₹250 crores at an arms-length price to SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)*, its wholly owned subsidiary. These lines are shown as off-balance sheet under Note no. 41(b) of the financial statements.

There were no transactions done by the Company with any person or entity belonging to the promoter/promoter Group, which hold(s) 10% or more of the shareholding of the Company, except those as disclosed in the note on related party transaction in the financial statement.

13. Dynamic Risk Management

SMICC has built a robust risk management framework and continues to strongly monitor risk arising out of external and internal events, including macro-economic factors, changes in regulatory landscape and geopolitical scenarios. The Board oversees the risk management framework of the Company through regular and proactive intervention by senior management personnel.

The objective of the risk framework is to ensure that the Company underwrites to prudent risk standards, focuses on its target segment, and delivers sustainable profitability. The risk management framework (covering Credit Risk, Market Risk, Liquidity Risk, Operational Risk, and Reputation Risk) operates through five key principles viz:

- Independent governance and risk management/ oversight structure.
- An overarching risk appetite statement, which defines the shape of the portfolio, delivering predictable returns through economic cycles, and optimising enterprise-wide risk-return and capital deployment.
- Establishment of forward-looking risk assessment with pre-emptive credit and liquidity interventions, to ensure early action in the event of emerging market adversity.
- Maintenance of well-documented credit risk policies and credit programmes with performance guardrails.
- Extensive use of credit bureau and anti-fraud capabilities as an integral part of the decision-making processes.

A comprehensive risk management framework and well-established tools helps the Company to evaluate and remediate (both qualitatively and quantitatively) risks at entity level. The Company's senior management is responsible for period assessment and effectiveness of the framework.

Please also refer to the 'Management Discussion and Analysis Report', enclosed as **Annexure I** to this report, for more details.

14. Strengthening Digital Capabilities

Digitalisation and platforms are evolving at a fast pace, and the market is witnessing change every day. Digital transformation continues to be an area of utmost and continuous importance to SMICC.

During the period of review, SMICC invested heavily in building best-in-class digital capabilities across major functions and business processes. This in turn enabled the Company to provide superior customer experience, added avenues for digital lending partnerships and greater operational efficiency across the business value chain.

Further, FY 2022-23 also witnessed several regulatory guidelines and changes with respect to technology and its use in business, especially in the Digital Lending space, and the Board is pleased to inform that the Company successfully complied with the said regulations.

15. Corporate Social Responsibility (CSR)

The Corporate Social Responsibility Committee ('CSR Committee') presently comprises of Mr. Rajeev Kannan (Chairman of the Committee), Mr. Yeo Hong Ping, Mr. Shantanu Mitra, and Ms. Seema Bahuguna (other members). Terms of Reference of the CSR Committee are given in the 'Report on Corporate Governance'. The Company's CSR policy, including an overview of the CSR projects undertaken by the Company, is enclosed as **Annexure V** to this report.

The CSR policy is available on Company's website at https://www.smfgindiacredit.com/policies.aspx.

16. Nurturing Human Capital

With such a large distribution, diversified culture and customer segments and financial inclusion philosophy, the Company's biggest strength is its Human Capital. As of 31 March, 2023, the employee strength stood at 16,545 for SMICC and 2,106 for SMHFC. The Company follows a detailed and meticulous induction training programme to equip our employees with necessary organisational knowhow and knowledge of business models to deliver in their roles. Employees have also periodically undergone mandatory training on the various modules prescribed by the Regulators.

Embracing Equity and Diversity

Diversity is one of the core values of the Company and it is firmly committed towards building an inclusive ecosystem for all the employees, customers, value chain partners and communities which it operates in. On International Women's Day, on 8 March, 2023, the Company launched 'unTAGGED', a comprehensive framework on Diversity, Equity and Inclusion ('DE&I'). With gender inclusion being the primary focus area in FY 2023-24, the framework is drawn, comprising of key pillars, to drive and build an inclusive organisation.

- The **'Representation'** pillar focuses on improving gender diversity through affirmative and inclusive hiring practices. The Company aspires to become a preferred employer brand for women in the BFSI sector. The Company increased the women representation in the workforce by 40% YoY in FY 2022-23.
- The **'Culture'** pillar, also called 'TInT – Thinking Independently Together', focuses on the core objective of addressing unconscious biases and building a culture of allyship. In FY 2023-24, the Company plans to roll out sensitisation training for the senior leadership and managerial workforce.
- The **'Development'** pillar covers initiatives such as 'Winspire' and 'Wonder Women at Work' that focus on career development, mentoring, coaching and engagement of women employees. The Company hosted the first 'Wonder Women at Work' session on International Women's Day 2023, with senior women leaders sharing their professional and personal journeys of breaking stereotypes and inspiring others. The pillar will continue to focus on building communities for women to enable them to lean in for peer-to-peer support and networking.
- The **'Recognition'** pillar includes initiatives such as 'HERcules' and 'SHEroes', which are platforms to recognise women trailblazers, who are/can be the role models for other employees.
- Through the **'Policies'** pillar, the Company intends to focus on enhancing employee policies and workplace infrastructure from an inclusion lens and improve the overall well-being of employees.
- The Company will also leverage **'Wellness'** solutions and employee assistance programme (EAP) partners to support women employees, especially during critical life stages.
- Through the **'Communities'** pillar, the Company will continue to leverage flagship CSR programmes 'Sakhi' and 'Jeevika', focused on financial literacy and livelihood generation for women from underprivileged backgrounds.

With this holistic framework, the Company will continue its sustained efforts on building a gender balanced and inclusive workplace, while also enhancing the lives of women in the communities we operate in.

Attrition

As of 31 March, 2023, the attrition rates at SMICC showed a slight difference between genders, with 29.71% for females and 29.35% for males. Age-wise, the attrition figures were 33.20% for employees under 30, 26.41% for age range 30-50, and 8.99% for employees aged 50 and above.

On the other hand, SMHFC experienced varying attrition rates between genders with 19.89% among females and 30.42% among males. Regarding age, the attrition percentages were 20.72% for employees under 30, 33.01% for ages 30-50, and 0% for employees aged 50 and above.

Training

The Company emphasises on detailed training, undertaken periodically, some of which are mandatory. These sessions are planned based on employee's grade-wise or project wise requirement. The following data represents the average days of training conducted as of 31 March, 2023:

Type	Avg Training Days/Emp
Average Training Days Per Employee (Overall)	2.64
Average Training Days Per Employee (SMICC)	2.78
Average Training Days Per Employee (SMHFC)	1.76
Average Training Days Per Employee (Male Employees)	2.60
Average Training Days Per Employee (Female Employees)	3.12

Grade	Avg Training days/Emp
Senior Management	1.98
Middle Management	1.26
Junior Management	2.81

Encouraging Volunteering for Environment

The Company believes in creating opportunities for its people to do good for the environment. For this, the HR and CSR teams identify, plan, and roll out initiatives that create employee volunteering opportunities that positively impact the environment.

- **E-waste Drive:** This initiative was started in October 2022 to sensitise employees on the problem of growing e-waste, which is one of the most pressing issues facing the environment. The initiative created awareness on e-waste and the impact of pollution created by its unauthorised handling. An e-waste donation drive was also conducted across seven states. The collected/donated e-waste was handed over to authorised recyclers for processing and disposal. The employees, along with non-governmental organisation (NGO) partners, also created e-waste awareness among 5,000+ school children across various locations nationwide.
- **Tree Plantation Drive:** The Company celebrated July 2022 as environment month to raise awareness on environmental sustainability. Our teams, along with NGO partners, conducted plantation drives across 11 locations nationwide. About 1,000+ employees volunteered and planted indigenous trees.

The Path Ahead

The Company understands that building an organisation for perpetuity requires a strategic and holistic approach. The Company will continue to enhance Human Capital, through the following steps:

- Upskilling the talent pool by providing them with **regular training and development programmes**.
- Building a **strong leadership pipeline** to ensure that there is a robust succession plan in place.
- Leverage and grow internal talent and focus on **Employee Capability Development programmes**.
- Focus on **embracing innovation and staying ahead of the curve**, providing a culture and environment that can foster great ideas.
- **Building a strong brand** and reputation that will stand the test of time.

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

17. Corporate Governance

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

However, the Company has complied with the conditions of corporate governance as stipulated in the SEBI LODR 2015 as on 31 March, 2023. A detailed report on corporate governance and a copy of the certification of the Chief Executive Officer ('CEO') and Chief Financial Officer ('CFO') of the Company are provided as **Annexure II and III** to this report. A certificate from the Practicing Company Secretary regarding compliance of conditions of corporate governance is provided as '**Annexure A**' to this report.

Directors and Key Management Personnel

Based on the recommendation of the Nomination and Remuneration Committee (NRC), the following changes had taken place in the composition of the Board during FY 2022-23:

Appointment of Directors

- Ms. Seema Bahuguna (DIN: 09527493) was appointed as an Additional Director (Non-Executive, Independent) of the Company, with effect from 26 April, 2022. The shareholders in the Annual General Meeting ('AGM') held on 20 September, 2022, approved the appointment of Ms. Seema Bahuguna as an Independent Director for a term of three years, with effect from 26 April, 2022, up to 25 April, 2025, not liable to retire by rotation.
- The Board, appointed Mr. Nobuyuki Kawabata (DIN: 09362144), Non-Executive, Non-Independent Director as the Chairman of the Company, with effect from 7 May, 2022.
- Mr. Diwakar Gupta (DIN: 01274552) was appointed as an Additional Director (Non-Executive, Independent) of the Company, with effect from 13 July, 2022. The shareholders in the Annual General Meeting held on 20 September, 2022, approved the appointment of Mr. Diwakar Gupta as an Independent Director for a term of three years, with effect from 13 July, 2022 up to 12 July, 2025, not liable to retire by rotation.
- Mr. Colathur Narayanan Ram (DIN: 00211906) was appointed as an Additional Director (Non-Executive, Independent) of the Company, with effect from 7 September, 2022. The shareholders in the Extra Ordinary General Meeting held on 24 November, 2022, approved the appointment of Mr. Colathur Narayanan Ram as an Independent Director for a term of three years, with effect from 7 September, 2022, up to 6 September, 2025, not liable to retire by rotation.
- Mr. Balachander Rajaraman (DIN: 08012912) was appointed as an Additional Director (Non-Executive, Independent) with effect from 10 October, 2022. The shareholders in the Extra Ordinary General Meeting held on 24 November, 2022, approved the appointment of Mr. Balachander Rajaraman as an Independent Director for a term of three years, with effect from 10 October, 2022 up to 9 October, 2025, not liable to retire by rotation.
- Ms. Dakshita Das (DIN: 07662681) was appointed as an Additional Director (Non-Executive, Independent) with effect from 28 February, 2023. The shareholders in the Extra Ordinary General Meeting held on 13 April, 2023, approved the appointment of Ms. Dakshita Das as an Independent Director for a term of three years, with effect from 28 February, 2023, up to 27 February, 2026, not liable to retire by rotation.

Cessation

- Mr. Shirish Apte (DIN: 06556481), Chairman and Non-Executive, Independent Director ceased to be a Non-Executive Chairman and Director of the Company, with effect from the close of business hours on 30 April 2022, due to his other professional commitments.
- Dr. Milan Shuster (DIN: 07022462), Non-Executive, Independent Director, ceased to be a Director of the Company, with effect from close of business hours on 30 September, 2022, due to the completion of his tenure.
- Ms. Sudha Pillai (DIN: 02263950), Non-Executive, Independent Director, ceased to be a Director of the Company, with effect from close of business hours on 30 September, 2022, due to the completion of her tenure.

The Board placed on record its appreciation for the valuable contributions made by Mr. Shirish Apte, Dr. Milan Shuster, and Ms. Sudha Pillai during their tenure and wished them the best for their future endeavours.

Retirement by Rotation

As per Section 152 of the Companies Act, 2013 ('the Act') and the Articles of Association of the Company, Mr. Yeo Hong Ping (DIN: 08401270) is liable to retire by rotation at the ensuing AGM of the Company and being eligible, has offered himself for re-appointment. The Board recommends his re-appointment as a Director of the Company.

The shareholders of the Company may refer to the Notice convening the 28th Annual General Meeting and the Annual Report of the Company, for a brief profile of Mr. Yeo Hong Ping.

Declaration from Independent Directors

The Company has received declarations from the Independent Directors of the Company stating that they meet the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (SEBI LODR 2015). Based upon the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI LODR 2015 and that they are independent of the management.

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

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

All Independent Directors of the Company have confirmed that they their name is registered in the databank of Independent Directors maintained by the IICA.

Key Managerial Personnel

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

Key Managerial Personnel	Designation
Mr. Shantanu Mitra	Chief Executive Officer and Managing Director
Mr. Pankaj Malik	Chief Financial Officer
Mr. Girish Koliyote	Company Secretary[1]

Mr. Arun Mulge resigned as the Company Secretary of the Company with effect from the close of business hours on 1 August, 2022. Pursuant to his resignation, Mr. Girish Koliyote was appointed as the Company Secretary with effect from 2 August, 2022. The Board placed on record their deep appreciation for the services rendered by him during his tenure as the Company Secretary of the Company.

Mr. Girish Koliyote resigned as the Company Secretary of the Company with effect from the close of business hours on 15 April 2023. The Company shall appoint a Company Secretary within the time limits stipulated under applicable laws.

Number of Meetings of the Board of Directors

The Board of Directors of the Company met five times during the financial year.

i. 12 May, 2022;

ii. 28 July, 2022;

iii. 11 November, 2022;

iv. 2 February, 2023; and

v. 31 March, 2023.

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

Details of the meetings and attendance thereat forms part of the '**Annexure II** of the Report on Corporate Governance'.

Board Evaluation

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

The Board completed the annual evaluation of its own performance, the individual Directors (including the Chairman) as well as the working of all Board Committees. The Board was assisted by the Nomination and Remuneration Committee (NRC). The performance evaluation was conducted by seeking inputs from all the Directors.

Audit Committee

The Audit Committee presently comprises of Mr. Diwakar Gupta who serves as the Chairman of the Audit Committee, Mr. Anindo Mukherjee, Mr. Nobuyuki Kawabata, Ms. Seema Bahuguna, Mr. Colathur Narayanan Ram, and Mr. R Balachander as other members. The terms of reference of the Audit Committee are mentioned in the 'Report on Corporate Governance', enclosed as **Annexure II** to this report. All the recommendations made by the Audit Committee during the year were accepted by the Board.

Nomination and Remuneration Committee (NRC)

The NRC presently comprises of Mr. Colathur Narayanan Ram who serves as the Chairman of the NRC Committee, Mr. Yeo Hong Ping, Mr. Nobuyuki Kawabata, Ms. Seema Bahuguna, Mr. Diwakar Gupta, and Mr. R. Balachander as other members. The Terms of Reference of the Nomination and Remuneration Committee are mentioned in the 'Report on Corporate Governance', enclosed as **Annexure II** to this report.

[1]Company Secretary is also designated as Compliance Officer in terms of Regulation 6(1) of the SEBI LODR, 2015

The Company has laid out clear guidelines as approved by the Board in respect of the 'fit and proper' criteria for the appointment of directors, in accordance with the norms as prescribed by the RBI. Further, as per the terms of reference of the NRC, the policy on remuneration of directors, key managerial personnel and other employees of the Company has been put in place, incorporating principles of fairness, scale-based regulations recommended by the RBI, pay for performance, a sufficient balance in rewarding both short-term and long-term objectives as reflected in the pay mix of fixed and variable pay.

The Policy on remuneration of directors, key managerial personnel and other employees of the Company is available on the website of the Company at https://www.smfgindiacredit.com/policies.aspx.

18. Details of Holding Company

Pursuant to the completion of acquisition of 74.9% of paid-up share capital of the Company by Sumitomo Mitsui Financial Group (SMFG) from Angelica Investments Pte. Ltd. and Fullerton Financial Holdings Pte. Ltd. on 30 November, 2021, SMFG became the holding company. SMFG is based in Japan and is one of the largest banking and financial services groups in the world, having a presence in 40 countries, with assets size of ~USD 2 trillion as on 31 March, 2023.

19. Auditors

Statutory Auditors

At the Annual General Meeting held on 20 September, 2022, M/s. Khimji Kunverji & Co LLP, Chartered Accountants (Firm Registration No. 105146W/W100621) were appointed to continue as one of the Joint Statutory Auditors of the Company, to hold office as such for a period of two years, from the conclusion of the 27th Annual General Meeting until the conclusion of the 29th Annual General Meeting of the Company.

During the year under review, M/s KKC & Associates LLP, Chartered Accountants (Firm Registration No. 105146W/W100621) and M/s. Kalyaniwalla & Mistry LLP, Chartered Accountants, Mumbai (Firm Registration No. 104607W/W100166) conducted joint statutory audit for the financial year 2022-23 and issued their Audit Report. The said Audit Report does not contain any qualification or reservation or any adverse remarks or disclaimer and is self-explanatory. Copy of the said Audit Report forms part of the Annual Report.

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

Secretarial Auditors

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

Cost Auditors

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

20. Certificate on Compliance with the Regulations as Regards Downstream Investment and other FEMA Regulations

During the year, the Company had invested ₹100 crores in its wholly owned subsidiary company, SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)*. The Company has complied with the regulations on downstream investment and other relevant matters under the Foreign Exchange Management Act, 2000.

21. Vigil Mechanism

The Company has put in place a whistle-blower policy as part of the vigil mechanism for reporting genuine concerns by any stakeholder against any other one pursuant to Section 177(9) of the Act and Regulation 4(2)(d)(iv) of the SEBI LODR 2015. The whistle-blower policy, which has been uploaded on the website of the Company, provides an opportunity for anyone to report their concerns to the Management about any actual or suspected unethical behaviour, fraud, or violation of the Company's Code of Conduct. The whistle-blower policy also provides safeguards against victimisation of stakeholders, who report their concerns. The whistle-blower policy comprehensively covers processes for receiving, analysing, investigating, taking corrective action, and reporting of the concerns raised.

The whistle-blower policy is available on the website of the Company at https://www.smfgindiacredit.com/policies.aspx.

All the whistle-blower complaints received either through the mailbox enabled for whistle blowing or by any other mode are perused, investigated into and appropriate actions are initiated. An update on whistle-blower complaints received, investigated and corrective action taken, is presented to the Audit Committee, on a quarterly basis.

22. Secretarial Standards

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

23. Material Changes and Commitments affecting the Financial Position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of the Report

There have been no such material changes and commitments affecting the financial position of the Company that have occurred between the end of the financial year of the

Company to which the financial statements relate and the date of this Report.

24. Details of Significant and Material Orders Passed by the Regulators/Courts/Tribunals Impacting the Going Concern Status and the Company's Future Operations

During the year under review, there were no significant and material orders passed by the regulators/courts/tribunals impacting the going concern status of the Company and its future operations.

25. Internal Financial Controls

As required under Section 134(5) of the Act, the Company undertook an evaluation of internal financial controls, in accordance with the criteria established under the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organisations of the Treadway Commission. The identified process maps, key controls, risk registers and control matrices were evaluated for existence and effectiveness of control based on samples; remedial action have been taken or agreed upon where control weaknesses were identified. Based on the results of the said tests, the Directors and Management team believes adequate internal financial controls exist.

The Joint Statutory Auditors of the Company have also certified on the existence and operating effectiveness of the internal financial controls relating to financial reporting as of March 2023.

26. Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31 March, 2023 is available on the Company's website at https://www.smfgindiacredit.com/investors/annual-return.aspx.

27. Deposits

Being a non-deposit taking systemically important NBFC, your Company did not accept any public deposits during the year under review within the meaning of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 and the provisions of the Act.

28. Loans, Guarantees or Investments Under Section 186 of the Act

The Company, being a NBFC registered with the RBI, is exempt from complying with the provisions laid down under Section 186 of the Act, as regards to loan and advances made, guarantees given or security provided. Accordingly, the disclosures of the loans given as required under the aforesaid section have not been made in this Board's Report. The details of investments made by the Company are given in note no. 5 and details of the guarantee given are disclosed in note no. 41(a) of the Standalone Financial Statements.

29. Related Party Contracts or Arrangements

All contracts/arrangements/transactions entered into/by the Company during the financial year under review with related parties were on arms' length basis and usually in the ordinary course of business of the Company. There were no materially significant related party transactions made by the Company with its promoters, directors, key managerial personnel, or other designated persons, which may have potential conflict with the interest of the Company at large. Related party transactions were placed before the Audit Committee and the Board, for their approval, as required, and the particulars of such transactions are disclosed in the notes to the financial statements. Pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no related party transactions to be reported under Section 188(1) of the Act and Form AOC-2 is not applicable to the Company.

The Company obtained approval from the Audit Committee at the meeting held on 28 July, 2022, for raising External Commercial Borrowings from SMBC Bank which is a related party of the Company on account of being a fellow subsidiary. The value of the transaction amounted to USD 350 Million, thereby being a material related party transaction. However, as related parties cannot vote to approve the transaction as per Reg. 23(4), the Company could not obtain shareholder approval for the same due to a resulting deadlock.

The policy on related party transactions, as approved by the Board is available on the website of the Company at https://www.smfgindiacredit.com/policies.aspx and annexed to the Director's Report as **Annexure VI**.

The particulars of the transactions entered into between the Company and 'related parties' are given in note 63 of notes to accounts to the standalone financial statements.

30. Management Discussion and Analysis

In accordance with the applicable provisions of the Para 4.6 of Annex XIV of RBI Master Direction on NBFC – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, a detailed review of the operations, financial performance, risk management, outlook, among others, is provided under the section 'Management Discussion and Analysis' enclosed as **Annexure I** to this report.

31. Fraud Reporting

The Company reports occurrence of frauds to the RBI as and when such case/s are detected and progress report and consolidated summary report is submitted every quarter in terms of the RBI regulations. The details of the frauds that occurred during the quarter are placed before the Audit Committee meeting held immediately after the end of each quarter. During the year under review, there were 34 instances of fraud cases amounting to ₹9.73 crores, which were reported to the Board. The Company has taken appropriate staff accountability action in respect of all these cases.

During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the Audit Committee under Section 143(12) of the Act, any instances of fraud Committed against the Company by its officers or employees, the details of which needs to be mentioned in the Board's Report.

32. Revision of Financial Statements or Board's Report

There have been no revisions in the financial statements or the Board's Report as approved by the shareholders of the Company and published in the Annual Report.

33. Details of Debenture Trustees

The details of the entities which acted as the debenture trustees for the debenture holders of the Company during the year, are as under:

Sr. No.	Trustee	Contact Details
1	Catalyst Trusteeship Limited	GDA House, Plot No. 85, Bhusari Colony, Paud Road, Pune – 411 038 Phone: 020 – 25280081 Extension: 107 Fax: 020 – 25280275
2	Vistra ITCL (India) Limited	The IL&FS Financial Centre, 7th Floor Plot C- 22, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051 Phone: 022 – 26593226 Fax: 022 – 26533038

34. Disclosures Under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and the rules thereunder (POSH Act), the Company has framed a policy on the prevention of sexual harassment at the workplace. The Company has complied with the provisions relating to the constitution of an internal committee under the POSH Act. During the year under review, nine cases were reported under, as per the provisions and guidelines of the said policy and all the cases were resolved.

35. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The provisions relating to conservation of energy and technology absorption do not apply to the Company, since it is an NBFC. Your Company continues to avoid using diesel generators in all rural locations and has deployed IGBT based UPS with SMF batteries, digital/solar inverters for power outage backups and business continuity. In the 42 branches (Urban and Rural) that were relocated in the last financial year, the strategy remained constant where IGBT based UPS with SMF batteries and digital inverters were provided at these branches. Your Company also has a plan to continue using this same strategy of power back up in the upcoming 50 rural branches roll outs and 50 small kendra's (centres) which are being rolled out in FY 2023-24 where digital inverters will be provided. In the urban branches, the Company has maintained the same strategy of providing IGBT based UPS with SMF batteries. We have standardised the branch fit out patterns in all branch relocations and new location fit outs and are ensuring the use of energy efficient Inverter ACs and lighting systems employing LED lighting only. In other initiatives, thickness of paper used for pre-printed stationery has been reduced by 10 GSM, which will lead to reduced environmental impact.

During the year under review, foreign exchange outflow was ₹2,484 crores and the foreign exchange earnings were nil.

36. Directors' Responsibility Statement

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

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

ii. the Directors had selected such accounting policies and applied them consistently and made judgements 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 of 31 March, 2023, and of the profit and loss of the Company for that period;

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

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

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

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

37. Other Disclosures

i. During the year, there is no proceeding initiated/ pending against the Company under the Insolvency and Bankruptcy Code, 2016.

ii. During the year, there was no instance of onetime settlement with any bank or financial institution.

38. Acknowledgement

Your Directors would like to place on record, their gratitude for the cooperation and guidance received from all the statutory bodies, especially the RBI. Your Directors also thank the shareholders, clients, vendors, investors, banks, and other stakeholders for placing their faith in the Company and contributing to its growth. The Company would also like to appreciate the hard work put in by all its employees, and it looks forward to their continuing patronage, going forward.

On behalf of the Board of Directors

Nobuyuki Kawabata
Chairman
(DIN: 09362144)

Place: Japan
Date: 10 August, 2023

SMFG IndiaCredit
Pragati Ki Nayi Pehchaan

Annexure I to Directors' Report

Management Discussion and Analysis

Company Overview

SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)* ('SMICC'), one of India's largest NBFC's, has established a strong presence in both rural and urban areas, effectively addressing the financial needs of the underbanked and underserved population. With 725+ branches spanning 600 towns and 65,000+ villages, SMICC is widely recognised and renowned throughout India's financial landscape. The Company boasts a dedicated workforce of over 16,500 employees and serves a customer base exceeding three million.

On 30 November, 2021, Sumitomo Mitsui Financial Group ('SMFG') completed the acquisition of a significant 74.9% stake in the Company from Fullerton Financial Holdings Pte. Ltd ('FFH') and Angelica Investments Pte. Ltd, making it a subsidiary of SMFG. SMFG, a prominent global financial service group with a heritage of over 400 years in Japan, offers a diverse range of financial services, including commercial banking, securities, and consumer finance. Fullerton Financial Holdings maintains a 25.1% stake in SMICC and operates independently as a strategic and operating investor in financial and related services within emerging markets.

SMICC provides a comprehensive suite of services to cater to various financial needs. These services include SME working capital and growth financing, home improvement loans, loans against property and securities, developer funding, corporate lease rental discounting, personal loans, working capital loans for urban self-employed individuals, loans for rural livelihood advancement, rural housing finance, as well as financing for diverse rural micro-enterprises. The Company's extensive offerings enable it to meet the evolving financial needs of individuals and businesses across different sectors.

725+

Distribution points*

16,500+

Employees*

*Standalone Figures

New Identity

Today, SMICC embraces a 'New Identity of Progress' in the ever-changing financial services landscape, offering hope and empowerment to its customers. Understanding their deepest desires and aspirations, the Company aligns its actions to fulfil their dreams, becoming a catalyst for their progress.

At the core of this transformation lies the recognition of customers' aspirations. SMICC goes beyond understanding their financial needs, delving into their dreams of homeownership, business expansion, and securing a brighter future for their families. Armed with this insight, the organisation tailors its services to resonate with these aspirations, ensuring a personalised and purposeful approach.

As this new identity of progress takes shape, SMICC witnesses the transformation it brings to customers' lives. Their dreams are no longer elusive; they find the support and encouragement needed to thrive and prosper. In this journey together, SMICC becomes more than just a financial service provider; it becomes a trusted companion in every step towards a brighter and more prosperous future.

The Brand

For several years, the Company has nurtured and leveraged the brand name **'Fullerton'**, derived from its parent company, **Fullerton Financial Holdings PTE in Singapore**.

In June 2023, following the name change, the Company underwent a complete rebranding. Drawing inspiration from its new parent company, **Sumitomo Mitsui Financial Group (SMFG)** in Japan, the mother brand transitioned from **'Fullerton India'** to **'SMFG India Credit'**. The new logo, featuring a rising mark, and the tagline **'Pragati ki Nayi Pehchaan'** (New Identity of Progress) represent the aspirations of customers and the Company's commitment to fulfilling them, acting as a catalyst for their progress.

The Board believes that the change in identity, along with the new parentage and brand promise, will propel the Company to greater heights. While the branding has changed, the underlying strong business values and commitment to customers and communities remain unchanged, as emphasised by the Board and management.

Fullerton India
Rishta Sammaan Ka
→
SMFG India Credit
Pragati Ki Nayi Pehchaan

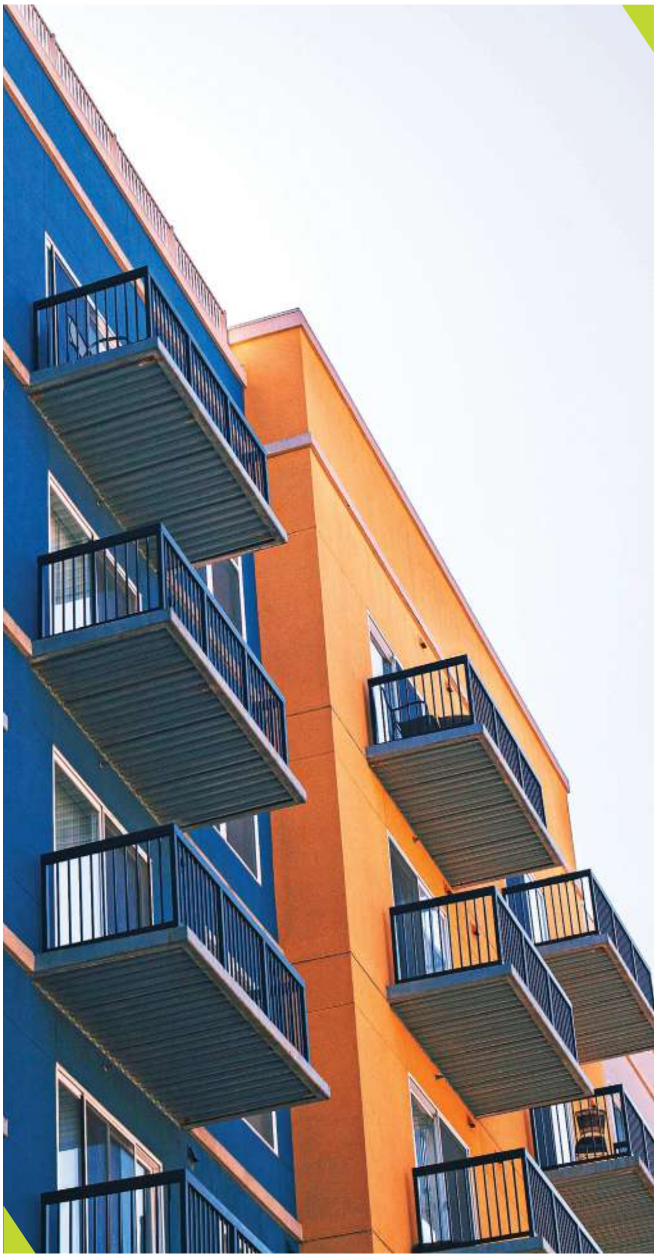
Macro-economic Review

Global Economy

In 2022, the global economy encountered significant volatility. The year began with a surprising upturn in global growth, driven by a resurgence in services consumption and a milder-than-expected slowdown in goods demand. However, economic activity was subsequently affected by widespread inflationary pressures and a sharp increase in energy prices triggered by the Ukraine-Russia conflict. In response, major central banks took proactive measures to curb inflation by raising policy rates and implementing quantitative tightening measures.

Throughout the first half of the year, resilient demand and labour market constraints in major Advanced Economies (AEs), coupled with the ongoing Ukraine-Russia situation and China's dynamic Zero-COVID policy, led to elevated commodity prices and inflationary pressures. As the year unfolded, however, commodity prices began to adjust due to a more subdued growth outlook, coordinated tight monetary policies, and reduced fiscal stimulus measures. Consequently, the momentum of inflation started to ease. Nonetheless, persistent robust demand conditions continued to contribute to relatively elevated levels of inflation.

Although many of these factors are still relevant, the recent re-opening of China brings some respite and could trigger a rapid rebound in activity. Growth was driven by emerging market and developing economies, especially India and China, while advanced economies stagnated.



Outlook

The International Monetary Fund (IMF) predicts that global GDP growth will reach its lowest point at 2.8% in 2023 but will then stabilise at 3.0% in 2024. The recovery has been accelerated by the reopening of China's economy, surpassing initial expectations. While global inflation is expected to decrease from 8.7% to 7% in 2023 and further to 4.9% in 2024, it is still projected to remain above pre-pandemic levels of approximately 3.5%.

Global GDP growth trend (%)

Source: International Monetary Fund (IMF) World Economic Outlook – April 2023

Particulars	2022	2023F	2024F
World	3.4	2.8	3.0
Advanced Economies	2.7	1.3	1.4
US	2.1	1.6	1.1
Euro Area	3.5	0.8	1.4
UK	4.0	(0.3)	1.0
Other Advanced Economies	2.6	1.8	2.2
Emerging Market and Developing Economies	4.0	3.9	4.2
China	3.0	5.2	4.5
India	6.8	5.9	6.3

Indian Economy

Amidst global economic uncertainties, India has displayed remarkable resilience and emerged as a leading force in the global economy. With GDP surpassing $3.75 trillion in 2023[1], the country has become the world's fifth-largest economy. Despite the global slowdown, India's probability of recession is extremely low compared to other countries such as the UK and the US. As per the National Statistical Office, the Indian economy grew at 7.2% in FY 2022-23, compared to 9.1% in FY 2021-22. Despite being a slowdown compared to the previous year, the economy displayed resilience amidst the current global scenario. This was attributed to strong domestic demand and an increase in private consumption.

The Reserve Bank of India (RBI) has maintained a cautious approach, increasing interest rates by only 2.5% compared to countries facing higher inflation and raising policy rates significantly. The RBI's confidence in the domestic economy is evident through its GDP growth forecast of 6.5% for FY 2023-24. The banking sector in India is also strong, with solid fundamentals, unlike the failures witnessed in major US financial institutions. This positions India well for sustained economic growth.[2]

The recent performance in the Indian stock markets, as reflected by the benchmark indices, Nifty and Sensex, indicates the robustness of the Indian stock markets, fuelled by strong domestic economic indicators and the rising confidence of foreign institutional investors (FIIs).[3]

Outlook

According to the RBI, the Indian economy is projected to grow at 6.5% in FY 2023-24, driven by a rebound in rural demand, steady growth in contact-intensive services and easing inflation. Strong credit growth, resilient financial markets, and the government's continued capital spending and infrastructure push have created a conducive environment for investment. India's recovery from the pandemic was relatively quick, and future growth is likely to be supported by solid domestic demand and a pickup in capital investment.

India GDP growth trend (%)

FY21	FY22	FY23	FY24F
(6.6)	8.7	7.2	6.5

Source: CSO Estimates/RBI

1 https://www.business-standard.com/economy/news/india-s-gdp-reaches-3-75-trillion-mark-in-2023-says-finance-ministry-123061200945_1.html

2 Reserve Bank of India Bulletin - June 2023

3 https://www.financialexpress.com/market/share-market-today-live-updates-sensex-nifty-rupee-vs-dollar-sensex-nifty-may-open-in-green-sgx-nifty-jumps-50-points-icici-securities-shares-in-focus-30-june-2023-friday/3148807/

In 2023, India's GDP exceeded $3.75 trillion, positioning it as the fifth-largest economy globally. Despite the global economic slowdown, India's probability of recession remains remarkably low.

Industry Review

Non-Banking Financial Companies

Over the years, India's Banking, Financial Services, and Insurance (BFSI) sector has become more dynamic, competitive, and technologically advanced, catering to the evolving needs of a rapidly expanding economy. The sector has benefited from regulatory reforms, increased foreign investment, and technological advancements, contributing to its overall development.

NBFCs' innovative products and customer-centric approach have enabled them to penetrate diverse markets effectively.

Non-Banking Financial Companies (NBFC's) in India have played a pivotal role in the country's financial ecosystem, and have filled critical gaps left by traditional banks in credit availability, especially for the underserved segments, thereby fostering financial inclusion. NBFC's have been instrumental in extending credit to Small and Medium-sized Enterprises (SMEs), microfinance clients, and rural communities, driving economic growth in these areas. Their innovative products and customer-centric approach have enabled them to penetrate diverse markets effectively. They are now considered much more than shadow banks, offering personalised financial services and meeting the capital needs of businesses.

As per the Financial Stability released by RBI, NBFC's have witnessed CRAR rise from 26% to 27.5% between September 2022 and March 2023. NBFC sector has witnessed market improvement across soundness parameters viz. asset quality, capital levels and liquidity. As per ICRA report, the majority of asset segments experienced robust credit growth following a period of subdued performance during the COVID-19 pandemic years (FY 2020-21 - FY 2021-22). Notably, unsecured loans witnessed the highest expansion, although starting from a lower base. NBFC's have been making steady progress in increasing their loan penetration by both deepening their presence in existing segments and expanding/diversifying their target segments.

Key Budget FY 2022-23 actions impacting NBFC's

The Union Budget 2023-24 introduced several measures expected to boost credit growth in the NBFC sector.

Credit Guarantee Scheme for MSMEs

The Finance Minister announced a revamped credit guarantee scheme for Micro, Small, and Medium Enterprises (MSMEs), with an infusion of ₹9,000 crores. Additionally, MSMEs can opt for an additional collateral-free credit facility of up to ₹2 lakh crores. These measures aim to decrease credit costs for MSMEs by 1%, facilitating their access to working capital and stimulating growth in this crucial sector of the economy.

National Finance Information Registry

The Budget proposed the establishment of a National Finance Information Registry, which will serve as a central repository for financial information. In collaboration with the RBI, this registry is expected to enhance access to credit facilities and promote economic stability in the lending sector. By improving the availability and accuracy of financial data, the registry will support the Government's objective of advancing financial inclusion.

Simplified Digital ID Requirements

The Budget introduced simplified Know Your Customer ('KYC') procedures for financial services. PAN numbers will serve as a standard identification system, enabling a risk-based approach to KYC. This streamlined process will facilitate easier access to credit facilities for individuals. Furthermore, the expansion of DigiLocker services, which includes crucial documents like driving licenses, PAN cards, academic records, and Aadhaar cards, will enhance document accessibility and accelerate credit processing for fintechs, banks, and financial institutions.

Improvement of Governance in Banking

The Budget emphasised enhancing governance and investor protection in the banking sector. Amendments to the Banking Regulation Act, RBI Act, and Banking Companies Act are anticipated to strengthen the regulatory framework and ensure a more robust banking system. Further details regarding these amendments are awaited, but they are expected to positively impact the lending sector by instilling greater confidence in investors and improving overall governance standards.

Fintechs to Benefit from Digital Public Infrastructure

The Budget recognises the significant role of Fintech in India's economic growth. It highlights the utilisation of Digital Public Infrastructure, including Aadhaar, Jan Dhan Yojana, India Stack, Video KYC, and Unified Payments Interface (UPI), to support the fintech sector's contribution to economic expansion. These digital initiatives provide a strong foundation for fintech companies to drive high economic growth and enhance financial services.

Retail Lending

India's growing middle class, rising disposable incomes, and increasing consumer aspirations have spurred the demand for credit, and given a boost to Retail Lending. Banks and NBFC's have responded with innovative retail lending products through digital technology, making it more accessible and convenient for consumers. Additionally, credit bureaus and advanced risk assessment models have improved credit evaluation, leading to a broader customer base. However, careful monitoring of loan quality and prudent risk management remain crucial to sustain the positive momentum in India's retail lending landscape.

According to an industry report, retail credit in India has witnessed significant growth despite rising interest rates. Credit card usage, particularly co-brands, experienced a remarkable increase, with outstanding credit cards doubling over five years to around 8 crores. Cash transactions have decreased as digital payment methods, such as UPI, have gained popularity. Despite interest rate hikes and macro-economic pressures, home loans and personal loans continued to grow, with home loans witnessing a 16% YoY increase. The report also highlights that of the outstanding personal loans, housing accounted for 48.43%, vehicle loans for 12.24%, and other personal loans for 26.26%. Credit card loans outstanding represented 4.75% of the total, while consumer durables accounted for 0.92%.

According to the RBI, there has been a notable change in consumer behaviour, with vehicle loans witnessing a remarkable surge compared to home loans. Over the past three years, vehicle loans from banks have experienced an impressive growth of 137%, reaching a total of ₹5.08 lakh crores. This surge positions vehicle loans as the second largest loan segment, trailing only home loans, in terms of loan size per customer. Vehicle loans now constitute around 12% of total lending by banks, up from 10% the previous year.[4]

Retail loans grew at a compound annual growth rate (CAGR) of 24.8% from March 2021 to March 2023, nearly double the CAGR of 13.8% for gross advances during the same period. Retail loans formed about one-third of the total banking system's gross advances.

16%

Growth in home loans YoY

137%

Three-year growth in vehicle loans

₹2 lakh cr

Additional collateral-free credit for MSMEs

Personal Loans

The advent of digitalisation and fintech innovations has revolutionised the lending landscape, making personal loans more accessible and convenient for individuals. Financial institutions, as well as digital lending platforms, have embraced advanced technologies to streamline application processes, reducing approval times significantly. Moreover, the widespread adoption of credit scoring algorithms has enabled better risk assessment, allowing lenders to offer competitive interest rates and personalised loan products. This inclusive approach has empowered millions of Indians to meet their immediate financial needs, contributing to a robust and thriving personal loans market in the country.

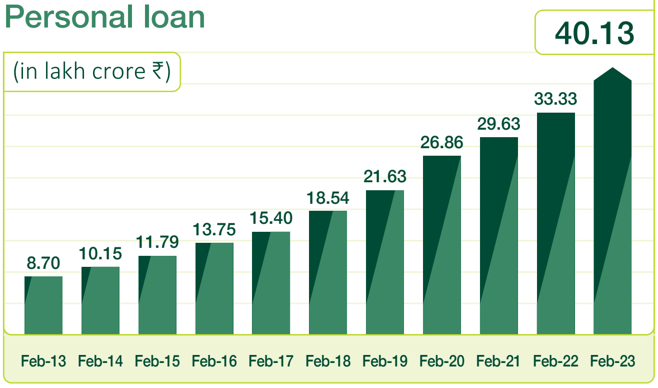
The credit sector in India has experienced significant growth, reaching an 11-year high. Unsecured personal loans have sharply increased as young borrowers opt for EMIs to fulfil various needs, such as travel and luxury purchases. This trend is fuelled by millennials and their aspirations, making personal loans popular. With instant personal cash loans, individuals can easily bridge financial gaps and achieve their goals.[5]

As of February 2023, outstanding personal loans stood at over ₹40 lakh crores, marking a 20.4% increase compared to the previous year. This growth is attributed to the overall economic recovery, improved cash flows, and increased borrowing activities across various segments such as home loans, vehicle loans, and credit cards. Despite higher borrowing costs, individuals have shown resilience in obtaining personal loans.[6]

Personal loans are growing at a robust pace in recent years; their share in total bank credit has risen to 28.2% in March 2023 from 21.3% five years ago[7].

Total Outstanding Personal loan

(in lakh crore ₹)



Source: RBI

4 https://bfsi.economictimes.indiatimes.com/news/banking/vehicle-loan-growth-outpaces-home-loans-as-consumers-prioritise-cars-suvs-over-houses/101348063

5 https://www.fibe.in/blogs/why-is-there-an-increase-in-demand-of-personal-loans/

6 https://www.thehindubusinessline.com/data-stories/data-focus/personal-loans-increase-20-in-fy23-led-by-vehicle-and-housing-loans/article66736828.ece

7 https://economictimes.indiatimes.com/industry/banking/finance/banking/share-of-loans-bearing-over-9-interest-rate-hits-56-1-in-march-says-rbi/articleshow/101402057.cms?from=mdr

Micro, Small, and Medium Enterprises

The micro, small, and medium enterprises (MSME) sector in India has grown significantly, thanks to government initiatives like 'Make in India' and 'Startup India', that have really helped entrepreneurs and small businesses thrive. Access to finance has improved significantly through various schemes and credit programmes, empowering MSMEs to expand and invest in technology and innovation. Moreover, digital platforms and e-commerce integration have opened up new markets and exciting possibilities for these enterprises. This growth not only boosts the economy but also creates many job opportunities, making the MSME sector a crucial driving force behind India's economic transformation.

MSMEs contribute significantly to employment generation, export promotion, regional development, and industrial production. The Government recognises the importance of MSMEs and has implemented various policies and initiatives to facilitate their growth, including access to credit, technology, and skill development.

Empowering Small Businesses

In the Union Budget 2023-24, the Indian Government announced several measures to strengthen the MSME sector. A record **₹22,138 crores** were allocated to MSMEs to boost employment. Funding of **₹9,000 crores** was planned for the Credit Guarantee Fund Trust, providing collateral-free credit of **₹2 lakh crores** and reducing credit costs. The turnover limit for presumptive taxation was increased, and expenses incurred on payments made directly to MSMEs were proposed to be deducted. Additionally, initiatives were introduced to resolve contractual disputes, improve transport infrastructure, support artisans, and enhance digital capabilities. Indirect tax revisions were also made to promote green energy initiatives.[8]

Microfinance

The financial needs of underbanked and unbanked people who do not have access to traditional banking services are met by microfinance organisations (MFIs). Access to microloans has improved in both convenience and effectiveness because of creative initiatives and the deployment of new technologies. This has enabled people, particularly rural women, to launch and expand their small businesses, pulling many out of poverty. The promotion of rural development and women's empowerment has benefitted greatly from microfinance. The sector has become a key factor in India's inclusive economic growth story as a result of its growth, which has also promoted financial inclusion, encouraged entrepreneurship, and supported livelihoods.

According to an article in The Times of India, the microfinance industry is expected to grow at a CAGR of around 40% p.a. through 2025. Microfinance is important for the overall credit penetration of the country because of its lower ticket size. This leads to catering to tier-II and -III cities in India, which are expected to be growth drivers in the times to come.

According to Industry group Sa-Dhan, microfinance loans in India increased 21.3% year-on-year (YoY) at ₹3.5 trillion in FY 2022-23, backed by revised regulatory norms and higher demand. The microfinance industry's number of loan accounts increased 10% YoY to 13.6 million in FY 2022-23, from 12.39 million in FY 2021-22.

Loan Against Property

With increasing property prices and the need for substantial funds, more people are turning to Loan Against Property (LAP) as a financing option. Banks and financial institutions have streamlined their processes, making it easier to avail such loans. As a result, individuals can now unlock the value of their properties to meet various financial needs, like business expansion, education expenses, or medical emergencies. LAP's flexibility and lower interest rates compared to personal loans have made it a preferred choice for many borrowers, contributing to the sector's notable growth and popularity.

LAP presents a viable solution for businesses seeking additional credit by allowing borrowers to pledge their properties as collateral for the loan, giving them access to more significant loan amounts and lower interest rates than personal or business loans. The attractiveness of LAPs has contributed to the sector's growth in recent years, with further acceleration anticipated. India's LAP market is poised to surpass $857.87 billion (approximately ₹70,000 billion) by FY 2025-26, driven by a solid and enduring upward trend. This indicates a significant demand and strong interest in LAPs within the market[9]. However, the LAP landscape in India faces challenges that could impede its growth and limit credit availability to approximately 57 lakh businesses. Addressing these pain points and overcoming the obstacles is crucial to ensure sustained growth.

~₹70,000 bn

India's estimated LAP market by FY 2025-26

8 https://www.hdfcbank.com/personal/resources/learning-centre/union-budget/union-budget-2023-2024-announcements-for-msme-sector#:~:text=As%20of%201%20April%202023, the%20credit%20cost%20by%201%25.

9 https://www.go-yubi.com/blog/digitisation-transforming-indias-loan-against-property/

Commercial Vehicle and Auto Loan

The Indian economy is expanding, which has increased demand for commercial cars and rising financing requirements. In response, financial institutions are providing alluring loan packages with affordable interest rates and flexible payback terms. Additionally, it is now easier for people and organisations to apply for these loans because of technological improvements and simplified loan procedures. The rise in consumer ambitions and the accessibility of reasonably priced vehicles have also fueled the sector's expansion, making it an essential force behind the growth of India's automotive industry and country's overall economy.

India’s commercial vehicle (CV) and auto loan sector presents significant growth opportunities for NBFC’s. By providing customised loan products, competitive interest rates, and convenient repayment options, NBFC’s can attract borrowers and capture market share. Government initiatives such as Pradhan Mantri Mudra Yojana (PMMY) and GST have further facilitated sector growth. Aligning with these policies and leveraging them in loan offerings can enhance an NBFC's competitive edge. Additionally, the remarkable credit growth to the MSME sector, supported by the ECLGS, indicates positive recovery and debt servicing capabilities.

Major banks have experienced a significant surge in vehicle loans during Q3 FY2023, marking a record growth post-COVID-19 era. After a decline in the previous year, the aggregate growth in the vehicle loan portfolio of banks began in Q2 FY2023. According to RBI data, commercial banks' vehicle advances witnessed an 18% YoY increase by the end of June 2022. In contrast, during the same period a year ago, disbursals of vehicle loans had declined by 3.5%. The growth trend continued in the third quarter, driven by strong demand during the festival season. This quarter is considered the best in terms of demand and disbursal of vehicle loans in the post-COVID period.[10]

In comparison to their peers (banks and captive financers), NBFC’s have assumed a prominent position in financing the commercial vehicle segment. Their market share has seen a steady rise, increasing from 61% in FY19 to 63% in FY23. This growth can be attributed to their enhanced local knowledge, superior customer relationship management, and flexibility, which have allowed them to continuously expand their market share in vehicle financing. Despite experiencing slowdowns in the past couple of years, the NBFC commercial vehicle assets under management (AUM) are projected to undergo a robust revival of approximately 13% in FY23 (Source: IDBI Research).

10 https://www.thehindubusinessline.com/money-and-banking/banks-see-record-growth-in-vehicle-loans-in-q3/article66503621.ece

Future Outlook

In recent years, the position of NBFC's has grown tremendously as a result of their focus on innovation and customer-centric solutions. They now provide a variety of products, from consumer loans to business finance. The deployment of technology has contributed to the sector's growth by facilitating quicker loan processing and improved risk monitoring.

Given the government's continuing backing and regulatory reforms, the outlook for NBFC's in the future appears positive. According to an ICRA report, the total sector AUM, which consists of retail and other wholesale loans, including infrastructure loans, which stood at about $490 billion (₹40 lakh crores) as of March 2023, is estimated to grow at about 13-15% in FY 2023-24 with a growth expectation of 10-12% in the infrastructure and other wholesale loans of NBFC's and HFC's. Additionally, NBFC's are anticipated to be crucial in advancing financial inclusion and assisting India's economic development as the country's economy expands.

Furthermore, India's sustainable growth hinges on a robust investment rebound. Although global uncertainties will impact growth in the near term, India is expected to achieve a growth rate of 6.5% in the medium-term. It is crucial to foster investment growth to meet the country's increasing demand and ensure non-inflationary growth. Failure to build capacity may force India to curb demand, leading to inflationary pressures. However, the challenge lies in multiple obstacles deterring investors, which may persist.

Positive Outlook for Indian NBFC's

Growth in Education Loans

CRISIL forecasts a significant growth of 40% in education loans provided by NBFC's, reaching ₹35,000 crores in FY 2023-24. This indicates a positive outlook for NBFC's in the education loan segment.

Positive Outlook on Infrastructure Sector NBFC's

ICRA has revised its outlook on infrastructure sector-oriented NBFC's to 'positive' from 'stable.' This change in perspective indicates the potential for growth and improved performance in this segment.

Increasing Assets Under Management

According to CRISIL, NBFC's are expected to witness a four-year high growth of 11-12% in their assets under management (AUM), reaching ₹13 lakh crores by the end of the fiscal year. This growth is attributed to favourable macro-economic conditions and the recognition of NBFC's contribution to supporting real economic activity.

Operational Flexibility and Recognition

The recent RBI scale-based norms have provided NBFC's with more operational flexibility to meet the increasing credit demand and support India's economic growth. Policymakers also acknowledge the role of NBFC's in meeting credit demands and supporting the unbanked population.

Focus on Asset Quality and Retail Demand

ICRA's report highlights that non-bank lenders will focus on improving asset quality and capitalising on increasing retail demand and liquidity. This strategy is expected to revive growth in the NBFC sector.

Adoption of Technology and New Business Models

With the introduction of 5G services in the country, NBFC's are expected to tap into exploring technologies like artificial intelligence and machine learning to offer innovative services and applications. Collaboration with fintechs and the introduction of personalised offerings can set new benchmarks for NBFC's and enhance credit penetration in India.

SMICC: The New Identity of Progress

SWOT Analysis

Strengths

Extensive Market Presence	SMICC has a strong presence in both rural and urban areas of India, with branches covering 600+ towns and 65,000+ villages. This vast network enables SMICC to reach and serve a large customer base.
Robust Creditworthiness	In FY 2022-23, CRISIL, ICRA, CARE Ratings, and India Ratings reaffirmed the Company's ratings at AAA, reflecting its strong creditworthiness. The short-term debt consistently received the highest rating of A1+.
Deep Domain Expertise	The senior management team at SMICC possesses deep domain expertise in the financial services sector, providing strategic guidance and leadership. This expertise contributes to effective governance and decision-making.

Weaknesses

Evolving Market Dynamics	The lending market landscape and borrower preferences are rapidly changing, driven by technological advancements and the emergence of fintech companies. SMICC must adapt and innovate to address changing borrower needs and stay competitive in the market.

Opportunities

Expansion of Customer Segments	SMICC can enhance and expand its customer segments by capitalising on the opening of markets, increasing financial literacy, and the Government's support for MSMEs and other priority sector lending segments.
Digitisation and Digitalisation	The institution of SMICC, with its scale and diverse distribution network, has a significant opportunity to leverage process digitisation and digitalisation. This can improve operational efficiency, scalability, and customer experience.
Data Analytics	Effective utilisation of data analytics can provide SMICC with a competitive advantage. By scaling its data capabilities, SMICC can derive valuable insights, create differentiated offerings, and enhance customer experiences.

Threats

Global Economic Uncertainties	Global economic uncertainties, such as trade wars and economic downturns, can impact the banking industry. SMICC must stay vigilant and agile in response to potential global economic impacts.
Event Risks	Certain events like climate change, the breakout of a pandemic, ordinance changes or unpredictable financial slumps that can affect business functions drastically have to be looked out for.

Business Performance

- Total disbursements witnessed an impressive year-on-year growth of 98%
- The assets under management (AUM) achieved remarkable progress, experiencing a 44% year-on-year growth and surpassing the milestone of ₹300 billion
- Over 100 new branches were added to expand our presence and reach
- Serving the underserved in 65,000+ villages across India

The performance of FY 2022-23 reflects the impact of our initiatives taken over the past year, with a strong emphasis on serving underserved customers in rural areas and semi-urban markets across the country. Achieving a remarkable 10x growth in profit before tax during FY 2022-23 strengthens our belief in the three key drivers of our success: our extensive distribution network, diverse product offerings, and an improved digital ecosystem, all of which will drive our future business growth.

Through strategic partnerships in our digital business, we successfully re-engineered the digital customer experience, further fuelling our growth momentum. To continue this trajectory, we have opened new branches in key states and maintained a strong focus on collections. As we head into FY 2023-24, we are well-positioned to accelerate and undergo transformative growth.

Urban Business

FY 2021-22 was the year of hope for the Indian financial services sector as the credit demand was back to normal. Additionally, the Central Government and the RBI announced various measures to reignite domestic economic activity. The Government focused on providing relief and credit flow to small businesses and other sectors affected by the pandemic. This resulted in a more favourable macro-economic outlook across industries, including financial services.

The urban business currently has a loan book of over ₹169 billion, and we operate in 22 Indian states and 4 Union Territories. The network has 216 distribution touchpoints and serves approximately 2.4 lakh customers. The urban business has witnessed a steady increase in monthly disbursals, driven primarily by unsecured loans, business loans and loans against property. It saw a 48% increase in disbursals over FY 2021-22, with unsecured business loans and personal loans accounting for 60% of the total urban portfolio in FY 2022-23, indicating faster growth in the segment.

SMICC has provided a seamless experience to customers in the onboarding process through Mobile Sales Applications for PL, TW, CV, and LAP loans. Demand for remote interactions and reducing physical touch points are addressed by combining sales apps, e-NACH, and digital agreements. Score-based ID verification and scorecard-based sourcing improve processes' efficiency and customer turnaround time (TAT).

With the financial industry's ever-changing nature, the focus will be on maintaining asset quality by focusing on risk fundamentals and significantly lowering asset-acquisition costs by managing expenses. APP-based sourcing, AI-enabled scorecards for processing urban lending transactions, and marketing analytics for driving new borrower acquisitions by identifying high-propensity customers will be critical drivers in the future.

Rural Business

SMFG Gramshakti, the rural business wing of the Company, is spread across 15 states and 65,000+ villages with 510 branches. It has maintained its powerful hold, serving the unbanked rural communities and offers a diverse product portfolio, including group loans, business loans, personal loans, mortgage loans, two-wheeler loans, and merchandise loans, which have built strong relationships with over 16 lakh customers.

Post the pandemic, SMFG Gramshakti has managed to bounce back with increased preparedness and refurbished strategies. It recorded a path-breaking 109% increase in disbursements in FY 2022-23 in comparison to the previous year. As the business stabilised, the Company formulated a revival strategy focusing on diversifying its spatial and product mix, improving book quality and digitising processes to increase efficiency, resulting in a 48% increase in disbursements in FY 2022-23. As rural India started showing signs of recovery from the pandemic, boosting consumer confidence, helping the broader economy regain its vigour, and ensuring better on-time repayments, SMFG Gramshakti began disbursing loans at a healthier pace since Q2 FY2022, and there has been no looking back ever since.

Built on trust, empowerment, and domain understanding, SMFG Gramshakti relies on innovation to deliver affordable credit and enhance the consumer experience. This, intertwined with business insights, customer socio-economic-demographic profiling, and credit analytics, helped Gramshakti introduce pre-approved loans for personal, mortgage, and group loan customers.

The performance of all its products reflects SMFG Gramshakti's vital brand essence and deep understanding of the target market vis-à-vis Solidarity Group Loans for women, PLs in various ticket sizes, TW loans facilitated through authorised automobile dealers and Mortgage Loans (ML) for business and capital needs of the customers. Group and ML have stood out from the crowd by accounting for 43% and 40% of the total loan book of

60%

Personal loans in the total urban portfolio

48%

Increase in rural disbursements in FY 2022-23

FY 2022-23, respectively. Group Loans and PLs, together, saw a jump of 10% in the loan book and now stand at 58% of the total loan book. As customers' economic conditions improved post-COVID, SMFG Gramshakti recorded better collection efficiency with improved portfolio quality and recovery figures.

Realising the dynamic nature of financial transactions, SMFG Gramshakti leaves no stone unturned when maximising business opportunities and paving the way for the future with increased agility, responsiveness, and flexibility. As the financial world becomes increasingly tech-savvy, SMFG Gramshakti doesn't hesitate to follow that path. With an app-based loan origination across all products, SMFG Gramshakti is determined to provide its customers with a user-friendly and faster credit service. These apps have automated policy approvals built in, reducing subjectivity in credit appraisals, adopting a hybrid model, forming best practices of traditional fin-touch and modern fintech companies, and leveraging the best of both worlds to create a genuinely scalable lending model. As SMFG Gramshakti moves into a more digitised sphere, it has seen multiple hits, for instance, increased collection efficiency, reduced cash risk and increased customer satisfaction. SMFG Gramshakti is determined to continue these efforts to enhance the customers' financial health and gain a stronger foothold in the market.

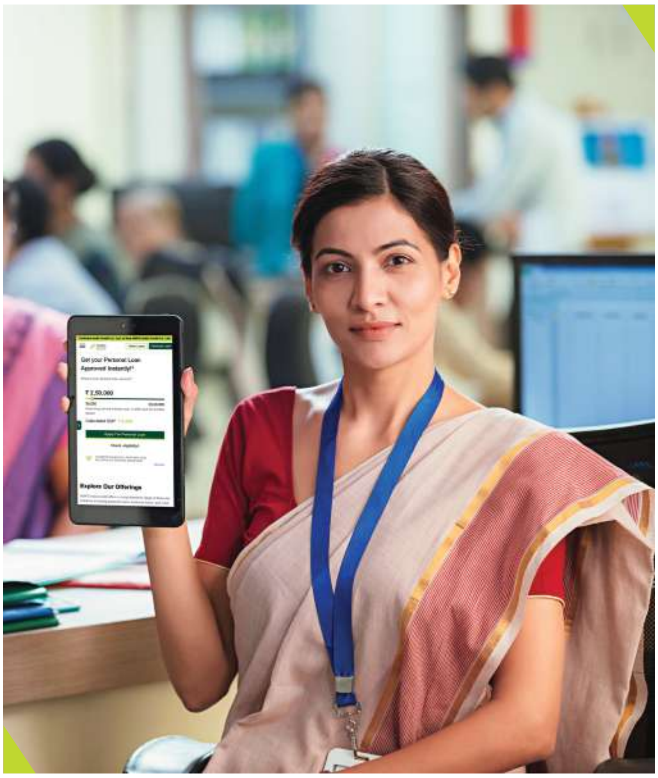
Digital Business

As of March 2023, the Company's digital business has grown exponentially to a customer base of over 15 lakh, offering a wide range of unsecured loan products through multiple fintech players/partners.

FY 2022-23 was highly consequential to the digital lending space, with the RBI's introduction of Digital Lending Guidelines in September 2022. These guidelines focused on more robust consumer data protection, providing transparency on fees, facilitating intermediary-less funds transfer between regulated entities and borrowers, and encouraging consumer awareness about lenders, their offerings, and grievance redressal mechanisms. The Company successfully adapted its operating model to the new guidelines.

The Company displayed strong growth in both disbursal and AUM for the digital vertical. Disbursal grew at a staggering 6.2x over FY 2021-22 to ₹8,387 crores in FY 2022-23. AUM for the vertical has grown multi-fold to ₹5,220 crores in March 2023, compared to ₹1,295 crores in March 2022.

SMICC aims to strengthen its presence in the digital lending ecosystem by fostering partnerships with key and emerging fintech players/partners, building robust digital processes and capabilities, and using a customer-first approach to lending.



Planned Initiatives

Some key initiatives that the Company is concentrating on, with expected future gains in the coming year:

Digital Lending Platform

The Company is building a state-of-the-art digital lending platform for disbursing loans in minutes, requiring minimal customer input. The forum will aid in quicker integrations with new fintech players/partners. This would offer a competitive edge to the Company in the digital lending ecosystem.

SME and Supply Chain Finance

The Company plans to explore the market opportunity in the SME segment by tapping into supply chain financing, cash flow-based lending, and the ONDC network.

₹8,387 cr

6.2x growth in digital disbursals

15 lakh+

Customer growth through digital acquisitions

₹5,220 cr

Assets under management for the digital business

Marketing

The Marketing function at SMICC steered the organisation's rebranding exercise. As one of the world's largest financial groups, the stakes of safeguarding the brand image have increased manifold. Thus, the team prioritised carrying out the activity with utmost precision. The vast brand change activity encompassed revising the physical and digital assets and external and internal branding.

Working hand in glove with functions like enterprise service management, technology, business, legal and operations, among others, the team worked meticulously to convey the message that SMICC is indeed ***Pragati Ki Nayi Pehchaan***.

Marketing, via its external and internal communications, brought to the fore the extent to which every department goes to provide the Company's patrons with a seamless experience. SMICC's forthcoming marketing efforts will focus on building on the new brand identity, where its values will remain intact. With new energy but the same ethos, SMICC will continue to empower customers' aspirations.

Technology

In the rapidly evolving competitive scenario, technology is a key enabler for business to be successful. As the country increasingly digitises the way business is conducted, both opportunities and risks persist in equal measure. As a leading NBFC, SMICC recognises the need to accelerate digitisation to meet evolving business demands. In line with this, it has taken significant steps to enhance its digital capabilities.

Augmenting Digitisation

Last year, SMICC undertook a technology review to arrive at a digital strategy. In consultation with a leading technology partner, it went live with one of the best-in-class, cloud-based collections systems and also redesigned its customer and sales journeys, which it hopes will come to fruition in the new financial year. The Company expects this to be a multi-year journey and is fully committed to see it through.

The Company has set up its Enterprise Architecture function to critically guide all the new technology decisions, while also reviewing and setting up a path to modernise the legacy technology setup. It wants to undertake this journey while closely aligning organisational goals, business capabilities and processes with technology solutions. Along with a holistic Enterprise Architecture view, it is aiming at simplifying systems to arrive at a simpler, modern, cloud-first setup in measured steps. It is also focused on renewing its infrastructure and is aggressively upgrading its hardware and software systems.

Instilling Agility in a Digital Culture

In the current year, SMICC made significant strides in enhancing the organisation's digital culture. More than 220 employees were trained in Agile methodologies, up to the most senior levels, and are committed to following the Agile way of working.

Most importantly, the Group has made great progress in achieving technology leadership by bringing on board several senior resources in key roles. This has provided a stable foundation for building its envisioned technology landscape. While focusing on digitisation, it has also prioritised cyber security and resilience. These initiatives demonstrate its commitment to staying at the forefront of technological advancements, ultimately ensuring an enhanced experience for all stakeholders.

Treasury Management

Treasury management for NBFC's in India has advanced significantly. Cash flow management, risk assessment, and investment strategies have all been enhanced by modern financial technologies and automated systems. Real-time data analytics promote more informed choices, improve liquidity, and guarantee effective use of resources. This development has improved the nation's NBFCs' financial performance and stability.

SMICC has a robust Treasury Management system in place. It focuses on prudent liquidity management. The Company uses a three-pronged approach to stay liquid and support disbursements as well as debt repayments:

- Diversification in terms of instruments, lenders, and geographies
- Minimising refinancing risk by matching the tenors of liabilities and assets
- Keeping contingency buffers in highly liquid instruments

SMICC receives funds from a diverse group of institutions, totalling over 250. These institutions include Indian banks, foreign banks, mutual funds, corporates, insurance companies, pension funds, foreign portfolio investors, and development financial institutions (DFI)/multilateral agencies. They have partnered with the Company to support its growth by providing lending, which has expanded the pool of available funds. The Company has always maintained headroom in each of its borrowing sources. The instruments include Term Loans, Non-Convertible Debentures, External Commercial Borrowings (ECB), and Subordinate Debt. Additionally, a small part of Commercial Papers provides efficiency to the funding book.

During the previous year, the Company achieved significant progress in raising funds through two channels. Firstly, it sold a pool of assets, both secured and unsecured, as underlying assets, via direct assignment amounting to ₹48,258 lakhs. Secondly, it utilised the Pass-through Certificates (PTC) route, securing an additional ₹8,838 lakhs.

This effort helped maintain borrowing limits with lenders, ensured risk distribution, and tier-I capital supplementation. The Company also prioritised maintaining a tight ALM, focusing on matching the tenor of external liabilities with customer assets. To ensure smooth operations and timely debt repayments while avoiding unforeseen shocks, a sufficient liquidity buffer in cash and cash equivalent investments is consistently maintained. This buffer comprises high-quality, highly-rated liquid assets that can be easily converted to cash. Additionally, partially drawn bank loans and fee-paying committed credit lines serve as additional contingency backups.

$350 mn

Funds raised via external commercial borrowings

Credit Ratings

In FY 2022-23, **CRISIL, ICRA, CARE Ratings, and India** Ratings reaffirmed the Company's ratings at **AAA**, reflecting its strong creditworthiness. The short-term debt consistently received the highest rating of **A1+**.

The market's risk aversion during most of the year led to selective funding for NBFC's. However, the Company secured reasonable financing through term loans from public, private, and foreign banks. By aligning the tenors of liabilities with assets, the Company minimised short-term borrowing, avoiding roll-over risk and repayment bunching.

In FY 2022-23, the Company raised funds equivalent to $350 million via the ECB route to diversify borrowing sources. The Capital Adequacy Ratio (CAR) was 18.8% as of 31 March, 2023, and the tier-I capital ratio was 14.03%, both exceeding the RBI-mandated ratio of 15% and 10%, respectively.

Resource and Liquidity

The Company remains focused on diversifying borrowing resources and adopts a conservative approach to liquidity management, resulting in an optimal and well-matched ALM profile. Liquid investments are made in fixed deposits, money market instruments, and treasury bills.

During FY 2022-23, the Company raised funds from diversified sources, including banks, capital markets, and money markets. As of 31 March, 2023, the total borrowings (principal outstanding) amounted to ₹2,852,579 lakhs, out of which ₹129,100 lakhs were in tier-II subordinated debt.

In the same fiscal year, the Company successfully raised funds through a direct assignment route, resulting in ₹48,258 lakhs. As of 31 March, 2023, the net receivables totalled ₹111,122 lakhs.

Human Resource Management

SMICC fosters an inclusive work environment where talent is nurtured, outstanding performance is acknowledged, and deserving individuals are duly rewarded. It highly prioritises diversity within the workforce, recognising it as a fundamental asset. The Company firmly holds the belief that a supportive and empowering workplace plays a vital role in effectively serving all our stakeholders, including its customers, shareholders, and the communities in which it operates.

The Company has consistently achieved the **'Great Place to Work'** certification; has been consecutively listed in **'Companies with Great Managers'**; is the recipient of the prestigious **'Golden Peacock Award'** and **'Leadership Factory Award'**. These accomplishments are grounded in its fundamental principles of Integrity, Collaboration, Innovation, Diversity, Excellence, and Agility.

SMICC's success is firmly reliant on the capabilities of its employees. Their invaluable contribution over the years have resulted in crafting its success story. Hence, the management's focus is to continue building on its people's strengths, aid them to become effective, and contribute to their overall well-being.

The Company stands firmly committed to championing and recognising the incredible strength of character, endurance, and resilience they bring to the workplace. On International Women's Day this year, it took pride in unveiling its Diversity and Inclusion (D&I) programme — unTAGGED, Beyond Barriers. It specialises in gender diversity, and was marked with its first 'Wonder Women at Work' session. Women in leadership positions shared their growth journeys, discussed internal and external barriers they faced, and offered insights on overcoming unconscious biases and competing effectively. The session also included interactions with senior men who have been steadfast allies to these 'Wonder Women at Work', offering their perspectives on diversity and emphasising that performance and potential always trump any perceived differences.

SMICC is honoured to celebrate women every day and is committed to doing all that it can to break down barriers and create a more diverse, inclusive, and equitable world for all.

Aligning hiring with business strategy is the Company's top priority. As part of its capacity-building strategy, SMICC primarily focuses on identifying future Company needs and recruiting the right people for the right roles. To keep up with the Company's rapid expansion, it has hired people of high calibre. In FY 2022-23, SMICC added 4,000+ employees across various functions. The Company is a preferred employer at India's top universities, including IIMs, IITs, ISI Kolkata, IRMA, and others.

Learning and Development

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

The Company recognises that the business landscape is constantly evolving and is committed to adapting and changing to ensure it remains strong and prosperous for future generations.

Reward and Recognition (R&R) and Celebrations

Our R&R programme – FIRE, which was recently rebranded as STAR (**S**umitomo Mitsui **T**alent **A**ppreciation and **R**ecognition), allows the Company to express our genuine gratitude to its colleagues who go above and beyond while ensuring that its people are recognised and rewarded for making a difference. Throughout the year, this programme recognised over 3,800 employees. This year, the Company honoured 2,624 employees who have worked for 3, 5, 10, and 15 years.

Governance

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

Risk Management: Framework and Mitigation

Framework

SMICC has a robust governance structure in place. The Company's Board of Directors comprises a diverse group of eminent individuals with a wealth of experience and expertise in matters relevant to the Company's business. The Audit Committee, Risk Oversight Committee, Nomination & Remuneration Committee, Stakeholders Committee, CSR Committee, IT Strategy Committee and Non-Non-Cooperating Borrower Committee have assisted the Board.

SMICC has a robust risk management and internal controls framework based on the Three Lines of Defence model.

Enterprise-Level Risk Management Framework

SMICC risk management framework supports profitable business growth while maintaining disciplined risk management processes. The goal is to maximise profit while minimising risk. We manage risk across the lifecycle of different customer segments across various lending products and geographies using an optimal mix of analytical and statistical models, rule engine-based credit underwriting, and a robust operational and fraud risk management framework.

We ensure the right customer segment is originated by focusing on a "Champion-Challenger" approach combined with advanced customer acquisition analytics. This is supplemented by rigorous performance monitoring throughout the life of the loan (including early warning signals) to ensure a quality portfolio.

Advanced customer assessment models are being implemented across portfolios to get early reads on account stress so that portfolio and collection activities can be planned on time to minimise credit losses. In addition, stress testing portfolios under various scenarios regularly aids in assessing portfolio resilience to external shocks and tail events, and ensures a strong, well-capitalised balance sheet.

Country Risk Assessment

SMICC considers various macro-economic indicators to assess country risk. Post discussion and approval by the Board of Directors, the assessment is applied for decision-making across the consumer life cycle, including underwriting, portfolio management, and collections. The assessment methodology includes a graded approach to various actions arising from risk scenarios.

Nurturing a Skilled Workforce

The Company understands that building an organisation for perpetuity requires a strategic and holistic approach. It is essential to focus on the organisations short-term goals and long-term vision.

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

Risk Appetite Framework

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

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

Product Policy, Governance, and Monitoring Framework

Every product at SMICC is governed by a detailed policy framework outlined in the Product Approval Document ('PAD'). The document covers the business strategy, critical customer selection criteria, product portfolio monitoring matrices, profitability, and provisioning norms. The Risk Oversight Committee ('ROC') of the Board approves these PADs based on recommendations from the CEO and CRO.

Within the ambit of the PAD, in-country product-level policy documents specify norms on the target market, customer selection, credit acceptance criteria, credit approval methodology, verification, and remedial portfolio management policies. The effect of the implemented policies is reviewed periodically to ensure that they protect the Company from credit risk arising out of changes in macro-economics, industry/ segment level, and other consumer behavioural attributes.

A 'Test and Control' construct is used to expand risk parameters associated with a customer segment, exposure, or assessment methodology that are not explicitly covered by the product approval document(s). These Test and Control programes are implemented with defined benchmarks and guardrails. This allows for close monitoring and impact analysis on the efficacy of each policy before mainstreaming the same.

Mitigation

The Company recognises risk identification critical in risk management and mitigation. The Company uses a comprehensive enterprise-level risk framework to quickly identify risks with multi-layered controls. The "Three Lines of Defence" philosophy ensures complete governance and supervision and is at the heart of this risk management framework.

The following are the main pillars of risk mitigation:

- Robust policies and standards are updated regularly in line with industry best practices
- Internal Financial Controls Standards
- Optimal mix of Fraud databases, screening documents, and field visits to detect and mitigate potential frauds
- Operational Risk Management Governance
- Compliance Unit tracking all regulatory changes to ensure compliance

Internal audits and checks are conducted regularly to ensure that the assigned responsibilities are carried out effectively. Given the dynamic business and operating environment and changing business needs, the Board of Directors Audit Committee periodically reviews the adequacy and effectiveness of internal audit and internal control systems. They also recommend improving the efficacy of the existing internal audit and internal control systems.

Internal Controls

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

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

Consolidated Financial Statements

Operating Results

₹ in crores, except percentages

Particulars	FY2022	FY2023	% Change
Total Income	4,093	5,712	40%
Finance Cost	1,596	2,122	33%
Net interest income	**2,497**	**3,590**	**44%**
Employee benefit expenses	952	1,234	30%
Depreciation	94	120	28%
Other expenses	386	701	82%
Total Operating expenses	**1,432**	**2,055**	**44%**
Pre-impairment profit	**1,065**	**1,535**	**44%**
Impairment on financial assets	958	587	(39%)
Profit before tax	**107**	**948**	**>100%**
Tax	33	239	>100%
Profit after tax	**74**	**709**	**>100%**
Other Comprehensive Income	6	43	>100%

Assets Under Management grew by 44% in FY 2023 [March 2023: ₹36,613 crores as against ₹25,398 crores in March 2022], driven by higher disbursements during the year.

Total Income grew by 40% to ₹5,712 crores (FY2021-22: ₹4,093 crores). Interest income was higher due to higher average earning assets.

Operating expenses increased by 44% to ₹2,055 crores (FY 2021-22: ₹1,432 crores) due to increase in volume related costs and investment in technology & collection infrastructure.

Profit after tax grew 9.6x in FY 2022-23 [FY 2023: ₹709 crores as against ₹74 crores in the FY 2022], on account of growth in average earning assets, improvement in net interest margin and lower credit cost.

Key Ratios

Particulars	FY 2022	FY 2023
Net interest income (%)	10.4	12.0
Return on average equity ROE (%)	1.7	14.7
Return on average assets ROA (%)	0.3	2.1
Stage 3 (%)	6.7	3.9
Net Stage 3 (%)	3.1	2.1
Capital Adequacy Ratio (%) *	21.3	18.8
Of which, Tier I (%) *	15.6	14.0
Of which, Tier II (%) *	5.7	4.8
Earnings Per Share (Basic & Diluted) (in ₹)	0.3	3.2

* these ratios are on standalone basis

The Company experienced considerable improvement in its key financial ratios in FY 2022-23.

Return on Equity (ROE) and Return on Assets (ROA) improved significantly in the current year due to higher profits. ROE grew to 14.7% from 1.7% and ROA grew to 2.1% from 0.3%. Earnings Per Share (EPS) grew to ₹3.2 in FY 2022-23 as against ₹0.3 reported last year.

Portfolio quality improved significantly during the year, backed by focus on credit quality and improved collection performance. Stage-3 ratio (gross) as at March 2023 stood at 3.9% as against 6.7% at March 2022 and Stage-3 ratio (net) as at March 2023 stood at 2.1% as against 3.1% at March 2022.

Shareholders' Funds grew to ₹5,215 crores as at March 2023 as against ₹4,462 crores as at March 2022, due to profits during the year. Book value per share also increased to 23.2 per share from 19.9 per share.

The Company continues to maintain a healthy capital adequacy ratio. The capital adequacy ratio at a standalone level stood at 18.8% as at March 2023, against the regulatory requirement of 15.0%.

Resource and Liquidity

With a continued focus on diversification of borrowing resources and conservative liquidity management, the Company maintains an optimal and well-matched Asset Liability Management profile. Fixed deposits, money market instruments and treasury bills are used to spread the liquid investments across high-quality liquid assets.

The Company has consistently received shareholder support towards growth capital. Shareholders are committed to infuse capital in the Company as and when required.

The Company raised funds from various sources including banks, capital markets, external commercial borrowing and money markets. Total borrowings as at 31 March, 2023 was ₹33,725 crores, with ₹1,584 crores in Tier-II subordinated debt.

For its long-term debt, the Company on a standalone level maintained/reaffirmed its highest credit rating of AAA/stable from CRISIL, ICRA, India rating and CARE. On 8 April, 2022, India Rating upgraded its long-term rating from AA+ to AAA/stable. CRISIL, ICRA, and CARE have given the Company's short-term debt programme an A1+ rating. These ratings demonstrate the Company's financial management and ability to meet financial obligations on time.

Disclaimer

The Management Discussion and Analysis contains forward-looking statements that express the Company's objectives, projections, estimates, and expectations. It is important to note that these statements are subject to uncertainties, and actual results may differ from what is stated or implied. The Company's operations are influenced by economic conditions that impact demand-supply dynamics and price conditions in both domestic and international markets. Additionally, factors such as government regulations, tax laws, and other incidental elements can affect the Company's operations.

Report on Corporate Governance

Company's Philosophy on Corporate Governance

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

The constitution of the Board and that of its Committees are compliant with the relevant provisions of the Companies Act, 2013 ('the Act') and the relevant rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR, 2015'), RBI Master Direction - Systemically Important Deposit Taking and Non-Deposit Taking RBI Directions, 2016 ('RBI Master Directions') and Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs issued by Reserve Bank of India (RBI) ('SBR Framework').

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

Board of Directors

The Corporate Governance principles of the Company ensure that the Board remains informed, independent and provides guidance to the Company. Further, the Board is fully aware of its fiduciary responsibilities and recognises its responsibilities towards the long-term interest of its stakeholders by upholding the highest standards of governance in all matters concerning the Company.

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

As on 31 March, 2023, the Board comprises of ten directors, viz. 1 (one) Executive Director (Chief Executive Officer and Managing Director), 5 (five) (i.e. 50%) Non-Executive, Independent Directors and 4 (four) (i.e. 40%) Non-Executive, Non-Independent Directors and half of the Board consists of Independent Directors. The Chairman of the Board is a Non-Executive, Non-Independent Director. The composition of the Board is in conformity with Section 149 and Section 152 of the Act and Regulation 17 of the LODR, 2015.

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

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

During the year under review, there were no Non-Executive Directors who attained the age of 75 years or more and for whom approval of shareholders was required through special resolution in terms of Regulation 17(1A) of the Listing Regulations.

Number of Board Meetings:

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

i. 12 May, 2022;

ii. 28 July, 2022;

iii. 11 November, 2022;

iv. 2 February, 2023; and

v. 31 March, 2023.

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

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

Composition

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

As on 31 March, 2023

Name of the Director & DIN	Category of Directorship	Director Since	No. of Other Directorships	No. of Committees[1] As Member	No. of Committees[1] As Chairman/ Chairperson	Other directorship (including their designation in other listed entities)
Mr. Nobuyuki Kawabata (DIN: 09362144)	Chairman, Non-Executive, Non-Independent Director	30 November, 2021	-	1	-	1. Nippon Otis Elevator Company Ltd
Mr. Yeo Hong Ping (DIN: 08401270)	Non-Executive, Non-Independent Director	24 September, 2019	15	1	-	1. Lendingkart Finance Limited (Non-Executive Director); 2. Lendingkart Technologies Private Limited; 3. Fullerton Financial Holdings (International) Pte. Ltd; 4. Shanghai Fullerton Management Consultancy Co. Ltd; 5. Bicentennial Fund 1 Pte. Ltd; 6. Fullerton Investment Management Pte. Ltd; 7. Fullerton Financial Digital Holdings Pte. Ltd; 8. Cambodia Post Bank PLC; 9. Fullerton Technology (Shanghai) Co. Ltd; 10. Fullerton Credit (Chongqing) Company Limited; 11. Fullerton Credit (Yunnan) Company Limited; 12. Fullerton Credit (Sichuan) Ltd; 13. BOC Fullerton Community Bank Co. Ltd; 14. Fullerton Credit (Hubei) Ltd; 15. Fullerton Financial Holdings Pte. Ltd.
Mr. Shantanu Mitra (DIN: 03019468)	Chief Executive Officer and Managing Director	2 April, 2021	1	1	1	1. SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)* (Non-Executive Director);
Mr. Anindo Mukherjee (DIN: 00019375)	Non-Executive, Non-Independent Director	14 December, 2017	10	2	-	1. Lendingkart Finance Limited (Non-Executive Director); 2. Lendingkart Technologies Private Limited; 3. Fullerton Credit (Chongqing) Ltd; 4. Fullerton Credit (Yunan) Ltd; 5. Fullerton Credit (Sichuan) Ltd; 6. Fullerton Credit (Hubei) Ltd; 7. Fullerton Financial Holdings (International) Pte Ltd 8. Fullerton Financial Digital Holdings Pte Ltd; 9. Fullerton Technology (Shanghai) Co. Ltd; 10. Shanghai Fullerton Management Consultancy Co. Ltd.

Name of the Director & DIN	Category of Directorship	Director Since	No. of Other Directorships	No. of Committees[1]		Other directorship (including their designation in other listed entities)
				As Member	As Chairman/ Chairperson	
Mr. Rajeev Kannan (DIN: 01973006)	Non-Executive, Non-Independent Director	30 November, 2021	7	1	1	1. ESR Group Limited 2. Clifford Capital Holdings Pte. Ltd. 3. KP Management (GP) Pte. Ltd. 4. KPCF Investments Pte. Ltd. 5. Pierfront Capital Fund Management Pte. Ltd. 6. Pierfront Capital Mezzanine Fund Pte. Ltd. 7. Clifford Capital Pte. Ltd.
Ms. Seema Bahuguna (DIN: 09527493)	Non-Executive, Independent Director	26 April, 2022	2	2	-	1. PTC India Financial Services Limited 2. India International Bullion Exchange IFSC Limited
Mr. Diwakar Gupta (DIN: 01274552)	Non-Executive, Independent Director	13 July, 2022	8	3	2	1. Mahindra Holidays & Resorts India Limited (MHRIL) (Independent Director); 2. Crisil Ratings Limited 3. India Debt Resolution Company Limited 4. Mahindra Susten Private Limited 5. Holiday Club Resorts Oy (Finland) (Overseas Subsidiary of MHRIL) 6. Mahindra and Mahindra Financial Services Limited (Independent Director); 7. Earlysalary Services Private Limited 8. Social Worth Technologies Private Limited
Mr. Colathur Narayanan Ram (DIN: 00211906)	Non-Executive, Independent Director	7 September, 2022	4	2	-	1. SBI Funds Management Limited 2. Aditya Birla Health Insurance Co. Limited 3. Perfios Software Solutions Private Limited 4. FYNDNA Techcorp Private Limited
Mr. Rajaraman Balachander (DIN: 08012912)	Non-Executive, Independent Director	10 October, 2022	-	1	-	Nil
Ms. Dakshita Das (DIN: 07662681)	Non-Executive, Independent Director	28 February, 2023	1	1	-	1. SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)* (Independent Director);

Note:

1. For the purpose of considering the committees' membership and chairpersonship, only Audit Committee and Stakeholders Relationship Committee of Public Limited Companies [excluding HVDLE (which are not public companies) but including that of SMICC] have been considered. As per disclosure(s) received, the Directors did not hold Memberships in more than ten committees and chairpersonship in more than five committees and none of the Directors is on the Board of more than: i. twenty companies; ii. ten public limited companies; iii. seven listed entities.
2. Other directorship includes Foreign companies.
3. Ms. Seema Bahuguna, Mr. Diwakar Gupta, Mr. Colathur Narayanan Ram, Mr. Rajaraman Balachander were appointed as Non-Executive, Independent Director, with effect from 26 April, 2022, 13 July, 2022, 7 September, 2022 and 10 October, 2022 respectively.
4. Mr. Nobuyuki Kawabata was appointed as the Chairman with effect from 7 May, 2022.
5. Ms. Dakshita Das, was appointed as an Additional Director in the capacity of Non-Executive, Independent Director, with effect from 28 February, 2023 and her appointment was approved by shareholders in its Extra Ordinary General Meeting held on 13 April, 2023.
6. Mr. Shirish Apte ceased to be a Non-Executive, Independent Director, Non-Executive Chairman with effect from 30 April, 2022.
7. Dr. Milan Shuster and Ms. Sudha Pillai, Non-Executive, Independent Directors ceased to be Directors with effect from 30 September, 2022 due to completion of their tenure as Independent Director.

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

Sl. No	Name of Director	Capacity	Nature of change	Effective date
1	Mr. Nobuyuki Kawabata	Non-Executive, Non-Independent Director	Appointment	30 November, 2021
2	Mr. Rajeev Kannan	Non-Executive, Non-Independent Director	Appointment	30 November, 2021
3	Mr. Promeet Ghosh	Non-Executive, Non-Independent Director	Resignation	30 November, 2021
4	Mr. Radhakrishnan B. Menon	Non-Executive, Independent Director	Resignation	30 November, 2021
5	Mr. Premod P. Thomas	Non-Executive, Independent Director	Resignation	30 September, 2021
6	Mr. Shantanu Mitra	Chief Executive Officer and Managing Director	Appointment	2 April, 2021

Note: Pursuant to acquisition of 74.9% paid up share capital of the Company by Sumitomo Mitsui Financial Group, Inc., Mr. Radhakrishnan Menon resigned as an Independent Director of the Company.

Board Meetings

The attendance of each Director at the meetings of the Board and at the 27th Annual General Meeting (AGM) held during the year under review, are as under:

Name of the Directors	Number of meetings attended/held during their tenure	% of meetings attended	Attendance at the AGM held on 20 September, 2022
Mr. Nobuyuki Kawabata	5/5	100%	Yes
Mr. Yeo Hong Ping	5/5	100%	Yes
Mr. Shantanu Mitra	5/5	100%	Yes
Mr. Anindo Mukherjee	5/5	100%	No
Mr. Rajeev Kannan	5/5	100%	Yes
Dr. Milan Shuster	2/2	100%	Yes
Mr. Shirish Apte	Not applicable	Not applicable	Not applicable
Ms. Sudha Pillai	2/2	100%	No
Ms. Seema Bahuguna	5/5	100%	No
Mr. Diwakar Gupta	4/4	100%	No
Mr. Colathur Narayanan Ram	2/3*	66.67%	No
Mr. Rajaraman Balachander	3/3	100%	No
Ms. Dakshita Das	1/1	100%	Not applicable

*Leave of absence was obtained by the concerned Director.

Transactions with Non-Executive Directors

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

Number of shares and convertible instruments held by Executive and Non-Executives Directors

As on date, none of the Non-Executive Directors of the Company hold any equity shares of the Company. Mr. Shantanu Mitra, Chief Executive Officer and Managing Director holds 1 share in the Company as nominee of Sumitomo Mitsui Financial Group, Inc. Further, the Company has not issued any convertible instruments.

Familarisation Programme

The Company conducts familiarisation programs for its Non-Executive Directors. The familiarisation program ensures that the Non-Executive Directors are updated on the business and regulatory environment and the overall operations of the Company. The Non-Executive Directors periodically meet the senior management of the Company wherein they are briefed on the performance of the Company. Further, on an ongoing basis as a part of the agenda of meetings of the Board/ Committee(s), presentations are regularly made before the Directors on various matters *inter alia* covering the Company's businesses and operations, strategies, risk management framework, industry and other relevant matters.

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters along with details of number of programmes and number of hours spent by each of the Independent Directors during FY 2022-23, in terms of the requirements of LODR 2015 are available on the website of the Company and can be accessed at https://www.smfgindiacredit.com/policies.aspx

Board Expertise and Attributes

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

A tabular representation of the skills possessed by the Directors of the Company, are as under:

Sr. No.	Name of Director	Category	Industry experience	Leadership and strategic planning	Legal and regulatory compliance	Financial expertise	Business operations	Consumer behaviour, sales & marketing	Corporate governance	Risk management	Information Technology & cyber security
1	Mr. Nobuyuki Kawabata	Chairman, Non-Executive, Non-Independent Director	Y	Y	Y	Y	Y	-	Y	Y	-
2	Mr. Hong Ping Yeo	Non-Executive, Non-Independent Director	Y	Y	Y	Y	Y	-	Y	Y	-
3	Mr. Shantanu Mitra	Chief Executive Officer and Managing Director	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Mr. Anindo Mukherjee	Non-Executive, Non-Independent Director	Y	Y	Y	Y	Y	-	Y	Y	Y
5	Mr. Rajeev Kannan	Non-Executive, Non-Independent Director	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Ms. Seema Bahuguna	Non-Executive, Independent Director	Y	Y	Y	Y	-	-	Y	-	Y
7	Mr. Diwakar Gupta	Non-Executive, Independent Director	Y	Y	Y	Y	Y	-	Y	Y	-
8	Mr. Colathur Narayanan Ram	Non-Executive, Independent Director	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Mr. Rajaraman Balachander	Non-Executive, Independent Director	-	Y	Y	Y	Y	Y	Y	-	Y
10	Ms. Dakshita Das	Non-Executive, Independent Director	Y	Y	Y	Y	Y	Y	Y	Y	Y

Separate Meeting of Independent Director

The Independent Directors met separately (without the presence of the management or Non-Executive, Non- Independent Directors) on 25 April, 2022, in terms of Section 149(8) read with Schedule IV of the Companies Act, 2013 and Regulations 25 of the LODR, 2015.

Resignation of Independent Directors

During the year under review:

1. Mr. Shirish Apte resigned as the Non-Executive, Independent Director, Non-Executive Chairman, with effect from 30 April, 2022 due to other professional commitments.
2. Dr. Milan Shuster, Non-Executive, Independent Director resigned with effect from 30 September, 2022 due to completion of his tenure as a Non-Executive, Independent Director.
3. Ms. Sudha Pillai, Non-Executive, Independent Director resigned with effect from 30 September, 2022 due to completion of her tenure as a Non-Executive, Independent Director.

The above Independent Directors have confirmed that there were no other material reasons for their resignation other than those provided in their resignation letters.

Code of Conduct

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

Board Committees

The Committees constituted by the Board focus on specific areas and take informed decisions within the framework designed by the Board and make specific recommendations to the Board on matters in their areas or purview. All decisions and recommendations of the Committees are placed before the Board for information or for approval, if required. To enable better and more focused attention to the affairs of the Company, the Board has delegated particular matters to the Committees of the Board set up for the purpose. As on 31 March, 2023, the Company has seven Committees of the Board: -

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders Relationship Committee;
4. Risk Oversight Committee;
5. Corporate Social Responsibility Committee;
6. IT Strategy Committee; and
7. Review Committee for Non-Cooperative Borrowers

Audit Committee

Composition:

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

The Statutory Auditors and Internal Auditors are invited to attend the meetings. The proceedings of the Audit Committee Meetings are noted by the Board at their meetings. The Company Secretary acts as Secretary to the Committee.

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

Composition of Committee as on 31 March, 2023

Name of the Member	Category	Member of Committee since
Mr. Diwakar Gupta, Non-Executive, Independent Director	Chairman	23 July, 2022; (As Chairman: 8 November, 2022)
Mr. Anindo Mukherjee, Non-Executive, Non- Independent Director	Member	26 October, 2018
Mr. Nobuyuki Kawabata, Non-Executive, Non- Independent Director	Member	30 November, 2021
Ms. Seema Bahuguna, Non-Executive, Independent Director	Member	23 July, 2022
Mr. Colathur Narayanan Ram, Non-Executive, Independent Director	Member	7 September, 2022
Mr. Rajaraman Balachander, Non-Executive, Independent Director	Member	8 November, 2022

Note:

1. Mr. Shirish Apte *(ceased to be a member w.e.f. 30 April, 2022, consequent to his cessation as a Director)*
2. Dr. Milan Shuster *(ceased to be the Chairman and member w.e.f. 30 September, 2022, consequent to his cessation as a Director)*
3. Ms. Sudha Pillai *(ceased to be a member w.e.f. 30 September, 2022, consequent to her cessation as a Director)*

Brief Description of Terms of Reference:

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

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

1. To oversee of the financial reporting process and the disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible.
2. To review and approve appointment and terms of appointment of Chief Financial Officer and Head Internal Audit.
3. To review and, monitor the auditors' independence and performance, and effectiveness and scope of internal and external audit process as well as post-audit discussion to ascertain any area of concern;
4. To review the adequacy of internal audit function including the scope, functioning, quality, structure, policy of the internal audit department, staffing, seniority of the official heading the department, reporting structure coverage, frequency and methodology of internal audit and to approve key strategy and changes thereto and the Risk Based Internal Audit plans;
5. To ensure that an Information System Audit of the internal systems and processes of the Company, is conducted at least once in two years, to assess the operational risks faced by the Company; and review Information System Audit report and discuss significant findings, if any, with the auditors;
6. To approve provision of any other services by auditors apart from audit, except those which are prohibited and advice on the remuneration to be paid for such services;
7. To review and approve, related party transactions including review of details of related party transactions entered pursuant to grant of omnibus approval and make suitable recommendations to the Board, where necessary with regard to related party transactions and any subsequent modifications therein;
8. To scrutinise inter-corporate loans and investments;
9. To oversee establishment of a vigil mechanism (whistle-blower mechanism) for directors and employees, to examine the reports under the vigil mechanism and to take suitable action against complainants including reprimand in case of repeated frivolous complaints;
10. To carry out such other functions as may be delegated by the Board from time to time, or as may be necessary or appropriate for the performance of its duties or is mandatory for it to be carry out under Companies Act, SEBI Act and, RBI Act or any rules/ guidelines/ regulations/ circulars/etc. issued under those laws or any other applicable laws.

Meetings and Attendance during the year:

The meetings of the Audit Committee were held on the following dates during the year and the necessary quorum was present throughout the meetings:

i. 12 May, 2022;

ii. 28 July, 2022;

iii. 11 November, 2022; and

iv. 2 February, 2023;

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

Members	Number of meetings attended/held during their tenure	% of attendance
Mr. Diwakar Gupta	3/3	100%
Mr. Anindo Mukherjee	4/4	100%
Mr. Nobuyuki Kawabata	4/4	100%
Ms. Seema Bahuguna	3/3	100%
Mr. Colathur Narayanan Ram[1]	1/2	50%
Mr. Rajaraman Balachander	2/2	100%
Mr. Shirish Apte	Not applicable	Not applicable
Dr. Milan Shuster[2]	2/2	100%
Ms. Sudha Pillai	2/2	100%

[1]Leave of absence was obtained by the concerned Member.

[2]Dr. Milan Shuster, Chairman of the Committee, attended the last Annual General Meeting held on 20 September, 2022.

Nomination and Remuneration Committee

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

Composition:

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

Name of the Member	Category	Member of Committee since
Mr. Colathur Narayanan Ram, Non-Executive, Independent Director	Chairman	7 September, 2022 (As Chairman: 8 November,2022)
Mr. Yeo Hong Ping, Non-Executive, Non-Independent Director	Member	24 September, 2019
Mr. Nobuyuki Kawabata, Non-Executive, Non-Independent Director	Member	30 November, 2021
Ms. Seema Bahuguna, Non-Executive, Independent Director	Member	23 July, 2022
Mr. Diwakar Gupta, Non-Executive, Independent Director	Member	23 July, 2022
Mr. Rajaraman Balachander, Non-Executive, Independent Director	Member	8 November, 2022

Note:

1. Mr. Shirish Apte *(ceased to be a member w.e.f. 30 April, 2022, consequent to his cessation as a Director)*
2. Dr. Milan Shuster *(ceased to be the Chairman and member w.e.f. 30 September, 2022, consequent to his cessation as a Director)*
3. Ms. Sudha Pillai *(ceased to be a member w.e.f. 30 September, 2022, consequent to her cessation as a Director)*

Brief Description of Terms of Reference:

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

Nomination Functions:

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

Remuneration Functions:

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

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

Meetings and Attendance during the year:

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

i. 12 May, 2022

ii. 10 November, 2022

Details of the attendance at the aforesaid meetings are as under:

Members	Number of meetings attended/held during their tenure	% of attendance
Mr. Colathur Narayanan Ram[1]	0/1	0%
Mr. Yeo Hong Ping	2/2	100%
Mr. Nobuyuki Kawabata	2/2	100%
Ms. Seema Bahuguna	1/1	100%
Mr. Diwakar Gupta	1/1	100%
Mr. Rajaraman Balachander	1/1	100%
Ms. Sudha Pillai	1/1	100%
Dr. Milan Shuster[2]	1/1	100%

[1]Leave of absence was obtained by the concerned member.

[2]Dr. Milan Shuster, Chairman of the Committee, attended the last Annual General Meeting held on 20 September, 2022.

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

Performance Evaluation Criteria for Independent Directors:

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

Stakeholders Relationship Committee:

The Board had constituted the Stakeholders Relationship Committee ('SRC') pursuant to the provisions of LODR, 2015. Mr. Arun Mulge (up to close of business hours on 1 August, 2022) and Mr. Girish Koliyote (w.e.f. 2 August, 2022 and up to 15 April, 2023), Company Secretary and Compliance Officer, oversaw the investor complaints received and redressed during the year. The SRC is vested with necessary powers, as per its Terms of Reference duly approved by the Board.

Composition:

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

Name of the Member	Category	Member of Committee since
Mr. Rajeev Kannan, Non-Executive, Non-Independent Director	Chairman	30 November, 2021
Mr. Yeo Hong Ping, Non-Executive, Non-Independent Director	Member	30 November, 2021
Ms. Seema Bahuguna, Non-Executive, Independent Director	Member	23 July, 2022

Note:

1. Dr. Milan Shuster *(ceased to be a member w.e.f. 30 September, 2022, consequent to his cessation as a Director)*

Brief Description of Terms of Reference:

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

i. Resolving the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;

ii. Review of measures taken for effective exercise of voting rights by shareholders;

iii. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;

iv. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

Meetings and Attendance during the year:

During the year, the meeting of the SRC was held on 2 February, 2023, wherein the necessary quorum was present throughout the meeting.

The details of the attendance at the said meeting, are as under:

Members	Number of meetings attended / held during their tenure	% of attendance
Mr. Rajeev Kannan[1]	1/1	100%
Mr. Yeo Hong Ping	1/1	100%
Ms. Seema Bahuguna	1/1	100%
Dr. Milan Shuster	Not applicable	Not applicable

[1]Mr. Rajeev Kannan, Chairman of the Committee, attended the last Annual General Meeting held on 20 September, 2022.

The proceedings at the meeting of the SRC are noted by the Board at its meeting. The Company Secretary acts as the Secretary to the SRC.

Details of Investor Complaints:

During the year under review, no complaints were received from the debenture holders/ other investors (including through Stock Exchanges/ SEBI SCORES platform), detailed as under:

No. of Complaints pending as on 1 April, 2022	No. of Complaints received during the year	No. of Complaints resolved to the satisfaction of the security holders during the year	Complaints not resolved to the satisfaction of the security holders during the year	No. of Complaints pending as on 31 March, 2023
Nil	Nil	Not applicable	Not applicable	Nil

Risk Oversight Committee

The Company has a comprehensive, well-established and detailed risk management framework. The Company especially focuses on improving sensitivity to assessment of risks and improving methods of computation of risk weights, processes and procedures. The Board has constituted the Risk Oversight Committee ('ROC') to identify, review and control key risk areas, across the entire organisation, as per the RBI Master Directions and SBR Framework. The ROC also monitors the risk management in the Company. The risk assessment and mitigation procedures are reviewed by the Board periodically.

Composition:

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

Name of the Member	Category	Member of Committee since
Mr. Nobuyuki Kawabata, Non-Executive, Non-Independent Director	Chairman	30 November, 2021
Mr. Shantanu Mitra, Chief Executive Officer and Managing Director	Member	16 July,2021
Mr. Anindo Mukherjee, Non-Executive, Non-Independent Director	Member	26 October,2018
Mr. Diwakar Gupta, Non-Executive, Independent Director	Member	23 July, 2022
Mr. Colathur Narayanan Ram, Non-Executive, Independent Director	Member	8 November, 2022
Ms. Dakshita Das, Non-Executive, Independent Director	Member	28 February, 2023

Note:

1. Ms. Sudha Pillai *(ceased to be a member w.e.f. 30 September, 2022, consequent to her cessation as a Director)*
2. Dr. Milan Shuster *(ceased to be a member w.e.f. 30 September, 2022, consequent to his cessation as a Director)*

Brief Description of Terms of Reference:

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

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

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

1. Credit Risk;
2. Market Risk/Liquidity Risk;
3. Currency Risk;
4. Interest Rate Risk;
5. Operational Risk;
6. Cyber Security/ InfoSec Risk;
7. Other Risks;
8. Other functions as may be delegated by the Board, from time to time.

Meetings and Attendance during the year:

The meetings of the ROC were held on the following dates during the year wherein the necessary quorum was present throughout the meetings:

i. 12 May, 2022; and

ii. 11 November, 2022;

The details of the attendance at the said meetings, are as under:

Members	Number of meetings attended / held during their tenure	% of attendance
Mr. Nobuyuki Kawabata	2/2	100%
Mr. Shantanu Mitra	2/2	100%
Mr. Anindo Mukherjee	2/2	100%
Mr. Diwakar Gupta	1/1	100%
Mr. Colathur Narayanan Ram[1]	0/1	0%
Ms. Dakshita Das	Not applicable	Not applicable
Ms. Sudha Pillai	1/1	100%
Dr. Milan Shuster	1/1	100%

[1]Leave of absence was obtained by the concerned member

The proceedings of the meetings of the ROC were noted by the Board at its meetings. The Company Secretary acts as Secretary to the ROC. The Chief Risk Officer is a permanent invitee to the ROC meetings.

Corporate Social Responsibility Committee

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

Composition:

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

Name of the Member	Category	Member of Committee since
Mr. Rajeev Kannan, Non-Executive, Non-Independent Director	Chairman	30 November, 2021
Mr. Yeo Hong Ping, Non-Executive, Non-Independent Director	Member	24 September, 2019
Mr. Shantanu Mitra, Chief Executive Officer and Managing Director	Member	18 March, 2021
Ms. Seema Bahuguna, Non-Executive, Independent Director	Member	23 July, 2022

Note:

1. Ms. Sudha Pillai *(ceased to be member w.e.f. 30 September, 2022, consequent to her cessation as a Director)*

Brief Description of Terms of Reference:

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

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

Meetings and Attendance during the year:

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

i. 28 July, 2022;

The details of the attendance at the said meeting, are as under:

Members	Number of meetings attended / held during their tenure	% of attendance
Mr. Rajeev Kannan	1/1	100%
Mr. Yeo Hong Ping	1/1	100%
Mr. Shantanu Mitra	1/1	100%
Ms. Seema Bahuguna	1/1	100%
Ms. Sudha Pillai	1/1	100%

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

IT Strategy Committee

The Board has constituted the IT Strategy ('ITS') Committee to comply with the requirements as prescribed by Reserve Bank of India ('RBI'), in its master circular – Information Technology framework for NBFC sector dated 8 June, 2017. The Committee is vested with necessary powers, as laid down in its Terms of Reference, to achieve its objectives.

Composition:

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

Name of the Member	Category	Member of Committee since
Mr. Colathur Narayanan Ram, Non-Executive, Independent Director	Chairman	7 September, 2022
Mr. Shantanu Mitra, Chief Executive Officer and Managing Director	Member	18 March, 2021
Mr. Anindo Mukherjee, Non-Executive, Non-Independent Director	Member	28 March, 2018

Name of the Member	Category	Member of Committee since
Mr. Rajeev Kannan, Non-Executive, Non- Independent Director	Member	30 November, 2021
Ms. Dakshita Das, Non-Executive, Independent Director	Member	28 February, 2023
Chief Information Officer/ Chief Technology Officer (Mr. Rahul Bhardwaj)*	Member	16 July, 2021

*Member of Executive Management

Brief Description of Terms of Reference:

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

1. Approving IT/IS strategy and IT/IS policy documents and ensuring that the management has put an effective strategic planning process in place;
2. Ascertaining that management has implemented processes and practices which ensures that the IT delivers value to the business;
3. Ensuring IT/IS investments represent a balance of risks and benefits and that budgets are acceptable;
4. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
5. Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls;
6. To monitor the cyber security strategies/preparedness/ framework/etc. and review the cyber security policies and cyber crisis management plans;
7. To review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT and IS Governance;
8. To review the audit reports of IT/IS audits and provide observations/ recommendations to the Audit Committee if deemed fit by it;
9. Review the Business Continuity Plan (BCP)/Disaster Recovery (DR) Plan;
10. Instituting an appropriate governance mechanism for outsourced processes, comprising of risk-based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner;
11. Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing;
12. Developing sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements;
13. Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements;
14. To carry out such other functions as may be delegated by the Board from time to time, or as may be necessary or appropriate for the performance of its duties or is mandatory for it to be carried out by any regulatory requirements.

Meetings and Attendance during the year:

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

i. 14 September, 2022
ii. 2 February, 2023; and
iii. 31 March, 2023

The details of the attendance at the said meeting, are as under:

Members	Number of meetings attended / held during their tenure	% of attendance
Mr. Colathur Narayanan Ram	3/3	100%
Mr. Shantanu Mitra	3/3	100%
Mr. Anindo Mukherjee	3/3	100%
Mr. Rajeev Kannan	3/3	100%
Ms. Dakshita Das	1/1	100%
Mr. Rahul Bhardwaj*	3/3	100%

*Member of Executive Management

The proceedings of the meetings of the ITS Committee were noted by the Board at its meetings. The Company Secretary acts as Secretary to the ITS Committee. The Chief Risk Officer is a permanent invitee to the ITS Committee meetings.

Review Committee for Non-Cooperative Borrowers

The Board has constituted Review Committee for Non-Cooperative Borrowers ('RCNCB'), in compliance with the requirements prescribed by the Reserve Bank of India ('RBI').

Composition:

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

Name of the Member	Category	Member of Committee since
Mr. Shantanu Mitra, Chief Executive Officer and Managing Director	Chairman	18 March,2021
Mr. Diwakar Gupta, Non-Executive, Independent Director	Member	23 July,2022
Mr. Nobuyuki Kawabata, Non-Executive, Non-Independent Director	Member	8 November,2022
Mr. Anindo Mukherjee, Non-Executive, Non-Independent Director	Member	28 February,2023
Mr. Rajaraman Balachander, Non-Executive, Independent Director	Member	08 November,2022

Note:

1. Ms. Sudha Pillai *(ceased to be a member w.e.f. 30 September, 2022, consequent to her cessation as a Director)*.
2. Dr. Milan Shuster *(ceased to be the Chairman and member w.e.f 30 September, 2022, consequent to his cessation as a Director)*.

The Company Secretary acts as Secretary to RCNCB Committee. This Committee meets on need basis. The Committee did not meet during the year under review.

Brief Description of Terms of Reference:

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

1. To review the order of the Committee of Higher Functionaries for classification of certain identified borrowers as 'non-cooperative';
2. To review and recommend to the Board for de-classification of borrowers who had been earlier identified as 'non-cooperative' basis their credit discipline and cooperative dealings with the Company;
3. Carry out such other functions as may be delegated by the Board from time to time, or as may be necessary or appropriate for the performance of its duties or is mandatory for it to be carry out by any regulatory requirements;

Remuneration of Directors

Non-Executive Directors:

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

Non-Executive, Non-Independent Directors:

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

Non-Executive, Independent Directors:

Details of remuneration, paid to the following Non-Executive, Independent Directors of the Company, during the FY 2022-23, is as under:

Members	Sitting Fees Paid for meetings held during the year (In ₹)	Commission Paid for FY 2021-22 (In ₹)
Mr. Shirish Apte	1,00,000	35,00,000
Dr. Milan Shuster	5,80,000	20,00,000
Ms. Sudha Pillai	6,50,000	20,00,000
Mr. Premod P. Thomas	-	8,60,000
Mr. Radhakrishnan B. Menon	-	20,00,000
Ms. Seema Bahuguna	9,20,000	NA
Mr. Diwakar Gupta	7,50,000	NA
Mr. Colathur Narayanan Ram	4,80,000	NA
Mr. Rajaraman Balachander	5,10,000	NA
Ms. Dakshita Das	1,70,000	NA

The Board at its Meeting held on 22 March, 2022, had approved revision in the sitting fees payable and remuneration/ commission payable to the Non-Executive, Independent Directors, with effect from 1 April, 2021, detailed as under:

Sitting Fees:

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

Remuneration/ Commission:

- Limits of each Independent Director - ₹ 2.0 mio per year
- Limits for Chairman of the Board - ₹ 3.5 mio per year

Executive Director:

Details of the remuneration paid to Mr. Shantanu Mitra, as the Chief Executive Officer and Managing Director of the Company, with effect from 1 April, 2022, are as under:

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

Particulars of Remuneration	Amount in ₹
Salary	39,093,600
Value of perquisites, other benefits, allowances & retirement benefits	63,790
Retiral Benefits	13,53,773
Insurance	0
Performance Bonus paid (for Previous Year Performance i.e. FY21-22)	40,000,000
Total	**80,511,163**

ii) Details of fixed component and performance linked incentives, along with the performance criteria: Fixed pay details included in Salary and perquisites.

iii) Service contracts, notice period, severance fees:

a. Service contract for 3 years, from 2 April, 2021 up to 1 April, 2024, (upon completion of 3 years of service)

b. Notice Period of 90 days

c. Severance fees- Not Applicable

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

Phantom stock units issued in FY 22-23: 30,10,000

The vesting schedule- 50% of options after completion of 3 years 5 months from the date of grant, and 50% options after completion of 4 years 5 months from date of grant, subject to achievement of performance conditions. The units so vested are to be exercised within 3 years from the final date of vesting.

Criteria of paying remuneration to Non-Executive Directors

The Company does not pay any remuneration to its Non-Executive, Non-Independent Directors. However, the NRC has formulated criteria for payment of remuneration to its Non-Executive, Independent Directors, duly approved by the Board which is available on the website at https://www.smfgindiacredit.com/policies.aspx

General Body Meetings

Following are the information on General Body meetings and details of special resolution(s) passed.

a. Annual General Meeting:

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

Annual General Meeting (AGM)	Venue	Day & Date	Time	Special Resolutions passed
Twenty Seventh AGM	Through two-way video conference.	Tuesday, 20 September, 2022	2:30 PM	1. To appoint Ms. Seema Bahuguna (DIN: 09527493) as an Independent Director of the Company 2. To appoint Mr. Diwakar Gupta (DIN: 01274552) as an Independent Director of the Company
Twenty Sixth AGM		Monday, 6 September, 2021	10:45 AM	Payment of Remuneration to Independent Directors
Twenty Fifth AGM		Tuesday, 4 August, 2020	11:45 AM	1. To reappoint Mr. Shirish Apte (DIN: 06556481) as an Independent Director. 2. To extend the current tenure of Dr. Milan Shuster, (DIN: 07022462), Independent Director, by two years. 3. To extend the current tenure of Ms. Sudha Pillai, (DIN: 02263950) Independent Director, by two years.

All the resolutions were passed through Poll and no resolution was passed by postal ballot. There is no immediate proposal for passing any resolution through Postal Ballot.

b. Extra-ordinary General Meeting:

The details of the Extra-Ordinary General Meeting held in the FY 2022-23, are given below:

Venue	Day & Date	Time	Special Resolutions passed
Through two-way video conference.	Thursday, 24 November, 2022	11:35 AM	1. To appoint Mr. Colathur Narayanan Ram (DIN: 00211906), as an Independent Director of the Company 2. To appoint Mr. Balachander Rajaraman (DIN: 08012912) as an Independent Director of the Company
2nd North Avenue, Maker Maxity, 10th Floor, Bandra-Kurla Complex, Bandra East, Mumbai- 400 051	Thursday, 2 February, 2023	5:15 PM	1. To approve power to borrow funds pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013, not exceeding ₹ 42,000 crores. 2. To approve the power to create charge on the assets of the Company to secure borrowings up to ₹ 42,000 crores pursuant to Section 180(1)(a) of the companies Act, 2013.

Means of communication

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

b. Quarterly, half-yearly and annual financial results of the Company have been published in Financial Express (English language), Mint (English language), and Mumbai Lakshadweep (Marathi language) newspaper.

c. Official news release is also uploaded on the website of the Company at https://www. smfgindiacredit.com/media/press-releases.aspx

d. No presentations are made to institutional investors or to analysts.

General Shareholder Information

a. Annual General Meeting

Date, Time and Venue.	21 September, 2023, at 1:00 PM IST through Two-way video conferencing.

b. Financial Calendar (tentative):

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

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

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

e. Payment of Annual Listing fees: The Company has paid the annual listing fees for the FY 2023-2024.

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

Address.	Contact Details.
Link Intime India Pvt. Ltd. C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai- 400083.	Toll Free number (India): 1800 1020 878 Telephone Number: 022-4918 6270 Fax: 022-4918 6060 e-mail: rnt.helpdesk@linkintime.co.in Website: https://www.linkintime.co.in

g. No listed securities were suspended for trading during the FY 2022-2023.

h. Commodity Price Risk or Foreign Exchange risk and Hedging Activities

The Company is exposed to foreign currency exchange rate fluctuation risk for its foreign currency borrowing (FCB). The Company's borrowings in foreign currency are governed by RBI guidelines (RBI master direction RBI/FED/2018-19/67 dated 26 March 2019) which requires entities raising External Commercial Borrowings ('ECB')for an average maturity of less than 5 years to hedge minimum 70% of its ECB exposure (principal and coupon). The Company hedges its entire ECB exposure for the full tenure of the ECB as per Board approved risk management policy.

For its FCB, the Company assesses the foreign currency exchange rates, tenure of FCB and its fully hedged costs; and manages its currency risks by entering into derivatives contracts as hedge positions in line with the Board approved policy.

Being a financial service company, the Company is not exposed to commodity price risk.

i. List of all credit ratings along with any revisions thereto obtained for FY 2022-2023 for all debt instruments or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilisation of funds, whether in India or abroad. Kindly refer to the Para no. 11 of the Directors' Report.

j. Address for correspondence and Investor queries:

Name	Contact Details
Secretarial Department	SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)* Corporate Address: 2nd North Avenue, Maker Maxity, Floor 10, BKC, Bandra (East), Mumbai- 400051. Email Id: secretarial@smfgindia.com Annex to the Corporate Office: 6th Floor, Supreme Business Park, Hiranandani Gardens Powai, Mumbai, Maharashtra- 400076.

k. Dematerialisation of shares and liquidity

The equity shares of the Company are held in demat form.

l. Distribution of shareholding

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

Name of the Shareholders	No. of Shares held	Percentage
Sumitomo Mitsui Financial Group*	1,68,27,91,295	74.90
Angelica Investments Pte. Ltd.	56,39,26,055	25.10
Total (Issued & Paid-up Shares)	**2,24,67,17,350**	**100**

*Includes 6 shares held by Nominee shareholders of Sumitomo Mitsui Financial Group

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

The Company is a Systemically Important Non-Deposit taking Non-Banking Financial Company, thereby the Company operates from various offices in India and does not have any manufacturing plant.

Other Disclosures:

a. There are no significant material-related party transactions which required approval of the shareholders of the Company except as provided in the Director's Report.

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

c. The Company has formulated a Vigil Mechanism / Whistle Blower Policy. No personnel of the Company have been denied access to the Audit Committee to lodge their grievance. The said Policy has been uploaded on the website of the Company at: https://www.smfgindiacredit.com/policies.aspx

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

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

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

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

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

   v. Internal Auditor functionally reports to the Audit Committee.

e. The Policy for determining material subsidiary is uploaded on the website of the Company at https://www.smfgindiacredit.com/policies.aspx

f. The Policy for Related Party Transactions has been uploaded on the website of the Company at https://www.smfgindiacredit.com/policies.aspx. A copy of the said Policy has also been attached to the Directors' Report as **Annexure VI.**

g. Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) – Not applicable

h. The Company has been identified as a High Value Debt Listed Entity ('HVDLE'), with effect from 7 September, 2021 and as such is required to comply with relevant provisions of LODR, 2015 relating to corporate governance, on a 'comply or explain' basis, till 31 March, 2023. SEBI vide circular dated 14 June, 2023 has extended the timeline for 'comply or explain' period for the HVDLE till 31 March, 2024 and on a mandatory basis thereafter. The Company is in compliance with Regulations 15 to 27 of the LODR, 2015. The Company has obtained a certificate from M/s Vinod Kothari & Company, Practicing Company Secretaries regarding compliance with the provisions relating to corporate governance laid down under the SEBI Listing Regulations.

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

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

k. The details of the fees paid by the Company and SMFG India Home Finance Co. Ltd. *(Formerly Fullerton India Home Finance Co. Ltd.)* (SMHFC) its wholly owned subsidiary to the Joint statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, during the financial year ended 31 March, 2023, is as under:

(₹ in lakhs)

Professional fees payable to auditors	Standalone	Subsidiary	Consolidated
Statutory Audit fee	96	16	112
Tax Audit fee	9	4	13
Other services	6	25	31
Total	**111**	**45**	**156**

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

No. of complaints filed	9
No. of complaints disposed off	9
No. of complaints pending	Nil

m. The Company and SMHFC, its wholly owned subsidiary have not taken or given any loans and advances to firms/ companies/ body corporates, in which directors are interested or deemed to be interested by name and account.

n. Details of material subsidiaries

Name of the material subsidiary	SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)*
Date and place of incorporation	12 August, 2010, Chennai
Date of appointment of the statutory auditors	6 August, 2021

o. Disclosures with respect to demat suspense account/ unclaimed suspense account: Not Applicable

p. There were no penalty/stricture imposed by RBI or any other statutory authority during the year under review. Further, there were no defaults observed in compliance with the requirements of the Companies Act, 2013, including with respect to compliance with accounting and secretarial standards.

q. Details of non-compliance with requirement of Companies Act, 2013: Nil

r. The Company has complied with all the requirements of the Corporate Governance Report as stated under sub paras (2) to (10) of Section I of Schedule V to the Listing Regulations.

Compliance with Code of Conduct

I confirm that all Board Members and Senior Management Team have affirmed compliance with the "Code of Conduct for Directors, Senior Management, Key Managerial Personnel and Employees of the Company", as applicable to them for the year ended 31 March, 2023.

Shantanu Mitra
CEO & Managing Director
(DIN No: 03019468)

Date: 10 August, 2023
Place: Mumbai

Certificate of Corporate Governance

The certificate dated 25 July, 2023 obtained from M/s Vinod Kothari and Company, Practicing Company Secretaries (Unique Code: P1996WB042300) confirming compliances with the conditions relating to Corporate Governance, as stipulated in the LODR, 2015, is enclosed to this Report as **Annexure B**.

Annexure A to the Directors' Report

Certificate of Non-Disqualification of Directors

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

To,

The Members of

SMFG India Credit Company Limited

(Formerly Fullerton India Credit Co. Ltd.)

Megh Towers, Third Floor, Old No-307,
New No-165, Poonamallee High Road,
Maduravoyal, Chennai, Tamil Nadu, 600095 India.

We have examined the relevant registers, records, forms, returns, and disclosures received from the Directors of SMFG India Credit Company Limited having CIN U65191TN1994PLC079235 and having registered office at Megh Towers, Third Floor, Old No-307, New No-165, Poonamallee High Road, Maduravoyal, Chennai, Tamil Nadu, 600095 India, *(Formerly Fullerton India Credit Co. Ltd.)* (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with NSE Circular dated January 07, 2022 read with clause 10(i) of Para C of Schedule V to the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or by the Reserve Bank of India or by Insurance Regulatory and Development Authority.

Sl. No.	Name of the Director as on March 31, 2023	DIN	Category of Directorship as on March 31, 2023	Date of Appointment
1.	Mr. Nobuyuki Kawabata	09362144	Chairman, Non-Executive Director	30 November, 2021
2.	Mr. Shantanu Mitra	03019468	Managing Director & CEO	02 April, 2021
3.	Mr. Rajeev Kannan	01973006	Non-Executive Director	30 November, 2021
4.	Mr. Yeo Hong Ping	08401270	Non-Executive Director	24 September, 2019
5.	Mr. Anindo Mukherjee	00019375	Non-Executive Director	14 December, 2017
6.	Mr. Colathur Narayanan Ram	00211906	Independent Director	7 September, 2022
7.	Ms. Seema Bahuguna	09527493	Independent Director	26 April, 2022
8.	Mr. Diwakar Gupta	01274552	Independent Director	13 July, 2022
9.	Mr. Balachander Rajaraman	08012912	Independent Director	10 October, 2022
10.	Ms. Dakshita Das[1]	07662681	Additional Director (Independent)	28 February, 2023

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

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

Vinita Nair
Senior Partner
Membership No.: F10559 C P No.: 11902
UDIN: F010559E000501709
Peer Review Certificate No.: 781/2020

Place: Mumbai
Date: 26 June, 2023

[1] Ms. Dakshita Das was appointed as an Additional Director (Non-Executive, Independent) w.e.f. February 28, 2023 by the Board of Directors on February 28, 2023 and by the shareholders at the Extra-Ordinary General Meeting held on April 13, 2023.

Annexure B to the Directors' Report

Certificate on Corporate Governance

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

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

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

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

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

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

Vinita Nair
Senior Partner
Membership No.: F10559
CP No.: 11902
UDIN: F010559E000502149
Peer Review Certificate No.: 781/2020

Place: Mumbai
Date: 26 June, 2023

Annexure I

List of Documents

1. Minutes of the following meetings (Final minutes furnished electronically):
   - Board Meetings;
   - Audit Committee Meetings;
   - Nomination and Remuneration Committee Meetings;
   - Risk Oversight Committee Meetings;
   - Stakeholders Relationship Committee Meetings;
   - Annual General Meeting and Extra-Ordinary General Meeting;
2. Notice of general meetings and circular resolution;
3. Policies as available on the website;
4. Annual disclosures received from Directors pursuant to Section 184(1);
5. Declaration by Independent Directors;
6. Omnibus approval granted in Audit Committee Meeting for FY 22-23;
7. Details of remuneration paid to Directors;
8. Terms of reference of the Committees of the Board;
9. Draft CG Report for FY 2022-23;
10. Details of other directorship as reflecting in Director’s Master Data on MCA and stock exchange filing for corporate governance.

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

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

We, Shantanu Mitra, Chief Executive Officer & Managing Director and Pankaj Malik, Chief Financial Officer of SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)* (hereinafter referred to as the Company), to the best of our knowledge and belief, certify that:

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

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

   ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

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

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

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

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

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

e. There have been 34 instances of fraud reported by the Company to the Board. The Company has taken appropriate legal action against the same. As the Company is registered as non-deposit taking NBFC, it has not accepted deposits from the public.

Shantanu Mitra
Chief Executive Officer &
Managing Director

Pankaj Malik
Chief Financial Officer

Date: 10 August, 2023
Place: Mumbai

Annexure IV to the Directors' Report

Form No. MR-3

Secretarial Audit Report

For the year ended on March 31, 2023

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the period under review complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

1. The Companies Act, 2013 ('the Act') and the rules made thereunder including any re-enactment thereof;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings;
5. **The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), to the extent applicable:**
   a. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
   d. The Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to obligations of Issuer Company);
   e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations,1993 (in relation to obligations of Issuer Company);
   f. Circular on Framework for Listing of Commercial Paper issued by SEBI;
6. **Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say:**
   a. Reserve Bank of India Act, 1934;
   b. Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('Directions, 2016');
   c. Miscellaneous Instructions to all Non-Banking Financial Companies;
   d. Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016;
   e. Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;
   f. Master Direction - Monitoring of Frauds in NBFCs (Reserve bank) Directions, 2016;
   g. Master Direction - Know Your Customer (KYC) Directions, 2016;
   h. Master Direction – Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;
   i. Master Direction on Information Technology Framework for the NBFC Sector;
   j. Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs read with other applicable circulars issued thereunder;
   k. Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)
   l. RBI Commercial Paper Directions, 2017, effective from 10 August, 2017 (as amended from time to time) w.r.t. issue of commercial papers and applicable Operating Guidelines issued by FIMMDA (Fixed Income Money Market and Derivatives Association of India), and Chapter XVII of SEBI Operational Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated 10 August, 2021;

m. Laws specifically applicable to a Corporate Agent, as identified by the management, that is to say:

   (a) The Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015.

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

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

Recommendations as a matter of best practice:

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, 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 and Committee meetings, agenda and detailed notes on agenda were sent at least seven days in advance except in cases where the meetings were at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions were unanimous and there was no instance of dissent in Board or Committee Meetings.

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

We further report that during the period under review, the Company has not undertaken any specific events/ actions that can have a major bearing on the Company's compliance responsibility in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., except as follows:

i. Private Placement of Non-Convertible Debentures (NCDs):

During the period under review, the Company has allotted secured debentures amounting to ₹3,665.50 crores & subordinated debt amounting to ₹200 crores.

ii. Redemption of NCDs:

During the period under review, the Company redeemed debentures amounting to ₹2,287.98 crores pursuant to maturity/early redemption.

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

Pursuant to acquisition of 74.9% of paid-up share capital of the Company by Sumitomo Mitsui Financial Group ('SMFG') from Angelica Investments Pte. Ltd. ('Angelica') and Fullerton Financial Holdings Pte. Ltd. ('FFH'), the name of the Company has been changed from 'Fullerton India Credit Company Limited' to 'SMFG India Credit Company Limited', to indicate the association with SMFG, pursuant to receipt of requisite approval from the Reserve Bank of India *vide* NOC letter dated 23 March, 2023, IRDAI *vide* letter dated 27 March, 2023 and approval from shareholders obtained *vide* resolution passed on 13 April, 2023. Fresh certificate of incorporation was received from the Registrar of Companies, Chennai on 11 May, 2023. Further, the Company has also received a fresh certificate of registration dated 25 May, 2023, from the Reserve Bank of India, pursuant to change of name.

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

During the period under review, the Company increased the borrowing limits of the Company from the existing limit of ₹32,000 crore to ₹42,000 crore pursuant to the special resolution passed in terms of Section 180(1)(c) of the Act in the Extraordinary General Meeting ('EGM') held on February 2, 2023. Consequently, approval in terms of Section 180 (1) (a) of the Act was also obtained in the said EGM for the aforesaid borrowing limits.

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

Vinita Nair
Senior Partner
Membership No.: F10559
CP No.: 11902
UDIN: F010559E000501907
Peer Review Certificate No. 781/2020

Place: Mumbai
Date: 26 June, 2023

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

Annexure I

Annexure to Secretarial Audit Report (Non-Qualified)

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

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit. The list of documents for the purpose, as seen by us, is listed in **Annexure II**;
2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
3. Our Audit examination is restricted only up to legal compliances of the applicable laws to be done by the Company, we have not checked the practical aspects relating to the same.

   Wherever our Audit has required our examination of books and records maintained by the Company, we have also relied upon electronic versions of such books and records, as provided to us through online communication. Considering the effectiveness of information technology tools in the audit processes, we have conducted online verification and examination of records, as facilitated by the Company, for the purpose of issuing this Report. In doing so, we have followed the guidance as issued by the Institute.
4. We have not verified the correctness and appropriateness of financial records and books of account of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns.
5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulation and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on a test-check basis.
7. Due to the inherent limitations of an audit including internal, financial, and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with audit practices.
8. The contents of this Report has to be read in conjunction with and not in isolation of the observations, if any, in the report(s) furnished/to be furnished by any other auditor(s)/agencies/authorities with respect to the Company.
9. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Annexure II

List of Documents

1. Minutes of the following meetings (Final minutes furnished electronically):
    - Board Meeting;
    - Audit Meeting;
    - Nomination & Remuneration Committee Meeting;
    - Risk Oversight Committee Meeting;
    - Corporate Social Responsibility Committee Meeting;
    - ALCO Meeting;
    - IT Strategy Committee Meeting;
    - Stakeholders Relationship Committee Meetings;
    - Annual General Meeting and Extraordinary General Meetings.
2. Notices for Board and Committee Meetings on a sample basis;
3. Resolutions passed by Circulation;
4. Director's disclosure under the Act and rules made thereunder
5. Statutory Registers under the Act;
6. Intimations/ Information submitted to Stock Exchanges, Debenture Trustees and Credit Rating Agencies;
7. Forms and returns filed with the ROC, RBI and IRDA;
8. Codes, Policies and Terms of Reference of Committees framed under applicable SEBI Regulations and disclosures/ details obtained/ furnished thereunder.
9. Forms filed under the Foreign Exchange Management Act and the Regulations made thereunder with Authorised Dealer Bank and RBI in relation to FDI, ECB.
10. Annual report 2022 and quarterly financials submitted during the period under review.

Annexure V to the Directors' Report

Annual Report on CSR Activities for Financial Year 2022-23

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

CSR policy of SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)* ('SMFG India Credit')

i. Introduction

As a part of its Corporate Social Responsibility, SMFG India Credit enables sustainable development and inclusive growth across communities. The Company has implemented certain innovative socio-economic and environmental initiatives, in fulfilment of its role as a socially responsible corporate citizen. SMFG India Credit reaches out to the under-banked and unbanked by not just providing them with financial services but also by enabling the communities with services and skills that would help improve their standard and quality of living.

SMFG India Credit's Corporate Social Responsibility ('CSR') projects operate under the brand name - 'Uday – ek nayi subhah', which signifies hope, thus fulfilling the Company's commitment in making a change in lives of the under privileged.

SMFG IndiaCredit
Pragati Ki Nayi Pehchaan

Uday
ek nayi subhah

Every CSR initiative of SMFG India Credit is branded to build mass connect both for internal as well as external stakeholders.

Jeevika	Pashu Vikas	Akshar	Krishi Mitra
Livelihood Enhancement & Training Programmes	Cattle-care Camps	Education Programmes	Environment & Organic Farming
niramaya	**sakhi**	**Yuva Kaushal**	**Jyoti**
Primary Healthcare	Financial Literacy	Skill Development for Youth	Eye-care Programmes

ii. Uday Vision

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

iii. Uday Objectives

SMFG India Credit's *Uday* initiative focuses on the three keys aspects of community development - Social, Economic and Environment. To achieve long-term sustainable impact on the community, SMFG India Credit's *Uday* objectives are:

Advance livelihoods through

- Identification of technical expertise for guidance and facilitation of programmes
- Skill development and capacity building initiatives
- Income enhancement through market linkages, across value chains
- Education programmes focusing on enhancement of knowledge leading to up-gradation of skills and empowerment

Improve the social well-being of the community through

- Health awareness and intervention programmes for community and the under-privileged, with a focus on eye-care and nutrition
- Women and children - focused health interventions through awareness and implementation of programmes enabling adoption of best health practices
- Awareness about preventive healthcare, with a focus on hygiene and clean drinking water

Adoption of sustainable environmental practices through

- Promotion and adoption of environmentally sustainable practices, such as organic farming
- Awareness and adoption of green technology and alternative energy through programmes/interventions

iv. Scope

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

This Policy is in line with Section 135 of the Companies Act, 2013 ('the Act') and the rules made thereunder.

2. Composition of CSR Committee:

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	Mr. Rajeev Kannan	Chairman & Non-Executive, Non-Independent Director	1	1
2	Ms. Sudha Pillai	Member, Non-Executive, Independent Director	1	1
3	Mr. Yeo Hong Ping	Member, Non-Executive, Independent Director	1	1
4	Mr. Shantanu Mitra	Member, CEO & Managing Director	1	1
5	Ms. Seema Bahuguna	Member, Non-Executive, Independent Director	1	1

Note:

1. Ms. Sudha Pillai ceased to be member w.e.f. 30 September, 2022, consequent to her cessation as a Director

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

- CSR Committee Composition: https://www.smfgindiacredit.com/csr.aspx
- CSR Policy: https://www.smfgindiacredit.com/csr.aspx
- CSR projects: https://www.smfgindiacredit.com/csr.aspx

4. Provide the executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8, if applicable:

Executive summary of Impact assessment report is attached along with this report. The web-link of the impact assessment report of the Company, is https://www.smfgindiacredit.com/csr.aspx

5.

a. Average Net Profit of the Company as per Section 135(5): **(₹ -1,15,75,34,841)**

b. Two percent of average net profit of the Company as per Section 135(5): **Nil (2% of ₹ -1,15,75,34,841)**

c. Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

d. Amount required to be set off for the financial year, if any: Nil

e. Total CSR obligation for the financial year [(b)+(c)-(d)]: Nil, (Board approved CSR expenditure of ₹6.50 crores as an excess spend to be set off against future CSR budget)

6.

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

- Details of CSR amount spent against Ongoing projects for the financial year: Not Applicable
- Details of CSR amount spent against **other than Ongoing projects** for the financial year: ₹ 6,12,28,750

b. Amount spent in Administrative Overheads: ₹20,00,000

c. Amount spent on Impact Assessment, if applicable: ₹17,71,250

d. Total amount spent for the Financial Year (a)+(b)+(c): ₹6,50,00,000 (6,12,28,750 + 20,00,000 + 17,71,250)

e. CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
6,50,00,000	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

f. Excess amount set-off, if any:

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average of net profit of the Company as per Section 135(5)	0
(ii)	Total amount spent for the Financial Year	6,50,00,000
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	6,50,00,000
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years; if any	0
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	6,50,00,000

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 Section 135(6) (in ₹)	Amount spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (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	2019-20	-	-	-	-	-	-	-
2	2020-21	2,38,56,000	-	8,00,000	-	-	-	-
3	2021-22	96,35,004	-	96,35,004	-	-	-	-

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

Yes ☐ No ☑

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

Shantanu Mitra
Chief Executive Officer & Managing Director
DIN: 03019468

Date: 10 August, 2023
Place: Mumbai

Rajeev Kannan
Chairman, CSR Committee
DIN: 01973006

Date: 10 August, 2023
Place: Singapore

Impact Assessment

Executive Summary

SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)*, and its implementing partner effectively works on investment in technologies and digital capabilities and also focuses on sustainable development and inclusive growth. And SGS India has endeavoured to conduct the impact study for the concerned initiative instituted by SMFG India Credit.

PASHU VIKAS

1.1 Integrated Livestock Development

Implementation Partner - J.K. Trust

1. Produce of cattle of 98.4% beneficiaries increased leading to direct positive impact on their income.
2. Considering 42.2% belonging to lower economic class and 23.4% to lower middle class; the free of cost services saved on input cost for beneficiaries. Especially services such as animal insemination.
3. Income of 96.9% beneficiaries increased by 25%-50%; which directly reflected into their purchasing power as beneficiaries have invested in better machinery, agriculture related activities and education.

YUVA kaushal

1.2 Livelihood enhancement - Skill Development for Youth

Implementation Partner - Orion Education Society, Teamlease & Anirban Rural Welfare Society

1. 72% of the total attendees got employment opportunities post intervention.
2. 54% of the total beneficiaries of training program successfully got employment.
3. During conversation with beneficiaries, many of them stated their salaries in the range of 8-12k/ month.

Jeevika

1.3 Livelihood enhancement - Vocational training skills for women

Implementation Partner - WORD & AWAG

1. 74.7% of beneficiaries got income opportunities and were greatly benefited with securing an average monthly income in a range of ₹ 3000- ₹ 10,000 through various training programs.
2. 27.5% beneficiaries during training and 7.1% post training got employment; this is significant considering most of the beneficiaries were homemakers.
3. The training has improved the employment seeking behaviour in women, making them confident to go out and work/seek work.

Jyoti

1.4 Vision Care Center

Implementation Partners - Mission for Vision & Sightsavers

1. There were 62.3% of respondents who had got treatment for the first time; which means without this intervention it could have led to serious eye problems.
2. 47.9%, 38.7% and 2.9% beneficiaries were treated with cataract, refractive errors and partial blindness respectively for free of cost.
3. 28.5% beneficiaries mentioned that their income increased only because of the treatment availed because of the intervention.

1.5 Krishi Mitra – Organic Farming

Implementation Partner – Snehalaya

1. Input cost has drastically decreased post intervention of 86.3% beneficiaries.
2. 37.6% mentioned that water usage has reduced post adopting organic farming.
3. 90.5% have successful adopting organic farming partially or fully; which is positive considering most of them were skeptical prior to the intervention.
4. 51.9% beneficiaries stated that their produce has increased.

1.6 Health Care Units

Mobile Health Vans Implementation Partner - Helpage India, Sevamob, Americares Foundation

1. 97.1% of beneficiaries got free medications post check-up.
2. 23.8% of the beneficiaries said they took treatment for cold and fever, 14.4% for knee pain, 18.8% for giddiness, 9.4% for body pain, 6.5% for skin diseases, 5.7% for hypertension, 4.2% for abdominal pain, 3.5% for diabetes, 3.1% for weakness, 3.1% for skin allergy and rest visited for others for issues like gastric issues, chest pain, breathing, vaginal infection in women and regular check-up.

Healthcare Center Implementation Partner - Sundarban Social Development Center

1. Beneficiaries received free iron supplements reducing their anaemic condition.
2. The intervention increased the awareness about health & hygiene and led over 90% beneficiaries to lead a healthier lifestyle.

1.7 Digital Financial Literacy

Implementation Partner - Society for Pragati Bharat

1. 88.7% of the beneficiaries are curating their structured family budget after attending the workshop/ training conducted during this initiative.
2. A substantial number 59.2% of beneficiaries are also reaching out to micro finance institutions. This shows the efficacy of the intervention in enhancing financial literacy.
3. The data set portrayed that around 31.4% of the beneficiaries are actively using digital payment/UPI on regular basis especially post intervention.
4. 47% of the beneficiaries make informed financial decision i.e. comparing prices of products, comparing products from different companies, etc.

1.8 Scholarship Programme

Implementation Partner - Shikshadaan Foundation (Buddy4Study)

1. 68.5% of the beneficiaries stated that it would have been difficult to continue their education further if they didn't receive the concerning scholarship.
2. It was 100% successful in reducing the financial burden of the family.
3. One of the respondents who are currently in the first year of graduation and aspires to be a Civil Servant over telephonic conversation stated, *"it was because of this financial assistance that he was able to take admission in the college, else he would have been involved in some in- formal work."*

Policy on Related Party Transactions

1. Background

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

- The Companies Act, 2013 ("the Act") and the relevant provisions of the Companies (Meetings of the Board and its Powers) Rules, 2014, as amended, from time to time;
- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), as amended, from time to time;
- RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
- Indian Accounting Standards, (IND AS-24), as amended, from time to time;
- IRDA (Registration of Corporate Agents) Regulations, 2015, as amended, from time to time; and
- Framework for Scale Based Regulation for Non-Banking Financial Companies and guidelines issued thereunder from time to time to the extent applicable to loans and advances to related parties.

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

2. Policy Scope and Objective

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

Scope of this Policy, is as under:

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

3. Policy Applicability

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

4. Definitions

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

Annual Consolidated Turnover	means Turnover as per the last audited Consolidated Financial Statements
Annual Standalone Turnover	means Turnover as per the last audited Standalone Financial Statements.
Associated Entities	Means the following: (i) directors (including the Chairman/ Managing Director) or relatives of directors; (ii) any firm in which any of the directors of the Company or their relatives, is interested as a partner, manager, employee or guarantor; (iii) any Company in which any of their directors of the Company, or their relatives is interested as a Major Shareholder, director, manager, employee or guarantor.
Key Managerial Personnel (KMPs)	The KMPs shall mean and include, i. Chief Executive Officer or the Managing Director or the Manager; ii. Company Secretary; iii. the Whole-time Director; iv. the Chief Financial Officer; v. such other officer as may be prescribed under the Companies Act, 2013;
Listing Regulations	Means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, from time to time.
Major Shareholder	means a person holding 10% or more of the paid-up share capital or rupees five crore in paid-up shares, whichever is lower.

Material Modification	(i) Entering into, or varying, or waiving any breach of, or discharging any liability under, or terminating any SMFG Related Party Transaction not on an arm's length basis.; (ii) The entering into of any transaction by a Group Company with a Related Party of such Group Company which: (i) is not in the ordinary course of the Business; (ii) is not on an arm's length basis; or (iii) exceeds INR 100,000,000 (Indian Rupees Hundred Million) in value, in aggregate in any Financial Year.
Material Related Party Transaction	Material Related Party Transaction shall have the same as defined in Companies Act, 2013 and Listing Regulation. For details please refer to Annexure 1 of this Policy.
Net Worth	The aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
Potential Conflict of Interest	Means conflict of interest either by being a party to an RPT or in case of an RPT with another body corporate, holding more than 2% of the paid-up share capital of the other body corporate.
Related Party	Related Party with reference to a Company, shall include: (i) director or his relative; (ii) key managerial personnel or his relative; (iii) firm, in which a director, manager or his relative is a partner; (iv) private Company in which a director or manager or his relative is a member or director; (v) public Company in which a director or manager is a director and holds along with his relatives, more than two per cent. of its paid-up share capital; (vi) body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager excluding person giving directions or instructions in a professional capacity; (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act other than advice, directions or instructions given in a professional capacity excluding person giving directions or instructions in a professional capacity; (viii) body corporate which is: (A) a holding, subsidiary or an associate company of such company; or (B) a subsidiary of a holding company to which it is also a subsidiary; (C) an investing company or the venturer of the Company; (ix) a director (other than an independent director) or key managerial personnel of the holding company or his relative with reference to the Company. Related Party is further defined as per Reg. 2 (zb) of the Listing Regulations and applicable accounting standards. Please refer to Annexure 1 for Related Party Definition as per Listing Regulations and Accounting Standard.
Related Party Transaction' or 'RPT'	Means a transaction involving transfer of resources, services or obligations between: • The Company or any of its subsidiaries on one hand with a Related Party of the Company or any of its subsidiaries on the other; or • The Company or any of its subsidiaries on one hand with any other person or entity on the other, the purpose and effect of which is to benefit a Related Party of the Company or any of its subsidiaries. It is clarified that regardless of whether a price is charged, a "transaction" with a Related Party shall be construed to include a single transaction or a group of transactions in a contract.
Relative	For an individual, 'Relative' shall mean and include: • Members of Hindu undivided family; • Husband or wife; • Father (including step-father) and Mother (including step-mother); • Daughter and Daughter's husband; • Son (including step-son) and Son's wife; • Brother (including step-brother) and Sister (including step-sister); • Domestic partner of any of the said persons, children and dependants of such domestic partner or spouse (IND AS-24).
Senior Officers (SOs)/ Senior Management/ Leadership Team	Means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management, one level below the Chief Executive Officer & Managing Director, including the functional heads.

SMFG Related Party Transactions	Means any agreement, arrangement, undertaking and/or transaction (including, without limitation, the entry into, variation of, termination of and any exercise of rights under such agreement, arrangement, undertaking and/or transaction) involving (i) any Group Company on the one hand (as defined in the Articles of Association of the Company), and (ii): (a) any member of the SMFG Group; (b) any Affiliate of any member of the SMFG Group; (c) any SMFG Group-Sponsored Vehicle; (d) to the extent SMFG is aware, any person or entity in which the person or entity described in the preceding paragraphs (a), (b) or (c) directly or indirectly holds or controls 30% (thirty per cent.) or more of the outstanding securities or other ownership interests of such entity; and/or (e) any person or entity that directly or indirectly holds or controls 30% (thirty per cent.) or more of the outstanding securities or other ownership interests in any of the entities described in the preceding paragraphs (a) or (b).
Subsidiary Company	Shall mean SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)*
Turnover	The gross amount of revenue recognised in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by the Company as per its last audited financial accounts.

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

5. Policy Exclusion

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

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

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

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

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

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

  (i) Government securities

  (ii) Life insurance policies

  (iii) Fixed deposits

  (iv) Stocks and shares

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

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

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

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

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

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

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

(e) The database of Related Parties shall be updated based on inputs/ disclosures received from the Related Parties and other concerned stakeholders by the Secretarial

Department and circulated to all the departments of the Company, in case of any change, or on a quarterly basis, whichever is earlier.

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

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

7. Manner of dealing with Related Party Transactions

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

I. Transactions requiring prior approval of Audit Committee

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

b) Related Party Transaction would not require prior approval of the Audit Committee of the Company, so long as SMHFC (being the wholly owned subsidiary) complies with the provisions of Regulation 23 and Regulation 15(2) of SEBI LODR, as listed at **Annexure – 3**.

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

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

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

II. Transactions requiring prior approval of the Board of Directors

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

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

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

III. Transactions requiring prior approval of Shareholders

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

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

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

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

IV. Transaction where no prior approval is required:

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

b) Material RPTs, to which SMHFC, wholly owned subsidiary, is a party but the Company is not a party, if SMHFC complies with the provisions of Regulation 23 and Regulation 15(2) of SEBI LODR.

V. Omnibus Approval

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

1. maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;

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

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

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

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

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

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

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

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

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

VI. Restrictions in voting

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

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

VII. Review of Related Party Transaction

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

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

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

Further, any approval for Related Party Transaction as per para 7 above shall be subject to prior consent of Shareholders of the Company i.e. Angelica Investments Pte Limited (Angelica) and Sumitomo Mitsui Financial Group (SMFG), wherever required, in pursuance of clause 171(3) – "Affirmative Vote Matters" of the Articles of Association of the Company.

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

8.1 Loans, advances or awarding of Contracts to Associated Entities

- Approval of the Audit Committees shall be required for granting of any loans, advances or awarding of Contracts aggregating to INR 5 crore and above to Associated Entities.
- Above shall not apply for any loans, advances or awarding of contracts by the Company to its holding or subsidiary Companies unless Directors of the Company or their relatives is/are a Major Shareholder or has control over the said holding or subsidiary Company.

- Directors, interested in any proposals for any loans, advances or awarding of contracts placed before the Audit Committee meeting for approval, shall disclose the nature of interest and shall recuse from the meeting and shall not vote on such proposals. However, such interested Director shall be allowed to attend the meeting with the permission of Chairman.
- Any loans, advances or awarding of Contracts to the above borrowers less than INR 5 crore shall be in pursuance of the provisions of the Companies Act, 2013 read with applicable Rules and Regulations thereof and shall be approved as per the loan approval matrix of the Company. Any such loans, advances or awarding of Contracts shall be reported to the Audit Committee and the Board in the immediate next meeting.
- Company shall obtain details of all live loans, advances or Contracts taken by an individual or their Relatives prior to becoming Director in the Company and the same shall be reported to the Board at the time of appointment.

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

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

- Any loans, advances or awarding of Contracts by the Company to its Senior Officers or their relatives shall be reported to the Audit Committee and to the Board.
- Further, any Senior Officer or any committee where senior officer is a member shall not approve any loans to his/her relatives. Such loan shall be approved by the next higher sanctioning authority under the loan approval matrix of the Company.

8.3 General requirement

- Company shall obtain declaration form the borrower giving details of the relationship of the borrower to its Directors/ Senior officers for availing loans and advances aggregating INR 5 Crore and above from the Company. Loans to borrower shall be recalled if any false declaration is given by the borrower.
- Company shall disclose in the Annual Report, any loans, advances or Contracts made to Associated entities/ Senior Officer or relatives of Senior Officer in addition to disclosure w.r.t. related party transactions as mandated under RBI circular dated April 19, 2022 covering disclosure in financial statements notes to accounts of NBFCs. Disclosure shall be made in the format mentioned in **Annexure 5** of this Policy.

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

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

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

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

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

(d) Value of the proposed transaction;

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

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

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

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

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

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

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

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

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

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

(j) Any other information that may be relevant.

10. Roles and Responsibility

Stakeholder	Roles and Responsibilities
Secretarial Team	• To obtain relevant details from directors and key managerial personnel of the Company as per Clause 6 of this Policy; • To obtain relevant details of other Related Parties, • To identify and prepare list of Related Parties; • To prepared and maintain data base of Related Party Transactions; • To send the list of Related Parties, including changes thereto, to all the departments of the Company; • To ensure disclosures as per this Policy; • To upload the Policy on Related Party Transactions, as may be amended, from time to time on the website of the Company; • To place before the Audit Committee/ Board, details of existing loans and advances and contracts of directors proposed to be appointed.
Finance	Based on updated list of related parties, updated by the Secretarial department, from time to time. • Provide details of RPTs/ material RPTs and any subsequent material amendment(s) thereto, including details of existing loans and advances and other contracts entered into with directors who are proposed to be appointed. • Ensure disclosure of details of RPTs in the Financial Statement of the Company as set out in this Policy and as per IND AS 24; • Make disclosure in the Financial Statement of the Company, in respect of any loans, advances and contracts with directors amounting to INR 5 crore and above. • Arrange for arm's length report in respect of Related Party Transactions proposed to be entered into by the Company, after external validation, and to place the same before the Audit Committee for their review, .
Human Resource	• To obtain list of Relatives from the SOs of the Company, in terms of Clause 6 of this Policy; • To update database of SOs pursuant to any change in the details of previous disclosed by the SOs.
All Departmental Heads	• To obtain relevant information from the person with whom the Company proposes to enter into with any transaction, so as to establish whether or not such person is to be considered as a related party under the extant related party norms. Such information is to be shared promptly with the Secretarial Department. • Based on the said information, the Secretarial Department to review whether the transaction proposed to be entered with such person, is a related party in terms of the extant related party norms. • Secretarial Department to review and confirm, whether the proposed transaction comes within the purview of related party norms, then such customer/ vendor/ person shall be categorised as a related party and database updated, to facilitate compliances in terms of this Policy. • To co-ordinate and provide relevant information in respect of any RPT/ material RPT or any subsequent material amendment thereto entered/ to be entered into by the Company to the Secretarial/ Finance Department, for seeking the requisite approval of the Audit Committee/ Board/ Shareholders of the Company, as applicable.

11. Disclosure

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

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

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

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

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

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

12. Review

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

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

Annexure 1

Definition Clause

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

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

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

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

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

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

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

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

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

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

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

It is clarified that:

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

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

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

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

  (d) termination benefits; and

  (e) share-based payment.

- An investor shall determine whether it is a parent by assessing whether it controls the investee. An investor controls an investee if and only if the investor has all the following: (a) power over the investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's returns [IND AS 110]

  Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

- Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement.
- Government refers to government, government agencies and similar bodies whether local, national or international. A government-related entity is an entity that is controlled, jointly controlled or significantly influenced by a government.
- Whilst identifying each possible related party relationship, focus shall be on the substance of the relationship and not merely the legal form.

However, the following shall not be considered as related parties:

(a) two entities simply because they have common director or key management personnel or because a key management personnel of the Company has significant influence over the other entity.

(b) two venturers, simply because they share joint control over a joint venture.

(a) (i) providers of finance, (ii) trade unions, (iii) public utilities, and (iv) departments and agencies of a government that does not control, jointly control or significantly influence the Company, simply by virtue of their normal dealings with the Company (even though they may affect the freedom of action of the Company or participate in its decision-making process).

(b) a customer, supplier, franchisor, distributor or general agent with whom the Company transacts a significant volume of business, simply by virtue of the resulting economic dependence.

Annexure 2

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

Annexure 3

Provisions of Regulation 23 of the Listing Regulations

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

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

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

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

Annexure 4

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

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

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

c) leasing of property of any kind;

d) availing or rendering of any services;

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

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

g) underwriting the subscription of any securities or derivatives thereof, of the Company:

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

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

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

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

For the purpose of this clause,

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

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

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

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

Annexure 5

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

(Amount in crores)

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

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

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

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

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

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

Independent Auditor's Report

To
The Members of
SMFG India Credit Company Limited
(formerly known as Fullerton India Credit Company Limited)

Report on the audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of SMFG India Credit Company Limited (formerly known as Fullerton India Credit Company Limited) ('the Holding Company' or 'the Parent' or 'the Company') and its subsidiary (the parent and its subsidiary together referred to as 'the Group'), which comprise the consolidated balance sheet as at 31 March, 2023, and consolidated statement of profit (including other comprehensive income), the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information ('the Consolidated Financial Statements').

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 reports of other auditors on separate financial statements of one subsidiary, as was audited by the other auditor, 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 accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March, 2023, and its consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under Section 143(10) of the Act. Our responsibilities under those SAs 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 along with the consideration of audit reports of the other auditors referred to in the 'Other Matters' section below is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

Emphasis of Matter

4. We draw attention to Note 40(b) of the Consolidated Financial Statements, which states that the Code on Social Security 2020 ('Code') relating to employee benefits, which received Presidential assent has not yet been notified, since the state governments have not yet finalised the relevant Rules. The Company has carried out the impact assessment under this Code on the gratuity liability based on an actuarial valuation and have carried a provision of ₹ 5,367 lakhs as at 31 March, 2023 and of ₹766 lakhs in the statement of profit and loss for the year ended 31 March, 2023. This is over and above the provisions made in normal course, based on extant rules.

   Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current year. 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.

Key Audit Matter	How the matter was addressed in our audit
Impairment of portfolio loans Refer to the accounting policies in "Note 1.C.2 to the Consolidated Financial Statements: Impairment and write off ', "Note 1.B.(v) to the Consolidated Financial Statements: Significant Accounting Policies- use of estimates and judgements", Note 33 to the Consolidated Financial Statements: Impairment on financial instruments" and "Note 51 to the Consolidated Financial Statements: Financial Risk Management – Credit Risk"	
Subjective estimates: Under Ind AS 109, "Financial Instruments", allowance for loan losses are determined using expected credit loss ('ECL') estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: • Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. • Model estimations - Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). 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. • Economic scenarios - Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Consolidated Financial Statements as a whole, and possibly many times that amount. Disclosures: The disclosures (including disclosures prescribed by RBI) regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	Auditors of the Subsidiary and we have carried following key audit procedures: Review of Policy/procedures & design/controls • Going through the Board approved Policy and approach concerning the assessment of credit and other risks and ascertainment/ageing of 'default' by the borrowers and procedures in relation to stages and ECL computation. • Understood and assessed the Company's process and controls on measurement and recognition of impairment in the loan portfolio. • Studying the report of review of ECL model of the Company for the year, as performed by an independent expert, whose report is placed before the Board of Directors of the Company. • Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights. • Assessing the design, implementation and operating effectiveness of key internal financial controls including monitoring process of overdue loans (and those which became overdue after the reporting date), measurement of provision, stage-wise classification of loans, identification of NPA accounts, assessing the reliability of management information, which included overdue reports. • Testing of review controls over measurement of provisions and disclosures in the Consolidated Financial Statements. • We understood the models and general economic indicator criteria used for regression testing over data of the loan book. Substantive verification • Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. • Model calculations testing through re-performance, where possible. Assessing disclosures- Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Consolidated Financial Statements are appropriate and sufficient.

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

Information other than the 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 Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

9. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. and take appropriate action as applicable under the relevant laws and regulations.

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

10. The Holding Company's Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements, that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. 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 the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

11. 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 each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

12. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's responsibilities for the audit of the Consolidated Financial Statements

13. Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole

are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

14.1. 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.

14.2. 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 the Consolidated Financial Statements and the operating effectiveness of such controls.

14.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

14.4. Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

14.5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

14.6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial statements of the entity included in the Consolidated Financial Statements of which we are the independent auditors. For the subsidiary, included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

15. We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

16. 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.

17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

18. We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of ₹6,24,000 Lakh (before consolidation adjustments) as at 31 March, 2023, total revenues of ₹68,624 Lakh (before consolidation adjustments), total net Profit after tax of ₹4,016 Lakh (before consolidation adjustments) and net cash flows amounting to ₹3,495 Lakh (before consolidation adjustments) for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor.

19. Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

20. As required by Section 143(3) of the Act, based on our audit and on the consideration of audit report of the other auditor on separate financial statements of the subsidiary as was

audited by other auditor, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

20.1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

20.2. 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.

20.3. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flow 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.

20.4. In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act.

20.5. On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2023, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, none of the directors of the Holding company and its subsidiary company, is disqualified as on 31 March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

20.6. With respect to the adequacy of internal financial controls with reference to the Consolidated Financial Statements of the Holding Company, its subsidiary company, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'.

20.7. In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary company which were not audited by us, the remuneration paid/ payable during the current year by the Holding Company and its subsidiary company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid/ payable to any director by the Holding Company and its subsidiary company is not in excess of the limit laid down under Section 197 of the Act.

21. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of audit reports of the other auditors on separate financial statements of the subsidiary as noted in the 'Other Matters' paragraph:

21.1. The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March, 2023 on the consolidated financial position of the Group – Refer Note 43 to the consolidated financial statements.

21.2. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 4 to the Consolidated Financial Statements in respect of such items as it relates to the Group,

21.3. 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, during the year ended 31 March, 2023.

21.4. The respective managements of the Holding Company and its subsidiary whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary, to best of their knowledge and belief, that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary company to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiary company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

21.5. The respective managements of the Holding Company and its subsidiary whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary, to best of their knowledge and belief, that no funds have been received by the Holding Company or any of such subsidiary company from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary 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.

21.6. Based on such audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by auditors of the subsidiary whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or other auditors to believe that the representation under para 21.4 and 21.5 contain any material misstatement.

21.7. The Group has not declared or paid any dividend during the year.

22. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), provides for the feature of recording of audit trail (edit log) facility in the accounting software used by the Company for maintenance of books of account, which is applicable to the Company from financial year beginning 1 April 2023. The reporting under clause (g) of Rule 11 of Companies (Audit and Auditors) Rules, 2014 would be done from financial year 2023-2024 onwards.

23. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order,2020 ('CARO') issued by Central Government in terms of Section 143(11) of the Act, to be included in Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and based on our consideration of CARO reports issued by respective auditors of the Company included in consolidated financial statements, we report that there are no qualifications or adverse remarks in these CARO reports.

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
Firm Registration No. 104607W/W100166

Jamshed K. Udwadia
Partner
ICAI Membership No.: 124658
UDIN: 23124658BGXLMH7403

Place: Mumbai
Date: 29 May 2023

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration:105146W/W100621

Gautam Shah
Partner
ICAI Membership No.: 117348
UDIN: 23117348BGSZIW1146

Place: Mumbai
Date: 29 May 2023

Annexure 'A' to the Independent Auditors' report on the Consolidated Financial Statements of SMFG India Credit Company Limited (formerly known as Fullerton India Credit Company Limited) for the year ended 31 March, 2023

(Referred to in paragraph '20.6' under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid Consolidated Financial Statements under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ('the Act')

Opinion

1. In conjunction with our audit of the Consolidated Financial Statements of SMFG India Credit Company Limited (formerly known as Fullerton India Credit Company Limited) as of and for the year ended 31 March, 2023, we have audited the internal financial controls with reference to the Consolidated Financial Statements of SMFG India Credit Company Limited (formerly known as Fullerton India Credit Company Limited) ('the Holding Company') and its subsidiary company, which are companies incorporated in India as of that date.

2. In our opinion, the Holding Company, and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to the Consolidated Financial Statements and such internal financial controls were operating effectively as at 31 March, 2023, based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the Guidance Note').

Management's responsibility for Internal Financial Controls

3. The respective Board of Directors of the Holding Company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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

4. Our responsibility is to express an opinion on the Holding Company and its subsidiary company, which are companies incorporated in India, internal financial controls with reference to the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('SA'), prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Consolidated Financial Statements. Those SAs 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 the Consolidated Financial Statements were established and maintained and if such controls operated effectively in all material respects.

5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to the Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 Consolidated Financial Statements, whether due to fraud or error.

6. 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 Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the Consolidated Financial Statements.

Meaning of Internal Financial controls with reference to the Consolidated Financial Statements

7. A Company's internal financial controls with reference to the Consolidated 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 the Consolidated Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to the consolidated Financial Statements

8. Because of the inherent limitations of internal financial controls with reference to the Consolidated 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 the Consolidated Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls system with reference to the Consolidated Financial Statements in so far as it relates to the subsidiary company which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary company incorporated in India.

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
Firm Registration No. 104607W/W100166

Jamshed K. Udwadia
Partner
ICAI Membership No.: 124658
UDIN: 23124658BGXLMH7403

Place: Mumbai
Date: 29 May 2023

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration:105146W/W100621

Gautam Shah
Partner
ICAI Membership No.: 117348
UDIN: 23117348BGSZIW1146

Place: Mumbai
Date: 29 May 2023

Consolidated Balance Sheet

as at 31 March, 2023

(₹ lakhs)

	Note	As at 31 March, 2023	As at 31 March 2022
ASSETS			
Financial assets			
Cash and cash equivalents	2	2,61,200	1,23,529
Bank balances other than cash and cash equivalents	3	12,052	1,04,942
Derivative financial instruments	4	8,061	3,104
Investments	5	2,58,145	76,850
Trade receivables	6	1,657	1,003
Loans and advances	7	34,11,267	22,69,456
Other financial assets	8	22,024	13,732
		39,74,406	**25,92,616**
Non-financial assets			
Current tax assets	9	4,425	7,860
Deferred tax asset (net)	10	58,001	83,646
Other non-financial assets	11	15,827	11,401
Property, plant and equipment	12	10,217	5,380
Right of use assets	13	20,182	16,871
Intangible assets	14	7,263	6,689
Intangible assets under development	14	126	136
		1,16,041	**1,31,983**
Total Assets		**40,90,447**	**27,24,599**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Derivative financial instruments	4	-	12,406
Trade payables	15		
i) total outstanding dues to micro enterprises and small enterprises		3,207	746
ii) total outstanding dues to creditors other than micro enterprises and small enterprises		42,882	15,102
Debt Securities	16	9,36,708	7,53,433
Subordinated liabilities	17	1,58,390	1,47,067
Borrowings	18	22,77,447	12,01,666
Other financial liabilities	19	1,19,380	1,22,299
		35,38,014	**22,52,719**
Non-financial liabilities			
Current tax liabilities	20	5,687	5,533
Provisions	21	16,396	13,382
Other non-financial liabilities	22	8,830	6,738
		30,913	**25,653**
Equity			
Equity share capital	23	2,24,672	2,24,672
Other equity	24	2,96,848	2,21,555
		5,21,520	**4,46,227**
Total liabilities and equity		**40,90,447**	**27,24,599**
Refer Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements	1-56		

As per our report of even date attached.

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
ICAI Firm Registration No.: 104607W/W100166

Jamshed K. Udwadia
Partner
Membership No.: 124658

For **KKC & Associates LLP (formerly Khimji Kunverji & Co LLP)**
Chartered Accountants
ICAI Firm Registration No.: 105146W/W100621

Gautam Shah
Partner
Membership No.: 117348

Place: Mumbai
Date: 29 May 2023

For and on behalf of the Board of Directors of
SMFG India Credit Company Limited
(Formerly Fullerton India Credit Co. Ltd.)

Nobuyuki Kawabata
Chairman
DIN: 09362144

Place: Tokyo
Date: 29 May 2023

Shantanu Mitra
CEO & Managing Director
DIN: 03019468

Place: Mumbai
Date: 29 May 2023

Pankaj Malik
Chief Financial Officer

Place: Mumbai
Date: 29 May 2023

Consolidated Statement of Profit and Loss

for the year ended 31 March, 2023

(₹ lakhs)

	Note	Year ended 31 March, 2023	Year ended 31 March 2022
Revenue from operations			
Interest income	25	5,35,576	3,89,143
Dividend income	26	-	3
Fees and commission income	27	21,573	11,912
Gain on derecognition of financial instruments held at amortised cost		5,519	4,686
Net gain on financial assets at FVTPL	28	2,020	1,137
Ancillary income	29	2,455	1,124
Total revenue from operations		**5,67,143**	**4,08,005**
Other income	30	4,077	1,281
Total Income		**5,71,220**	**4,09,286**
Expenses			
Finance costs	31	2,12,181	1,59,601
Net loss on financial asset at FVTPL	32	2	-
Impairment on financial instruments	33	58,694	95,787
Employee benefits expense	34	1,23,381	95,179
Depreciation and amortisation	12,13&14	12,018	9,355
Other expenses	35	70,134	38,625
Total expenses		**4,76,410**	**3,98,547**
Profit before tax		**94,810**	**10,739**
Tax expense	36 (a)		
Current tax		-	1,497
Deferred tax expense		23,857	1,840
Total Tax Expense		**23,857**	**3,337**
Net profit after tax		**70,953**	**7,402**
Other comprehensive income/(loss)	36(b)		
Items that will not be reclassified to profit or loss			
Re-measurement of loss on defined benefit plans		(136)	(359)
Tax relating to above		34	90
Items that will be reclassified to profit or loss			
Derivatives designated at Cash flow hedge		5,607	1,196
Tax relating to above		(1,411)	(301)
Fair Valuation of Loans held at FVOCI		330	-
Tax relating to above		(83)	-
Other comprehensive income		**4,341**	**626**
Total comprehensive income for the year		**75,294**	**8,028**
Earnings per equity share:	37		
Basic earnings per share (in ₹)		3.16	0.33
Diluted earnings per share (in ₹)		3.16	0.33
Face value per share (in ₹)		10.00	10.00
Refer Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements	1-56		

As per our report of even date attached.

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
ICAI Firm Registration No.: 104607W/W100166

Jamshed K. Udwadia
Partner
Membership No.: 124658

For **KKC & Associates LLP (formerly Khimji Kunverji & Co LLP)**
Chartered Accountants
ICAI Firm Registration No.: 105146W/W100621

Gautam Shah
Partner
Membership No.: 117348

Place: Mumbai
Date: 29 May 2023

For and on behalf of the Board of Directors of
SMFG India Credit Company Limited
(Formerly Fullerton India Credit Co. Ltd.)

Nobuyuki Kawabata
Chairman
DIN: 09362144

Place: Tokyo
Date: 29 May 2023

Shantanu Mitra
CEO & Managing Director
DIN: 03019468

Place: Mumbai
Date: 29 May 2023

Pankaj Malik
Chief Financial Officer

Place: Mumbai
Date: 29 May 2023

Consolidated Statement of Cash Flow

for the year ended 31 March, 2023

(₹ lakhs)

	Year ended 31 March, 2023	Year ended 31 March 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**94,810**	**10,739**
Adjustments for:		
Financial asset measured at amortised cost	(676)	(146)
Financial liabilities measured at amortised cost	7,364	2,574
Depreciation, amortisation and impairment	12,018	9,355
Interest income on fixed deposits and investments	(15,531)	(15,699)
Profit on sale of property, plant and equipment	(113)	(36)
Net gain on financial assets at FVTPL	(2,019)	(1,137)
Impairment on financial instruments	58,694	95,787
Write off of fixed assets & intangible assets	180	21
Fair valuation of cash settled stock appreciation rights	5,586	3,675
Operating profit before working capital changes	**1,60,313**	**1,05,133**
Adjustments:		
- Increase in loans and advances	(12,02,293)	(2,95,544)
- (Increase)/Decrease in other assets (financial and non-financial assets)	(15,706)	3,416
- Decrease in trade receivables	(618)	71
- Increase in other financial and non-financial liabilities	22,384	16,797
Cash (used in) operating activities	**(10,35,920)**	**(1,70,127)**
Income tax (payment)/refund (net)	3,970	(5,245)
Net cash (used in) operating activities (A)	**(10,31,950)**	**(1,75,372)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangibles	(11,963)	(4,467)
Proceeds from the sale of property, plant and equipment and intangibles	195	106
Purchase of investments	(26,37,240)	(15,99,981)
Sale/maturity of investments	24,57,962	17,81,027
Fixed deposit placed	(4,08,588)	(17,10,909)
Fixed deposit matured	4,99,598	18,30,391
Interest received on fixed deposits	11,438	15,234
Interest received on investments	6,666	7,763
Net cash (used in) / generated from investing activities (B)	**(81,932)**	**3,19,164**

Consolidated Statement of Cash Flow

for the year ended 31 March, 2023

(₹ lakhs)

	Year ended 31 March, 2023	Year ended 31 March 2022
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital (including share premium)	-	25,000
Proceeds from borrowings from banks and financial institutions	23,04,668	6,43,749
Repayment of borrowings from banks and financial institutions	(10,39,331)	(7,50,327)
Payment of ancillary borrowing costs	(6,921)	(3,805)
Principal and interest payment of Lease Liability	(6,864)	(5,592)
Net cash generated from/(used in) financing activities (C)	**12,51,552**	**(90,975)**
Net increase in cash and cash equivalents D=(A+B+C)	**1,37,671**	**52,817**
Cash and cash equivalents as at the beginning of the period (E)	1,23,529	70,712
Closing balance of cash and cash equivalents (D+E)	**2,61,200**	**1,23,529**
Components of cash and cash equivalents:		
Cash on hand	895	1,307
Cheques in hand	310	316
Balances with banks		
- in current accounts	70,307	56,102
- in fixed deposit with maturity less than 3 months	1,89,688	65,804
Cash and cash equivalents	**2,61,200**	**1,23,529**

Note:

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
ICAI Firm Registration No.: 104607W/W100166

Jamshed K. Udwadia
Partner
Membership No.: 124658

For **KKC & Associates LLP (formerly Khimji Kunverji & Co LLP)**
Chartered Accountants
ICAI Firm Registration No.: 105146W/W100621

Gautam Shah
Partner
Membership No.: 117348

Place: Mumbai
Date: 29 May 2023

For and on behalf of the Board of Directors of
SMFG India Credit Company Limited
(Formerly Fullerton India Credit Co. Ltd.)

Nobuyuki Kawabata
Chairman
DIN: 09362144

Place: Tokyo
Date: 29 May 2023

Shantanu Mitra
CEO & Managing Director
DIN: 03019468

Place: Mumbai
Date: 29 May 2023

Pankaj Malik
Chief Financial Officer

Place: Mumbai
Date: 29 May 2023

Consolidated Statement of Changes in Equity

for the year ended 31 March, 2023

A. Equity share capital

(₹ lakhs)

Particulars	Number of shares	Amount
Equity share of ₹ 10 each fully paid up as at 31 March 2021	**2,21,56,22,823**	**2,21,562**
Changes during the year	3,10,94,527	3,110
Equity share of ₹ 10 each fully paid up as at 31 March 2022	**2,24,67,17,350**	**2,24,672**
Changes during the year	-	-
Equity share of ₹ 10 each fully paid up as at 31 March, 2023	**2,24,67,17,350**	**2,24,672**

B. Other equity

(₹ lakhs)

Particulars	Reserves and Surplus						Items of Other Comprehensive Income			Total
	General Reserve	Capital Reserve	Securities premium	Reserve Fund under Section 45 - IC of the RBI Act, 1934	Reserve Fund under Section 29C (i) of the NHB Act, 1987	Retained Earnings	Re-measurement of loss on defined benefit plans	Effective portion of cash flow hedge	Gain/(loss) on fair valuation of loans	
Closing balance as at 31 March 2021	**96**	**3,453**	**1,16,822**	**63,734**	**509**	**12,276**	**(375)**	**(4,877)**	**-**	**1,91,638**
Securities Premium on shares issued	-	-	21,888	-	-	-	-	-	-	21,888
Transferred from retained earnings to reserve fund	-	-	-	1,160	337	(1,497)	-	-	-	-
Profit for the year	-	-	-	-	-	7,402	-	-	-	7,402
Other comprehensive income/(loss) for the year	-	-	-	-	-	-	(267)	894	-	627
Closing balance as at 31 March 2022	**96**	**3,453**	**1,38,710**	**64,894**	**846**	**18,181**	**(642)**	**(3,983)**	**-**	**2,21,555**
Securities Premium on shares issued	-	-	-	-	-	-	-	-	-	-
Transferred from retained earnings to reserve fund	-	-	-	13,403	803	(14,206)	-	-	-	-
Profit for the year	-	-	-	-	-	70,953	-	-	-	70,953
Other comprehensive income/(loss) for the year	-	-	-	-	-	-	(102)	4,196	247	4,341
Closing balance as at 31 March, 2023	**96**	**3,453**	**1,38,710**	**78,297**	**1,649**	**74,928**	**(744)**	**213**	**247**	**2,96,848**

Refer Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements 1-56

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
ICAI Firm Registration No.: 104607W/W100166

Jamshed K. Udwadia
Partner
Membership No.: 124658

For **KKC & Associates LLP (formerly Khimji Kunverji & Co LLP)**
Chartered Accountants
ICAI Firm Registration No.: 105146W/W100621

Gautam Shah
Partner
Membership No.: 117348

Place: Mumbai
Date: 29 May 2023

For and on behalf of the Board of Directors of
SMFG India Credit Company Limited
(Formerly Fullerton India Credit Co. Ltd.)

Nobuyuki Kawabata
Chairman
DIN: 09362144

Place: Tokyo
Date: 29 May 2023

Shantanu Mitra
CEO & Managing Director
DIN: 03019468

Place: Mumbai
Date: 29 May 2023

Pankaj Malik
Chief Financial Officer

Place: Mumbai
Date: 29 May 2023

Notes to Consolidated Financial Statements

for the year ended 31 March 2023

1 Notes to Financial Statement

(A) Company information

'SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)* ('The Holding Company') is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. Pursuant to acquisition of 74.9% of paid-up share capital of SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)* by Sumitomo Mitsui Financial Group ('SMFG') from Angelica Investments Pte. Ltd. and Fullerton Financial Holdings Pte. Ltd. in July, 2021, to indicate the association with SMFG, the Holding Company and its wholly owned subsidiary had applied for change of name. Consequently, the name of the Holding Company has been changed from 'Fullerton India Credit Company Limited' to 'SMFG India Credit Company Limited' with effect from 11 May 2023 and the name of the wholly owned subsidiary company has been changed from 'Fullerton India Home Finance Company Limited' to 'SMFG India Home Finance Company Limited' with effect from 15 May 2023, upon receipt of necessary approvals from the Ministry of Corporate Affairs, Registrar of Companies, Chennai. The Holding Company is a non-banking financial company ('NBFC') registered as Non-Deposit taking NBFC vide Registration no B-07-00791 dated September 27, 2021 with the Reserve Bank of India ('RBI'). Pursuant to the name change, the Holding Company and its subsidiary has applied for fresh certificate of registration with RBI. RBI has issued a fresh certificate of registration for non-deposit taking NBFC dated May 25, 2023 in lieu of earlier certificate of registration vide registration no.B-07-00791 dated September 27, 2021 for the Company and a fresh certificate of registration vide Registration no DOR-00122 dated May 19, 2023 in lieu of earlier certificate of registration dated July 14, 2015 for the subsidiary. As at 31 March, 2023, Sumitomo Mitsui Financial Group, the holding company owned 74.9% and Angelica Investments Pte Ltd owned 25.1% of the holding company's equity share capital.

(B) Basis of preparation

(i) Statement of compliance

The Consolidated Financial Statements comprise of the financial statements of SMICC ('the Parent') and its subsidiary (hereinafter collectively referred to as the 'Group').

These financial statements have been prepared on going concern basis in accordance with the Indian Accounting Standards (IND AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013 (the "Act"), other relevant provisions of the Act, guidelines issued by the RBI / NHB as applicable to a company within the group and other accounting principles generally accepted in India.

(ii) Presentation of financial statements

The balance sheet, the statement of profit and loss and the statement of changes in equity are presented in the format prescribed in the Schedule III vide their Notification G.S.R. 1022 (E) dated 11 October 2018 for Non-Banking Financial Companies in Division III to the Act. The statement of cash flow has been presented as per the requirements of Ind AS 7 "Statement of Cash Flows" The Group presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 52.

1) Principles of consolidation

(i) The Consolidated Financial Statements are prepared in accordance with Ind AS 110 - Consolidated Financial Statements Ind AS -110 notified under Section 133 of the Act. The financial statements of the group companies are prepared according to uniform accounting policies, in accordance with accounting principles generally accepted in India. The effects of inter-company transactions are eliminated on consolidation.

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible unless otherwise stated, are made in the Consolidated Financial Statements and are presented in the same manner as the Company's standalone financial statements.

The financial statements have been prepared in accordance with the Indian Accounting Standards (IND AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013 (the "Act"), other relevant provisions of the Act, guidelines issued by the NHB as applicable to all HFCs and other accounting principles generally accepted in India. Due to the lack of homogeneity of the businesses, the financial statements of the SMHFC have been consolidated, to the extent possible in the format as adopted by the parent, as required by Ind AS - 101 and as prescribed under Section133 of the Act.

(i) The subsidiary companies considered in preparation of consolidated financial statements are:

Particulars	Country of incorporation	Proportion of Equity interest	
		31 March, 2023	31 March 2022
SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)*	India	100%	100%

For the purpose of Consolidated Financial Statements, the results of SMICC and its subsidiaries for the year ended 31 March, 2023 have been derived from the respective Company's audited financials of the year ended 31 March, 2023.

Non-controlling interest in the net assets of consolidated financial statements is identified and presented in the consolidated balance sheet separately within equity. Non-controlling interest in the net assets of consolidated subsidiaries consists of:

1. The amount of equity attributable to non-controlling interests at the date on which investment in subsidiary is made.

2. The non-controlling interest share of movement in equity since the date of parent subsidiary relationship came into existence. The profit and other comprehensive income attributable to non-controlling interests of subsidiaries are shown separately in the Statement of profit and Statement of change in equity.

(iii) Functional and presentation currency

Indian rupees is the Group's functional currency and the currency of the primary economic environment in which the Group operates. Accordingly, the management has determined that financial statements are presented in Indian Rupees. All amounts have been rounded off to the nearest lakhs unless otherwise indicated.

(iv) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets (including derivative financial instrument) and financial liabilities which are measured at fair value through Profit and loss or fair value through other comprehensive income.

(v) Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make estimates, assumptions and exercise judgements in applying the accounting policies that affect the reported amount of assets, liabilities and disclosure of contingent liabilities at the date of financial statements and the reported amounts of income and expenses during the year.

The Management believes that these estimates are prudent and reasonable and are based upon the Management's best knowledge of current events and actions. Actual results could differ from these estimates and differences between actual results and estimates are recognised in the periods in which the results are known or materialised. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about critical judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March, 2023 is included in the following notes of the policy:

Note C.2 – financial instruments – Fair values, risk management and impairment of financials assets

Note C.9 – recognition of deferred tax assets

Note C.10 – estimates of useful lives and the residual value of property, plant and equipment and intangible assets

Note C.11 – Impairment test of non-financial assets: key assumptions underlying recoverable amounts including the recoverability of expenditure on intangible assets;

Note C.12 – measurement of defined benefit obligation: key actuarial assumptions; and cash-settled-share-based payments.

Note C.13 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources, if any and

(vi) Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using an appropriate valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Measurement of fair value includes determining appropriate valuation techniques.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be

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received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation models that employ significant unobservable inputs require a higher degree of judgment and estimation in the determination of fair value. Judgment and estimation are usually required for the selection of the appropriate valuation methodology, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and selection of appropriate discount rates. The management regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes to accounts:

Note 4 - Derivative financials instruments

Note 40 - Gratuity and compensated absences

Note 41 - Employee stock appreciation rights

Note 51 - Financial risk management

(C) Significant accounting policies

1 Revenue Recognition

Interest income

The Group calculates interest income by using the effective interest rate (EIR) method.

The effective interest rate method

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial instrument.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, commission, fees and costs incremental and directly attributable to the specific lending arrangement.

The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial asset. The future cash flows are estimated taking into account all the contractual terms of the asset. If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

When a financial asset becomes credit-impaired subsequent to initial recognition, the Group (Refer Note 51) and is, therefore, regarded as ‘Stage 3’, the group calculates interest income by applying the effective interest rate to the amortised cost (net of provision) of the financial asset. If the financial assets cure and is no longer credit-impaired (Refer Note 51), the group reverts to calculating interest income on a gross basis.

Interest income on financial assets classified as FVTPL is recognised at contractual interest rate of financial instruments.

Interest on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate.

Fee income

Loan processing fee / document fees / stamp fees which are an integral part of financial assets are recognised through effective interest rate over the term of the loan. For the agreements foreclosed or transferred through assignment, the unamortised portion of the fee is recognised as income to the Statement of profit and loss at the time of such foreclosure / transfer through the assignment. Applications fee is recognised at the commencement of the contracts. Additional charges such as penal, dishonour, foreclosure charges, delayed payment charges etc. are recognised on a realisation basis.

Dividend income

Dividend income is recognised as and when the right to receive payment is established.

Net gain from financial instruments at FVTPL

The realised gain from financial instruments at FVTPL represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its settlement price.

The unrealised gain represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

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Rendering of services

The Group recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115 to determine when to recognise revenue and at what amount.

Revenue is measured based on the consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. Revenue from contracts with customers is recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

If the consideration promised in a contract includes a variable amount, an entity estimates the amount of consideration to which it will be entitled in exchange for rendering the promised services to a customer. An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, or other similar items. The promised consideration can also vary if an entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

Commission income

Commission income earned for the services rendered is recognised on an accrual basis, while rate conversion charges are recognised upfront based on event occurrence.

2 Financial instruments

• Recognition and initial measurement

Financial assets and liabilities are recognised initially with the exception of loans, debt securities, deposits and borrowings when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially recognised at fair value on a trade date basis. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liability. Transaction costs of financial instrument carried at fair value through profit or loss are expensed in profit or loss.

• Classification and subsequent measurement

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing the asset.

Financial assets (other than equity)

The Group subsequently classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through profit or loss
- Fair value through other comprehensive income

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost using the Effective Interest Rate (EIR) method if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets are classified and measured at FVOCI if both of the following conditions are met:

- Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified and measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate the financials assets that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL, if doing so eliminates or significantly reduces the accounting mismatch that would otherwise arise.

Equity Instruments

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made an investment – by – investment basis.

The Group subsequently measures all equity investments excluding investment in the subsidiary at fair value through profit or loss, unless the Company 's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by instrument basis.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is

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managed and information is provided to management. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectation about future sales activity.

At Initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model. The Group reassess its business models each reporting period to determine whether the business models have changed the preceding period.

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. That principal amount may change over the life of the financial assets (e.g. if there are payments of principal or amortisation of the premium / discount)) Amount 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable interest rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on de-recognition is recognised in the statement of profit or loss.
Financial assets (other than Equity Investments) at FVOCI	Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the statement of Profit and Loss.

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss. Equity instruments at FVOCI are not subjected to ECL.

Financial liabilities and equity instruments

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received.

Financial liabilities are subsequently measured at the amortised cost using the effective interest method, unless at initial recognition, they are classified as fair value through profit and loss. Interest expense and foreign exchange gains and losses are recognised in the Statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit or loss.

- ## Reclassification

If the business model under which the 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 results in reclassifying the Group's financial assets. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

- ## De-recognition, modification and transfer

Financial Assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and / or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Profit / premium arising at the time of assignment of portfolio loans, is recognised as an upfront gain / loss. Interest on retained portion of the assigned portfolio is recognised basis Effective Interest Rate. The service fee received is accounted for based on the terms of underlying deal structure of the transaction.

On derecognition of a financial asset in its entirety, the difference between:

I) the carrying amount (measured at the date of derecognition) and

II) the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised as profit or loss.

- ## Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

- ## Impairment and write off

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets at amortised cost along

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with related undrawn commitments and loans sanctioned but not disbursed (collectively known as exposure at default).

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Commitment starts from the date of the sanction letter till the amount is fully drawn down by the customer.

ECL is recognised for financial assets held under amortised cost, debt instruments measured at FVOCI, and certain loan commitments. Equity instruments are not subjected to ECL.

For recognition of impairment loss on financial assets, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in a subsequent period, the credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Group reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial asset. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows which the Group expects to receive) discounted at an approximation to the EIR.

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 a default occurring over the remaining life of the financial instrument.

The Group measures ECL on a collective basis for portfolios of loans that share similar economic risk characteristics. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date.

A more detailed description of the methodology used for ECL is covered in the 'credit risk' section of note no. 51.

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. ECL impairment loss allowance (or reversal) recognised during the period is accounted as income / expense in the statement of profit and loss.

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the counter party does not have assets or sources of income that could generate cash flows to repay the amounts. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

- ### Collateral valuation and repossession

To mitigate the credit risk on financial assets, the Group seeks to use collateral, where possible as per the Board approved Credit Policy. The Group provides fully secured, partially secured and unsecured loans to customers. The parameters relating to acceptability and valuation of each type of collateral is a part of the Credit Policy of the Group.

In its normal course of business, the Group does not physically repossess properties in its retail portfolio. For other collaterals, the Group liquidates the assets and recovers the amount due against the loan. Any surplus funds are returned to the customers / obligors.

3 Derivative Financial Instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk arising on account of repayment of external commercial borrowings and debts. Derivatives held include foreign exchange forward contracts and cross currency interest rate swaps.

Initial recognition and subsequent measurement

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each Balance Sheet date. The resulting gain / loss is recognised in the Statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Hedge accounting

The Group uses derivative instruments to manage its risk on exposures to interest rate and foreign currency. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged. Hedge effectiveness is determined at the inception of the hedge relationship and at every reporting period end through the assessment of the hedged items and hedging instrument to determine whether there is still an economic relationship between the two. The critical terms of the foreign currency derivatives entered into exactly match the terms of the hedged item. As such the economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative where appropriate.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as Finance Cost in the statement of profit and loss.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time is transferred to the statement of profit and loss.

4 Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise of the cash on hand, call deposits and other short-term, highly liquid securities with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents consists of balances with banks which are unrestricted for withdrawal and usage.

5 Leases

The Group assesses whether the contract is, or contains, a lease at the inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. An operating lease is a lease where substantially all of the risks and rewards of the leased asset remain with the lessor.

As a lessee

The Group has various offices, branches and other premises under non-cancellable various lease arrangements to meet its operational business requirements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and is discounted using the Group's incremental borrowing rate. Lease payments as at commencement date are adjusted for any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are measured at their carrying amount at the commencement date and are discounted using the Group's incremental borrowing rate at the date of initial application. Right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Leases may include options to extend or terminate the lease which is included in the right-of-use Assets and Lease Liability when they are reasonably certain of exercise.

The lease liability is remeasured when there is a change in one of the following:

- future lease payments arising from a change in the inflation rate,
- the Group's estimate of the amount expected to be payable under a residual value guarantee, or
- the Group's assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit and loss if the carrying amount of the right-of-use asset has been reduced to nil.

The Group presents right-of-use assets on the face of the Balance sheet and lease liabilities as part of other financial liabilities.

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Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term of 12 months. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor:

When the lease is deemed a finance lease, the leased asset is not held on the balance sheet; instead a finance lease receivable is recognised representing the lease payments receivable under the terms of the lease, discounted at the rate of interest implicit in the lease.

When the lease is deemed an operating lease, the lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. The Company holds the leased assets on-balance sheet within property, plant and equipment.

6 Borrowing costs

Borrowing cost is calculated using Effective Interest Rate (EIR) on the amortised cost of the instrument. EIR includes interest and amortisation of ancillary cost incurred in connection with the borrowing of funds. Other borrowing costs are recognised as an expense in the period in which they are incurred.

7 Foreign currency

The Group's financial statements are presented in Indian Rupees (INR) which is also the Group's functional currency. Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Income and expenses in foreign currencies are initially recorded by the Group at the exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Thus, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

8 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group before the end of the financial year which are unpaid. Trade and other payables are presented as financial liabilities. They are recognised initially at their fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method where the time value of money is significant.

9 Income taxes

Income tax expense comprises current tax expenses, net change in the deferred tax assets or liabilities during the year and any adjustment to the tax payable or receivable in respect of previous years. Current and deferred taxes are recognised in the Statement of profit and loss, except when they relate to business combinations or to an item that is recognised in other comprehensive income or directly in Equity, in which case, the current and deferred tax is also recognised in Other comprehensive income or directly in Equity respectively.

Current Income taxes

The current income tax includes income taxes payable by the Group computed in accordance with the tax laws applicable in the jurisdiction in which the Group generate taxable income and does not include any adjustment to the tax payable or receivable in respect of previous years.

The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred income taxes

Deferred income tax is recognised using Balance sheet approach. Deferred income tax assets and liabilities are recognised for the deductible and taxable temporary differences arising between the tax base of an assets and liabilities and their carrying amount.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be reversed or settled. Deferred tax asset are recognised to the extent that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable sufficient taxable profit will be available to allow part of deferred income tax assets to be utilised. At each reporting date, the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets and liabilities and the deferred tax relates to the same taxable entity and same taxable authority.

Goods and services tax input credit

Goods and services tax input credit is recognised in the books of account in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing / utilising the credits.

Expenses and assets are recognised net of the goods and services tax / value-added taxes paid, except:

- When the tax incurred on a purchase of assets or receipt of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

10 Property plant and equipment (including Capital Work-in-Progress) and Intangible assets

Recognition and measurement

Property, plant and equipment and intangible assets are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price(after deducting trade discounts and rebates) including import duties and non-refundable taxes, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Intangible assets are initially measured at cost. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Profit and Loss as incurred.

Depreciation / Amortisation

Depreciation on Property, plant and equipment is provided on straight-line basis as per the estimated useful life of the assets as determined by the management, which is in line with Schedule II of the Companies Act, 2013 except for certain assets as stated below.

Particulars	Useful life estimated by the Group (in years)	Useful life as per Schedule II (in years)
Computer Server and Other Accessories *	4	6
Computer Desktop and Laptops *	3	3
Furniture and Fixtures *	5	10
Office Equipment's *	5	5
Handheld devices *	2	5
Vehicles *	4	8

*Useful life of the assets has been assessed based on internal assessment, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Depreciation / Amortisation method, useful life and residual value are reviewed at each financial year end and adjusted if required. Depreciation / Amortisation on addition / disposable is provided on a pro-rata basis i.e. from / up to the date on which asset is ready to use / disposed off except assets valued less than INR 5000. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. All assets costing up to INR 5000 are depreciated fully in the year of capitalisation.

Leasehold improvements are amortised over the period of the lease subject to a maximum lease period of 66 months. Intangible assets are amortised using the straight line method over a period of five years commencing from the date on which such asset is first installed.

Derecognition

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the

Notes to Consolidated Financial Statements

for the year ended 31 March 2023

asset and the resultant gains or losses are recognised in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

11 Impairment on Non-Financials Assets

The carrying amount of the non-financial assets other than deferred tax are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit.

The Group reviews at each reporting date, whether there is any indication that the loss has decreased or no longer exists. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation / amortisation if there were no impairment.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset / cash generating unit is made. The recoverable amount of the assets / Cash generating unit is estimated as the higher of net selling price and its value in use. Asset / cash generating unit whose carrying value exceeds their recoverable amount is written down to the recoverable amount by recognising the impairment loss as an expense in the Statement of Profit and Loss. After impairment, depreciation / amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

12 Employee Benefits

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Defined Contribution Plans

Contributions to defined contribution schemes include employees' state insurance, superannuation scheme, employee pension scheme. A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into an account with a separate entity and has no legal or constructive obligation to pay further amounts. The Group makes specified periodic contributions to the credit of the employees' account with the Employees' Provident Fund Organisation. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Profit and Loss in the periods during which the related services are rendered by employees.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. 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 the defined benefit obligation is performed periodically by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income (OCI). The Group determines the net interest expense / income on the net defined benefit liability / asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability / asset, taking into account any changes in the net defined benefit liability / asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit or Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the Statement of Profit or Loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits, which do not fall due wholly within 12 months after the end of the period in which the employees render the related services, is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised as profit or loss in the period in which they arise.

Share-Based Payment (Stock Appreciation Rights)

For cash-settled share-based payments, the fair value of the amount payable to employees is recognised as 'employee benefit expenses' with a corresponding increase in liabilities, over the vesting period on straight line basis. The liability is re-measured at each reporting period up to, and including the settlement date, with changes in fair value recognised in employee benefits expenses. Refer Note 41 for details.

13 Provisions (other than for employee benefits), contingent liabilities, contingent assets and commitments

A provision is recognised when an enterprise has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognised nor disclosed in the financial statements. However, it is disclosed only when an inflow of economic benefits is highly probable.

The Group operates in a regulatory and legal environment that, by nature, has inherent litigation risk to its operations and in the ordinary course of the Group's business. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents.

Commitments include the amount of purchase order (net of advances) issued to the counterparties for supplying / development of asset and amount of undisbursed portfolio loans.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each reporting date.

14 Earnings per share

Basic earnings per share are computed by dividing profit after tax (excluding other comprehensive income) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share are computed by dividing profit after tax (excluding other comprehensive income) attributable to the equity shareholders as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the profit per share.

15 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM's function is to allocate the resources of the Group and assess the performance of the operating segments of the Group.

16 Dividend on equity shares

The Group recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, distribution is authorised when it is approved by the shareholders except in case of interim dividend. A corresponding amount is recognised directly in equity.

17 Trade receivables

These amounts represent receivable for goods and services provided by the Company. Trade receivables are presented as financial asset. They are measured at amortised cost, using the effective interest method, less any impairment loss. An allowance for impairment of trade receivables is established if the collection of the receivable becomes doubtful.

Notes to Consolidated Financial Statements

for the year ended 31 March 2023

2 Cash and cash equivalents

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Cash on hand	895	1,307
Balances with banks		
- in current accounts	70,307	56,102
- in fixed deposit with maturity less than 3 months	1,89,688	65,804
Cheques in hand	310	316
Total	**2,61,200**	**1,23,529**

3 Bank balances other than cash and cash equivalents

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Deposits with original maturity of more than 3 months*	12,052	1,04,942
Total	**12,052**	**1,04,942**

*Includes deposit with bank kept as lien or guarantee as detailed below:

1) Deposits amounting to ₹ 30 lakhs (31 March 2022: ₹ 28 lakhs) pertain to collateral deposits with banks for Aadhaar authentication.

2) Deposit amounting to ₹ 578 lakhs (31 March 2022: ₹ 559 lakhs) pertains to lien marked for Constituent Subsidiary General Ledger (CSGL) account.

3) Deposits amounting to ₹ 50 lakhs (31 March 2022: ₹ 25 lakhs) pertain to collateral deposits towards recovery expense fund (REF) with NSE in the interest of investors.

4) Deposit amounting to ₹ 1,227 lakhs (31 March 2022: Nil) pertains to deposits towards securitisation deal

5) All secured NCDs issued by the Group are secured by first pari-passu charge on the Group's immovable property at Chennai and by hypothecation of book debts / loan receivables and by fixed deposit with the banks to the extent of shortfall in asset cover as mentioned in respective information memorandum.

6) Fixed deposits place as security towards WCDL as at 31 March, 2023 is ₹ 5 lakhs(As at 31 March 2022: ₹ Nil)

4 Derivative Financial instruments

(₹ lakhs)

Particulars	As at 31 March, 2023			Year ended 31 March, 2023	
	Notional amounts	Fair value assets	Fair Value liabilities	Hedging (gains) or losses recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss
(a) Currency derivatives					
- Forwards (SGD)	78,859	594	-	(669)	-
Sub total (a)	**78,859**	**594**	**-**	**(669)**	**-**
(b) Interest rate derivatives					
- Interest rate swaps					
USD	2,79,475	7,467	-	(4,938)	-
JPY	-	-	-	-	-
SGD	-	-	-	-	-
Sub total (b)	**2,79,475**	**7,467**	**-**	**(4,938)**	**-**
Total Derivative financial instruments (a+b)	**3,58,334**	**8,061**	**-**	**(5,607)**	**-**

Notes to Consolidated Financial Statements
for the year ended 31 March 2023

(₹ lakhs)

Particulars	As at 31 March 2022			Year ended 31 March 2022	
	Notional amounts	Fair value assets	Fair Value liabilities	Hedging (gains) or losses recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss
(a) Currency derivatives					
- Forwards (SGD)	81,723	-	4,474	627	-
Sub total (a)	**81,723**	**-**	**4,474**	**627**	**-**
(b) Interest rate derivatives					
- Interest rate swaps					
USD	1,07,383	3,104	-	(922)	-
JPY	71,659	-	7,932	(901)	-
SGD	-	-	-	-	-
Sub total (b)	**1,79,042**	**3,104**	**7,932**	**(1,823)**	**-**
Total Derivative financial instruments (a+b)	**2,60,765**	**3,104**	**12,406**	**(1,196)**	**-**

Notes:

1. All financial derivate instruments are held for cash flow hedging as part of risk management strategy, these derivative instruments are designated at Fair value through OCI.
2. Hedge ineffectiveness is accounted under finance cost in Statement of profit and loss.
3. Qualitative Disclosure:-

   The Company has a risk management policy to enter into derivatives to manage the risk associated with external commercial borrowings. The following table highlights the key aspects of the policy:

   a) Derivative instruments are elected and governed by risk management policy approved by the board;

   b) The Company has fully hedged the risk on account of foreign currency fluctuation and change in interest rate towards external commercial borrowing;

   c) The Company has put in place a reporting and monitoring mechanism for the risk associated with the derivative transaction;

   d) The Company has a hedging policy in place, which mandates a hedge relationship to be established before a derivative transaction is entered into. The Company ensures that the hedging effectiveness is monitored continuously during the life of the derivative contract;

   e) The Company has put in place accounting policy covering recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts; provisioning and credit risk mitigation.

5 Investments

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Measured at fair value through profit and loss		
Unquoted: Equity instruments		
50,000 (31 March 2022: 50,000) equity shares of ₹ 10 each fully paid-up in Alpha Micro Finance Consultants Private Limited	5	5
Quoted: Government securities and T-bills		
Nil (31 March 2022: 15,000,000) units 0% INR GOI TB 0% 2022/364	-	14,992
Nil (31 March 2022: 10,000,000) units 0% INR GOI TB 0% 2022 / 364	-	9,996
Nil (31 March 2022: 10,000,000) units 0% INR GOI TB 0% 2022 / 364	-	9,990
Nil (31 March 2022: 11,500,000) units 0% INR GOI TB 0% 2022 //91	-	11,442

Notes to Consolidated Financial Statements

for the year ended 31 March 2023

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Nil (31 March 2022: 800,000) units 0% INR GOI TB 0% 2022 / 364	-	7,970
2,500,000 (31 March 2022: 2,500,000) units 0% INR GOI TB 2022 / 364	-	2,499
22,000,000 (31 March 2022: Nil) units 0% INR GOI TB 2023 / 91	21,876	-
20,000,000 (31 March 2022: Nil) units 0% INR GOI TB 2023 / 91	19,867	-
20,000,000 (31 March 2022: Nil) units 0% INR GOI TB 2023/91	19,889	-
15,000,000 (31 March 2022: Nil) units 0% INR GOI TB 2023/91	14,909	-
10,000,000 (31 March 2022: Nil) units 0% INR GOI TB 2023/91	9,921	-
10,000,000 (31 March 2022: Nil) units 0% INR GOI TB 2023/91	9,846	-
10,000,000 (31 March 2022: Nil) units 0% INR GOI TB 2023/182	9,938	-
10,000,000 (31 March 2022: Nil) units 0% INR GOI TB 2023/182	9,907	-
3,500,000 (31 March 2022: Nil) units 0% INR GOI TB 2023/91	3,477	-
5,000,000 (31 March 2022: Nil) units 0% INR GOI TB 2023/182	4,955	-
4,500,000 (31 March 2022: Nil) units 0% INR GOI TB 2023/91	4,430	-
3,500,000 (31 March 2022: Nil) units 0% INR GOI TB 2023/182	3,445	-
Unquoted: Certificate of deposits		
Nil (31 March 2022: 2,000) units of ₹500,000 each of Bank of Baroda	-	9,987
Nil (31 March 2022: 1,000) units of ₹500,000 each of Axis Bank Limited	-	4,985
Nil (31 March 2022: 1,000) units of ₹500,000 each of HDFC Bank Limited	-	4,984
6,600 (31 March 2022: Nil) units of ₹500,000 each of Bank of Baroda	32,787	-
2,000 (31 March 2022: Nil) units of ₹500,000 each of Axis Bank	9,878	-
7,700 (31 March 2022: Nil) units of ₹500,000 each of HDFC Bank	38,168	-
2,000 (31 March 2022: Nil) units of ₹500,000 each of Canara Bank	9,983	-
1,000 (31 March 2022: Nil) units of ₹500,000 each of IndusInd Bank	4,969	-
6,000 (31 March 2022: Nil) units of ₹500,000 each of State Bank of India	29,895	-
Total	**2,58,145**	**76,850**
Investments within India	2,58,145	76,850
Investments Outside India	-	-

6 Trade receivables

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Receivables considered good- Unsecured	1,657	1,003
Less: Provision for impairment	-	-
Total	**1,657**	**1,003**

There is no due by directors or other officers of the Group or any firm or private company in which any director is a partner, a director or a member.

Notes to Consolidated Financial Statements

for the year ended 31 March 2023

(A) Trade Receivables ageing schedule as on 31 March, 2023

(₹ lakhs)

Particulars	Outstanding for following periods from date of transaction						
	Unbilled dues	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables – considered good	-	1,657	-	-	-	-	1,657
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
iv) Disputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-

(B) Trade Receivables ageing schedule as on 31 March 2022

(₹ lakhs)

Particulars	Outstanding for following periods from date of transaction						
	Unbilled dues	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables – considered good	-	1,003	-	-	-	-	1,003
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
iv) Disputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-

7 Loans and advances

(₹ lakhs)

Particulars	As at 31 March, 2023			As at 31 March 2022		
	At Amortised cost	At Fair Value Through Other Comprehensive Income	Total	At Amortised cost	At Fair Value Through Other Comprehensive Income	Total
Loans carried at amortised cost						
(i) Loans repayable on Demand	-	-	-	-	-	-
(ii) Portfolio Loan*	35,09,102	55,452	35,64,554	23,92,495	43,186	24,35,681
Gross loans and advances	**35,09,102**	**55,452**	**35,64,554**	**23,92,495**	**43,186**	**24,35,681**
Less- Impairment allowance	(1,51,956)	(1,331)	(1,53,287)	(1,65,843)	(382)	(1,66,225)
Net loans and advances	**33,57,146**	**54,121**	**34,11,267**	**22,26,652**	**42,804**	**22,69,456**
(i) Secured by tangible assets	14,37,387	10,087	14,47,474	11,51,392	43,186	11,94,578
(ii) Covered by Bank/ Government Guarantees	2,11,087	-	2,11,087	20,528	-	20,528
(iii) Unsecured	18,60,628	45,365	19,05,993	12,20,575	-	12,20,575
Gross loans and advances	**35,09,102**	**55,452**	**35,64,554**	**23,92,495**	**43,186**	**24,35,681**
Less: Impairment loss allowance	(1,51,956)	(1,331)	(1,53,287)	(1,65,843)	(382)	(1,66,225)
Net loans and advances	**33,57,146**	**54,121**	**34,11,267**	**22,26,652**	**42,804**	**22,69,456**

* All the loans are disbursed in India and there are no loans issued to the public sector

Notes to Consolidated Financial Statements
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8 Other financial assets

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Security Deposits	2,895	2,404
Interest Accrued on Investment	812	58
Interest strip asset on assignment	13,528	10,443
Receivable from trust (securitisation)	92	-
Others	4,697	827
Total	**22,024**	**13,732**

9 Current tax assets

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Advance tax & TDS Receivable (net of provision)	4,425	7,860
Total	**4,425**	**7,860**

10 Deferred tax assets (net)

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Deferred tax asset arising on account of:		
Impact of expenditure charged to profit and loss but allowed for tax purposes on payment basis	2,808	36,744
Timing difference between book depreciation and Income Tax Act, 1961	1,347	1,364
MTM on Investments	51	44
Provision for expected credit loss on financial assets	38,579	41,756
Fair Valuation of Loans held at FVOCI	(83)	
Tax losses	12,872	1,144
Processing fees and LOC adjustment related to financial assets at amortised cost	436	321
Provision for expenses disallowed as per Income-tax Act, 1961	7,047	3,928
On account of lease liabilities	5,993	4,882
Derivatives designated at Cash flow hedge	(72)	1,339
Total deferred tax assets (A)	**68,978**	**91,522**
Deferred tax liability arising on account of:		
Processing fees and LOC adjustment related to financial assets at amortised cost	3,246	1,523
On account of right to use asset	5,057	4,230
Borrowing cost adjustment related to financial liabilities at amortised cost	2,461	1,910
Special Reserve created as per Section 29C of NHB Act, 1987 and claimed as deduction u/s 36 (1) (viii) of Income Tax Act, 1961	213	213
Total deferred tax liabilities (B)	**10,977**	**7,876**
Deferred tax assets (net) (A-B)	**58,001**	**83,646**

Notes to Consolidated Financial Statements

for the year ended 31 March 2023

11 Other non-financial assets

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Advances recoverable in cash or kind or for value to be received	3,427	3,204
Prepayments	7,676	6,313
Capital advances	30	86
Advances to employees	10	24
Advance CSR Expenditure	650	-
Others	4,034	1,774
Total	**15,827**	**11,401**

There are no assets recoverable from related parties.

12 Property, plant and equipment

(₹ lakhs)

Particulars	Office Equipments	Furniture & Fixtures	Computers & Accessories	Leasehold Improvements	Vehicles	Land & Building*	Leased assets	Total
Gross block								
Balance as at 31 March 2021	3,197	3,070	6,930	1,994	711	12	28	15,942
Additions	249	399	1,567	456	628	-	-	3,299
Deletions	(148)	(70)	(159)	(94)	(159)	-	-	(630)
Balance as at 31 March 2022	**3,298**	**3,399**	**8,338**	**2,356**	**1,180**	**12**	**28**	**18,611**
Additions	711	1,251	4,042	1,291	1,281	-	-	8,576
Deletions	(257)	(366)	(162)	(74)	(271)	-	-	(1,130)
Balance as at 31 March, 2023	**3,752**	**4,284**	**12,218**	**3,573**	**2,190**	**12**	**28**	**26,057**
Accumulated depreciation								
Balance as at 31 March 2021	2,463	1,973	4,988	1,284	394	-	28	11,130
Depreciation charge	355	507	1,249	339	189	-	-	2,639
Deletions	(146)	(55)	(154)	(78)	(105)	-	-	(538)
Balance as at 31 March 2022	**2,672**	**2,425**	**6,083**	**1,545**	**478**	**-**	**28**	**13,231**
Depreciation charge	417	705	1,698	426	343	-	-	3,589
Deletions	(241)	(289)	(156)	(61)	(233)	-	-	(980)
Balance as at 31 March, 2023	**2,848**	**2,841**	**7,625**	**1,910**	**588**	**-**	**28**	**15,840**
Net block								
Balance as at 31 March 2022	**626**	**974**	**2,255**	**811**	**702**	**12**	**-**	**5,380**
Balance as at 31 March, 2023	**904**	**1,443**	**4,593**	**1,663**	**1,602**	**12**	**-**	**10,217**

*Pledged as security against secured non-convertible debenture

As per management assessment, there is no probable scenario in which the recoverable amount of asset would decrease below the carrying amount of asset. Consequently no impairment required.

Notes to Consolidated Financial Statements
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13 Right of use assets

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Right of use assets	20,182	16,871
Total	**20,182**	**16,871**

14 Intangible assets

(₹ lakhs)

Particulars	Computer Software	Total
Gross block		
Balance as at 31 March 2021	13,260	13,260
Additions	1,188	1,188
Deletions	-	-
Balance as at 31 March 2022	**14,448**	**14,448**
Additions	3,395	3,395
Deletions	(292)	(292)
Balance as at 31 March, 2023	**17,551**	**17,551**
Amortisation		
Balance as at 31 March 2021	5,367	5,367
Amortisation	2,392	2,392
Deletions	-	-
Balance as at 31 March 2022	**7,759**	**7,759**
Amortisation	2,742	2,742
Deletions	(213)	(213)
Balance as at 31 March, 2023	**10,288**	**10,288**
Net block		
Balance as at 31 March 2022	**6,689**	**6,689**
Balance as at 31 March, 2023	**7,263**	**7,263**
Intangibles under development		
Balance as at 31 March 2022	**136**	**136**
Balance as at 31 March, 2023	**126**	**126**

Intangible assets under development	As at 31 March, 2023					As on 31 March 2022				
	Amount in CWIP for a period of				Total	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	116	10	-	-	126	90	26	20	-	136
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-

There are no items which are overdue or has exceeded its cost compared to its original plan

Notes to Consolidated Financial Statements

for the year ended 31 March 2023

15 Trade payables

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Dues of micro and small enterprises (refer Note 46)	3,207	746
Dues of creditors other than micro and small enterprises	42,882	15,102
Total	**46,089**	**15,848**

(A) Trade Payable ageing schedule as on 31 March, 2023

(₹ lakhs)

	Unbilled dues	Outstanding for following periods from transaction date				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed dues- MSME	2,016	1,140	50	0	1	3,207
(ii) Undisputed dues- Others	39,308	3,377	187	3	7	42,882
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-

(B) Trade Payable ageing schedule as on 31 March 2022

(₹ lakhs)

Particulars	Unbilled dues	Outstanding for following periods from transaction date				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed dues- MSME	335	383	28	-	-	746
(ii) Undisputed dues- Others	11,624	3,434	42	2	-	15,102
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-

16 Debt Securities

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
At amortised cost		
Secured		
Non-convertible debentures*	8,42,760	6,67,966
External Commercial Bonds#	93,948	85,467
Total	**9,36,708**	**7,53,433**
Borrowings within India	**8,42,760**	**6,67,966**
Borrowings Outside India	**93,948**	**85,467**

*Non-convertible debentures are secured by first *pari passu* charge over all loan receivables and hypothecated against immovable property. All secured NCDs issued by the Group are secured by first pari-passu charge on the Group's immovable property at Chennai and by hypothecation of book debts / loan receivables and by fixed deposit with the banks to the extent of shortfall in asset cover as mentioned in respective information memorandum.

External commercial bonds are secured by first *pari passu* charge over all loan receivables. External Commercial Borrowings are listed on Singapore Stock Exchange.

The funds raised by the Group during the year by the issue of Secured Non-Convertible Debentures and External Commercial Bonds were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Group or for long-term working capital, in compliance with applicable laws.

Notes to Consolidated Financial Statements
for the year ended 31 March 2023

17 Subordinated liabilities

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
At amortised cost		
Non-convertible debentures (unsecured)	1,58,390	1,47,067
Total	**1,58,390**	**1,47,067**
Subordinated liabilities within India	**1,58,390**	**1,47,067**
Subordinated liabilities outside India	**-**	**-**

The funds raised by the Group during the year by the issue of Unsecured Non-convertible debentures were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Group or for long-term working capital, in compliance with applicable laws. Where part of the amount remained unutilised for the purpose intended as at the Balance Sheet date, the Group has temporarily deployed such amount in liquid assets.

18 Borrowings

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
At amortised cost		
Loan from banks (Secured)		
Term loans	17,22,828	9,30,932
Loans from related parties	14,167	15,833
External Commercial Borrowings	2,87,547	1,84,171
Working Capital Demand Loan	52,500	12,349
Loan from banks (Unsecured)		
Cash credit from bank	-	-
Other Loans		
Commercial papers **(Unsecured)** #	1,93,333	58,381
Borrowing through PTCs	7,072	-
Total	**22,77,447**	**12,01,666**
Borrowings within India	**19,89,900**	**10,17,495**
Borrowings Outside India	**2,87,547**	**1,84,171**

Commercial paper carries interest in the range of 7.05% to 8.20% p.a. and tenure of 88 to 365 days fully payable at maturity. The interest rate is on XIRR basis.

(a) Nature of securities and terms of repayment for borrowings

Loan from banks are secured by first *pari passu* charge over all loan receivables.

(b) Net debt reconciliation

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Borrowings	22,77,447	12,01,666
Debt securities (incl. Subordinated liabilities)	10,95,098	9,00,500
Less: Cash and cash equivalents	(2,61,200)	(1,23,529)
Net Debt	**31,11,345**	**19,78,637**

Notes to Consolidated Financial Statements

for the year ended 31 March 2023

Particulars	Borrowings	Debt securities (incl. Subordinated liabilities)
Balance as at 31 March 2021	**10,80,226**	**11,63,640**
Cash flows (net)	1,22,410	(2,29,030)
Exchange difference	(195)	2,430
Others*	(775)	(36,540)
Balance as at 31 March 2022	**12,01,666**	**9,00,500**
Cash flows (net)	10,75,414	1,90,764
Exchange difference	7,302	9,015
Others*	(6,935)	(5,181)
Balance as at 31 March, 2023	**22,77,447**	**10,95,098**

*Others includes the effect of accrued but not due interest on borrowing, other unamortised incidental cost related to borrowings etc.

Details of terms of contractual principal redemption/repayment in respect of debt securities and borrowing

(A) Debt securities and Subordinated debts as at 31 March, 2023

(₹ lakhs)

Original maturity of loan (in no. of days)	Rate of interest	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 Years	Total
Issued at par and redeemable at par						
366-730	7%- 8%	-	5,250	-	-	5,250
	8%- 9%	40,000	60,000	-	-	1,00,000
731-1095	5%- 7%	17,500	-	-	-	17,500
	7%- 8%	82,500	-	-	-	82,500
	8%- 9%	-	82,500	10,000	-	92,500
1096-1460	5%- 7%	-	40,000	-	-	40,000
	7%- 8%	-	-	1,18,500	-	1,18,500
	8%- 9%	-	-	63,970	-	63,970
More than 1460	8%- 9%	23,418	58,218	56,118	82,737	2,20,492
	9%- 11%	21,500	5,000	25,000	11,600	63,100
Issued at discount and redeemable at par						
366-730	8%- 9%	25,000	-	-	-	25,000
731-1095	5%- 7%	-	25,000	-	-	25,000
1096-1460	5%- 7%	-	9,900	-	-	9,900
More than 1460	7%- 8%	-	-	-	35,000	35,000
	8%- 9%	-	-	-	20,000	20,000
	9%- 11%	-	-	-	32,500	32,500
Total		**2,09,918**	**2,85,868**	**2,73,588**	**1,81,837**	**9,51,212**

Notes to Consolidated Financial Statements
for the year ended 31 March 2023

External commercial bonds as at 31 March, 2023

Original maturity of loan (in no. of days)	Rate of interest	In lakhs
More than 1095 days	3.70%	SGD 1,500

Debt securities and Subordinated debts as at 31 March 2022

(₹ lakhs)

Original maturity of loan (in no. of days)	Rate of interest	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 Years	Total
Issued at par and redeemable at par						
366-730	5%- 7%	25,000	12,500	-	-	37,500
	7%- 8%	-	27,500	-	-	27,500
731-1095	5%- 7%	-	5,000	-	-	5,000
	7%- 8%	-	55,000	-	-	55,000
1096-1460	5%- 7%	-	-	40,000	-	40,000
	8%- 9%	1,03,500	-	-	-	1,03,500
	9%- 11%	20,300	-	-	-	20,300
More than 1460	5%- 7%	-	-	-	74,000	74,000
	7%- 8%	70,000	-	-	6,500	76,500
	8%- 9%	25,618	23,418	58,220	55,355	1,62,611
	9%- 11%	11,800	21,500	5,000	36,600	74,900
	11%- 12%	13,810	-	-	-	13,810
Issued at discount and redeemable at par						
731-1095	5%- 7%	-	-	9,900	-	9,900
	7%- 8%	-	-	-	30,000	30,000
More than 1460	9%- 11%	-	-	-	32,500	32,500
Issued at par and redeemable at premium						
1096-1460	8%- 9%	5,800	-	-	-	5,800
	9%- 11%	16,970	-	-	-	16,970
Total		**2,92,798**	**1,44,918**	**1,13,120**	**2,34,955**	**7,85,791**

External commercial bonds as at 31 March 2022

Original maturity of loan (in no. of days)	Rate of interest	In lakhs
366-730 days	3.70%	SGD 1,500

(B) Borrowings as at 31 March, 2023

Original maturity of loan (in no. of days)	Rate of Interest	Due within 1 year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	₹ lakhs
Monthly repayment schedule										
366-730	7%- 8%	12	6,000	12	6,000	-	-	-	-	12,000
	8%- 9%	12	16,500	9	12,375	-	-	-	-	28,875
731-1095	7%- 8%	15	9,500	-	-	-	-	-	-	9,500
	8%- 9%	12	15,000	-	-	-	-	-	-	15,000

Notes to Consolidated Financial Statements

for the year ended 31 March 2023

Original maturity of loan (in no. of days)	Rate of Interest	Due within 1 year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	₹ lakhs
More than 1460	7%- 8%	4	6,800	4	6,800	4	6,800	9	15,400	35,800
	8%- 9%	-	-	1	2,500	2	5,000	3	7,500	15,000
	9%- 11%	36	3,214	36	3,214	27	2,089	21	1,250	9,768
Quarterly repayment schedule										
366-730	7%- 8%	18	34,643	15	33,065	-	-	-	-	67,708
731-1095	7%- 8%	12	2,496	9	1,879	-	-	-	-	4,375
	8%- 9%	8	19,100	8	19,075	3	7,500	-	-	45,675
1096-1460	7%- 8%	6	8,056	3	2,917	-	-	-	-	10,972
	8%- 9%	4	6,250	2	2,500	-	-	-	-	8,750
More than 1460	5%- 7%	4	8,420	3	6,320	-	-	-	-	14,740
	7%- 8%	13	23,823	8	21,180	6	20,180	12	40,370	1,05,553
	8%- 9%	80	43,416	55	41,015	45	38,351	93	60,472	1,83,254
	9%- 11%	26	18,969	2	4,998	3	7,497	3	15,006	46,470
Half yearly repayment schedule										
366-730	8%- 9%	1	938	-	-	-	-	-	-	938
731-1095	7%- 8%	2	3,333	1	833	-	-	-	-	4,167
	8%- 9%	12	27,418	4	6,549	-	-	-	-	33,966
1096-1460	5%- 7%	-	-	2	2,500	3	2,500	-	-	5,000
	7%- 8%	7	12,000	6	12,000	1	500	-	-	24,500
	8%- 9%	1	1,250	1	25,000	-	-	-	-	26,250
More than 1460	5%- 7%	1	10,000	-	-	1	10,000	-	-	20,000
	7%- 8%	17	35,752	12	38,558	9	34,947	13	62,625	1,71,883
	8%- 9%	63	79,137	57	1,04,874	63	1,44,519	88	2,40,226	5,68,756
	9%- 11%	8	7,000	15	31,573	12	30,988	26	1,24,189	1,93,750
Yearly repayment schedule										
731-1095	8%- 9%	3	14,167	-	-	-	-	-	-	14,167
Bullet repayment schedule										
Less than 365	7%- 8%	2	52,500	-	-	-	-	-	-	52,500
731-1095	8%- 9%	2	32,500	-	-	-	-	-	-	32,500
1096-1460	8%- 9%	-	-	2	27,500	-	-	-	-	27,500
Total		**381**	**4,98,182**	**267**	**4,13,226**	**179**	**3,10,871**	**268**	**5,67,038**	**17,89,316**

External Commercial Borrowings as at 31 March, 2023

Original maturity of loan (in no. of days)	Rate of Interest	No. of instalments	In lakhs
Bullet repayment schedule			
Original maturity of loan (in no. of days)	SOFR plus spread 1.22%	1	USD 3,500

Notes to Consolidated Financial Statements
for the year ended 31 March 2023

Borrowings as at 31 March 2022

Original maturity of loan (in no. of days)	Rate of Interest	Due within 1 year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	₹ lakhs
Monthly repayment schedule										
731-1095	5%- 7%	60	39,000	27	24,500	-	-	-	-	63,500
1096-1460	5%- 7%	-	-	-	-	1	25,000	-	-	25,000
More than 1460	5%- 7%	38	9,882	38	9,882	38	9,878	48	3,339	32,982
Quarterly repayment schedule										
731-1095	5%- 7%	18	30,539	8	23,386	4	9,075	-	-	63,000
1096-1460	7%- 8%	8	8,750	8	8,750	4	3,750	-	-	21,250
More than 1460	5%- 7%	28	35,519	22	26,717	15	17,940	5	20,004	1,00,180
	7%- 8%	85	51,610	72	35,663	13	7,689	15	11,085	1,06,047
Half yearly repayment schedule										
366-730	5%- 7%	2	2,500	-	-	-	-	-	-	2,500
731-1095	5%- 7%	2	4,000	2	4,000	1	2,000	-	-	10,000
	7%- 8%	1	5,000	-	-	-	-	-	-	5,000
1096-1460	5%- 7%	4	2,000	4	2,000	6	29,500	3	1,500	35,000
	7%- 8%	3	5,278	6	16,806	4	9,167	3	2,500	33,750
More than 1460	5%- 7%	3	5,313	4	7,916	8	22,081	16	57,503	92,812
	7%- 8%	60	68,965	44	55,979	31	42,118	33	39,356	2,06,417
	8%- 9%	31	19,931	21	18,931	9	14,444	-	-	53,306
Yearly repayment schedule										
731-1095	5%- 7%	2	1,667	3	14,165	-	-	-	-	15,832
More than 1460	5%- 7%	1	900	2	10,900	1	900	1	10,000	22,700
Bullet repayment schedule										
Less than 365	7%- 8%	1	12,348	-	-	-	-	-	-	12,348
731-1095	5%- 7%	2	25,000	2	32,500	-	-	-	-	57,500
Total		**349**	**3,28,202**	**263**	**2,92,095**	**135**	**1,93,542**	**124**	**1,45,287**	**9,59,126**

External Commercial Borrowings as at 31 March 2022

Original maturity of loan (in no. of days)	Rate of Interest	No. of instalments	In lakhs
Bullet repayment schedule	LIBOR plus spread 1.20%	1	USD 1,500
Less than 365 days	LIBOR plus spread 0.75%	1	JPY 1,06,465

Notes to Consolidated Financial Statements

for the year ended 31 March 2023

Particulars of Secured Redeemable Non-convertible Debentures:

(₹ lakhs)

Particulars	Face Value	Quantity	Date of Redemption	As at 31 March, 2023	As at 31 March 2022
8.05% Series-85	10	10,802	January 22, 2028	83,092	99,710
9.40% Series-78-II	10	1,033	April 13, 2022	-	10,330
9.51% Series-75	10	1,394	April 19, 2022	-	13,940
9.70% Series-76	10	1,300	April 19, 2022	-	13,000
8.89% Series-81	10	580	May 10, 2022	-	5,800
9.16% SERIES-33C	10	230	May 20, 2022	-	2,300
8.85% Series-82	10	250	May 31, 2022	-	2,500
8.99% Series-49	10	500	July 15, 2022	-	5,000
8.10% Series-84	10	3,100	November 4, 2022	-	31,000
7.35% MS-002	0	-	November 25, 2022	-	50,000
8.00% Series-62	10	2,000	December 28, 2022	-	20,000
8.24% Series-87	10	7,000	February 14, 2023	-	70,000
6.20% Series-90	10	1,500	March 24, 2023	-	15,000
10.60% Series-22	10	750	April 28, 2023	7,500	7,500
7.85% Series-88	10	3,500	May 12, 2023	35,000	35,000
9.85% Series-24	10	400	May 22, 2023	4,000	4,000
7.15% Series-89	10	2,000	June 29, 2023	20,000	20,000
10.45% Series-27C	5	500	November 3, 2023	2,500	2,500
5.80% MLD-Series-2	10	500	February 2, 2024	5,000	5,000
8.10% Series-100	1	65,000	March 22, 2024	65,000	-
8.35% Series-67	10	700	April 17, 2024	7,000	7,000
8.00% MLD-Series-4	1	5,250	January 24, 2025	5,250	-
8.68% Series-86	10	2,000	January 29, 2025	20,000	20,000
8.54% Series-101-II	1	30,000	February 24, 2025	30,000	-
8.54% Series-101-III	1	30,000	February 19, 2025	30,000	-
8.54% Series-101-I	1	40,000	March 24, 2025	40,000	-
6.80% Series-92	10	5,500	March 28, 2025	55,000	30,000
7.30% Series-93	10	3,500	May 2, 2025	35,000	-
7.80% Series-94	10	3,000	July 2, 2025	30,000	-
7.95% Series-95	10	7,000	June 30, 2025	3,500	-
8.50% Series-96	10	2,500	July 21, 2025	25,000	-
7.90% Series-97	10	5,000	July 28, 2025	50,000	-
9.20% Series-73	10	500	August 8, 2025	5,000	5,000
8.20% MLD-Series-3	10	1,030	December 16, 2025	10,300	-
6.14% Series-91	10	7,400	November 17, 2026	74,000	74,000
8.30% Series-98	10	750	November 15, 2032	7,500	-
8.30% Series-99	10	500	December 31, 2032	5,000	-
8.30% Series-98 Reissue	10	500	November 15, 2032	5,000	-
6.00 % Series-15	10	1,000	October 14, 2022	-	10,000
8.05% Series-2	10	400	March 24, 2023	-	4,000
7.95% Series-13	10	1,750	May 18, 2023	17,500	17,500
8.75% Series-6	10	680	May 28, 2023	6,800	6,800
7.2% Series-14	10	1,000	June 29, 2023	10,000	10,000

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for the year ended 31 March 2023

(₹ lakhs)

Particulars	Face Value	Quantity	Date of Redemption	As at 31 March, 2023	As at 31 March 2022
FRB (linked to 3 month T-bills plus spread of 2%) Series-16	10	1,250	September 26, 2023	12,500	12,500
FRB (linked to 3 month T-bills plus spread of 2.25 %) Series 17	10	1,000	December 13, 2024	10,000	10,000
FRB (linked to 3 month T-bills plus spread of 2.25 %) Series-17 Reissuance I	10	990	December 13, 2024	9,900	9,900
8.65% Series-12	10	1,210	February 12, 2025	12,100	12,100
8.40% Series-20	10	3,500	March 21, 2025	35,000	-
8.30% Series-21	10	750	March 28, 2025	7,500	-
8.10% Series-18	10	2,000	May 25, 2025	20,000	-
9.25% Series-9	10	250	August 8, 2025	2,500	2,500
8.20% Series-19	10	117	November 7, 2025	1,170	-
8.40% Series-21	10	1,000	December 26, 2025	10,000	-
8.20% Series-22	1	7,500	February 9, 2026	7,500	-
Total				**8,22,112**	**6,43,880**

Particulars of Unsecured Redeemable Non-convertible Debentures (Subordinated Debt):

(₹ lakhs)

Particulars	Face Value	Quantity	Date of Redemption	As at 31 March, 2023	As at 31 March 2022
9.4% Subdebts_Series 5II	10	200	June 10, 2022	-	2,000
9.4% Subdebts_Series 6II	10	250	August 3, 2022	-	2,500
11.40% Subdebts Series 1B	10	481	September 14, 2022	-	4,810
11.40% Subdebts Series 2B	10	400	September 28, 2022	-	4,000
9.40% Subdebts_Series 7II	10	500	October 13, 2022	-	5,000
11.40% Subdebts Series 2C	10	500	October 28, 2022	-	5,000
9.30% Subdebts_Series 9I	10	250	April 25, 2023	2,500	2,500
10.50% Subdebts Series 3	5	1,000	October 28, 2023	5,000	5,000
8.75% Subdebts Series 12(i)	10	250	April 26, 2024	2,500	2,500
9.60% Subdebts Series 4	10	500	December 26, 2024	5,000	5,000
8.75% Subdebts Series 12(ii)	10	250	April 25, 2025	2,500	2,500
9.50% Subdebts_Series 5I	10	250	June 10, 2025	2,500	2,500
9.50% Subdebts_Series 7I	10	1,000	October 13, 2025	10,000	10,000
9.30% Subdebts_Series 9II	10	250	February 25, 2026	2,500	2,500
9.25% Subdebts_Series 10	10	250	March 23, 2026	2,500	2,500
9.30% Subdebts Series 11	10	210	April 30, 2026	2,100	2,100
9.30% Subdebts_Series 13	10	2,250	June 8, 2028	22,500	22,500
9.45% Subdebts_Series 14	10	450	July 20, 2028	4,500	4,500
9.25% Subdebts_Series 15	10	1,500	April 26, 2029	15,000	15,000
7.70% Subdebts_Series 16	10	1,500	June 25, 2031	15,000	15,000
7.60% Subdebts_Series 17	100	100	August 12, 2031	10,000	10,000
7.60% Subdebts_Series 18	100	50	October 1, 2031	5,000	5,000
7.65% Subdebts_Series 19	100	50	April 23, 2032	5,000	-
8.40% Subdebts_Series 20	100	50	December 23, 2032	5,000	-
8.40% Subdebts_Series 20(Reissue)	100	100	December 23, 2032	10,000	-

Notes to Consolidated Financial Statements

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(₹ lakhs)

Particulars	Face Value	Quantity	Date of Redemption	As at 31 March, 2023	As at 31 March 2022
8.5% Sub-debt-1	10	300	June 8, 2030	3,000	3,000
7.63% Sub-debt-2	10	400	January 1, 2031	4,000	4,000
7.7% Sub-debt-3	100	25	August 12, 2031	2,500	2,500
8.4% Sub-debt-4	100	100	July 22, 2032	10,000	-
8.4% Sub-debt-5	100	50	August 13, 2032	5,000	-
Total				**1,53,600**	**1,41,910**

19 Other financial liabilities

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Employee benefits and other payables	22,020	13,329
Book overdraft	34,928	50,808
Payable towards asset assignment / securitisation	5,660	8,449
Lease liabilities (Refer Note 45)	23,814	19,388
Others	32,958	30,325
Total	**1,19,380**	**1,22,299**

20 Current tax liabilities

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Provision for income tax (Net of Advance Tax and TDS Receivable)	5,687	5,533
Total	**5,687**	**5,533**

21 Provisions

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Provision for employee benefits		
Provision for compensated absences- Refer Note 40(a)(C)	2,266	1,145
Provision for defined benefit plans- Refer Note 40(a)(B)	492	180
Provision for code on social security- Refer Note 40(b)	5,367	4,604
Provision for tax related matters	8,271	7,453
Total	**16,396**	**13,382**

22 Other non-financial liabilities

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Statutory dues	4,430	2,639
Others	4,400	4,099
Total	**8,830**	**6,738**

Notes to Consolidated Financial Statements
for the year ended 31 March 2023

23 Equity share capital

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Authorised capital		
5,000,000,000 (31 March 2022: 5,000,000,000) equity shares of ₹10 each, fully paid up	5,00,000	5,00,000
Issued, subscribed and fully paid up		
2,246,717,350 (31 March 2022: 2,246,717,350) equity shares of ₹10 each	2,24,672	2,24,672

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

(₹ lakhs)

Particulars	As at 31 March, 2023		As at 31 March 2022	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	2,24,67,17,350	2,24,672	2,21,56,22,823	2,21,562
Add:Shares issued during the year	-	-	3,10,94,527	3,110
Balance at the end of the year	**2,24,67,17,350**	**2,24,672**	**2,24,67,17,350**	**2,24,672**

(b) Terms/right attached to equity shares:

The Group has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.

Any Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Dividend is declared and paid in Indian rupees.

In the event of liquidation of the Group, the holders of equity shares will be entitled to receive remaining assets of the Group, after distribution of all the preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

(₹ lakhs)

Particulars	As at 31 March, 2023		As at 31 March 2022	
	Number of shares	Amount	Number of shares	Amount
Sumitomo Mitsui Financial Group, the holding company	1,68,27,91,295	1,68,279	1,68,27,91,295	1,68,279
Angelica Investments Pte Ltd, Singapore	56,39,26,055	56,393	56,39,26,055	56,393

(d) Shareholders holding more than 5% of the shares in the Company

Particulars	As at 31 March, 2023		As at 31 March 2022	
	Number of shares	% of holding	Number of shares	% of holding
Sumitomo Mitsui Financial Group	1,68,27,91,295	74.90%	1,68,27,91,295	74.90%
Angelica Investments Pte Ltd, Singapore	56,39,26,055	25.10%	56,39,26,055	25.10%

Notes to Consolidated Financial Statements

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(e) Changes in Shareholding of promoters

Particulars	As at 31 March, 2023		As at 31 March 2022		Changes	
	Number of shares	% of holding	Number of shares	% of holding	FY 22-23	FY 21-22
Sumitomo Mitsui Financial Group	1,68,27,91,295	74.90%	1,68,27,91,295	74.90%	-	100%
Angelica Investments Pte Ltd, Singapore	56,39,26,055	25.10%	56,39,26,055	25.10%	-	74%
Fullerton Financial Holdings Pte Ltd, Singapore	-	-	-	-	-	100%

(f) The Group has not issued any bonus shares or shares for consideration other than cash nor has there been any buyback of shares during five years immediately preceding 31 March, 2023.

24 Other equity

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
General Reserve	96	96
Capital Reserve	3,453	3,453
Securities premium	1,38,710	1,38,710
Reserve Fund under Section 45- IC of the RBI Act, 1934	78,297	64,894
Reserve Fund under Section 29C(i) of the NHB Act, 1987	1,649	846
Items of other comprehensive income		
Re-measurement of loss on defined benefit plans	(744)	(642)
Effective portion of cash flow hedge	213	(3,983)
Gain/(loss) on fair valuation of loans	247	-
Surplus in the statement of profit and loss	74,928	18,181
Total	**2,96,848**	**2,21,555**

(Refer Statement of Change in Equity for the year ended 31 March, 2023 for movement in Other Equity)

Nature and purpose of reserves

(i) General Reserve

Pursuant to the provisions of Companies Act, 1956, the Group had transferred a portion of profit of the Group to general reserve before declaring dividend. However mandatory transfer to general reserve is not required under Companies Act, 2013.

(ii) Capital Reserve

Capital Reserve is created on account of reversal of debenture issue costs charged to securities premium under previous GAAP. The same shall be utilised as per the provisions of Companies Act, 2013.

(iii) Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(iv) Reserve Fund under Section 45 - IC of the RBI Act, 1934

The parent is required to create a fund which should not less than 20% its net profit every year as disclosed in the statement of profit and loss account and before any dividend is declared. The fund shall be utilised for the purpose as may be specified by the Reserve Bank of India from time to time and every such appropriation shall be reported to the Reserve Bank within 21 days from the date of such withdrawal.

Notes to Consolidated Financial Statements

for the year ended 31 March 2023

(v) Reserve Fund under Section 29C(i) of the NHB Act, 1987

The subsidiary is required to create a fund which should not less than 20% its net profit every year as disclosed in the statement of profit and loss account and before any dividend is declared. The fund shall be utilised for the purpose as may be specified by the NHB from time to time and every such appropriation shall be reported to the NHB within 21 days from the date of such withdrawal.

(vi) Items of other comprehensive income

The components of other comprehensive income include remeasurement of gain/loss on defined benefit plans and derivatives designated at Cash flow hedge and Gain/(loss) on fair valuation of loans.

(vi) Retained Earnings & Surplus in the statement of profit and loss

Retained earnings are profit that the Group has earned to date, less any dividend or other distributions paid to the shareholders, net of utilisation as permitted under applicable law.

25 Interest Income

Particulars	Year ended 31 March, 2023 (₹ lakhs)			Year ended 31 March 2022 (₹ lakhs)		
	On financial assets measured at amortised cost	On financial assets measured at fair value*	Total	On financial assets measured at amortised cost	On financial assets measured at fair value*	Total
On Loans*	5,04,415	15,631	5,20,046	3,72,532	912	3,73,444
On Deposits with banks	9,006	-	9,006	9,311	-	9,311
On Investments	-	6,524	6,524	-	6,388	6,388
Total	**5,13,421**	**22,155**	**5,35,576**	**3,81,843**	**7,300**	**3,89,143**

*Interest on portfolio loans fair valued through Other Comprehensive Income and Interest on investment fair valued through Profit and Loss

26 Dividend income

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Dividend income	-	3
Total	**-**	**3**

27 Fees and commission income

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Fees and commission income	21,573	11,912
Total	**21,573**	**11,912**

28 Net gain on financial assets at FVTPL

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Realised Gain	3,843	5,109
Unrealised Gain	(1,823)	(3,972)
Total	**2,020**	**1,137**

Notes to Consolidated Financial Statements

for the year ended 31 March 2023

29 Ancillary income

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Service charges and other fees on loan transactions	2,455	1,124
Total	**2,455**	**1,124**

30 Other income

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Profit on derecognition of property plant and equipment	114	36
Interest on Security Deposits	196	325
Miscellaneous income	3,767	920
Total	**4,077**	**1,281**

31 Finance costs

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
On financial liabilities measured at amortised cost		
Borrowings	1,35,586	74,433
Debt securities	71,029	80,433
Interest Expense on lease rental liabilities	2,284	1,938
Bank charges and others	3,282	2,797
Total	**2,12,181**	**1,59,601**

32 Net loss on financial asset at FVTPL

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Unrealised Loss	2	-
Total	**2**	**-**

33 Impairment on financial instruments

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Bad debts and Write off (net of recovery)	71,633	2,48,716
Expected credit loss on portfolio loans	(12,939)	(1,52,929)
Total	**58,694**	**95,787**

Notes to Consolidated Financial Statements

for the year ended 31 March 2023

34 Employee benefits expense

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Salaries, bonus and allowances	1,04,265	77,562
Share-based payment to employee and director	5,586	3,715
Contribution to provident and other funds	6,824	5,538
Provision for code on social security	763	678
Staff welfare and training expenses	5,943	7,686
Total	**1,23,381**	**95,179**

35 Other expenses

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Printing and stationery	1,769	945
Rent	415	577
Rates and taxes	68	96
Insurance	142	95
Business promotion expenses	6,593	1,918
Legal charges	1,700	1,197
Professional charges	37,883	13,585
Collection expenses	3,805	7,251
Courier charges	653	468
Repairs and maintenance		
Office premises	1,459	1,473
Others	770	283
Directors' sitting fees	78	103
Travelling expenses	6,358	3,815
Telecommunication expenses	1,394	1,299
Auditor's fees and expenses (refer details below)	156	126
Electricity charges	1,012	844
Security charges	815	641
Recruitment expenses	881	576
Fees and subscription	1,613	878
Corporate social responsibility expenses as per Section 135 (5) of Companies Act, 2013 (see Note 47)	-	495
Miscellaneous expenses	2,396	1,925
Net loss on derecognition of Property, plant & equipments and intangible assets	174	35
Total	**70,134**	**38,625**
Professional fees payable to auditors (inclusive of GST)		
Statutory Audit fee	112	92
Tax Audit fee	13	13
In other capacity		
- Certification matter	28	15
- Reimbursement of expenses	3	6
	156	**126**

Notes to Consolidated Financial Statements
for the year ended 31 March 2023

36 Tax expense

(a) Amount recognised in the statement of profit and loss

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Current tax for the year	-	1,497
Current tax expense (A)	**-**	**1,497**
Deferred taxes for the year		
(Increase)/decrease in deferred tax assets	20,756	38
Increase/(decrease) in deferred tax liabilities	3,101	1,802
Net deferred tax expense (B)	**23,857**	**1,840**
Total income tax expense (A+B)	**23,857**	**3,337**

Tax reconciliation (for profit and loss)

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March, 2023 and 2022 is, as follows:

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Net profit before OCI as per PL	**94,810**	**10,739**
Income tax @ Statutory Tax Rate of 25.168%	23,862	2,703
Tax effects of:		
Items due to reversal of deferred tax		
Recognition of previous difference	(64)	-
Income Taxes	55	-
Net expenses that are not deductible in determining taxable profit	4	634
Income tax expenses reported in PL	**23,857**	**3,337**
Tax Rate Effective*	25.16%	31.08%

(b) Amount recognised in Other comprehensive income

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Items that will not be reclassified to profit or loss		
Actuarial loss on defined benefit obligations (net of tax)	(136)	(359)
Tax relating to above	34	90
Items that will be reclassified to profit or loss		
Derivatives designated at Cash flow hedge	5,607	1,196
Tax relating to above	(1,411)	(301)
Fair Valuation of Loans held at FVOCI	330	-
Tax relating to above	(83)	-
Total	**4,341**	**626**

Notes to Consolidated Financial Statements

for the year ended 31 March 2023

Significant components and movement in deferred tax assets and liabilities

(₹ lakhs)

Particulars	As at 31 March 2022	Recognised in Profit and loss	Recognised in OCI	Recognised in equity	As at 31 March, 2023
Deferred tax liabilities on account of:					
Processing fees and LOC adjustment related to financial assets at amortised cost	1,523	1,723	-	-	3,246
On account of right to use asset	4,230	827			5,057
Borrowing cost adjustment related to financial liabilities at amortised cost	1,910	551	-	-	2,461
Special Reserve created as per Section 29C of NHB Act, 1987 and claimed as deduction u/s 36 (1) (viii) of Income Tax Act, 1961	213	-	-	-	213
Deferred Tax liability (A)	**7,876**	**3,101**	**-**	**-**	**10,977**
Deferred tax assets on account of:					
Impact of expenditure charged to profit and loss but allowed for tax purposes on payment basis	36,744	(33,936)	-	-	2,808
Timing difference between book depreciation and Income Tax Act, 1961	1,364	(17)	-	-	1,347
MTM on Investments	44	7	-	-	51
Provision for expected credit loss on financial assets	41,756	(3,177)	-	-	38,579
Tax losses	1,143	11,695	34	-	12,872
Processing fees and LOC adjustment related to financial assets at amortised cost	321	115	-	-	436
Provision for expenses disallowed as per Income-tax Act, 1961	3,928	3,119	-	-	7,047
On account of lease liabilities	4,882	1,111	-	-	5,993
Fair Valuation of Loans held at OCI	-	-	(83)	-	(83)
Derivatives designated at Cash flow hedge	1,339	-	(1,411)	-	(72)
Deferred tax asset (B)	**91,521**	**(21,083)**	**(1,460)**	**-**	**68,978**
Net Deferred tax assets (B-A)	**83,646**	**(24,184)**	**(1,460)**	**-**	**58,001**
Impact of deffered tax on actualisation for previous year		**327**	**-**		
Deferred tax charged to Statement of Profit and Loss		**(23,857)**			

Note:

1. The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.
2. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realise the benefits of those deductible differences. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

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Significant components and movement in deferred tax assets and liabilities

(₹ lakhs)

Particulars	As at 31 March 2021	Recognised in Profit and loss	Recognised in OCI	Recognised in equity	As at 31 March 2022
Deferred tax liabilities on account of:					
Processing fees and LOC adjustment related to financial assets at amortised cost	107	1,416	-	-	1,523
On account of right to use asset	3,828	402			4,230
Borrowing cost adjustment related to financial liabilities at amortised cost	2,011	(101)	-	-	1,910
Special Reserve created as per Section 29C of NHB Act, 1987 and claimed as deduction u/s 36 (1) (viii) of Income Tax Act, 1961	128	85			213
Deferred Tax liability (A)	**6,074**	**1,802**	**-**	**-**	**7,876**
Deferred tax assets on account of:					
Impact of expenditure charged to profit and loss but allowed for tax purposes on payment basis	1,278	35,466	-	-	36,744
Timing difference between book depreciation and Income Tax Act, 1961	1,365	(1)	-	-	1,364
MTM on Investments	74	(30)	-	-	44
Provision for expected credit loss on financial assets	79,388	(37,632)	-	-	41,756
Tax Losses	-	1,042	101	-	1,143
Processing fees and LOC adjustment related to financial assets at amortised cost	3,566	(3,245)	-	-	321
Provision for expenses disallowed as per Income-tax Act, 1961	151	3,777	-	-	3,928
On account of lease liabilities	4,297	585	-	-	4,882
Derivatives designated at Cash flow hedge	1,640	-	(301)		1,339
Deferred tax asset (B)	**91,759**	**(38)**	**(199)**	**-**	**91,521**
Net Deferred tax assets (B-A)	**85,685**	**(1,840)**	**(199)**	**-**	**83,646**

37 Earnings per share

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Net Profit after tax attributable to Equity Holders (₹ lakhs)	70,953	7,402
Weighted Average number of Equity Shares for basic earnings per share	2,24,67,17,350	2,23,00,20,015
Weighted Average number of Equity Shares for diluted earnings per share	2,24,67,17,350	2,23,00,20,015
Earnings per Share		
Basic earning per share ₹	3.16	0.33
Diluted earning per share ₹	3.16	0.33
Nominal value of shares ₹	10	10

The Group has not issued any potential equity shares. Accordingly, diluted EPS is equal to basic EPS

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38 Related Party Disclosure

Nature of Relationship	Name of Related Party
Ultimate Holding Company	Sumitomo Mitsui Financial Group (w.e.f November 30, 2021)
Holding Company	Sumitomo Mitsui Financial Group (w.e.f November 30, 2021)
Entities having significant influence	Temasek Holdings (Private) Limited (w.e.f November 30, 2021)
	Angelica Investments Pte Ltd, Singapore ('Angelica') (w.e.f November 30, 2021)
	Fullerton Financials Holdings Pte Ltd (Holding Company of Angelica) (w.e.f November 30, 2021)
Subsidiary of entity having significant influence	Sygnia Consulting Limited
Fellow Subsidiary	Sumitomo Mitsui Banking Corporation (w.e.f November 30, 2021)
Key Management Personnel	Mr. Shantanu Mitra- Chief Executive Officer and Managing Director
	Mr. Shirish Apte-Chairman and Independent Director (up to 30 April 2022)
	Mr. Nobuyuki Kawabata-Chairman and Non-Executive, Non-Independent Director
	Dr. Milan Shuster- Independent Director (up to 30 Sept 2022)
	Ms. Sudha Pillai- Independent Director (up to 30 Sept 2022)
	Ms. Seema Bahuguna-Independent Director (w.e.f. 26 April 2022)
	Mr. Hong Ping Yeo-Non-Executive, Non-Independent Director
	Mr. Anindo Mukherjee-Non-Executive, Non-Independent Director
	Mr. Rajeev Kannan-Non-Executive, Non-Independent Director
	Mr. Diwakar Gupta- Independent Director (w.e.f. 13 July 2022)
	Mr. Colathur Narayan Ram-Independent Director (w.e.f. 7 Sep 2022)
	Mr. R Balachander-Independent Director (w.e.f. 10 Oct 2022)
	Ms. Dakshita Das-Independent Director (w.e.f. 28 Feb 2023)
	Mr. Pankaj Malik-Chief Financial Officer
	Mr. Arun Mulge-Company Secretary (up to 1 Aug 2022)
	Mr. Girish Koliyote- Company Secretary (from 2 Aug 2022 to 15th April 2023)

Notes to Consolidated Financial Statements

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(₹ lakhs)

Particulars	Name of related Party	Parent (as per ownership or control)		Associates/Joint Ventures		Key Management Personnel		Directors		Entities having significant influence		Fellow subsidiary		Total	
		FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22
Borrowing	Sumitomo Mitsui Banking Corporation	-	-	-	-	-	-	-	-	-	-	2,79,475	15,833	2,79,475	15,833
Repayment of borrowing	Sumitomo Mitsui Banking Corporation	-	-	-	-	-	-	-	-	-	-	1,667	13,333	1,667	13,333
Derivative contract to hedge foreign currency borrowing*	Sumitomo Mitsui Banking Corporation	-	-	-	-	-	-	-	-	-	-	2,79,475	-	2,79,475	-
Fee paid on borrowing availed	Sumitomo Mitsui Banking Corporation	-	-	-	-	-	-	-	-	-	-	2,795	-	2,795	-
Infusion of share capital	Angelica Investments Pte Ltd	-	25,000	-	-	-	-	-	-	-	-	-	-	-	25,000
Interest paid	Sumitomo Mitsui Financial Group	-	-	-	-	-	-	-	-	-	-	12,789	556	12,789	556
Interest expense	Sumitomo Mitsui Financial Group	-	-	-	-	-	-	-	-	-	-	14,757	434	14,757	434
Expense Reimbursement	Fullerton Financials Holdings Pte Ltd	-	-	-	-	-	-	-	-	10	-	-	-	10	-
Technology Cost	Sygnia Consulting Limited	-	-	-	-	-	-	-	-	78	-	-	-	78	-
Remuneration		-	-	-	-	1,179	882	143	187	-	-	-	-	1,322	1,069
Salary,bonus and allowances	Key Management Personnel	-	-	-	-	1,153	549	-	-	-	-	-	-	1,153	549
Post-employment benefits	Key Management Personnel	-	-	-	-	26	34	-	-	-	-	-	-	26	34
Share-based payments(on payment basis)	Key Management Personnel	-	-	-	-	-	299	-	-	-	-	-	-	-	299
Director's sitting fees	Directors	-	-	-	-	-	-	43	74	-	-	-	-	43	74
Director's Commission	Directors	-	-	-	-	-	-	100	113	-	-	-	-	100	113
Borrowing outstanding	Sumitomo Mitsui Banking Corporation	-	-	-	-	-	-	-	-	-	-	2,93,642	15,833	2,93,642	15,833
Maximum borrowing balance during the year	Sumitomo Mitsui Banking Corporation	-	-	-	-	-	-	-	-	-	-	-	29,295	-	29,295

* Transactions during the period represent notional value

Note: All related party transactions that were entered during the financial year were on arm's length basis and in ordinary course of business

Notes to Consolidated Financial Statements
for the year ended 31 March 2023

39 Capital Management

Equity share capital and other equity are considered for the purpose of the Group's 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.

The capital structure of the Group is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The funding requirements are met through equity, borrowings and operating cash flows generated. The Group endeavours to maintain capital higher than the mandated regulatory norms. The management monitors the return on capital and the board of directors monitors the level of dividends to shareholders of the Group. The Group may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

40 (a) Employment Benefit Plans

(A) Defined Contribution Plan

The total expense charged to income of ₹ 6,059 lakhs (2022: ₹ 5,538 lakhs) represents contributions payable to these plans by the Group at rates specified in the rules of the plan.

(B) Defined Benefit Obligation

(₹ lakhs)

Particulars	**As at 31 March, 2023**	**As at 31 March 2022**
Actuarial assumptions		
Mortality table	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2012-14) (Urban)
Discount rate and expected rate of return on assets for SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)*	7.30% p.a.	6.41% p.a.
Discount rate and expected rate of return on assets for SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)*	7.31% p.a.	6.41% p.a.
Rate of increase in compensation	9.00% p.a.	9.00% p.a.
Employee Turnover for SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)*		
Category 1 – For basic up to ₹ 1.2 lakhs		
Up to 4 years	70% p.a.	66.70% p.a.
5 years and above	3.64% p.a.	4.00% p.a.
Category 2 – For basic more than ₹ 1.2 lakhs		
Up to 4 years	32.30% p.a.	30.70% p.a.
5 years and above	3.64% p.a.	4.00% p.a.
Employee Turnover for SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)*		
Category 1 – For basic up to ₹ 1.2 lakhs		
Up to 4 years	44.2% p.a.	44.20%
5 years and above	1.25% p.a.	1.25%
Category 2 – For basic more than ₹ 1.2 lakhs		
Up to 4 years	45.2% p.a.	49.40%
5 years and above	1.25% p.a.	1.25%
Assets information:		
Insured Managed funds	4,991	4,820
Changes in the present value of defined benefit obligation		
Present value of obligation at the beginning of the year	5,001	4,059
Interest expense	321	263
Current service cost	753	730
Liability Transferred In	48	26

Notes to Consolidated Financial Statements
for the year ended 31 March 2023

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Liability Transferred Out	(48)	(26)
Benfit Paid Directly by the Employer	(24)	(10)
Benefit Paid From the Fund	(589)	(444)
Actuarial (Gains)/Losses on Obligations- Due to Change in Demographic Assumptions	30	(359)
Actuarial (Gains)/Losses on Obligations- Due to Change in Financial Assumptions	(667)	627
Actuarial (Gains)/Losses on Obligations- Due to Experience adjustments	658	129
Present Value of obligation at the end of the year	**5,483**	**4,996**
Changes in the Fair value of Plan Assets		
Fair value of plan assets at beginning of the year	4,820	4,702
Interest income	309	315
Contributions by the Employer	565	208
Benefit Paid from the Fund	(589)	(444)
Return on Plan Assets excluding interest income	(115)	38
Fair Value of Plan Assets at the end of the year	**4,990**	**4,820**
Assets and liabilities recognised in the balance sheet		
Present value of the defined benefit obligation at the end of the year	(5,483)	(4,996)
Fair Value of Plan Assets at the end of the Period	4,990	4,820
Funded Status (Surplus/ (Deficit))	(493)	(180)
Net (Liability)/Asset Recognised in the Balance Sheet	**(493)**	**(180)**

(₹ lakhs)

Expenses recognised in the Statement of Profit and Loss	As at 31 March, 2023	As at 31 March 2022
Current Service Cost	753	730
Net interest (income)/ expense	12	(52)
Net gratuity expense recognised	**765**	**678**
Included in Note 34 'Employee benefits expense'		
Expenses recognised in the Statement of Other comprehensive income (OCI)		
Actuarial gain/ loss on post-employment benefit obligation	137	358
Total remeasurement cost / (credit) for the year recognised in OCI	**137**	**358**

(₹ lakhs)

Reconciliation of Net asset / (liability) recognised	As at 31 March, 2023	As at 31 March 2022
Opening Net Liability	180	(643)
Expenses recognised at the end of the period	765	678
Amount recognised in other comprehensive income	137	359
Net Liability/(Asset) Transfer In	48	26
Net (Liability)/Asset Transfer Out	(48)	(26)
Employer's Contribution	(565)	(208)
Benefits directly paid by Employer	(24)	(5)
Net Liability/(Asset) Recognised in the Balance Sheet	**493**	**180**

Notes to Consolidated Financial Statements

for the year ended 31 March 2023

Sensitivity Analysis:

(₹ lakhs)

Particulars	As at 31 March, 2023		As at 31 March 2022	
	Decrease	Increase	Decrease	Increase
Discount Rate (1% movement)	757	(634)	714	(529)
Future Salary Growth (1% movement)	(631)	736	(588)	689
Rate of Employee Turnover (1% movement)	129	(114)	171	(150)

The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the Balance Sheet.

Maturity analysis of projected benefit obligation

(₹ lakhs)

Position as at Year end	As at 31 March, 2023	As at 31 March 2022
1	160	155
2	169	146
3	195	162
4	195	181
5	217	185
Sum of Years 6 to 10	1,499	1,293

Risks associated with Defined Benefit Plan:

(i) Interest Rate Risk

A fall in the discount rate which is linked to the government securities rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

(ii) Salary Risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

(iii) Investment Risk

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

(iv) Asset Liability Matching (ALM) Risk

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

(v) Mortality Risk

Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

(vi) Concentration Risk

During the year, there were no plan amendments, curtailments and settlements.

Notes to Consolidated Financial Statements
for the year ended 31 March 2023

The plan has a concentration risk as all the assets are invested with the insurance company and a default may wipe out all the assets. However the probability of this is very low as insurance companies have to follow regulatory guidelines.

(C) Compensated absences

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Actuarial assumptions		
Mortality table	Indian Assured Lives Mortality (2012-14) (Urban)	Indian Assured Lives Mortality (2012-14) (Urban)
Discount rate and expected rate of return on assets for SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.*)	7.30% p.a.	6.41% p.a.
Discount rate and expected rate of return on assets for SMFG Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)*	7.31% p.a.	6.41% p.a.
Rate of increase in compensation	7.30% p.a.	9.00% p.a.
Employee turnover for SMFG India Credit Company Limited *(Formerly Fullerton India Credit Co. Ltd.)*		
Category 1 – For basic up to ₹ 1.2 lakhs		
Up to 4 years	70.00% p.a.	66.70% p.a.
5 years and above	3.64% p.a.	4.00% p.a.
Category 2 – For basic more than ₹ 1.2 lakhs		
Up to 4 years	32.30% p.a.	30.70% p.a.
5 years and above	3.64% p.a.	4.00% p.a.
Employee turnover for SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.*)		
Category 1 – For basic up to ₹ 1.2 lakhs		
Up to 4 years	44.20%	44.20%
5 years and above	1.25%	1.25%
Category 2 – For basic more than ₹ 1.2 lakhs		
Up to 4 years	45.20%	49.40%
5 years and above	1.25%	1.25%
Funding status	**Unfunded**	**Unfunded**
Projected obligation against compensated absences	2,266	1,145

40 (b) The Code on Social Security 2020 ('Code') relating to employee benefits during employment and post-employment received Presidential assent in September 2020 and over the period majority of the state have notified draft guidelines. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and expected to be effective in near future. The Group has carried out an impact assessment of the gratuity liability based on an actuarial valuation and on a prudent basis made a provision of INR 5,367 lakhs as at 31 March, 2023 (INR 4,604 lakhs in previous year). The impact on consolidated statement of profit and loss account for the year ended 31st March,2023 is INR 763 lakhs This is over and above the provisions made in normal course based on extant rules and as reported in the above disclosure.

Notes to Consolidated Financial Statements
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41 Employee stock appreciation rights

The Group has an has cash-settled share-based payments scheme, under which grants were made as per details provided below:

Particulars	Grant 7	Grant 8	Grant 9	Grant 9A	Grant 10	Grant 11	Grant 11A	Grant 11B	Grant 12
Date of Grant	1-Apr-17	1-Apr-18	1-Apr-19	1-Apr-19	1-Apr-20	1-Apr-21	1-Apr-21	1-Apr-21	1-Apr-22
Value of the Grant	₹ 960 lakhs	₹ 922 lakhs	₹ 1,334 lakhs	₹ 732 lakhs	₹ 1,184 lakhs	₹ 1,775 lakhs	₹ 1,089 lakhs	₹ 923 lakhs	₹ 2,172 Lakhs
Performance Condition	Achievement PAT & ROE targets	Achievement PAT & ROE targets	Achievement PAT & ROE targets	Achievement PAT & ROE targets	Achievement of PBT and ROE targets	Achievement of certain targets	Achievement of certain targets	Achievement of certain targets	Achievement of certain targets
Graded Vesting (subject to achievement of performance condition given above)	Tranche I: 33% vesting on 1st December 2020	Tranche I: 33% vesting on 1st December 2021	Tranche I: 33% vesting on 1st December 2022	Tranche I: 33% vesting on 1st December 2022	Tranche I: 33% vesting on 1st December 2023	Tranche I: 33% vesting on 1st December 2024	Tranche I: 33% vesting on 1st December 2024	Tranche I: 33% vesting on 1st December 2024	Tranche I: 50% vesting on 1st September 2024
	Tranche II: 33% vesting on 1st December 2021	Tranche II: 33% vesting on 1st December 2022	Tranche II: 33% vesting on 1st December 2023	Tranche II: 33% vesting on 1st December 2023	Tranche II: 33% vesting on 1st December 2024	Tranche II: 33% vesting on 1st December 2025	Tranche II: 33% vesting on 1st December 2025	Tranche II: 33% vesting on 1st December 2025	Tranche I: 50% vesting on 1st September 2025
	Tranche III: 34% vesting on 1st December 2022	Tranche III: 34% vesting on 1st December 2023	Tranche III: 34% vesting on 1st December 2024	Tranche III: 34% vesting on 1st December 2024	Tranche III: 34% vesting on 1st December 2025	Tranche III: 34% vesting on 1st December 2026	Tranche III: 34% vesting on 1st December 2026	Tranche III: 34% vesting on 1st December 2026	-
Vesting period (including performance period)	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 2 years 5 months
	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 3 years 5 months
	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	-	Tranche III: 5 years 8 months	-
Method of Settlement	Cash Payout as per terms of the scheme								

The estimated fair value of the grant at a notional value of ₹ 10 per unit (as at the date of grant) is as below:

(₹ lakhs)

Particulars	Grant 7	Grant 8	Grant 9	Grant 9A	Grant 10	Grant 11	Grant 11A	Grant 11B	Grant 12
As at 31 March, 2023	15.37	13.50	10.71	10.71	8.99	11.61	47.90	47.90	13.58
As at 31 March 2022	12.81	11.25	9.19	9.19	7.87	10.38	47.90	47.90	NA
As at 31 March 2021	12.64	11.10	8.75	8.75	7.52	NA	NA	NA	NA
As at 31 March 2020	17.25	15.14	11.91	11.91	NA	NA	NA	NA	NA
As at 31 March 2012									
Exercise price vest 1	17.25	11.10	NA	NA	NA	NA	NA	NA	NA
Exercise price vest 2	12.64	11.25	NA	NA	NA	NA	NA	NA	NA
Exercise price vest 3	NA	NA	NA	NA	NA	NA	NA	NA	NA

Fair value is computed using the method provided in the scheme for estimating the valuation of the grant which is linked to the Net Book Value of the business and board approved business plan.

The movement of the stock appreciation rights during the year is as under:

(₹ lakhs)

Particulars (No. of Options)	As at 31 March, 2023	As at 31 March 2022
Options outstanding as at the beginning of the year	3,93,30,023	2,96,01,062
Options granted during the year	1,92,59,798	3,78,59,000
Options forfeited during the year	(33,10,925)	(1,76,01,500)
Options exercised during the year	(1,14,750)	(34,36,203)
Options lapsed during the year	-	(70,92,336)
Options Outstanding as at the end of the year	5,51,64,146	3,93,30,023
Options vested and exercisable	38,250	-
Expense recognised (₹ in Lakhs)	**5,586**	**3,715**

42 Segment Information

Business Segment

The Group's operating segments are established in the manner consistent with the information regularly reviewed by the Chief Operating Decision Maker as defined in Ind AS 108-Operating Segments. The Group operates in a single business segment i.e. financing, which has similar risks and returns. The Group operates in a single geographic segment i.e. domestic.

43 Contingent Liability and commitments

The Group has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long-term contracts. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

a) Contingent liabilities

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Guarantees	5,080	78
Contingent liability for litigations pending against the Group	748	67

b) Capital and other commitments

The Group is obligated under various capital contracts. Capital contracts are work/purchase orders of a capital nature, which have been committed. Further, the commitments have fixed expiration dates and are contingent upon the borrower's ability to maintain specific credit standards.

(i) The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31 March, 2023 is ₹ 2,226 lakhs (31 March 2022: ₹ 1,468 lakhs).

(ii) Loans sanctioned not yet disbursed as at 31 March, 2023 were ₹ 1,60,688 lakhs (31 March 2022: ₹ 1,15,588 Lakhs).

c) Litigation

Litigations constitutes the number of pending litigations filed by customers/vendors/ex-employees/others against the Group for service deficiency/title claims/monetary claims/back wages/reinstatement issues respectively which is in the course of business as usual. Asides the above the Group in its rightful entitlement initiates Civil or Criminal litigations for recovery of loan and enforcing security interest. A provision is noted/created where an unfavourable outcome is deemed probable based on review of pending litigations with its legal counsels including loss contingency on account of such litigation and claims, and classification of such contingency as 'low', 'medium' or 'high' with due provisioning thereof . The Management believes that the outcome of such matters will not have a material adverse effect on the Group's financial position, its operations and cash flows.

Notes to Consolidated Financial Statements
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d) Tax contingencies

Various tax-related legal proceedings are pending against the Group at various levels of appeal with the tax authorities. Management to best of its judgement and estimates where a reasonable range of potential outcomes is estimated basis available information accrues liability. Based on judicial precedents in the Group's and other cases and upon consultation with tax counsels, the Management believes that it is more likely than not that the Group's tax position will be sustained. Accordingly, provision has been made in the accounts wherever required. Disputed tax issues that are classified as remote are not disclosed as contingent liabilities by the Group.

44 Resolution framework for COVID-19 related stress

The Group offered resolution plan to its customer pursuant to the RBI's guidelines "Resolution framework for COVID-19 related stress" dated 6 August 2020 permitting lending institutions to implement a resolution plan for corporate, MSME and personal loans.

45 IND AS 116 - Leases

Implementation of Ind AS 116

The Group has entered into leasing arrangements for premises. Majority of the leases are cancellable by the Group. ROU has been included after the line 'Property, Plant and Equipment' and Lease Liability has been included under 'Other Financial Liabilities' in the Balance Sheet.

(i) Amounts recognised in Balance Sheet

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
a) Right-of-use assets (net)	20,182	16,871
b) Lease liabilities		
Current	5,409	4,407
Non-current	18,405	14,981
Total Lease liabilities	**23,814**	**19,388**
c) Additions to the Right-of-use assets	9,425	6,935

(ii) Amount Recognised in profit & loss

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Depreciation charge for right-of-use assets	5,709	4,320
Interest expenses (included in finance cost)	2,284	1,938

iii) Maturity analysis of undiscounted lease liability

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Less than one year	7,261	5,920
One to five years	18,409	16,041
More than five years	3,682	1,559
Total payments	**29,352**	**23,520**

(iv) Cash flows

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
The total cash outflow of leases	6,864	5,592

(v) Future Commitments

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Future undiscounted lease payments to which leases are not yet commenced	-	-

(vi) Future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities and are as follows:

(a) Variable lease payments - This variability will typically arise from either inflation or market-based pricing adjustments. Currently, the Group do not have any lease which has variable lease payment terms based on inflation or market based pricing.

(b) Extension options and termination options - The table above represents the Group's best estimate of future cash out flows for leases, including assumptions regarding the exercising of contractual extension and termination options.

(c) Residual value guarantees - The Group does asset retiral obligations and accordingly have recognised them as part of ROU.

(d) The Group does not have any lease arrangements as at reporting date which is not yet commenced to which the Group is committed.

(vii) The Group currently does not have any sale and lease back transactions. The Group does not have any restrictions or covenants imposed by the lessor on its operating leases which restrict its businesses.

46 Micro and Small Enterprises

The Group identifies suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) by obtaining confirmations from all suppliers and relied upon by the auditos. Based on the information received by the Group, some of the suppliers have confirmed to be registered under MSMED Act, 2006. Accordingly, the disclosure relating to amount unpaid as at the year ended together with interest paid/payable is disclosed below: (Refer Note 15: Trade Payables)

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	3,207	632
The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	15	-
The amount of interest accrued and remaining unpaid at the end of each accounting year;	13	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-

Notes to Consolidated Financial Statements

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47 Corporate Social Responsibility's Expenses

Gross amount required to be spent by the Group is NIL for the year ended 31 March, 2023 and ₹ 520 lakhs for 31 March 2022.

The details of amounts spent towards CSR are as under:

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
i) Construction/acquisition of any asset	-	-
ii) On purpose other than (i) above	754	
Amount spent in cash	754	424
Amount yet to be paid in cash	-	104

*FY23 includes expenditure of ₹ 96 lakhs pertaining to unspent amount of FY22 and ₹ 8 lakhs pertaining to unspent amount of FY21

The Group's CSR policy is both community and environment-based. Various programmes are planned in areas as diverse as health, education, livelihood generation, skill developments and rural development. The above expenditure includes ₹ 20 lakhs (31 March 2022: ₹ 25 lakhs) as salary, travel and other associated cost in respect of dedicated employees who have been exclusively engaged in CSR administrative activities which qualify as CSR expenditure under Section 135 of the Companies Act, 2013.

(a) Gross amount required to be spent by the Company during the year FY22-23: Nil

(b) Amount approved by the Board to be spent during the year FY22-23: INR 650 lakhs

(c) Excess amount spent- FY23 (₹ lakhs)

(₹ lakhs)

Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	650	650

(d) Details of ongoing projects -FY22 ongoing projects

(₹ lakhs)

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In Separate CSR Unspent A/c		From Company's bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
-	96	96	-	96	-	-

Details of ongoing projects -FY21 ongoing projects

(₹ lakhs)

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In Separate CSR Unspent A/c		From Company's bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
-	**8**	**8**	**-**	**8**	**-**	**-**

(e) Details of related party transactions, e.g., contribution to a trust/ society / Section 8 company controlled by the Company in relation to CSR expenditure as per Indian Accounting Standards (IND AS) 24, Related Party Disclosures: Nil

(f) Movement in provision during the year

(₹ lakhs)

Opening Balance	Additional Provision	Amount spent during the year	Closing Balance
104	**42**	**104**	**42**

Notes to Consolidated Financial Statements

for the year ended 31 March 2023

48 Events after reporting date

There have been no events after the reporting date that require adjustment or disclosure in these financial statements.

49 The Group has reclassified/regrouped previous year figures to conform to current year's classification, where applicable.

50 Additional disclosures required by Schedule III of the Act

(₹ lakhs)

Name of the entity	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Parent subsidiaries				
SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Co. Ltd.)*	16%	81,231	6%	4,016
Total	**16%**	**81,231**	**6%**	**4,016**

51 Financial risk management

Risk management framework

The Group places emphasis on risk management practices to ensure an appropriate balance between risks and returns. The Board of Directors of the Group (BOD) along with the management are primarily responsible for Financial Risk Management of the Group. The BOD's oversight of risk includes review and approval of key risk strategies and policies. These are monitored and governed through the Risk Oversight Committee (ROC) and ALCO. Audit Committee (AC) evaluates and reviews the adequacy and effectiveness of risk management systems and internal control systems, including internal financial controls.

The ROC controls and manages inherent risks related to the Group's activities by the following risk categories:

Risk	Exposure arising from	Management
Credit Risk	Cash and cash equivalents, bank balance other than cash and cash equivalents, trade & other receivables, derivative financial instruments, financial assets measured at amortised cost	ROC is actively involved in the following: • Oversight over the implementation of Core Credit Policies and Remedial Management Policies of the Group; • Review of the overall portfolio credit performance of the Group and establishing concentration limits by product programs, collateral types, tenors and customer profile; • Determination of portfolio credit quality by reviewing observed default rates, provisions held, write-offs and status of recoveries from defaulting borrowers; and • Review of product programs and recommending improvements/ amendments thereto.
Liquidity Risk	Financial liabilities and financials asset	• Recommending to the BOD, the Risk Appetite Statement for the Group, which includes – inter alia - liquidity risk appetite. This is measured by Liquidity Coverage Ratio and Liquidity Buffers maintained by the Group. • Liquidity risk is managed by the Asset Liability Committee (ALCO), based on the Group's Liquidity Policy approved by BOD. ALCO is responsible for ensuring adherence to the liquidity and asset-liability management limits set by the BOD and to oversee implementation of the strategic direction articulated by the BOD. ALCO not only ensures that the Group has adequate liquidity on an on-going basis but also examines how liquidity requirements are likely to evolve under different scenarios. ROC has an oversight on ALCO.

Notes to Consolidated Financial Statements

for the year ended 31 March 2023

Risk	Exposure arising from	Management
Market Risk- Foreign Exchange	Recognised financial assets and financial liabilities not denominated in functional currency	• The risk is managed through close identification, supervision and monitoring of risks arising from movements in market rates such as interest rates, foreign exchange rates, traded prices, and credit spreads, which may result in a loss of earnings and capital. Company has a Board approved policy to lay down the process for identification, mitigation, monitoring and escalation of any foreign exchange or interest rate risk that the Company may face. Both short-term and long-term foreign exchange exposures are hedged in conjunction with extant regulations.
Market Risk- Interest Rate / Dividend Coupon/Price	Investments in equity securities, units of mutual funds, bonds, government securities, certificate of deposits and commercial paper and derivative financial instruments.	• Defined boundaries are in place on interest rate risk exposure for the Company. Governance and monitoring policies are also in place for interest rate risk management.

All hedging activities are carried out by the Centralised treasury department possessing the appropriate skills, experience and supervision. The Group policy is to hedge the exposure by taking derivative instruments and not to trade in derivatives for speculative purposes. By using derivative financial instruments to hedge exposures to changes in interest rates, the Group also exposes itself to the credit risk of the derivative counterparty, which is not offset by the hedged item.

Credit Risk

Trade receivables:

Exposures to customers' outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of collection from counterparties on timely basis reflects low level of credit risk. Company creates provision on trade receivables on a progressive basis from the time that a loan is booked.

Counterparty Risk:

The Company has a low credit risk in respect of its exposure with financial institutions and other financial assets. Funds are invested after considering parameters like safety, liquidity and post-tax returns etc. The Company avoids concentration of credit risk by spreading them over several counterparties with good credit rating profile and sound financial position. The Company's exposure and credit ratings of its counterparties are monitored on an ongoing basis. The Company holds cash and cash equivalents and other bank balances with banks and financial institutions. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be high. Exposure with respect to the security deposit and advances is for business purpose and is spread across a relatively large number of counterparties. As such, these carry low credit risk exposure as the Company has possession of rental premises and business relationships for a number of years.

Write off policy:

The Company has laid down explicit policies on loan write-offs to deal with assets, which are impaired due to the customer's inability to repay the loan beyond a timeline, based on realisation experience of the Company with respect to customers of specific products.

Collateral management and associated risks:

The Company holds collaterals like vehicles, residential, commercial land & building and financial securities against certain of its secured portfolio products such as Commercial Vehicle Loans, Loan against Properties and Loan against shares. The Company has a collateral management system to address the risks associated with the mortgage business. Onsite inspections by independent experts are carried out to satisfy that the value of the collateral is sufficient to cover the associated credit risk and that the claim on property is legally enforceable. Credit policy guidelines clearly specify Loan to value (LTV) ratios and ensures a maximum permissible limit on exposure in any collateral backed funding. This takes care of any revaluation or depreciation assets due to unforeseen circumstances. The Collection team follows up with the customers through field visits as well as through telecommunication for payment of over dues. Collection team is also responsible for initiating legal action including repossession and selling of collaterals. For other collaterals, the Company liquidates the assets and recovers the amount due against the loan. Negotiations with customers with respect to the settlement of loans are also carried out by the authorised personnel from collection team. Any surplus funds realised from sale of collateral security over total dues payable by customers, are returned to the customers/obligors. An estimate of the lower of fair value of collateral and other security enhancements held and carrying amounts of the financial assets as at the reporting date is shown below. This excludes the value of collateral and other security enhancements that are determined not to be enforceable (legally or practically) by the Company.

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Enterprise Risk:

Operational Risk:

The Company uses a comprehensive enterprise-level risk framework to quickly identify risks with multi-layered controls. The "Three Lines of Defense" philosophy ensures complete governance and supervision and is at the heart of this risk management framework.

The following are the main pillars of risk mitigation:

- Risk Identification through regular process walks, Measurement through Periodic Risk Assessments, Control and Mitigation through corrective actions
- Regular Operational Risk Management Committee meetings.
- Policies and standards are updated regularly in line with industry best practices.
- Internal Financial Controls Standards.
- Optimal mix of Fraud databases, screening documents, and field visits to detect and mitigate potential fraud.
- Compliance unit tracking all regulatory changes.

Internal audits and checks are conducted regularly to ensure that the assigned responsibilities are carried out effectively. Given the dynamic business and operating environment and changing business needs, the Board of Directors Audit Committee periodically reviews the adequacy and effectiveness of internal audit and internal control systems. They also recommend improving the efficacy of the existing internal audit and internal control systems.

Fraud Risk:

The fraud control unit as a dedicated function manages and mitigate the fraud risk proactively. This is performed by deploying a combination of prevention, detection, deterrence and response strategies. The unit is responsible for implementing measures to contain fraud, detecting and investigating potential frauds and to recommend changes in polices or processes to contain fraud risk. The unit also plays a role in educating employees on fraud risk.

Information Security Risk:

Information Security will remain a key focus area for the Company owing to the evolving landscape. Policies, processes and supporting technology architecture have been instituted and are being strengthened on a continuous basis. Periodic Vulnerability Assessment and Penetration Testing is also undertaken by external parties to ascertain potential areas of weaknesses and design adequate mitigants thereto.

Liquidity Risk:

Liquidity risk is the risk that the Company, though solvent, either does not have sufficient financial resources available to meet its obligations as they fall due, or can secure them only at excessive costs. Liquidity risk management involves estimating and managing the liquidity requirements of the Company within acceptable structural boundaries and in a cost-efficient manner, and involves the Board and senior management's development and oversight of a comprehensive process that identifies, measures, monitors and controls the Company's liquidity risk exposure.

The Company maintains a reliable management information system designed to provide the senior management with timely and forward-looking information on the liquidity position of the Company. In terms of actions, the Company's liquidity risk management policy is guided by the following principles:

- Diversification across instruments (bank loan, commercial papers, debentures, ECB, portfolio sale etc), lenders (banks, mutual funds, insurance companies, pension funds, foreign portfolio investors) and geographies (on shore and off shore).
- Matching of asset and liability tenor.
- Maintenance of adequate liquidity buffer as per internal policy.
- Investment of such liquid funds in pre-approved instruments and with sound counterparties.

Tools to manage Liquidity Risk:

The Company manages its liquidity risk through liquidity gap analysis, monitoring concentration limits (tenor, counterparty and instrument type) and liquidity ratios.

Single lender limit, single financial instrument or category limit and negative gap mismatches are monitored monthly to ensure these are within the policy limits.

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents and by having fee paying committed lines.

Market Risk:

Market risk is the risk of loss of future earnings, fair values or future cash flows related to financial instrument that may result from adverse changes in market rates and prices (such as foreign exchange rates, interest rates, other prices). The Company is exposed to market risk primarily related to currency risk and interest rate risk.

Foreign Currency Risk:

Foreign currency risk for the Company arises largely on account of foreign currency borrowings. The Company holds derivative financial instruments such as Cross currency interest rate swap & forward contracts to foreign currency risk. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so until repayment. The Counterparty for these contracts is generally a bank.

Interest Rate Risk:

Interest rate risk is the vulnerability of a Company's financial condition to adverse movements in market interest rates. It corresponds to the potential effects of interest rate changes on the Company's profitability, in particular net interest income and its net value.

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Exposure to this risk primarily results from timing spread in the repricing of both on and off-balance sheet assets and liabilities as they mature (fixed rate instruments) or contractually reprice (floating rate instruments).

This risk is managed by establishing boundaries on interest rate risk exposure and the governance and monitoring policies for interest rate risk management. BOD sets boundaries/ limits within such levels of tolerance and approves the policies that govern risk management under both business as usual and stressed conditions. ALCO monitors Balance-sheet planning from a risk-return perspective, including product pricing, definition of the desired maturity profile and mix of incremental assets and liabilities.

A suitable funding and interest rate risk management plan is prepared using projected balance sheet and cash-flows. Execution of on and off balance sheet transactions may be done to optimise interest rate gapping positions. The following metrics are employed for measurement of interest rate risks:

a. Repricing Gap

b. Earnings at Risk

In addition the above, the Analytics function also undertakes an annual stress test under various scenarios to ascertain potential impact of these on the Company's capital position. These tests help to ascertain the level of buffers to be maintained over the minimum regulatory capital required. All of these risk management practices have contributed towards ensuring the continued maintenance of the highest level of credit rating – AAA - for the Company.

Exposure to credit risk

The carrying amount of financial assets represents the maximum amount of credit exposure. The maximum exposure to credit risk is as per the table below, it being total of carrying amount of all financials assets except cash in hand and investment in government securities.

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Maximum exposure to credit risk	38,41,051	25,34,247

Analysis of inputs to the Expected credit loss model under multiple economic scenarios

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows which the Group expects to receive) discounted at an approximation to the EIR.

Cash shortfalls are identified as follows.

- For 12-month ECLs: Cash shortfalls resulting from default events that are possible in the next 12 months.
- For lifetime ECLs: Cash shortfalls resulting from default events that are possible over the expected life of the financial instrument.

For undrawn loan commitments, a cash shortfall is the difference between:

- the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan; and
- the cash flows that the Group expects to receive if the loan is drawn down.

The Group records allowance for expected credit losses for cash and cash equivalents, bank balance, investment, trade and other receivables, loans and advances together with loan commitments and other financial assets measured at amortised cost, collectively named as 'financial assets at amortised cost'.

The Group performs a collective assessment on a homogeneous pool of outstanding loans grouped on the basis of shared risk characteristic based on the type of products sliced down to geography as part of the impairment analysis.

For estimation of ECL, the entire portfolio is broadly partitioned into products like Personal Loans, Business Loan, Commercial Vehicle Loan, Loan against property and Group Loans. Products are further segregated on geography level and sectors. This portfolio is used to arrive exposure at Default, Probability of default and loss given default.

The Group follows the expected credit loss (ECL) methodology based on historically available information and projection of macroeconomic indicators in order to determine the impairment allowance required against different categories / pool of loan accounts.

All defining parameters (PD, LGD, EL Adjustment factor) are estimated on a half-yearly frequency. However, required changes may be done more frequently in case of change in market condition, portfolio changes and other scenarios.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since its initial recognition, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12 month ECL is part of LTECL that represent the ECLs from default events on a financial asset that is possible within the 12 months after the reporting date.

Definition of Default

As per the Group's policy, all assets are classified into Stage 1, Stage 2 and Stage 3. Assets up to 30 DPD (days past due) are classified as stage 1 assets. Assets with DPD of 31 days up to 90 days are classified as stage 2 assets and assets with DPD greater than 90 days are classified as Stage 3 assets and categorises based on DPD. The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the

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borrower becomes 90 days past due on its contractual payments. As a part of qualitative assessment, of whether the customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. In such instances, the Group treats the customer at default and therefore assesses such loans as Stage 3 for ECL calculations, following are such instances:

- If the customer has requested restructuring in repayment terms, such restructured, rescheduled or renegotiated accounts (other than One Time Restructuring)
- A Stage 3 customer having other loans which are in Stage 1 or Stage 2
- cases where Group suspects fraud and legal proceedings are initiated.

The Group continuously monitors all financial instruments subject to ECLs. In order to determine whether loans or portfolio loans are subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have significantly increased in credit risk since initial recognition when contractual payments are more than 30 days past due. The Group also applies a qualitative method for triggering a significant increase in credit risk for an asset. This will be the case for exposure that meets certain heighted risk criteria, such as political situations and exceptions to normal economic scenarios. Such factors are based on its expert judgement and relevant historical experiences.

The **Probability of Default (PD)** is an estimate of the likelihood of default over a given time horison. 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.

Exposures are subject to ongoing monitoring, which may indicate that a significant increase in credit risk has occurred on an exposure. The monitoring typically involves use of the following data for Retail exposures:

(a) Overdue status including write off

(b) Fraudulent customer

(c) Days past due along with external macro-economic outlook

(d) Historical performance of loans and related collection trends

(e) Restructured Customer

Days past due is a primary input for the determination of the PD for exposures.

The Group collects performance and default information about its credit risk exposures analysed by Product and geography. The Group employs statistical models of flow analysis and marginal default rate technique to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

The **Exposure at Default (EAD)** is an estimate of the exposure at a future default date, taking into account the expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities and accrued interest whether due or not.

The **Loss Given Default (LGD)** is an estimate of the loss arising in the case where default occurs at a given time. It is based on the difference between the contractual cash flows due (net of recovery cost) and those that the lender would expect to receive (including recovery through contractual arrangements with counterparties estimated based on past recovery trends). They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor. It is usually expressed as a percentage of the EAD.

The Group collects a list of all the defaulters and tracked from the first time they become non-performing assets ("More than 90 Days Past Due"). The Group calculates the LGD based on the present value of month on month recovery post default for Stage 1 and 2 and assesses the present value of the actual and potential recoveries for Stage 3 accounts. In case of insufficient historical data, management uses extrapolation method for the anticipation of LGD.

EL Adjustment Factor is factor used to adjust the ECL computation to eliminate the biases in different ticket size and number of loan accounts considering the nature of business/products.

Forward-Looking Information

While estimating the expected credit losses, the Group arrives at forward looking PD estimates through incorporation of forward-looking macro-economic factors. The various macro-economic factors considered are GDP (%) and its components, Private consumption (%),Consumer prices (% change pa; av), Average real wages (% change pa), Real personal disposable income (% change pa), Domestic credit growth (%), Lending interest rate (%), Labour costs, Labour productivity growth (%), Recorded unemployment (%), Gross national savings rate (%). Product-wise selection of macro-economic factors is done basis the best fitting of the macro indicators with the historical loss trends also taking into account management views, if any, on the drivers of the portfolio. Apart from considering the base case of the macro outlook, two more scenarios an optimistic and pessimistic views of the outlook are also evaluated taking into account the external market conditions. Appropriate weightage is assigned to each of the scenarios to arrive at the final estimates. Presently, a higher deterioration of the base macro outlook is done to arrive at the pessimistic view and also its weightage continues to be elevated since the onset of pandemic.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

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Credit Quality

The Group has classified portfolio loans as financial assets at amortised cost and has assessed it at the collective pool level. The vintage analysis methodology has been used to create the PD term structure which incorporates both 12 months (Stage 1 Loans) and lifetime PD (Stage 2 and stage 3 Loans). The vintage analysis captures a vintage default experience across a Particulars portfolio by tracking the periodic slippages. The vintage slippage experience/default rate is then used to build the PD term structure.

The vintage analysis methodology has been used to create the LGD vintage. The LGD vintage takes into account the recovery experience across accounts of a Particulars portfolio post default. The recoveries are tracked and discounted to the date of default using the effective interest rate.

Accordingly, the Group analysis exposure to credit risk based on vintage experience across its products. The Group categorises its loans into Stage 1, Stage 2 and Stage 3 based on vintage experience.

Reconciliation of ECL balances in given below:

Particulars	As at March 2023 (₹ in lakhs)				As at March 2022 (₹ in lakhs)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**32,451**	**44,243**	**89,531**	**1,66,225**	**56,773**	**97,299**	**1,65,082**	**3,19,154**
New assets originated or purchased	47,794	-	29	47,823	27,907	-	-	27,907
Assets derecognised or repaid	(8,942)	(4,291)	(2,499)	(15,732)	(21,240)	(11,132)	(15,299)	(47,671)
Net transfers to/from Stage 1	27,433	(11,659)	(15,774)	-	806	(440)	(367)	-
Net transfers to/from Stage 2	(23,447)	37,145	(13,698)	-	(21,274)	21,778	(504)	-
Net transfers to/from Stage 3	(1,912)	(39,648)	41,560	-	(1,05,200)	(79,959)	1,85,159	-
Remeasurement of ECL	(9,503)	9,335	43,761	43,594	94,787	18,897	(5,708)	1,07,975
Amounts written off	(866)	(3,959)	(83,797)	(88,623)	(108)	(2,200)	(2,38,832)	(2,41,139)
ECL allowance - closing balance	**63,008**	**31,166**	**59,113**	**1,53,287**	**32,451**	**44,243**	**89,531**	**1,66,225**

Credit Quality

The Group has classified portfolio loans as financial assets at amortised cost and has assessed it at the collective pool level. The vintage analysis methodology has been used to create the PD term structure which incorporates both 12 months (Stage 1 Loans) and lifetime PD (Stage 2 and Stage 3 Loans). The vintage analysis captures a vintage default experience across a particular portfolio by tracking the periodic slippages. The vintage slippage experience/default rate is then used to build the PD term structure.

The vintage analysis methodology has been used to create the LGD vintage. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the effective interest rate.

Accordingly, the Group analysis exposure to credit risk based on vintage experience across its products. The Group categorises its loans into Stage 1, Stage 2 and Stage 3 based on vintage experience.

Particulars	As at March 2023 (₹ in lakhs)				As at March 2022 (₹ in lakhs)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of portfolio loans	**20,99,368**	**1,33,075**	**1,57,293**	**23,89,736**	**19,28,354**	**1,98,352**	**2,20,679**	**23,47,385**
New assets originated or purchased	26,25,027	-	48	26,25,075	13,85,127	-	-	13,85,127
Assets derecognised/repaid	(13,13,664)	(38,716)	(24,939)	(13,77,319)	(9,86,646)	(36,567)	(45,233)	(10,68,445)
Net transfers to/from Stage 1	97,226	(65,421)	(31,805)	-	15,731	(10,890)	(4,842)	-
Net transfers to/from Stage 2	(1,80,592)	2,05,379	(24,787)	-	(84,560)	86,895	(2,335)	-
Net transfers to/from Stage 3	(21,610)	(1,28,043)	1,49,653	-	(1,57,544)	(1,01,203)	2,58,747	-
Amounts written off	(9,479)	(10,267)	(1,17,428)	(1,37,174)	(1,094)	(3,513)	(2,69,723)	(2,74,331)
Closing balance of portfolio loans	**32,96,276**	**96,006**	**1,08,034**	**35,00,318**	**20,99,368**	**1,33,075**	**1,57,293**	**23,89,736**
Interest accrued and other amortised cost	54,775	4,442	5,018	64,236	32,980	5,879	7,087	45,946
Gross value of portfolio loans	**33,51,052**	**1,00,449**	**1,13,052**	**35,64,554**	**21,32,348**	**1,38,954**	**1,64,380**	**24,35,682**

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Trade receivables

Exposures to customers' outstanding at the end of each reporting period are reviewed by the Group to determine incurred and expected credit losses. Historical trends of collection from counterparties on timely basis reflects low level of credit risk. Group creates provision on trade receivable balances wherever balance due over 90 days.

Cash and cash equivalents, other bank balance and other financial assets

The Group has a low credit risk in respect of its exposure with financial institutions and other financial assets. Funds are invested after taking into account parameters like safety, liquidity and post-tax returns etc. The Group avoids concentration of credit risk by spreading them over several counterparties with good credit rating profile and sound financial position. The Group's exposure and credit ratings of its counterparties are monitored on an ongoing basis.

The Group holds cash and cash equivalents and other bank balances with banks and financial institutions. The credit worthiness of such banks and financial institutions is evaluated by the Management on an ongoing basis and is considered to be high.

While exposure with respect to the security deposit and advance is given for business purpose is spread across and carry low credit exposure as the Group has possession of rental premises and other with whom the Group has worked with for a number of years.

Write off policy

The Group has laid down explicit policies on loan write-offs to deal with assets which are impaired due to the customer's inability to repay the loan beyond a timeline, based on realisation experience of the Group with respect to customers of specific products.

Collateral management and associated risks

The Group holds collateral like Vehicle, residential, commercial land & building against certain of its secured portfolio loans such as Commercial Vehicle Loans, Loan against Properties, Developer funding and Loan against shares.

The Group has a collateral management system to address the risks associated with the mortgage business. Onsite inspections by independent experts are carried out to satisfy that the value of the collateral is sufficient to cover the associated credit risk and that the claim on property is legally enforceable. Credit policy guidelines clearly specify Loan to value (LTV) ratios and ensures a maximum permissible limit on exposure in any collateral backed funding. This takes care of any revaluation or depreciation of assets due to unforeseen circumstances.

The Collection team follows up with the customers through field visits as well as through telecommunication for payment of over dues. Collection team is also responsible for initiating legal action including repossession and selling of collaterals. In its normal course of business, the Group does not physically repossess properties in its retail portfolio. For other collaterals the Group liquidates the assets and recovers the amount due against the loan. Negotiations with customers with respect to the settlement of loans are also carried out by the authorised personnel from collection team. Any surplus funds are returned to the customers/obligors.

An estimate of the lower of fair value of collateral and other security enhancements held and carrying amounts of the financial assets as at the reporting date is shown below. This excludes the value of collateral and other security enhancements that are determined not to be enforceable (legally or practically) by the Group.

(₹ lakhs)

As at 31 March, 2023	Maximum exposure to credit risk	Vehicle	Land & building	Securities	Total Collateral	Net Exposure	Associated ECLs
Financial Assets							
Cash & cash equivalents	2,72,357	-	-	-	-	2,72,357	-
Loans & Advances (gross)*	35,64,554	1,61,314	38,91,031	1,07,229	41,59,574	(5,95,020)	1,53,287
Derivative Financial Instrument	8,061	-	-	-	-	8,061	-
Trade receivables	1,657	-	-	-	-	1,657	-
Financial Assets at FVTPL	2,58,145	-	-	-	-	2,58,145	-
Other financial asset	22,024	-	-	-	-	22,024	-
Total Financial Asset	**41,26,798**	**1,61,314**	**38,91,031**	**1,07,229**	**41,59,574**	**(32,776)**	**1,53,287**

*Includes unsecured loans valued ₹ 19,05,993 lakhs

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(₹ lakhs)

As at 31 March 2022	Maximum exposure to credit risk	Vehicle	Land & building	Securities	Total Collateral	Net Exposure	Associated ECLs
Financial Assets							
Cash & cash equivalents	2,27,165	-	-	-	-	2,27,165	-
Loans & Advances (gross)*	24,35,681	99,946	33,15,895	71,395	34,87,236	(10,51,555)	1,66,225
Derivative Financial Instrument	3,104	-	-	-	-	3,104	-
Trade receivables	1,018	-	-	-	-	1,018	-
Financial Assets at FVTPL	19,961	-	-	-	-	19,961	-
Other financial asset	13,732	-	-	-	-	13,732	-
Total Financial Asset	**27,00,661**	**99,946**	**33,15,895**	**71,395**	**34,87,236**	**(7,86,575)**	**1,66,225**

*Includes unsecured loans valued ₹ 12,20,575 lakhs

Discloures is based on internal MIS Data and estimates used by management

The value of the collateral for residential & commercial mortgage loans is based on the collateral value at origination. For credit-impaired loans the value of collateral is based on the most recent appraisals. Collateral value for Vehicles for credit–impaired loans are value arrived basis grid model of vehicles which consider model of vehicles, age, make, manufacturer etc.

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for Stage 3 assets. Dependent on the level of collateral, some Stage 3 exposures may not have individual ECLs when the expected value of the collateral is greater than the LGD, even if the future value of collateral is forecast using multiple economic scenarios. However, the Stage 3 ECL can be higher than net exposure when the future value of collateral, measured using multiple economic scenarios, is expected to decline.

The fair value of collateral and credit enhancements held under the base case scenario

(₹ lakhs)

Portfolio Loans	Maximum exposure to credit risk	Commercial Vehicle	Land & building	Total Collateral	Net Exposure	Associated ECLs*
As at 31 March, 2023 (₹ in lakhs)	1,39,209	11,829	1,85,147	1,96,976	(57,768)	63,564
As at 31 March 2022 (₹ in lakhs)	1,64,380	12,032	3,47,037	2,92,508	(1,94,689)	89,605

*includes ECL on unsecured loans

Liquidity Risk

Liquidity risk is the risk that the Group, though solvent, either does not have sufficient financial resources available to meet its obligations as they fall due, or can secure them only at excessive costs. Liquidity risk management involves estimating and managing the liquidity requirements of the Group within acceptable structural boundaries and in a cost-efficient manner, and involves the Board and senior management's development and oversight of a comprehensive process that identifies, measures, monitors and controls the Group's liquidity risk exposure.

The Group maintains a reliable management information system designed to provide the senior management with timely and forward-looking information on the liquidity position of the Group. In terms of actions, the Group's liquidity risk management policy is guided by the following principles:

1. Lender diversification demonstrated by an increase in lenders, across instruments (bank finance, bonds, money market instruments, sell down of loan portfolio of loan portfolio) and liquidity pools (banks, mutual funds, insurance companies, pension funds, foreign portfolio investors)

2. Matching of asset and liability tenor

3. Maintenance of adequate liquidity buffer as per internal policy

4. Structural liquidity mismatch

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Tools to manage Liquidity Risk

The Group manages its liquidity risk through liquidity gap analysis, monitoring concentration limits (tenor, counterparty and instrument type) and liquidity ratios.

Projected rolling cash flow for the next 6 months is prepared which provides a gap analysis of expected cash inflow and outflow on a given date. Treasury is responsible to prepare a suitable funding plan based on the cash flow.

Single lender limit, single financial instrument or category limit and negative gap mismatches are monitored on a monthly basis to ensure these are within the policy limits.

The Group manages liquidity risk by maintaining sufficient cash and cash equivalents and by having access to funding through an adequate amount of committed credit lines. The Group maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due.

Analysis of financial liabilities by remaining contractual maturities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities for which the contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ lakhs)

As at 31 March, 2023	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities					
Trade payables	46,088	46,088	-	-	**46,088**
Borrowings other than debt securities*	22,77,447	7,20,718	13,07,504	17,122	**20,45,344**
Debt Securities#	10,95,098	3,02,603	6,81,072	1,15,754	**10,99,429**
Lease liabilities	23,814	7,261	18,409	3,682	**29,352**
Other financial liabilities (excluding lease liabilities)	95,566	85,509	9,580	-	**95,089**

(₹ lakhs)

As at 31 March 2022	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities					
Trade payables	4,745	4,745	-	-	**4,745**
Borrowings other than debt securities*	12,01,666	6,42,044	6,90,076	2,019	**13,34,138**
Debt Securities#	9,00,500	3,08,049	5,70,215	1,22,523	**10,00,786**
Lease liabilities	19,388	5,920	16,041	1,559	**23,520**
Other financial liabilities (excluding lease liabilities)	1,13,840	15,097	99,494	-	**1,14,590**

* The interest payments on variable interest rate loans in the table above reflect interest rates at the reporting date and these amounts may change as market interest rates change.

#Debt Securities includes subordinated liabilities

The Group's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. As part of the management of liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents to meet liquidity requirements. In addition, the Group maintains agreed lines of credit with other banks to maintain the liquidity requirements.

Financing arrangement

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Expiring within one year	2,06,500	1,58,500
Expiring beyond one year (term loan)	1,41,830	52,500

Notes to Consolidated Financial Statements

for the year ended 31 March 2023

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to maintenance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in ₹ and have an average maturity of 1 year (FY22: 1 year).

Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows related to financial instrument that may result from adverse changes in market rates and prices (such as foreign exchange rates, interest rates, other prices). The Group is exposed to market risk primarily related to currency risk, interest rate risk and price risk.

Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Group arise majorly on account of foreign currency borrowings. The Group holds derivative financial instruments such as Cross currency interest rate swap & forward contracts to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. When a derivative is entered in to for the purpose of being as hedge, the Group negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Group's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment. The Counterparty for these contracts is generally a bank. The Counterparty for these contracts is generally a bank.

Hedge Policy

The Group's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS.

Interest rate risks are mitigated by entering into interest rate swaps. The Group uses pay-fixed / receive-floating interest rate swaps and cross-currency interest-rate swaps to hedge the interest rate risks in respect of the benchmark interest rate (mainly LIBOR) and foreign currency risks (mainly US dollar, JPY, SG dollar) from its issuance of floating-rate & fixed notes denominated in foreign currencies.

The currency risk on the borrowings is actively managed mainly through forward contracts. The Group hedges interest rate risk to the extent of benchmark interest rate & spread exposure on its floating-rate notes to mitigate variability in its cash flows. Cross Currency interest rate swaps are matched to specific issuances of floating-rate notes with terms that closely align with the critical terms of the hedged item. Hedge accounting is applied where economic hedge relationships meet the hedge accounting criteria.

When the hedging instrument is a forward foreign exchange contract, the Group establishes a hedge ratio where the notional on the forward foreign exchange contract matches the carrying amount of the designated underlying. The qualitative assessment is supplemented quantitatively using the hypothetical derivative method for the purposes of assessing hedge effectiveness. The Group assesses hedge effectiveness using the hypothetical derivative method, which creates a derivative instrument to serve as a proxy for the hedged transaction. The terms of the hypothetical derivative match the critical terms of the hedged item and it has a fair value of zero at inception. The hypothetical derivative and the actual derivative are compared to establish the effectiveness of the hedge relationship.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swap, which is not reflected in the fair value of the hedged item attributable to the change in interest rate and foreign currency; and
- differences in maturities or timing of cash flows of the swap and the notes
- zero floor rate under hedged item as against hedge instrument

Foreign Currency exposure

(₹ lakhs)

Particulars	As at 31 March, 2023			As at 31 March 2022		
	USD	SGD	JPY	USD	SGD	JPY
a. Long term borrowings (Hedge item)	2,79,475	78,859	-	1,07,383	81,723	71,659
b. Notional Value of Derivative (Hedge instrument)	(2,79,475)	(78,859)	-	(1,07,383)	(81,723)	(71,659)
Net exposure to foreign currency risk (a-b)	-	-	-	-	-	-

Notes to Consolidated Financial Statements
for the year ended 31 March 2023

(₹ lakhs)

Particulars	As at 31 March, 2023			As at 31 March 2022		
	USD	SGD	JPY	USD	SGD	JPY
Opening Balance	3,202	(269)	2,389	4,124	(896)	3,290
Change in fair value of hedging instrument recognised in other comprehensive income (OCI)	(4,938)	(669)	-	(922)	627	(901)
Reclassified from OCI to profit or loss	-	-	(2,389)	-	-	-
Closing balance	**(1,736)**	**(938)**	**-**	**3,202**	**(269)**	**2,389**

The following table details the Group's sensitivity to a 1% increase and decrease in the INR against the relevant foreign currencies net of hedge accounting impact. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where INR strengthens 1% against the relevant currency and vice versa.

(₹ lakhs)

Particulars	As at 31 March, 2023		As at 31 March 2022	
	Decrease	Increase	Decrease	Increase
USD/INR	2,795	(2,795)	1,074	(1,074)
JPY/INR	-	-	717	(717)
SGD/INR	774	(774)	774	(774)

Price risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices and related market variables whether caused by factors specific to an individual investment, its issuer and market.

To manage its price risk arising from investments, the Group has invested in the mutual fund after considering the risk and return profile of the mutual funds i.e. the debt profile of the mutual fund indicates that the debt has been given to creditworthy banks and other institutional parties and equity investment is made after considering the performance of the stock.

The Group's exposure to price risk arises from investments in unlisted equity securities (other than investment in subsidiary Group), debt securities, units of mutual funds, which are classified as financial assets at Fair Value through Profit and Loss and amounts to as follows:

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Exposure to price risk	2,58,139	76,844

Sensitivity analysis

The table below sets out the effect on profit or loss due to reasonable possible weakening / strengthening in prices of 5%:

(₹ lakhs)

Effect on profit or loss	As at 31 March, 2023	As at 31 March 2022
Impact on profit before tax for 5% increase in prices	(1,106)	(325)
Impact on profit before tax for 5% decrease in prices	1,106	325

Interest rate risk

The interest rate risk is the vulnerability of the Group's financial condition to adverse movements in market interest rates. It corresponds to the potential effects of interest rate changes on the Group's profitability, in particular net interest income. Exposure to this risk primarily results from timing spread in the re-pricing of both on and off-balance sheet assets and liabilities as they mature (fixed rate instruments) or contractual re-pricing (floating rate instruments). The objective of interest rate risk policy is to establish boundaries on interest rate risk exposure for the Group and the governance and monitoring policies for interest rate risk management.

Notes to Consolidated Financial Statements
for the year ended 31 March 2023

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Fixed rate borrowings		
Debt Securities*	9,29,773	8,37,346
Borrowings	2,44,700	60,000
Variable rate borrowings	21,75,911	11,71,386
Total borrowings	**33,50,384**	**20,68,732**

* Debt Securities includes Subordinated Liabilities

The following metrics are employed for measurement of interest rate risks:

- Repricing Gap analysis – measured by calculating gaps over different time intervals as at a given date, and measures mismatches between rate sensitive liabilities and rate sensitive assets.
- Sensitivity analysis – interest rate sensitivity is monitored as per interest rate simulations, viz. potential loss due to an adverse movement in interest rates of 100 bps for mismatch up to 1 year.

Sensitivity analysis

(₹ lakhs)

Effect on profit or loss	As at 31 March, 2023	As at 31 March 2022
Impact on profit before tax of 100 bps increase in interest rate	(22,226)	(11,714)
Impact on profit before tax of 100 bps decrease in interest rate	22,226	11,714

Financial Instrument

a. Classification and Fair Values of Financial Assets & Liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at reporting date:

(₹ lakhs)

Particulars	As at 31 March, 2023			As at 31 March 2022		
	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost
Financial assets:						
Cash and cash equivalent	-	-	2,61,200	-	-	1,23,529
Bank balances other than cash and cash equivalent	-	-	12,052	-	-	1,04,942
Derivative financial instruments	8,061	-	-	3,104	-	-
Trade Receivables	-	-	1,657	-	-	1,003
Loans and advances to customers	54,121	-	33,57,146	42,804	-	22,26,652
Investments	-	2,58,145	-	-	76,850	-
Other financial assets	-	-	22,024	-	-	13,732
Total financial assets	**62,182**	**2,58,145**	**36,54,079**	**45,908**	**76,850**	**24,69,858**
Financial liabilities:						
Derivative financial instruments	-	-	-	12,406	-	-
Trade payables	-	-	46,089	-	-	15,848
Debt securities	-	-	9,36,708	-	-	7,53,433
Subordinated liabilities	-	-	1,58,390	-	-	1,47,067
Borrowing other than debt securities	-	-	22,77,447	-	-	12,01,666
Other financial liabilities	-	-	1,19,380	-	-	1,22,299
Total financial liabilities	**-**	**-**	**35,38,014**	**12,406**	**-**	**22,40,313**

Fair value of cash and cash equivalents, bank balances other than cash and cash equivalent, trade receivables, loans and advances to customers, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to short-term maturities of these instruments.

b. Fair value hierarchy

As per Ind AS 107, 'Financial Instruments: Disclosures', the fair values of the financial assets or financial liabilities are defined as the price that would be received on sale of asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and lowest priority to unobservable inputs.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under Ind AS 107. An explanation of each level follows underneath the table.

The hierarchy used is as follows:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

a) Financial assets measured at FVTPL at each reporting date

(₹ lakhs)

Particulars	Level 1		Level 2		Level 3	
	As at 31 March, 2023	As at 31 March 2022	As at 31 March, 2023	As at 31 March 2022	As at 31 March, 2023	As at 31 March 2022
Investment	1,32,462	56,889	1,25,679	19,956	5	5
Total	**1,32,462**	**56,889**	**1,25,679**	**19,956**	**5**	**5**

b) Financial assets (other than investment in equity) and liabilities measured at amortised cost at each reporting date

(₹ lakhs)

Particulars	As at 31 March, 2023		
	Carrying Value	Fair Value	
		level 2	level 3
Financial assets measured at amortised cost			
Loans and advances to customers *	33,57,146	-	34,08,965
Other financial assets	22,024	-	22,885
Total	**33,79,169**	**-**	**34,31,850**
Financial liabilities measured at amortised cost			
Debt securities	9,36,708	-	9,32,867
Subordinated liabilities	1,58,390	-	1,57,801
Borrowing other than debt securities	22,77,447	-	22,77,447
Lease liabilities	23,814	-	24,813
Total	**33,96,359**	**-**	**33,92,928**

Notes to Consolidated Financial Statements
for the year ended 31 March 2023

(₹ lakhs)

Particulars	As at 31 March 2022		
	Carrying Value	Fair Value	
		level 2	level 3
Financial assets measured at amortised cost			
Loans and advances to customers*	22,26,652	-	24,30,543
Other financial assets	13,732	-	13,893
Total	**22,40,384**	**-**	**24,44,436**
Financial liabilities measured at amortised cost			
Debt securities	7,53,433	-	7,44,214
Subordinated liabilities	1,47,067	-	1,42,650
Borrowing other than debt securities	22,77,447	-	12,01,666
Lease liabilities	19,388	-	17,958
Total	**31,97,335**	**-**	**21,06,488**

* Loans and advances are net of Impairment allowance

c) Financial assets and liabilities measured at FVOCI at each reporting date

(₹ lakhs)

Particulars	As at 31 March, 2023			As at 31 March 2022		
	Carrying Value	Fair Value		Carrying Value	Fair Value	
		level 2	level 3		level 2	level 3
Financial assets measured at amortised cost						
Loans and advances*	54,121	-	54,121	42,804	-	42,804
Derivative financial instruments	8,061	8,061		3,104	3,104	-
Total	**62,182**	**8,061**	**54,121**	**45,908**	**3,104**	**42,804**
Financial liabilities measured at amortised cost						
Derivative financial instruments	-	-	-	12,406	12,406	-
Total	**-**	**-**	**-**	**12,406**	**12,406**	**-**

* Loans and advances are net of Impairment allowance

Level 3 fair values

The significant unobservable inputs used in the fair value measurement of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March, 2023 and 31 March 2022 are as shown below:

Description of significant unobservable inputs to valuation:

Type	Valuation technique	Significant unobservable inputs	Discounting rate	Sensitivity of the input to the fair value
Investments in unquoted shares	Discounted cash flow approach: The valuation model considers the present value of expected receipts, discounted using a incremental borrowing rate	Average cost of borrowings	31 March, 2023: 8.43% 31 March 2022: 7.52%	1% change upwards and downwards

Reconciliation of Level 3 Fair Value Measurements:

(₹ lakhs)

Particulars	Investments in unquoted shares
Balance as at 1 April 2021	**5**
Add: Purchased during the year	-
Add: Change in value of investment in equity shares	-
Less: Provision for impairment	-

(₹ lakhs)

Particulars	Investments in unquoted shares
Balance as at 31 March 2022	**5**
Add: Purchased during the year	-
Add: Change in value of investment in equity shares	-
Less: Provision for impairment	-
Balance as at 31 March, 2023	**5**

(₹ lakhs)

Sensitivity analysis	As at 31 March, 2023	As at 31 March 2022
Fair value - unquoted equity instruments	5	5
Significant unobservable inputs		
- increase by 100 bps	0	1
- decrease by 100 bps	(0)	(1)

Fair value of financials assets and financial liabilities at amortised cost (i.e., Loans and advances to customers, Other financial assets, Debt securities, Borrowing other than debt securities) and Lease rentals liabilities is calculated on pool basis at present values of future cash flows over expected tenure of financial instruments.

Following discounting factor are used for calculation of fair values:

Particulars	Discounting factors
Loans and advances to customers	Respective boarding rate in the immediate period
Other financial assets, Debt securities, Borrowing other than debt securities and lease rental liabilities	The average cost of funds as at reporting date

Valuation techniques used to determine fair value

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). After initial recognition, the Group determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the Group and other valuation models.

The Group measures financial instruments, such as investments, derivative financial instruments, etc. at fair value.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Each class of financial assets	Techniques
Government securities	The fair value is determined by applying direct quotes available from the active market for such securities.
Units of mutual funds	Net Asset Value (NAV) declared by the mutual fund at which units are issued or redeemed
Certificate of Deposits	The fair value for such securities is determined by applying benchmark yield available in the public domain.
Equity shares	Discounted cash flow based on present value of the expected future economic benefit and fair value as determined by the management based on MIS review, audited financial statements and information available in public domain
Derivative financial instruments	Discounted cash flow based on the present value of future cash flows anticipated based on forward exchange rates and forward curves

Notes to Consolidated Financial Statements
for the year ended 31 March 2023

In order to assess Level 3 valuations as per Group's investment policy, the management reviews the performance of the investee companies on a regular basis by tracking their latest available financial statements / financial information, valuation report of independent valuers, recent transaction results etc. which are considered in valuation process.

The finance department of the Group includes the team that performs the valuation of financial assets and liabilities required for financial reporting purposes, including level 3 fair value. Discussions on valuation processes and results are held between the valuation team and the senior management at least once every six months which is in line with the Group's half-yearly reporting periods. The Group has insignificant exposure to financial assets at FVTPL falling in stage 3 and hence no further disclosure are made.

52 Maturity Analysis of Assets and Liabilities

(₹ lakhs)

Particulars	As at 31 March, 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	2,61,200	-	2,61,200	1,23,529	-	1,23,529
Bank balances other than cash and cash equivalents	30	12,022	12,052	1,04,942	-	1,04,942
Derivative financial instruments	594	7,467	8,061	3,104	-	3,104
Investments	2,58,140	5	2,58,145	76,845	5	76,850
Trade receivables	1,657	-	1,657	1,003	-	1,003
Other financial assets	9,802	12,222	22,024	9,404	4,328	13,732
Loans and advances	12,21,703	21,89,564	34,11,267	6,94,904	15,74,552	22,69,456
Non-Financial assets	-	-				
Current tax assets	-	4,425	4,425	-	7,860	7,860
Deferred tax asset (net)	-	58,001	58,001	-	83,646	83,646
Other non-financial assets	12,070	3,757	15,827	4,986	6,415	11,401
Property, plant and equipment	-	10,217	10,217	-	5,380	5,380
Right of use assets	-	20,182	20,182	-	16,871	16,871
Intangible assets	-	7,263	7,263	-	6,689	6,689
Intangible assets under development	-	126	126	-	136	136
Total Assets	**17,65,196**	**23,25,251**	**40,90,447**	**10,18,717**	**17,05,882**	**27,24,599**
Financial liabilities						
Derivative financial instruments	-	-	-	12,406	-	12,406
Trade payables	46,089	-	46,089	15,847	-	15,847
Debt Securities	3,20,348	6,16,360	9,36,708	3,81,900	3,71,533	7,53,433
Subordinated liabilities	15,262	1,43,128	1,58,390	30,819	1,16,249	1,47,067
Borrowings	6,91,849	15,85,598	22,77,447	4,86,685	7,14,981	12,01,666
Other financial liabilities	89,470	29,910	1,19,380	1,17,179	5,120	1,22,299
Non-Financial liabilities		-				
Current tax liabilities	5,687	-	5,687	5,533	-	5,533
Provisions	3,408	12,988	16,396	817	12,565	13,382
Other non-financial liabilities	6,990	1,840	8,830	6,100	638	6,738
Equity		-			-	
Equity share capital	-	2,24,672	2,24,672	-	2,24,672	2,24,672
Other equity	-	2,96,848	2,96,848	-	2,21,555	2,21,555
Total liabilities	**11,79,103**	**29,11,344**	**40,90,447**	**10,57,286**	**16,67,313**	**27,24,599**

Notes to Consolidated Financial Statements

for the year ended 31 March 2023

Additional Regulatory Information

a. **Details of Benami Property held:** There are no proceedings which have been initiated or pending against the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

b. **Additional information where borrowings are from banks or financial institutions:**

(i) The revised quarterly returns and statements of current assets filed by the Group with banks or financial institutions are in agreement with the books of account;

(ii) The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date

c. **Wilful Defaulter:** The Group has not been declared as Wilful Defaulter by any Bank or Financial Institution or other Lender.

d. Registration of charges or satisfaction with Registrar of Companies (ROC): In case of borrowings, there are no charges or satisfaction pending for registration with ROC beyond the statutory period.

e. Compliance with number of layers of companies: The Group has complied with the number of layers prescribed under clause (87) of Section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

f. Compliance with approved Scheme(s) of Arrangements: The Group has not entered in any such arrangements during the year

g. Utilisation of Borrowed funds and share premium:

No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

No funds (which are material either individually or in the aggregate) have been received by the Group from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise that the Group 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.

h. Undisclosed Income: The Group does not have any transactions not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961). Also, there are nil previously unrecorded income and related assets.

i. Details of Crypto Currency or Virtual Currency: The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

53 Relationship with Struck off Companies

(₹ lakhs)

Name of the struck off Company	Nature of transactions with struck off company	As at 31 March, 2023	As at 31 March 2022	Relationship with the struck off Company
Vnhc Product Private Limited	Loans	14	-	Not Applicable
Medirise Pharmaceuticals Private Limited	Loans	2	-	Not Applicable
Epistem Solutions Research And Process Management (Opc) Private Limited	Loans	2	-	Not Applicable
Rudras Power Systems Private Limited	Loans	23	-	Not Applicable
Mech Boilers Private Limited	Loans	18	-	Not Applicable
Tvmserver Hosting Solutions Private Limited	Loans	2	-	Not Applicable
Shradha Mercantile Private Limited	Loans	-	46	Not Applicable
Mindspace Consultancy Services Pvt. Ltd.	Payable	1	-	Not Applicable
Red Rock Management Services Private Limited	Payable	0	-	Not Applicable
Sap Advisory Services Pvt. Ltd.	Payable	0	-	Not Applicable
Premium Tech Solutions Pvt. Ltd.	Payable	3	-	Not Applicable

Notes to Consolidated Financial Statements

for the year ended 31 March 2023

(₹ lakhs)

Name of the struck off Company	Nature of transactions with struck off company	As at 31 March, 2023	As at 31 March 2022	Relationship with the struck off Company
Smart Customar Services Pvt. Ltd.	Payable	0	-	Not Applicable
Finectar Technologies Pvt. Ltd.	Payable	0	-	Not Applicable
Ag Professional Systems Pvt. Ltd.	Payable	3	-	Not Applicable
Ocean One Private Limited	Payable	0	-	Not Applicable
Instant Retail India Limited	Payable	1	-	Not Applicable
Addteq Software India Pvt. Ltd.	Payable	36	-	Not Applicable
Konexions Back Office Services Pvt. Ltd.	Payable	25	-	Not Applicable
Grace Relocations Pvt. Ltd.	Payable	1	-	Not Applicable
Epistem Solutions Research And Process Management Opc Private Limited	Payable	0		Not Applicable
Alphaone Services Pvt. Ltd.	Payable	0		Not Applicable

54 The Financial statements for the year ended March 31, 2023 have not been authenticated by the Company Secretary as the Company Secretary had resigned on 15 April, 2023 and the position was not filled as on the date of adoption of these financial statements. The Company is in process of appointing Company Secretary.

55 The Group had faced a malware incident in March 2023. Upon identifying the incident, the Group engaged global expert firms for incident response management and to further investigate the incident. The Company with the help of such experts took necessary steps towards recovery and remediation of its systems. The Group has since restored normalcy to its operations and is working towards enhancing its security environment. The Group believes that there is no non-compliance or material impact on financial statements on account of the incident.

56 There was no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March, 2023 and 31 March 2022.

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
ICAI Firm Registration No.: 104607W/W100166

Jamshed K. Udwadia
Partner
Membership No.: 124658

For **KKC & Associates LLP (formerly Khimji Kunverji & Co LLP)**
Chartered Accountants
ICAI Firm Registration No.: 105146W/W100621

Gautam Shah
Partner
Membership No.: 117348

Place: Mumbai
Date: 29 May 2023

For and on behalf of the Board of Directors of
SMFG India Credit Company Limited
(Formerly Fullerton India Credit Co. Ltd.)

Nobuyuki Kawabata
Chairman
DIN: 09362144

Place: Tokyo
Date: 29 May 2023

Shantanu Mitra
CEO & Managing Director
DIN: 03019468

Place: Mumbai
Date: 29 May 2023

Pankaj Malik
Chief Financial Officer

Place: Mumbai
Date: 29 May 2023

Independent Auditor's Report

To
The Members of
SMFG India Credit Company Limited
(Formerly known as Fullerton India Credit Company Limited)

Report on the audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of SMFG India Credit Company Limited (formerly known as Fullerton India Credit Company Limited) ('the Company'), which comprise the standalone balance sheet as at 31 March, 2023, and standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information ('the Standalone Financial Statements').

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 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

Emphasis of Matter

4. We draw attention to Note 38(b) of the Standalone Financial Statements, which states that the Code on Social Security 2020 ('Code') relating to employee benefits, which received Presidential assent has not yet been notified, since the state governments have not yet finalised the relevant Rules. The Company has carried out the impact assessment under this Code on the gratuity liability based on an actuarial valuation and have carried a provision of ₹ 5,082 lakhs as at 31 March, 2023 and of ₹ 742 lakhs in the statement of profit and loss for the year ended 31 March, 2023. This is over and above the provisions made in normal course, based on extant rules.

   Our opinion is not modified in respect of this matter.

Key Audit Matters

5. 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 year. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Impairment of portfolio loans
Refer to the accounting policies in "Note 1.C.2 to the Standalone Financial Statements: Impairment and write off ', "Note 1.B.v to the Standalone Financial Statements: Significant Accounting Policies- use of estimates and judgements", Note 32 to the Standalone Financial Statements: Impairment on financial instruments" and "Note 51 to the Standalone Financial Statements: Financial Risk Management – Credit Risk"</td></tr>
<tr><td>Subjective estimates:
Under Ind AS 109, "Financial Instruments", allowance for loan losses are determined using expected credit loss ('ECL') estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are:
• Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.</td><td>Our key audit procedures included:
Review of Policy/procedures & design/controls
• Reviewing the Board approved Policy and approach concerning the assessment of credit and other risks and ascertainment/ ageing of 'default' by the borrowers and procedures in relation to stages and ECL computation.
• Studying the report of review of ECL model of the Company for the year, as performed by an independent expert, whose report is placed before the Board of Directors of the Company.
• Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights.</td></tr>
</table>

Key Audit Matter	How the matter was addressed in our audit
• Model estimations - Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). 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. • Economic scenarios- Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Standalone Ind AS Financial Statements as a whole, and possibly many times that amount. Disclosures: The disclosures (including disclosures prescribed by RBI) regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	• Assessing the design, implementation and operating effectiveness of key internal financial controls including monitoring process of overdue loans (and those which became overdue after the reporting date), measurement of provision, stage-wise classification of loans, identification of NPA accounts, assessing the reliability of management information, which included overdue reports. • Understanding management's approach, interpretation, systems and controls implemented in relation to probability of default and stage-wise bifurcation of product-wise portfolios for timely ascertainment of stress and early warning signals. • Testing of review controls over measurement of provisions and disclosures in the Standalone Financial Statements. • Understanding of models and general economic indicator criteria used for regression testing over data of the loan book. **Substantive verification** • Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. • Model calculations testing through re-performance, where possible. • Assessing disclosures - Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Standalone Ind AS Financial Statements are appropriate and sufficient.

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 Annual Report but does not include the Standalone Financial Statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

9. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

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

10. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act, with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting standards ('Ind AS') specified under Section 133 of the Act. 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

11. In preparing the Standalone Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

12. The 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

13. Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

    14.1. Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    14.2. 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) the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.

    14.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

    14.4. Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

    14.5. Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

15. 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.

16. 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.

17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

18. As required by the Companies (Auditor's Report) Order, 2020 ('the Order'), issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

19. As required by Section 143(3) of the Act, we report that:

    19.1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    19.2. 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.

    19.3. The standalone balance sheet, the standalone statement of profit and loss including other comprehensive income, the statement of changes in equity and the standalone cash flow statement dealt with by this Report are in agreement with the books of account.

19.4. In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.

19.5. On the basis of the written representations received from the directors as on 31 March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

19.6. With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.

19.7. In our opinion and according to the information and explanations given to us, the remuneration paid/ payable by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid/ payable to any director is not in excess of the limit laid down under Section 197 of the Act.

20. 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, in our opinion and to the best of our information and according to the explanations given to us:

20.1. The Company has disclosed the impact of pending litigations as at 31 March, 2023 on its financial position in its Standalone Financial Statements – Refer Note 41 to the Standalone Financial Statements;

20.2. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 4 to the Standalone Financial Statements;

20.3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

20.4. a) The Management has represented, to best of their knowledge and belief, that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b) The Management has represented, to best of their knowledge and belief, that no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, 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.

Based on such audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us, nothing has come to our notice that has caused us to believe that the representation under para 20.4 (a) and (b)contain any material misstatement.

20.5. The Company has not declared or paid any dividend during the year.

21. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), provides for the feature of recording of audit trail (edit log) facility in the accounting software used by the Company for maintenance of books of account, which is applicable to the Company from financial year beginning 1 April 2023. The reporting under clause (g) of Rule 11 of Companies (Audit and Auditors) Rules, 2014 would be done from financial year 2023-2024 onwards.

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
Firm Registration No. 104607W/W100166

Jamshed K. Udwadia
Partner
ICAI Membership No.: 124658
UDIN: 23124658BGXLMG4261

Place: Mumbai
Date: 29 May 2023

For **KKC & Associates LLP**
(formerly Khimji Kunverji & Co LLP)
Chartered Accountants
Firm Registration:105146W/W100621

Gautam Shah
Partner
ICAI Membership No.: 117348
UDIN: 23117348BGSZIV6469

Place: Mumbai
Date: 29 May 2023

Annexure 'A' to the Independent Auditor's Report on the Standalone Financial Statements of SMFG India Credit Company Limited (formerly known as Fullerton India Credit Company Limited) for the year ended 31 March, 2023

(Referred to in paragraph 18 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment ('PPE').

The Company is maintaining proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its PPE by which all PPE are verified in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain PPE were physically verified by the Management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable property are held in the name of the Company.

(d) In our opinion and according to the information and explanations given to us, the Company has not revalued its PPE (including Right of Use assets) or intangible assets or both during the year.

(e) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii. (a) The Company is in the business of providing loans and does not have any physical inventories. Accordingly, the provision of paragraph 3(ii)(a) of the Order are not applicable to it.

(b) In our opinion and according to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of rupees five crore, in aggregate, from banks or financial institutions which are secured on the basis of security of current assets. The quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

iii. (a) Since the Company's principal business is to give loans, the provisions of paragraph 3(iii)(a) of the Order are not applicable it.

(b) In our opinion and according to the information and explanations given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the Company's interest.

(c) & (d)

The Company, being a Non-Banking Financial Company ('NBFC'), registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its borrowers as stipulated. Note 1.C.2 to the Standalone Financial Statements explains the Company's accounting policy relating to impairment of financial assets which include loan assets. In accordance with the policy, loan assets with the gross balance as at 31 March, 2023, aggregating ₹ 1,16,703 lakh were categorised as credit impaired ('Stage 3') and ₹ 61,533 lakh were categorised as those where the credit risk has increased significantly since initial recognition ('Stage 2') and ₹ 27,88,190 lakh were categorised as those where the credit risk has not increased significantly since initial recognition ('Stage 1'), refer disclosure made with respect to credit quality in Note 51 to the Standalone Financial Statements. In cases where repayment of principal and payment of interest is not received as stipulated, the cognisance thereof is taken by the Company in course of its periodic regulatory reporting. Reasonable steps taken by the Company for recovery thereof. Having regards, to the nature of business and volume of transactions and information involved, it is impracticable to provide the list of loan assets where delinquencies in the repayment of principal and interest have been identified.

(e) Since the Company's principal business is to give loans, the provisions of paragraph 3(iii)(e) of the Order are not applicable to it.

(f) Based on our audit procedures and the information and explanation made available to us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act with respect to the loans given, investments made, guarantees given and security provided.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year in terms of directives issued by the Reserve Bank of India or the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the services rendered by the Company. Accordingly, the provisions of paragraph 3 (vi) of the Order are not applicable to it.

vii. (a) In our opinion and according to the information and explanations given to us, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, cess and any other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, Goods and Services Tax, cess and other material statutory dues were in arrears as at 31 March, 2023 for a period of more than six months from the date they became payable. The Company has applied for exemption (as per Section 17 of the EPF Act) from depositing EDLI Contribution for its employees with the EPFO as the Company has taken an insurance policy from a third-party insurer and is awaiting approval of exemption / relaxation from EPFO for not depositing EDLI Contributions in relation to its employees and accordingly made provision of ₹ 1,416 lakhs for FY 2009 onwards

(b) In our opinion and according to the information and explanations given to us, we confirm that the following dues of Goods and Services Tax, provident fund, employees' state insurance, income-tax, cess and any other statutory dues, have not been deposited to/with the appropriate authority on account of any dispute.

Name of the Statute	Nature of the Dues	Amount (In lakhs)	Period to which the amount relates	Forum where dispute is pending
Chapter V of Finance Act, 1994	Service Tax	336 (Amount Paid Under Protest – 25)	2007-11	Customs, Excise and Service Tax Appellate Tribunal (Appeal)
Chapter V of Finance Act, 1994	Service Tax	952 (Amount Paid Under Protest – 71)	2015-18	Customs, Excise and Service Tax Appellate Tribunal (Appeal)
Chapter V of Finance Act, 1994	Service Tax	44 (Amount paid under protest – 44)	2015-18	Customs, Excise and Service Tax Appellate Tribunal (Appeal)
Chapter V of Finance Act, 1994	Goods and Service Tax	7 (Amount paid under protest- 1)	2017-18	Customs, Excise and Service Tax Appellate Tribunal (Appeal)
Income Tax Act 1961	Income tax	3,305 (Amount paid under protest – 1,889)	2020-21	Commissioner of Income tax (Appeal) and Income tax officer

viii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, we confirm that we have not come across any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

ix. (a) In our opinion, the Company has not defaulted in repayment of loans or other borrowings to financial institutions, banks, government and dues to debenture holders or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or any other lender.

(c) In our opinion and according to the information and explanations given to us, the Company has utilised the money obtained by way of term loans during the year for the purposes for which they were obtained, other than temporary parking in Liquid Mutual funds, Government Securities, Fixed Deposits and Commercial Paper for a few days during the year, pending utilisation towards purpose for which the same are obtained.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that 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 and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiary.

x. (a) The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year.

(b) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully, partly or optionally convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (x)(b) of the Order are not applicable to the Company.

xi. (a) In our opinion and according to the information and explanations given to us, there has been no fraud by the Company or any fraud on the Company that has been noticed or reported during the year other than the instances of fraud noticed and reported by the management in terms of the regulatory provisions applicable to the Company amounting to ₹ 973 lakhs comprising of 34 cases. Also refer Note 46 to the Standalone Financial Statements.

(b) In our opinion and according to the information and explanations given to us, 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.

(c) Our review of the whistle blower complaints received during the year by the Company did not reveal any material observations.

xii. (a) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, provisions of paragraph 3(xii) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Ind AS.

xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date, for the period under audit.

xv. (a) According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi. (a) In our opinion, the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the Company has obtained the required registration

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid CoR from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company ('CIC') as defined in the regulations made by Reserve Bank of India.

(d) The Company does not have any CIC as part of its group. Hence the provisions of paragraph 3 xvi (d) of the Order are not applicable to the Company.

xvii. The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year and accordingly the provisions of paragraph is not applicable / paragraph 3(xviii) of the Order are not applicable.

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 financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. According to the information and explanations given to us, the provisions of Section 135 of the Act are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred to the special account as on the date of our audit report. Accordingly, the provisions of paragraph (xx)(a) to (b) of the Order are not applicable to the Company

xxi. Reporting under paragraph 3(xxi) of the Order is not applicable as the same is required to be reported only in case of consolidated financial statements.

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
Firm Registration No. 104607W/W100166

Jamshed K. Udwadia
Partner
ICAI Membership No.: 124658
UDIN: 23124658BGXLMG4261

Place: Mumbai
Date: 29 May 2023

For **KKC & Associates LLP**
(formerly Khimji Kunverji & Co LLP)
Chartered Accountants
Firm Registration:105146W/W100621

Gautam Shah
Partner
ICAI Membership No.: 117348
UDIN: 23117348BGSZIV6469

Place: Mumbai
Date: 29 May 2023

Annexure 'B' to the Independent Auditors' report on the Standalone Financial Statements of SMFG India Credit Company Limited (formerly known as Fullerton India Credit Company Limited) for the year ended 31 March, 2023

(Referred to in paragraph '19.6' under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act').

Opinion

1. We have audited the internal financial controls with reference to the Standalone Financial Statements of SMFG India Credit Company Limited (formerly known as Fullerton India Credit Company Limited) ('the Company') as at 31 March, 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

2. In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the Standalone Financial Statements and such internal financial controls were operating effectively as at 31 March, 2023, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the Guidance Note').

Management's responsibility for Internal Financial Controls

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('SA'), prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Standalone Financial Statements. Those SAs and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Standalone Financial Statements were established and maintained and whether such controls operated effectively in all material respects.

5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to the Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

6. 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 the Standalone Financial Statements.

Meaning of Internal Financial Controls with reference to the Standalone Financial Statements

7. A Company's internal financial controls with reference to the Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to the Standalone 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 Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to the Standalone Financial Statements

8. Because of the inherent limitations of internal financial controls with reference to the Standalone 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 the Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
Firm Registration No. 104607W/W100166

Jamshed K. Udwadia
Partner
ICAI Membership No.: 124658
UDIN: 23124658BGXLMG4261

Place: Mumbai
Date: 29 May 2023

For **KKC & Associates LLP**
(formerly Khimji Kunverji & Co LLP)
Chartered Accountants
Firm Registration:105146W/W100621

Gautam Shah
Partner
ICAI Membership No.: 117348
UDIN: 23117348BGSZIV6469

Place: Mumbai
Date: 29 May 2023

Standalone Balance Sheet

as at 31 March, 2023

(₹ lakhs)

	Note	As at 31 March, 2023	As at 31 March 2022
ASSETS			
Financial assets			
Cash and cash equivalents	2	2,54,024	1,19,849
Bank balances other than cash and cash equivalents	3	12,022	64,987
Derivative financial instruments	4	8,061	3,104
Investments	5	3,29,798	1,52,311
Trade receivables	6	1,581	964
Loans and advances	7	28,29,228	18,76,405
Other financial assets	8	17,749	11,472
		34,52,463	**22,29,092**
Non-financial assets			
Current tax assets	9	2,975	6,510
Deferred tax asset	10	51,648	75,942
Other non-financial assets	11	14,363	10,742
Property, plant and equipment	12	9,149	5,102
Right to use of asset	13	16,425	15,013
Intangible assets	14	7,039	6,519
Intangible assets under development	14	76	125
		1,01,675	**1,19,953**
Total Assets		**35,54,138**	**23,49,045**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Derivative financial instruments	4	-	12,406
Trade payables	15		
i) total outstanding dues to micro enterprises and small enterprises		2,709	603
ii) total outstanding dues to creditors other than micro enterprises and small enterprises		39,351	12,960
Debt Securities	16	7,68,722	6,55,148
Subordinated liabilities	17	1,33,117	1,37,291
Borrowings	18	19,66,916	9,43,777
Other financial liabilities	19	88,281	1,08,021
		29,99,096	**18,70,206**
Non-financial liabilities			
Current tax liabilities	20	5,687	5,533
Provisions	21	15,223	12,496
Other non-financial liabilities	22	6,948	5,020
		27,858	**23,049**
Equity			
Equity share capital	23	2,24,672	2,24,672
Other equity	24	3,02,512	2,31,118
		5,27,184	**4,55,790**
Total liabilities and equity		**35,54,138**	**23,49,045**
Refer Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements	1-72		

As per our report of even date attached.

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
ICAI Firm Registration No.: 104607W/W100166

Jamshed K. Udwadia
Partner
Membership No.: 124658

For **KKC & Associates LLP (formerly Khimji Kunverji & Co LLP)**
Chartered Accountants
ICAI Firm Registration No.: 105146W/W100621

Gautam Shah
Partner
Membership No.: 117348

Place: Mumbai
Date: 29 May 2023

For and on behalf of the Board of Directors of
SMFG India Credit Company Limited
(Formerly Fullerton India Credit Company Limited)

Nobuyuki Kawabata
Chairman
DIN: 09362144

Place: Tokyo
Date: 29 May 2023

Shantanu Mitra
CEO & Managing Director
DIN: 03019468

Place: Mumbai
Date: 29 May 2023

Pankaj Malik
Chief Financial Officer

Place: Mumbai
Date: 29 May 2023

Standalone Statement of Profit and Loss

for the year ended 31 March, 2023

(₹ lakhs)

	Note	Year ended 31 March, 2023	Year ended 31 March 2022
Revenue from operations			
Interest income	25	4,71,670	3,40,780
Dividend income	26	-	3
Fees and commission income	27	20,508	11,202
Gain on derecognition of financial instruments held at amortised cost		2,906	4,091
Net gain on fair value changes	28	2,020	1,122
Ancillary income	29	2,038	932
Total revenue from operations		**4,99,142**	**3,58,130**
Other income	30	3,642	953
Total Income		**5,02,784**	**3,59,083**
Expenses			
Finance costs	31	1,76,516	1,32,458
Impairment on financial instruments	32	55,528	89,071
Employee benefits expense	33	1,08,648	86,280
Depreciation and amortisation	12,13&14	10,818	8,693
Other expenses	34	61,820	34,105
Total expenses		**4,13,330**	**3,50,607**
Profit before tax		**89,454**	**8,476**
Tax expense			
Current tax	35(a)	-	-
Deferred tax expense / (credit)	35(a)	22,440	2,674
Total Tax expense		**22,440**	**2,674**
Net profit after tax		**67,014**	**5,802**
Other comprehensive income / (loss)	35(b)		
Items that will not be reclassified to profit or loss			
Re-measurement of gain/(loss) on defined benefit plans		(84)	(403)
Tax relating to above		21	101
Items that will be reclassified to profit or loss			
Fair Valuation of Loans held at FVOCI		330	-
Tax relating to above		(83)	-
Derivatives designated at Cash flow hedge		5,607	1,196
Tax relating to above		(1,411)	(301)
Other comprehensive income		**4,380**	**593**
Total comprehensive income/(loss) for the year		**71,394**	**6,395**
Earnings per equity share:	36		
Basic earnings per share (in ₹)		2.98	0.26
Diluted earnings per share (in ₹)		2.98	0.26
Face value per share (in ₹)		10.00	10.00
Refer Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements	1-72		

As per our report of even date attached.

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
ICAI Firm Registration No.: 104607W/W100166

Jamshed K. Udwadia
Partner
Membership No.: 124658

For **KKC & Associates LLP (formerly Khimji Kunverji & Co LLP)**
Chartered Accountants
ICAI Firm Registration No.: 105146W/W100621

Gautam Shah
Partner
Membership No.: 117348

Place: Mumbai
Date: 29 May 2023

For and on behalf of the Board of Directors of
SMFG India Credit Company Limited
(Formerly Fullerton India Credit Company Limited)

Nobuyuki Kawabata
Chairman
DIN: 09362144

Place: Tokyo
Date: 29 May 2023

Shantanu Mitra
CEO & Managing Director
DIN: 03019468

Place: Mumbai
Date: 29 May 2023

Pankaj Malik
Chief Financial Officer

Place: Mumbai
Date: 29 May 2023

Standalone Statement of Cash Flow

for the year ended 31 March, 2023

(₹ lakhs)

		Year ended 31 March, 2023	Year ended 31 March 2022
A.	**Cash Flow from Operating Activities**		
	Profit before tax	89,454	8,476
	Adjustments for:		
	Financial asset measured at amortised cost	216	208
	Financial liabilities measured at amortised cost	3,070	2,418
	Depreciation, amortisation and impairment	10,818	8,693
	Interest income on fixed deposits and investments	(13,125)	(12,368)
	Profit on sale of property, plant and equipment	(113)	(34)
	Net gain on financial assets at FVTPL	(2,020)	(1,122)
	Impairment on financial instruments	55,528	89,071
	Write off of fixed assets & intangible assets	151	20
	Fair valuation of cash settled stock appreciation rights	5,303	3,329
	Operating profit before working capital changes	**1,49,282**	**98,691**
	Adjustments:		
	- Increase in loans and advances	(10,08,421)	(2,61,600)
	- (Increase)/ decrease in other assets (financial and non financial assets)	(15,363)	2,893
	- (Increase)/decrease in trade receivables	(618)	55
	- Increase in other financial and non-financial liabilities	5,724	17,224
	Cash (used in) from operating activities	**(8,69,396)**	**(1,42,737)**
	Income tax (payment) / refund (net)	4,070	(3,020)
	Net cash (used in) operating activities (A)	**(8,65,326)**	**(1,45,757)**
B.	**Cash Flow from Investing Activities**		
	Purchase of property, plant and equipment and intangibles	(10,583)	(4,379)
	Proceeds from the sale of property, plant and equipment and intangibles	158	101
	Purchase of investments	(24,91,914)	(15,41,907)
	Investment in subsidiary	(10,000)	-
	Sale/maturity of investments	23,26,448	16,94,681
	Fixed deposit placed	(11,878)	(13,68,086)
	Fixed deposit matured	63,900	14,68,670
	Interest received on fixed deposits	8,095	11,675
	Interest received on investments	6,666	7,176
	Net cash (used in) / generated from investing activities (B)	**(1,19,108)**	**2,67,931**

Standalone Statement of Cash Flow

for the year ended 31 March, 2023

(₹ lakhs)

		Year ended 31 March, 2023	Year ended 31 March 2022
C.	**Cash Flow from Financing Activities**		
	Proceeds from issuance of share capital (including share premium)	-	25,000
	Proceeds from borrowings from banks and financial institutions	20,60,497	5,66,349
	Repayment of borrowings from banks and financial institutions	(9,30,161)	(6,49,023)
	Payment of ancillary borrowing costs	(5,669)	(3,467)
	Principal payment of lease liability	(6,058)	(5,078)
	Net cash generated from / (used in) financing activities (C)	**11,18,609**	**(66,219)**
	Net increase in cash and cash equivalents D = (A+B+C)	**1,34,175**	**55,955**
	Cash and cash equivalents as at the beginning of the period (E)	1,19,849	63,894
	Closing balance of cash and cash equivalents (D+E)	**2,54,024**	**1,19,849**
	Components of cash and cash equivalents:		
	Cash on hand	844	1,239
	Cheques & drafts on hand	8	-
	Balances with banks		
	- in current accounts	63,485	52,807
	- in fixed deposit with maturity less than 3 months	1,89,687	65,803
	Cash and cash equivalents	**2,54,024**	**1,19,849**

Note:
The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

Refer Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements

As per our report of even date attached.

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
ICAI Firm Registration No.: 104607W/W100166

Jamshed K. Udwadia
Partner
Membership No.: 124658

For **KKC & Associates LLP (formerly Khimji Kunverji & Co LLP)**
Chartered Accountants
ICAI Firm Registration No.: 105146W/W100621

Gautam Shah
Partner
Membership No.: 117348

Place: Mumbai
Date: 29 May 2023

For and on behalf of the Board of Directors of
SMFG India Credit Company Limited
(Formerly Fullerton India Credit Company Limited)

Nobuyuki Kawabata
Chairman
DIN: 09362144

Place: Tokyo
Date: 29 May 2023

Shantanu Mitra
CEO & Managing Director
DIN: 03019468

Place: Mumbai
Date: 29 May 2023

Pankaj Malik
Chief Financial Officer

Place: Mumbai
Date: 29 May 2023

Standalone Statement of Changes in Equity

for the year ended 31 March, 2023

A. Equity share capital

(₹ lakhs)

Particulars	Number of shares	Amount
Equity share of ₹ 10 each fully paid up as at 31 March 2021	**2,21,56,22,823**	**2,21,562**
Changes during the year	3,10,94,527	3,110
Equity share of ₹ 10 each fully paid up as at 31 March 2022	**2,24,67,17,350**	**2,24,672**
Changes during the year	-	-
Equity share of ₹ 10 each fully paid up as at 31 March, 2023	**2,24,67,17,350**	**2,24,672**

B. Other equity

(₹ lakhs)

Particulars	Reserves and Surplus					Items of Other Comprehensive Income			Total
	General Reserve	Capital Reserve	Securities premium	Reserve Fund under Section 45 - IC of the RBI Act, 1934	Retained Earnings	Re-measurement of gain/(loss) on defined benefit plans	Effective portion of cash flow hedge	Gain/(loss) on fair valuation of loans	
Closing balance as at 31 March 2021	**96**	**3,443**	**1,16,831**	**63,734**	**23,959**	**(354)**	**(4,877)**	**-**	**2,02,832**
Securities Premium on shares issued	-	-	21,891	-	-	-	-	-	21,891
Transferred from retained earnings to reserve fund	-	-	-	1,160	(1,160)	-	-	-	-
Profit for the year	-	-	-	-	5,802	-	-	-	5,802
Other comprehensive income/(loss) for the year	-	-	-	-	-	(302)	895	-	593
Closing balance as at 31 March 2022	**96**	**3,443**	**1,38,722**	**64,894**	**28,601**	**(656)**	**(3,982)**	**-**	**2,31,118**
Securities Premium on shares issued	-	-	-	-	-	-	-	-	-
Transferred from retained earnings to reserve fund	-	-	-	13,403	(13,403)	-	-	-	-
Profit for the year	-	-	-	-	67,014	-	-	-	67,014
Other comprehensive income/(loss) for the year	-	-	-	-	-	(63)	4,196	247	4,380
Closing balance as at 31 March, 2023	**96**	**3,443**	**1,38,722**	**78,297**	**82,212**	**(719)**	**214**	**247**	**3,02,512**

Refer Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements 1-72

As per our report of even date attached.

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
ICAI Firm Registration No.: 104607W/W100166

Jamshed K. Udwadia
Partner
Membership No.: 124658

For **KKC & Associates LLP (formerly Khimji Kunverji & Co LLP)**
Chartered Accountants
ICAI Firm Registration No.: 105146W/W100621

Gautam Shah
Partner
Membership No.: 117348

Place: Mumbai
Date: 29 May 2023

For and on behalf of the Board of Directors of
SMFG India Credit Company Limited
(Formerly Fullerton India Credit Company Limited)

Nobuyuki Kawabata
Chairman
DIN: 09362144

Place: Tokyo
Date: 29 May 2023

Shantanu Mitra
CEO & Managing Director
DIN: 03019468

Place: Mumbai
Date: 29 May 2023

Pankaj Malik
Chief Financial Officer

Place: Mumbai
Date: 29 May 2023

Notes to Financial Statements

for the year ended 31 March 2023

1 Significant Accounting Policies

(A) Company Information

SMFG India Credit Company Limited (formerly Fullerton India Credit Company Limited) ('the Company'/'the entity') is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. Pursuant to acquisition of 74.9% of paid-up share capital of SMFG India Credit Company Limited (formerly known as Fullerton India Credit Company Limited) ('the Company') by Sumitomo Mitsui Financial Group ('SMFG') from Angelica Investments Pte. Ltd. and Fullerton Financial Holdings Pte. Ltd. in July, 2021, to indicate the association with SMFG, the Company had applied for change of name. Consequently, the name of the Company has been changed from 'Fullerton India Credit Company Limited' to 'SMFG India Credit Company Limited' with effect from 11 May 2023, upon receipt of necessary approvals from the Ministry of Corporate Affairs, Registrar of Companies, Chennai.

The Company is a non-banking financial company ('NBFC') registered as a Non-Deposit taking NBFC to vide Registration no. B-07-00791 dated 27 September 2021 with the Reserve Bank of India ('RBI'). Pursuant to the name change, the Company had applied for fresh certificate of registration with RBI. RBI has issued a fresh certificate of registration vide registration no. B-07-00791 for non -deposit taking NBFC dated May 25, 2023 in lieu of earlier certificate of registration. The registered address of the Company is Megha Towers, III Floor, New No 165, Old No 307, Poonamallee High Road, Maduravoyal, Chennai.

The Company provides loans to small and medium enterprises for working capital and growth, loans for commercial vehicles, loans against shares, two-wheelers, home improvement loans, loans against property, personal loans, working capital loans for urban salaried and self-employed, loans for rural livelihood advancement and financing of various rural micro enterprises.

As at 31 March, 2023, Sumitomo Mitsui Financial Group, the Holding Company owned 74.9% and Angelica Investments Pte Ltd owned 25.1% of the Company's equity share capital.

(B) Basis of preparation

(i) Statement of Compliance

These standalone financial statements have been prepared on a going concern basis in accordance with the Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013 ('the Act'), other relevant provisions of the Act, guidelines issued by the RBI as applicable to NBFCs and other accounting principles generally accepted in India. The standalone financial statements were approved for issue by the Company's Board of Directors on 29 May 2023. Any application guidance/clarifications/directions issued by RBI or other regulators are implemented as and when they are issued/applicable.

(ii) Presentation of standalone financial statements

The balance sheet, the statement of profit and loss and the statement of changes in equity are presented in the format prescribed in the Schedule III vide their Notification G.S.R. 1022 (E) dated 11 October 2018 amended on 24 March 2021 read with amendment to Schedule III made vide Notification G.S.R. (E) dated 24 March 2021 for Non-Banking Financial Companies in Division III to the Act. The statement of cash flow has been presented as per the requirements of Ind AS 7 "Statement of Cash Flows"

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 52.

(iii) Functional and presentation currency

Indian rupee is the Company's functional currency and the currency of the primary economic environment in which the Company operates. Accordingly, the management has determined that financial statements are presented in Indian Rupees. All amounts have been rounded off to the nearest lakhs unless otherwise indicated.

(iv) Basis of measurement

The standalone financial statements have been prepared on a historical cost basis, except for certain financial assets/ financial liabilities (including derivative financial instrument) which are measured at fair value through profit and loss or fair value through other comprehensive income.

(v) Use of estimates and judgements

The preparation of standalone financial statements in conformity with Ind AS requires management to make estimates, assumptions and exercise judgements in applying the accounting policies that affect the reported amount of assets, liabilities and disclosure of contingent liabilities at the date of standalone financial statements and the reported amounts of income and expenses during the year.

The Management believes that these estimates are prudent and reasonable and are based upon the Management's best knowledge of current events and actions. Actual results could differ from these estimates and differences between actual results and estimates are recognised in the periods in which the results are known or materialised. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about critical judgements, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment during the year ended 31 March, 2023 is included in the following notes of the policy:

Note C.2 – Fair values, risk management and impairment of financials instruments;

Note C.9 – recognition of deferred tax asset;

Note C.10 – estimates of useful lives and the residual value of property, plant and equipment and intangible assets;

Note C.11 – Impairment test of non-financial assets: key assumptions underlying recoverable amounts including the recoverability of expenditure on intangible assets;

Note C.12 – measurement of defined benefit obligation: key actuarial assumptions and cash-settled share-based payments;

Note C.13 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources, if any.

(vi) Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using an appropriate valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. Measurement of fair value includes determining appropriate valuation techniques.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation models that employ significant unobservable inputs require a higher degree of judgment and estimation in the determination of fair value. Judgment and estimation are usually required for the selection of the appropriate valuation methodology, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and selection of appropriate discount rates. The management regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes to accounts:

Note 4 - Derivative financials instruments

Note 38(a)(C) - Gratuity and compensated absences

Note 39 - Employee stock appreciation rights

Note 51 - Financial risk management

(C) Significant accounting policies

1. Revenue recognition

Interest income

The Company calculates interest income by using the effective interest rate (EIR) method.

The effective interest rate method

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial instrument.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, commission, fees and costs incremental and directly attributable to the specific lending arrangement.

Notes to Financial Statements

for the year ended 31 March 2023

The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial asset. The future cash flows are estimated taking into account all the contractual terms of the asset. If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet. The adjustment is subsequently amortised through interest income in the statement of profit and loss.

When a financial asset becomes credit-impaired subsequent to initial recognition (Refer Note 54) and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the amortised cost (net of provision) of the financial asset. If the financial asset is no longer credit-impaired (Refer Note 54), the Company reverts to calculating interest income on a gross basis.

Interest income on financial assets classified as Fair Value through Other Comprehensive Income ('FVOCI') is recognised at contractual interest rate of financial instruments.

Interest on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate.

Fee income

Loan processing fee/document fees/stamp fees which are an integral part of financials assets are recognised through effective interest rate over the term of the loan. For the agreements foreclosed or transferred through assignment, the unamortised portion of the fee is recognised as income to the Statement of profit and loss at the time of such foreclosure/assignment. Applications fee is recognised upfront at the commencement of the contract. Additional charges such as penal, dishonour, foreclosure charges, delayed payment charges etc. are recognised on realisation basis.

Dividend income

Dividend income is recognised as and when the right to receive payment is established.

Net gain from financial instruments at FVTPL

The realised gain from financial instruments at FVTPL represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its settlement price.

The unrealised gain represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its fair value at the end of the reporting period.

Rendering of services

The Company recognises revenue from contracts with customers based on a five-step model, as set out in Ind AS 115 to determine when to recognise revenue and at what amount.

Revenue is measured based on the consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. Revenue from contracts with customers is recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

If the consideration promised in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for rendering the promised services to a customer. The amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, or other similar items. The promised consideration can also vary if an entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

Commission income

Commission income earned for the services rendered is recognised on an accrual basis, while rate conversion charges are recognised upfront based on event occurrence.

2. Financial instruments

Recognition and initial measurement

Financial assets and liabilities are recognised initially with the exception of loans, debt securities, deposits and borrowings when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially recognised at fair value on trade date basis. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liability and amortised over the term of the contract. Transaction costs of financial instrument carried at fair value through profit or loss are recognised upfront in the statement of profit and loss.

Classification and subsequent measurement

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

Notes to Financial Statements

for the year ended 31 March 2023

Financial assets (other than equity)

The Company subsequently classifies its financial assets in the following measurement categories:

- Amortised Cost;
- Fair Value through Profit or Loss
- Fair Value through Other Comprehensive Income

Classification depends on the Company's business model for managing financial assets and the contractual terms of the cash flows. Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost using the Effective Interest Rate (EIR) method if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets are classified and measured at FVOCI if both of the following conditions are met:

- Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified and measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate the financials assets that otherwise meet the requirements to be measured at amortised cost at FVOCI or at FVTPL, if doing so eliminates or significantly reduces the accounting mismatch that would otherwise arise.

Equity Instruments

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made an investment –by-investment basis.

The Company subsequently measures all equity investments excluding investment in the subsidiary at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading . Such classification is determined on an instrument-by instrument basis.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level since this best reflects the way the Company's business is managed and information is provided to management. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed and the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectation about future sales activity.
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectation about future sales activity.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

Notes to Financial Statements

for the year ended 31 March 2023

Assessment whether contractual cash flows are solely payments of principal and interest ('SPPI')

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. That principal amount may change over the life of the financial assets (e.g. if there are payments of principal). Amount 'Interest' is defined as consists of consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable interest rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual amount at par, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus interest accrued (but unpaid) and contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value at each reporting date. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment and gain or loss on de-recognition is recognised in the statement of profit or loss.
Financial assets (other than Equity Investments) at FVOCI	Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognised in other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On de-recognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss. Equity instruments at FVOCI are not subjected to ECL.

Financial liabilities and equity instruments

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received.

Financial liabilities are subsequently measured at the amortised cost using the effective interest method unless, at initial recognition, they are classified at FVTPL. Interest expense, foreign exchange gains and losses and gain or loss on de-recognition is recognised in the statement of profit or loss.

Reclassification

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. Changes in contractual cash flows are considered under the accounting policy on modification and de-recognition of financial assets described below.

Derecognition, modification and transfer

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Profit/premium arising at the time of assignment of portfolio loans, is recognised as an upfront gain/loss. Interest on retained portion of the assigned portfolio is recognised basis Effective Interest Rate. The service fee received is accounted for based on the terms of the underlying deal structure of the transaction.

On derecognition of a financial asset in its entirety, the difference between:

i) the carrying amount (measured at the date of derecognition) and

ii) the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised as profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment and write off

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets at amortised cost along with related undrawn commitments and loans sanctioned but not disbursed (collectively known as exposure at default).

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Commitment starts from the date of the sanction letter till the amount is fully drawn down by the customer.

Notes to Financial Statements

for the year ended 31 March 2023

ECL is recognised for financial assets held under amortised cost, debt instruments measured at FVOCI, and certain loan commitments. Equity instruments are not subjected to ECL.

For recognition of impairment loss on financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, the credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial asset. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows which the Company expects to receive) discounted at an approximation to the effective interest rate.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of a default occurring over the remaining life of the financial instrument.

The Company measures ECL on a collective basis for portfolios of loans that share similar economic risk characteristics. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date.

A more detailed description of the methodology used for ECL is covered in the 'credit risk' section of note no. 51.

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. ECL impairment loss allowance (or reversal) recognised during the period is accounted for as income/ expense in the statement of profit and loss.

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counter party does not have assets or sources of income that could generate cash flows to repay the amounts. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. Subsequent recoveries of amount previously written off are credited to the statement of profit and loss.

Collateral valuation and repossession

To mitigate the credit risk on financial assets, the Company seeks to use collateral, where possible as per the Board approved Credit Policy. The Company provides fully secured, partially secured and unsecured loans to customers. The parameters relating to acceptability and valuation of each type of collateral is a part of the Credit Policy of the Company.

In its normal course of business, the Company does not physically repossess properties in its retail portfolio. For other collaterals, the Company liquidates the assets and recovers the amount due against the loan. Any surplus funds are returned to the customers/obligors.

3. Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk arising on account of repayment of external commercial borrowings and debts. Derivatives held include foreign exchange forward contracts and cross currency interest rate swaps.

Initial recognition and subsequent measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain/loss is recognised in the Statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Notes to Financial Statements

for the year ended 31 March 2023

Hedge accounting

The Company uses derivative instruments to manage its risk on exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction and the nature of the risk being hedged. Hedge effectiveness is determined at the inception of the hedge relationship and at the end of each reporting period end through the assessment of the hedged items and hedging instrument to determine whether there is still an economic relationship between the two. The critical terms of the foreign currency derivatives entered into exactly match the terms of the hedged item. As such the economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative where appropriate.

Cash flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on floating interest rate) or a highly probable forecast transaction that can affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI reserve within Other Equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as Finance Cost in the Statement of Profit and Loss.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time is transferred to the Statement of Profit and Loss.

4. Cash and cash equivalents

Cash and cash equivalents for the purpose of the Cash Flow Statement comprise of cash on hand, call deposits and other short-term highly liquid securities with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents consists of balances with banks which are unrestricted for withdrawal and usage.

5. Leases

The Company assesses whether the contract is, or contains, a lease at its inception. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. An operating lease is a lease where substantially all of the risks and rewards of the leased asset remain with the lessor.

As a lessee

The Company has various offices, branches and other premises under non-cancellable lease arrangements to meet its operational business requirements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and is discounted using the Company's incremental borrowing rate. Lease payments as at commencement date are adjusted for any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are measured at their carrying amount at the commencement date and are discounted using the Company's incremental borrowing rate at the date of initial application. Right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Leases may include options to extend or terminate the lease which is included in the right-of-use Assets and Lease Liability when they are reasonably certain of exercise.

The lease liability is remeasured when there is a change in one of the following:

- future lease payments arising from a change in the inflation rate,
- the Company's estimate of the amount expected to be payable under a residual value guarantee, or
- the Company's assessment of whether it will exercise a purchase, extension or termination option.

Notes to Financial Statements

for the year ended 31 March 2023

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit and loss if the carrying amount of the right-of-use asset has been reduced to nil.

The Company presents right-of-use assets on the face of Balance Sheet and lease liabilities as the part of other financial Liabilities.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term of 12 months. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor:

When the lease is deemed a finance lease, the leased asset is not held on the balance sheet; instead a finance lease receivable is recognised representing the lease payments receivable under the terms of the lease, discounted at the rate of interest implicit in the lease.

When the lease is deemed an operating lease, the lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. The Company holds the leased assets on-balance sheet within property, plant and equipment.

6. Borrowing cost

Borrowing cost is calculated using the Effective Interest Rate (EIR) on the amortised cost of the instrument. EIR includes interest and amortisation of ancillary cost incurred in connection with the borrowing of funds. Other borrowing costs upfront are recognised as an expense in the period in which they are incurred.

7. Foreign Currency

The Company's financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates on the date the transaction first qualifies for recognition. Income and expenses in foreign currencies are recorded by the Company at the exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Thus, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

8. Trade and other payables

These amounts represent liabilities for goods and services provided to the Company till the end of the financial year which are unpaid as at financial year end. Trade and other payables are presented as financial liabilities. They are recognised initially at their fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method where the time value of money is significant.

9. Taxes

Income tax expense comprises current tax expenses, net change in the deferred tax assets or liabilities during the year and any adjustment to the tax payable or receivable in respect of previous years. Current and deferred taxes are recognised in the Statement of profit and loss, except when they relate to business combinations or to an item that is recognised in Other comprehensive income or directly in Equity, in which case, the current and deferred tax is also recognised in Other comprehensive income or directly in Equity respectively.

Current Income taxes

The current income tax includes income taxes payable by the Company computed in accordance with the tax laws applicable in the jurisdiction in which the Company generate taxable income and does not include any adjustment to the tax payable or receivable in respect of previous years.

The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred income taxes

Deferred income tax is recognised using Balance sheet approach. Deferred income tax assets and liabilities are recognised for the deductible and taxable temporary differences arising between the tax base of an assets and liabilities and their carrying amount.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be reversed or settled. Deferred tax assets are recognised to the extent that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable sufficient taxable profit will be available to allow part of deferred income tax assets to be utilised. At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets and liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Goods and services tax input credit

Goods and services tax input credit is recognised in the books of account in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/utilising the credits.

Expenses and assets are recognised net of the goods and services tax/value-added taxes paid, except:

- When the tax incurred on a purchase of assets or receipt of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

10. Property, plant and equipment (including Capital Work-in-Progress) and Intangible Assets

Recognition and measurement

Property, plant and equipment and intangible assets are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price (after deducting trade discounts and rebates) including import duties and non-refundable taxes, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Intangible assets are initially measured at cost. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Profit and Loss as incurred.

Depreciation/Amortisation

Depreciation on Property, plant and equipment is provided on a straight-line basis as per the estimated useful life of the assets as determined by the management, which is in line with Schedule II of the Companies Act, 2013 except for certain assets as stated below.

Asset category*	Useful life estimated by the Company (in years)	Useful life as per Schedule II (in years)
Computer Server and Other Accessories	4	6
Computer Desktop and Laptops	3	3
Furniture and Fixtures	5	10
Office Equipment	5	5
Handheld devices	2	5
Vehicles	4	8

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* Useful life of the assets has been assessed based on internal assessment, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Depreciation/Amortisation method, useful life and residual value are reviewed at each financial year end and adjusted if required. Depreciation/Amortisation on addition/disposable is provided on a pro-rata basis i.e. from/up to the date on which asset is ready to use / disposed of except assets valued less than INR 5,000. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. All assets costing up to INR 5,000 are depreciated fully in the year of capitalisation.

Leasehold improvements are amortised over the period of the lease subject to a maximum lease period of 66 months.

Intangible assets are amortised using the straight line method over a period of five years commencing from the date on which such asset is first installed.

Derecognition

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Statement of Profit and Loss. Assets to be disposed of are reported at the lower of the carrying value or the fair value less cost to sell.

11. Impairment on non-financial assets

The carrying amount of the non-financial assets other than deferred tax are reviewed at each Balance Sheet date to assess if there is any indication of impairment based on internal /external factors. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation / amortisation if there were no impairment.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. The recoverable amount of the assets/ Cash generating unit is estimated as the higher of net selling price and its value in use. Asset/ cash generating unit whose carrying value exceeds their recoverable amount is written down to the recoverable amount by recognising the impairment loss as an expense in the Statement of Profit and Loss. After impairment, depreciation / amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

12. Employee benefits

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest.

Defined Contribution Plans

Contributions to defined contribution schemes includes employees' state insurance, superannuation scheme, employee pension scheme. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into an account with a separate entity and has no legal or constructive obligation to pay further amounts. the Company makes specified periodic contributions to the credit of the employees' account with the Employees' Provident Fund Organisation. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Profit and Loss in the periods during which the related services are rendered by employees.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. the Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of the defined benefit obligation is performed periodically by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income (OCI). the Company determines the net interest expense /income on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability/asset, taking into account any changes in the net defined benefit liability /asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit or Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the Statement of Profit or Loss. the Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits, which do not fall due wholly within 12 months after the end of the period in which the employees render the related services, is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an independent actuarial valuation using the projected unit credit method. Re-measurement gains or losses are recognised as profit or loss as part of Other Comprehensive Income in the period in which they arise.

Share-Based Payment (Stock Appreciation Rights)

For cash-settled share-based payments, the fair value of the amount payable to employees is recognised as 'employee benefit expenses' with a corresponding increase in liabilities, over the vesting period on straight line basis. The liability is re-measured at each reporting period up to, and including the settlement date, with changes in fair value recognised in employee benefits expenses. Refer Note 39 for details.

13. Provisions (other than for employee benefits), contingent liabilities, contingent assets and commitments

A provision is recognised when an enterprise has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognised nor disclosed in the financial statements. However, it is disclosed only when an inflow of economic benefits is highly probable.

The Company operates in a regulatory and legal environment that, by nature, has inherent litigation risk to its operations and in the ordinary course of the Company's business. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents.

Commitments include the amount of purchase order (net of advances) issued to the counterparties for supplying/ development of asset and amount of undisbursed portfolio loans.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each reporting date.

Notes to Financial Statements

for the year ended 31 March 2023

14. Earnings per share

Basic earnings per share are computed by dividing profit after tax (excluding other comprehensive income) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share are computed by dividing profit after tax (excluding other comprehensive income) attributable to the equity shareholders as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the profit per share.

15. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM's function is to allocate the resources of the Company and assess the performance of the operating segments of the Company.

16. Dividend on equity shares

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, distribution is authorised when it is approved by the shareholders except in case of interim dividend. A corresponding amount is recognised directly in equity.

17. Trade receivable

These amounts represent receivable for goods and services provided by the Company. Trade receivables are presented as financial assets. They are measured at amortised cost, using the effective interest method, less any impairment loss. An allowance for impairment of trade receivables is established if the collection of the receivable becomes doubtful.

Notes to Financial Statements

for the year ended 31 March 2023

2 Cash and cash equivalents

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Cash on hand	844	1,239
Cheques & drafts on hand	8	-
Balances with banks		
- in current accounts	63,485	52,807
- in fixed deposit with original maturity less than 3 months	1,89,687	65,803
Total	**2,54,024**	**1,19,849**

3 Bank balances other than cash and cash equivalents

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Deposits with original maturity of more than 3 months*	12,022	64,987
Total	**12,022**	**64,987**

*Includes deposit with bank kept as lien or guarantee as detailed below:

1) Deposit amounting to ₹ 1,227 lakhs (31 March 2022: Nil) pertains to deposits towards securitisation deal

2) Deposit amounting to ₹ 578 lakhs.(31 March 2022: ₹ 559 lakhs) pertains to lien marked for Constituent Subsidiary General Ledger (CSGL) account.

3) Deposit amounting to ₹ 30 lakhs (31 March 2022: ₹ 28 lakhs) pertains to collateral deposits with banks for Aadhaar authentication.

4) Deposit amounting to ₹ 25 lakhs (31 March 2022: ₹ 25 lakhs) pertains to collateral deposits towards Recovery Expense Fund (REF) with NSE in the interest of investors.

4 Derivative Financial instruments

(₹ lakhs)

Particulars	As at 31 March, 2023			Year ended 31 March, 2023	
	Notional amount	Fair value assets	Fair value liabilities	Hedging (gains) or losses recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss
(a) Currency derivatives					
- Forwards (SGD)	78,859	594	-	(669)	-
Sub total (a)	**78,859**	**594**	**-**	**(669)**	**-**
(b) Interest rate derivatives/Cross currency swap					
- Interest rate swaps					
USD	2,79,475	7,467	-	(4,938)	-
JPY	-	-	-	-	-
Sub total (b)	**2,79,475**	**7,467**	**-**	**(4,938)**	**-**
Total Derivative financial instruments (a+b)	**3,58,334**	**8,061**	**-**	**(5,607)**	**-**

Notes to Financial Statements

for the year ended 31 March 2023

(₹ lakhs)

Particulars	As at 31 March 2022			Year ended 31 March 2022	
	Notional amount	Fair value assets	Fair value liabilities	Hedging (gains) or losses recognised in other comprehensive income	Hedge ineffectiveness recognised in statement of profit and loss
(a) Currency derivatives					
- Forwards (SGD)	81,723	-	4,474	627	-
Sub total (a)	**81,723**	**-**	**4,474**	**627**	**-**
(b) Interest rate derivatives/Cross currency swap					
- Interest rate swaps					
USD	1,07,383	3,104	-	(922)	-
JPY	71,659	-	7,932	(901)	-
Sub total (b)	**1,79,042**	**3,104**	**7,932**	**(1,823)**	**-**
Total Derivative financial instruments (a+b)	**2,60,765**	**3,104**	**12,406**	**(1,196)**	**-**

Notes:

1. All financial derivate instruments are held for cashflow hedging as part of risk management strategy, these derivative instruments are designated at Fair value through OCI.
2. Hedge ineffectiveness is accounted under finance cost in Statement of profit and loss.
3. Qualitative Disclosure:-

The Company has a risk management policy to enter into derivatives to manage the risk associated with external commercial borrowings. The following table highlights the key aspects of the policy:

a) Derivative instruments are elected and governed by risk management policy approved by the board;

b) The Company has fully hedged the risk on account of foreign currency fluctuation and change in interest rate towards external commercial borrowing;

c) The Company has put in place a reporting and monitoring mechanism for the risk associated with the derivative transaction;

d) The Company has a hedging policy in place, which mandates a hedge relationship to be established before a derivative transaction is entered into. The Company ensures that the hedging effectiveness is monitored continuously during the life of the derivative contract;

e) The Company has put in place accounting policy covering recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts; provisioning and credit risk mitigation.

Notes to Financial Statements

for the year ended 31 March 2023

5 Investments

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Measured at fair value through profit and loss		
Unquoted: Equity instruments		
50,000 (31 March 2022: 50,000) equity shares of ₹ 10 each fully paid-up in Alpha Micro Finance Consultants Private Limited	5	5
Quoted: Government securities and T-bills		
Nil (31 March 2022: 15,000,000) units 0% INR GOI TB 0% 2022/364	-	14,992
Nil (31 March 2022: 10,000,000) units 0% INR GOI TB 0% 2022/364	-	9,995
Nil (31 March 2022: 10,000,000) units 0% INR GOI TB 0% 2022/364	-	9,990
Nil (31 March 2022: 11,500,000) units 0% INR GOI TB 0% 2022/91	-	11,442
Nil (31 March 2022: 800,000) units 0% INR GOI TB 0% 2022/364	-	7,971
22,000,000 (31 March 2022: Nil) units 0% INR GOI TB 2023/91	21,876	-
20,000,000 (31 March 2022: Nil) units 0% INR GOI TB 2023/91	19,867	-
20,000,000 (31 March 2022: Nil) units 0% INR GOI TB 2023/91	19,889	-
15,000,000 (31 March 2022: Nil) units 0% INR GOI TB 2023/91	14,909	-
10,000,000 (31 March 2022: Nil) units 0% INR GOI TB 2023/91	9,921	-
10,000,000 (31 March 2022: Nil) units 0% INR GOI TB 2023/91	9,846	-
10,000,000 (31 March 2022: Nil) units 0% INR GOI TB 2023/182	9,938	-
10,000,000 (31 March 2022: Nil) units 0% INR GOI TB 2023/182	9,908	-
Unquoted: Certificate of deposits		
Nil (31 March 2022: 2,000) units of ₹ 500,000 each of Bank of Baroda	-	9,987
Nil (31 March 2022: 1,000) units of ₹ 500,000 each of Axis Bank Limited	-	4,985
Nil (31 March 2022: 1,000) units of ₹ 500,000 each of HDFC Bank Limited	-	4,984
6,600 (31 March 2022: Nil) units of ₹ 500,000 each of Bank of Baroda	32,787	-
2,000 (31 March 2022: Nil) units of ₹ 500,000 each of Axis Bank	9,877	-
7,700 (31 March 2022: Nil) units of ₹ 500,000 each of HDFC Bank	38,168	-
2,000 (31 March 2022: Nil) units of ₹ 500,000 each of Canara Bank	9,983	-
1,000 (31 March 2022: Nil) units of ₹ 500,000 each of IndusInd Bank	4,969	-
6,000 (31 March 2022: Nil) units of ₹ 500,000 each of State Bank of India	29,895	-
Investment in subsidiary measured at deemed cost		
318,482,513 (31 March 2022: 308,033,193) equity shares of ₹ 10 each fully paid-up in SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Company Limited)*	87,960	77,960
Total	**3,29,798**	**1,52,311**
Investments within India	3,29,798	1,52,311
Investments Outside India	-	-

6 Trade receivables

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Receivables considered good- Unsecured	1,581	964
Less: Provision for impairment	-	-
Total	**1,581**	**964**

There is no due by directors or other officers of the Company or any firm or private company in which any director is a partner, a director or a member.

Notes to Financial Statements
for the year ended 31 March 2023

(A) Trade Receivables ageing schedule as on 31 March, 2023

(₹ lakhs)

Particulars	Unbilled Dues	Outstanding for following periods from date of transaction					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	-	1,581	-	-	-	-	1,581
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables-considered good	-	-	-	-	-	-	-
iv) Disputed Trade Receivables-considered doubtful	-	-	-	-	-	-	-

(B) Trade Receivables ageing schedule as on 31 March 2022

(₹ lakhs)

Particulars	Unbilled Dues	Outstanding for following periods from date of transaction					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	-	964	-	-	-	-	964
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables-considered good	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables-considered doubtful	-	-	-	-	-	-	-

7 Loans and advances

(₹ lakhs)

Particulars	As at 31 March, 2023			As at 31 March 2022		
	At Amortised cost	At Fair Value Through Other Comprehensive Income	Total	At Amortised cost	At Fair Value Through Other Comprehensive Income	Total
Loans given						
(i) Loans repayable on demand	-	-	-	-	-	-
(ii) Portfolio loan*	29,15,561	50,865	29,66,426	19,75,227	43,186	20,18,413
Gross loans and advances	**29,15,561**	**50,865**	**29,66,426**	**19,75,227**	**43,186**	**20,18,413**
Less- Impairment allowance	(1,35,906)	(1,292)	(1,37,198)	(1,41,626)	(382)	(1,42,008)
Net loans and advances	**27,79,655**	**49,573**	**28,29,228**	**18,33,601**	**42,804**	**18,76,405**
(i) Secured by tangible assets	8,44,545	5,500	8,50,045	7,35,779	43,186	7,78,965
(ii) Covered by bank/ government Guarantees	2,10,389	-	2,10,389	18,873	-	18,873
(iii) Unsecured	18,60,627	45,365	19,05,992	12,20,575	-	12,20,575
Gross loans and advances	**29,15,561**	**50,865**	**29,66,426**	**19,75,227**	**43,186**	**20,18,413**
Less: Impairment loss allowance	(1,35,906)	(1,292)	(1,37,198)	(1,41,626)	(382)	(1,42,008)
Net loans and advances	**27,79,655**	**49,573**	**28,29,228**	**18,33,601**	**42,804**	**18,76,405**

* All the loans are disbursed in India and there are no loans given to the public sector.

Notes to Financial Statements

for the year ended 31 March 2023

8 Other financial assets

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Security deposits	2,608	2,287
Interest accrued on investments	748	58
Interest strip asset on assignment	8,921	8,020
Receivable from trust (securitisation)	92	-
Others	5,380	1,107
Total	**17,749**	**11,472**

9 Current tax assets

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Advance tax & TDS Receivable (net of provision)	2,975	6,510
Total	**2,975**	**6,510**

10 Deferred tax assets (net)

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Deferred tax asset arising on account of:		
Impact of expenditure charged to profit and loss but allowed for tax purposes on payment basis	2,646	2,237
Timing difference between book depreciation and Income Tax Act, 1961	1,241	1,267
MTM on Investments	51	44
Provision for expected credit loss on financial assets	34,530	35,741
Fair Valuation of Loans held at FVOCI	(83)	-
Provision for expenses disallowed as per Income-tax Act, 1961	6,544	3,524
Tax losses	12,352	35,560
Lease liabilities	4,952	4,356
Derivatives designated at Cash flow hedge	(72)	1,339
Total deferred tax assets (A)	**62,161**	**84,068**
Deferred tax liability arising on account of:		
Fair valuation of investment in subsidiary	1,066	1,144
Processing fees and LOC adjustment related to financial assets at amortised cost	3,246	1,523
Right to use asset	4,112	3,758
Borrowing cost adjustment related to financial liabilities at amortised cost	2,089	1,701
Total deferred tax liabilities (B)	**10,513**	**8,126**
Deferred tax assets (net) (A-B)	**51,648**	**75,942**

Notes to Financial Statements
for the year ended 31 March 2023

11 Other non-financial assets

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Advances recoverable in cash or kind or for value to be received	3,251	3,053
Prepayments	6,863	5,977
Capital advances	30	81
Advances to employees	9	24
Advance CSR Expenditure	650	-
Others	3,560	1,607
Total	**14,363**	**10,742**

12 Property, plant and equipment

(₹ lakhs)

Particulars	Office Equipments	Furniture & Fixtures	Computers & Accessories	Leasehold Improvements	Vehicles	Land & Building*	Leased assets-Computer	Total
Gross block								
Balance as at 31 March 2021	3,064	2,630	6,578	1,689	691	6	28	14,686
Additions	247	386	1,551	444	628	-	-	3,256
Deletions	(147)	(65)	(158)	(94)	(151)	-	-	(615)
Balance as at 31 March 2022	**3,164**	**2,951**	**7,971**	**2,039**	**1,168**	**6**	**28**	**17,327**
Additions	624	930	3,613	1,107	1,101	-	-	7,375
Deletions	(248)	(285)	(155)	(44)	(265)	-	-	(997)
Balance as at 31 March, 2023	**3,540**	**3,596**	**11,429**	**3,102**	**2,004**	**6**	**28**	**23,705**
Accumulated depreciation								
Balance as at 31 March 2021	2,387	1,714	4,693	1,123	386	-	28	10,331
Depreciation charge	327	421	1,203	286	185	-	-	2,422
Deletions	(146)	(51)	(153)	(78)	(100)	-	-	(528)
Balance as at 31 March 2022	**2,568**	**2,084**	**5,743**	**1,331**	**471**	**-**	**28**	**12,225**
Depreciation charge	380	573	1,568	364	328	-	-	3,213
Deletions	(235)	(228)	(151)	(39)	(229)	-	-	(882)
Balance as at 31 March, 2023	**2,713**	**2,429**	**7,160**	**1,656**	**570**	**-**	**28**	**14,556**
Net block								
Balance as at 31 March 2022	**596**	**867**	**2,228**	**708**	**697**	**6**	**-**	**5,102**
Balance as at 31 March, 2023	**827**	**1,167**	**4,269**	**1,446**	**1,434**	**6**	**-**	**9,149**

*Pledged as security against secured non-convertible debenture

As per management assessment, there is no probable scenario in which the recoverable amount of asset will decrease below the carrying amount of asset. Consequently no impairment required.

Notes to Financial Statements
for the year ended 31 March 2023

13 Right of use assets

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Opening balance	15,013	13,632
Additions	6,637	6,178
Deductions	(276)	(805)
Depreciation	(4,949)	(3,992)
Closing balance	**16,425**	**15,013**

Refer Note 43 for detailed disclosures

14 Intangible assets

(₹ lakhs)

Particulars	Computer Software	Total
Gross block		
Balance as at 31 March 2021	12,957	12,957
Additions	1,153	1,153
Deletions	-	-
Balance as at 31 March 2022	**14,110**	**14,110**
Additions	3,255	3,255
Deletions	(292)	(292)
Balance as at 31 March, 2023	**17,073**	**17,073**
Amortisation		
Balance as at 31 March 2021	5,260	5,260
Amortisation	2,331	2,331
Deletions	-	-
Balance as at 31 March 2022	**7,591**	**7,591**
Amortisation	2,656	2,656
Deletions	(213)	(213)
Balance as at 31 March, 2023	**10,034**	**10,034**
Net block		
Balance as at 31 March 2022	**6,519**	**6,519**
Balance as at 31 March, 2023	**7,039**	**7,039**
Intangibles under development		
Balance as at 31 March 2022	125	125
Balance as at 31 March, 2023	76	76

(₹ lakhs)

Intangible assets under development	As at 31 March, 2023					As on 31 March 2022				
	Amount in CWIP for a period of				Total	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	66	10	-	-	76	79	26	20	-	125
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-

There are no items which are overdue or has exceeded its cost compared to its original plan

Notes to Financial Statements

for the year ended 31 March 2023

15 Trade payables

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Dues of micro and small enterprises (refer note 44)	2,709	603
Dues other than micro and small enterprises	39,351	12,960
Total	**42,060**	**13,563**

(A) Trade Payable ageing schedule as on 31 March, 2023

(₹ lakhs)

Particulars	Unbilled Dues	Outstanding for following periods from transaction date				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed dues- MSME	1,754	947	7	0	1	2,709
(ii) Undisputed dues- Others	36,299	2,996	47	2	7	39,351
(iii) Disputed dues – MSME	-					-
(iv) Disputed dues- Others	-					-

(B) Trade Payable ageing schedule as on 31 March 2022

(₹ lakhs)

Particulars	Unbilled Dues	Outstanding for following periods from transaction date				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed dues-MSME	288	287	28	-	-	603
(ii) Undisputed dues- Others	9,768	3,152	38	2	-	12,960
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-

16 Debt Securities

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
At amortised cost		
Non-convertible debentures (secured)*	6,74,774	5,69,681
External commercial bonds (secured)#	93,948	85,467
Total	**7,68,722**	**6,55,148**
Debt Securities within India	6,74,774	5,69,681
Debt Securities outside India	93,948	85,467

*All secured NCDs issued by the Company are secured by first pari-passu charge on the Company's immovable property at Chennai and by hypothecation of book debts / loan receivables and by fixed deposit with the banks to the extent of shortfall in asset cover as mentioned in respective information memorandum.

External commercial bonds are secured by first *pari passu* charge over all loan receivables. External commercial bonds are listed at Singapore stock exchange.

The funds raised by the Company during the year by the issue of Secured Non-convertible Debentures were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws and regulation from time to time.

Notes to Financial Statements
for the year ended 31 March 2023

17 Subordinated liabilities

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
At amortised cost		
Non-convertible debentures (unsecured)	1,33,117	1,37,291
Total	**1,33,117**	**1,37,291**
Subordinated liabilities within India	1,33,117	1,37,291

The funds raised by the Company during the year by issue of Unsecured Non-convertible debentures were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws. Where part of the amount remained unutilised for the purpose intended as at the Balance Sheet date, the Company has temporarily deployed such amount in liquid assets.

18 Borrowings

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
At amortised cost		
Loan from banks (Secured)		
Term loans	14,14,797	6,73,042
Loans from related parties	14,167	15,833
External Commercial Borrowings (from related party)	2,87,547	1,84,171
Working Capital Demand Loan	50,000	12,350
Other Loans		
Commercial papers (Unsecured) #	1,93,333	58,381
Borrowing through PTCs	7,072	-
Total	**19,66,916**	**9,43,777**
Borrowings within India	16,79,369	7,59,606
Borrowings Outside India	2,87,547	1,84,171

Commercial paper carries interest in the range of 7.05% to 8.20% p.a. and tenure of 88 to 365 days fully payable at maturity. The interest rate is on XIRR basis.

(a) Nature of securities and terms of repayment for borrowings

Loan from banks are secured by first *pari passu* charge over all loan receivables.

(b) Net debt reconciliation

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Borrowings	19,66,916	9,43,777
Debt securities (including subordinated liabilities)	9,01,839	7,92,439
Less: Cash and cash equivalents	(2,54,024)	(1,19,849)
Net Debt	**26,14,731**	**16,16,367**

Notes to Financial Statements
for the year ended 31 March 2023

(₹ lakhs)

Particulars	Borrowings	Debt securities (including subordinated liabilities)
Balance as at 31 March 2021	**7,93,963**	**10,56,236**
Cash flows (net)	1,51,255	(2,33,929)
Exchange rate difference	(195)	2,430
Others*	(1,246)	(32,298)
Balance as at 31 March 2022	**9,43,777**	**7,92,439**
Cash flows (net)	10,22,584	1,08,594
Exchange rate difference	7,302	9,015
Others*	(6,747)	(8,209)
Balance as at 31 March, 2023	**19,66,916**	**9,01,839**

*Others includes the effect of accrued but not due interest on borrowing, other unamortised incidental cost related to borrowings etc.

Details of terms of contractual principal redemption/repayment in respect of debt securities and borrowing

(A) Debt securities and Subordinated debts as at 31 March, 2023

(₹ lakhs)

Original maturity of loan (in no. of days)	Rate of interest	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 Years	Total
Issued at par and redeemable at par						
366-730	7%- 8%	-	5,250	-	-	5,250
	8%- 9%	40,000	60,000	-	-	1,00,000
731-1095	5%- 7%	5,000	-	-	-	5,000
	7%- 8%	55,000	-	-	-	55,000
	8%- 9%	-	40,000	-	-	40,000
1096-1460	5%- 7%	-	30,000	-	-	30,000
	7%- 8%	-	-	1,18,500	-	1,18,500
	8%- 9%	-	-	35,300	-	35,300
More than 1460	8%- 9%	16,618	46,118	56,118	82,737	2,01,591
	9%- 11%	21,500	5,000	22,500	11,600	60,600
Issued at discount and redeemable at par						
366-730	8%- 9%	25,000	-	-	-	25,000
731-1095	5%- 7%	-	25,000	-	-	25,000
More than 1460	7%- 8%	-	-	-	35,000	35,000
	8%- 9%	-	-	-	20,000	20,000
	9%- 11%	-	-	-	32,500	32,500
Total		**1,63,118**	**2,11,368**	**2,32,418**	**1,81,837**	**7,88,741**

External commercial bonds as at 31 March, 2023

Original maturity of loan (in no. of days)	Rate of interest	In lakhs
More than 1095 days	3.70%	SGD 1,500

Debt securities and Subordinated debts as at 31 March 2022

(₹ lakhs)

Original maturity of loan (in no. of days)	Rate of interest	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 Years	Total
Issued at par and redeemable at par						
366-730	5%- 7%	15,000	-	-	-	15,000
731-1095	5%- 7%	-	5,000	-	-	5,000
	7%- 8%	-	55,000	-	-	55,000
1096-1460	5%- 7%	-	-	30,000	-	30,000
	8%- 9%	1,03,500	-	-	-	1,03,500
	9%- 11%	20,300	-	-	-	20,300
More than 1460	5%- 7%	-	-	-	74,000	74,000
	7%- 8%	70,000	-	-	-	70,000
	8%- 9%	21,618	16,618	46,119	52,355	1,36,710
	9%- 11%	11,800	21,500	5,000	34,100	72,400
	11%- 12%	13,810	-	-	-	13,810
Issued at discount and redeemable at par						
731-1095	7%- 8%	-	-	-	30,000	30,000
More than 1460	9%- 11%	-	-	-	32,500	32,500
Issued at par and redeemable at premium						-
1096-1460	8%- 9%	5,800	-	-	-	5,800
	9%- 11%	16,970	-	-	-	16,970
Total		**2,78,798**	**98,118**	**81,119**	**2,22,955**	**6,80,990**

External commercial bonds as at 31 March 2022

Original maturity of loan (in no. of days)	Rate of interest	In lakhs
More than 1095 days	3.70%	SGD 1,500

(B) Borrowings as at 31 March, 2023

Original maturity of loan (in no. of days)	Rate of Interest	Due within 1 year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	₹ lakhs
Monthly repayment schedule										
366-730	7%- 8%	12	6,000	12	6,000	-	-	-	-	12,000
	8%- 9%	12	16,500	9	12,375	-	-	-	-	28,875
731-1095	7%- 8%	15	9,500		-	-	-	-	-	9,500
	8%- 9%	12	15,000		-	-	-	-	-	15,000
More than 1460	7%- 8%	4	6,800	4	6,800	4	6,800	9	15,400	35,800
	8%- 9%	-	-	1	2,500	2	5,000	3	7,500	15,000
Quarterly repayment schedule										
366-730	7%- 8%	18	34,643	15	33,065	-	-	-	-	67,708
731-1095	7%- 8%	12	2,496	9	1,879	-	-	-	-	4,375
	8%- 9%	8	19,100	8	19,075	3	7,500	-	-	45,675
1096-1460	8%- 9%	2	5,556	1	1,667	-	-	-	-	7,223

Notes to Financial Statements

for the year ended 31 March 2023

Original maturity of loan (in no. of days)	Rate of Interest	Due within 1 year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	₹ lakhs
More than 1460	5%- 7%	4	8,420	3	6,320	-	-	-	-	14,740
	7%- 8%	10	22,180	8	21,180	6	20,180	12	40,370	1,03,910
	8%- 9%	48	34,118	32	29,466	22	24,511	38	46,359	1,34,454
	9%- 11%	4	5,358	2	4,998	3	7,497	3	15,006	32,859
Half yearly repayment schedule										
731-1095	8%- 9%	10	25,230	2	3,736	-	-	-	-	28,966
1096-1460	8%- 9%	1	1,250	1	25,000	-	-	-	-	26,250
More than 1460	5%- 7%	1	10,000	-	-	1	10,000	-	-	20,000
	7%- 8%	9	26,864	8	34,114	8	34,114	12	60,959	1,56,051
	8%- 9%	25	48,617	30	77,916	30	1,06,249	42	1,82,522	4,15,304
	9%- 11%	1	625	9	25,823	10	29,988	26	1,24,189	1,80,625
Yearly repayment schedule										
731-1095	8%- 9%	3	14,167	-	-	-	-	-	-	14,167
Bullet repayment schedule										-
Less than 365	7%- 8%	1	50,000	-	-	-	-	-	-	50,000
731-1095	8%- 9%	2	32,500	-	-	-	-	-	-	32,500
1096-1460	8%- 9%	-	-	2	27,500	-	-	-	-	27,500
Total		**214**	**3,94,922**	**156**	**3,39,415**	**89**	**2,51,838**	**145**	**4,92,305**	**14,78,480**

External Commercial Borrowings as at 31 March, 2023

Original maturity of loan (in no. of days)	Rate of Interest	No. of instalments	In lakhs
Bullet repayment schedule More than 1460	SOFR plus spread 1.22%	1	USD 3,500

Borrowings as at 31 March 2022

Original maturity of loan (in no. of days)	Rate of Interest	Due within 1 year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	₹ lakhs
Monthly repayment schedule										
731-1095	5%- 7%	60	39,000	27	24,500	-	-	-	-	63,500
1096-1460	5%- 7%	-	-	-	-	1	25,000	-	-	25,000
More than 1460	5%- 7%	2	6,668	2	6,668	2	6,664	-	-	20,000
Quarterly repayment schedule										
731-1095	5%- 7%	18	30,539	8	23,386	4	9,075	-	-	63,000
More than 1460	5%- 7%	28	35,519	22	26,716	15	17,940	5	20,004	1,00,180
More than 1460	7%- 8%	37	29,451	31	18,075	6	3,105	8	4,211	54,842
Half yearly repayment schedule										
731-1095	5%- 7%	2	4,000	2	4,000	1	2,000	-	-	10,000
1096-1460	5%- 7%	-	-	-	-	2	27,500	-	-	27,500
More than 1460	5%- 7%	3	5,312	4	7,916	8	22,081	16	57,503	92,812

Notes to Financial Statements
for the year ended 31 March 2023

Original maturity of loan (in no. of days)	Rate of Interest	Due within 1 year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	₹ lakhs
1096-1460	7%- 8%	3	5,278	3	6,806	1	1,667	-	-	13,751
More than 1460	7%- 8%	28	45,903	13	30,625	10	25,139	8	20,486	1,22,153
Yearly repayment schedule										
731-1095	5%- 7%	2	1,667	3	14,167	-	-	-	-	15,833
More than 1460	5%- 7%	1	900	2	10,900	1	900	1	10,000	22,700
Bullet repayment schedule		-								
731-1095	5%- 7%	2	25,000	2	32,500	-	-	-	-	57,500
Less than 365	7%- 8%	3	12,349	-	-	-	-	-	-	12,349
Total		**166**	**2,41,586**	**119**	**2,06,258**	**51**	**1,41,071**	**38**	**1,12,204**	**7,01,119**

External Commercial Borrowings as at 31 March 2022

Original maturity of loan (in no. of days)	Rate of Interest	No. of instalments	In lakhs
Bullet repayment schedule	LIBOR plus spread 1.20%	1	USD 1,500
More than 1095 days	LIBOR plus spread 0.75%	1	JPY 1,06,465

Particulars of Secured Redeemable Non-convertible Debentures:

(₹ lakhs)

Particulars	Face Value	Quantity	Date of Redemption	As at 31 March, 2023	As at 31 March 2022
8.05% Series-85	10	10,802	January 22, 2028	83,092	99,710
9.40% Series-78-II	10	1,033	April 13, 2022	-	10,330
9.51% Series-75	10	1,394	April 19, 2022	-	13,940
9.70% Series-76	10	1,300	April 19, 2022	-	13,000
8.89% Series-81	10	580	May 10, 2022	-	5,800
9.16% SERIES-33C	10	230	May 20, 2022	-	2,300
8.85% Series-82	10	250	May 31, 2022	-	2,500
8.99% Series-49	10	500	July 15, 2022	-	5,000
8.10% Series-84	10	3,100	November 4, 2022	-	31,000
7.35% MS-002	-	-	November 25, 2022	-	50,000
8.00% Series-62	10	2,000	December 28, 2022	-	20,000
8.24% Series-87	10	7,000	February 14, 2023	-	70,000
6.20% Series-90	10	1,500	March 24, 2023	-	15,000
10.60% Series-22	10	750	April 28, 2023	7,500	7,500
7.85% Series-88	10	3,500	May 12, 2023	35,000	35,000
9.85% Series-24	10	400	May 22, 2023	4,000	4,000
7.15% Series-89	10	2,000	June 29, 2023	20,000	20,000
10.45% Series-27C	5	500	November 3, 2023	2,500	2,500
5.80% MLD-Series-2	10	500	February 2, 2024	5,000	5,000
8.10% Series-100	1	65,000	March 22, 2024	65,000	-
8.35% Series-67	10	700	April 17, 2024	7,000	7,000
8.00% MLD-Series-4	1	5,250	January 24, 2025	5,250	-
8.68% Series-86	10	2,000	January 29, 2025	20,000	20,000
8.54% Series-101-II	1	30,000	February 24, 2025	30,000	-
8.54% Series-101-III	1	30,000	February 19, 2025	30,000	-

Notes to Financial Statements

for the year ended 31 March 2023

(₹ lakhs)

Particulars	Face Value	Quantity	Date of Redemption	As at 31 March, 2023	As at 31 March 2022
8.54% Series-101-I	1	40,000	March 24, 2025	40,000	-
6.80% Series-92	10	5,500	March 28, 2025	55,000	30,000
7.30% Series-93	10	3,500	May 2, 2025	35,000	-
7.80% Series-94	10	3,000	July 2, 2025	30,000	-
7.95% Series-95	10	7,000	June 30, 2025	3,500	-
8.50% Series-96	10	2,500	July 21, 2025	25,000	-
7.90% Series-97	10	5,000	July 28, 2025	50,000	-
9.20% Series-73	10	500	August 8, 2025	5,000	5,000
8.20% MLD-Series-3	10	1,030	December 16, 2025	10,300	-
6.14% Series-91	10	7,400	November 17, 2026	74,000	74,000
8.30% Series-98	10	750	November 15, 2032	7,500	-
8.30% Series-99	10	500	December 31, 2032	5,000	-
8.30% Series-98 Reissue	10	500	November 15, 2032	5,000	-
Total				**6,59,642**	**5,48,580**

Particulars of Unsecured Redeemable Non-convertible Debentures (Subordinated Debt):

(₹ lakhs)

Particulars	Face Value	Quantity	Date of Redemption	As at 31 March, 2023	As at 31 March 2022
9.4% Subdebts_Series 5II	10	200	June 10, 2022	-	2,000
9.4% Subdebts_Series 6II	10	250	August 3, 2022	-	2,500
11.40% Subdebts Series 1B	10	481	September 14, 2022	-	4,810
11.40% Subdebts Series 2B	10	400	September 28, 2022	-	4,000
9.40% Subdebts_Series 7II	10	500	October 13, 2027	-	5,000
11.40% Subdebts Series 2C	10	500	October 28, 2022	-	5,000
9.30% Subdebts_Series 9I	10	250	April 25, 2023	2,500	2,500
10.50% Subdebts Series 3	5	1,000	October 28, 2023	5,000	5,000
8.75% Subdebts Series 12(i)	10	250	April 26, 2024	2,500	2,500
9.60% Subdebts Series 4	10	500	December 26, 2024	5,000	5,000
8.75% Subdebts Series 12(ii)	10	250	April 25, 2025	2,500	2,500
9.50% Subdebts_Series 5I	10	250	June 10, 2025	2,500	2,500
9.50% Subdebts_Series 7I	10	1,000	October 13, 2025	10,000	10,000
9.30% Subdebts_Series 9II	10	250	February 25, 2026	2,500	2,500
9.25% Subdebts_Series 10	10	250	March 23, 2026	2,500	2,500
9.30% Subdebts Series 11	10	210	April 30, 2026	2,100	2,100
9.30% Subdebts_Series 13	10	2,250	June 8, 2028	22,500	22,500
9.45% Subdebts_Series 14	10	450	July 20, 2028	4,500	4,500
9.25% Subdebts_Series 15	10	1,500	April 26, 2029	15,000	15,000
7.70% Subdebts_Series 16	10	1,500	June 25, 2031	15,000	15,000
7.60% Subdebts_Series 17	100	100	August 12, 2031	10,000	10,000
7.60% Subdebts_Series 18	100	50	October 1, 2031	5,000	5,000
7.65% Subdebts_Series 19	100	50	April 23, 2032	5,000	-
8.40% Subdebts_Series 20	100	50	December 23, 2032	5,000	-
8.40% Subdebts_Series 20(Reissue)	100	100	December 23, 2032	10,000	-
Total				**1,29,100**	**1,32,410**

Notes to Financial Statements
for the year ended 31 March 2023

19 Other financial liabilities

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Employee benefits and other payables	19,537	12,183
Book overdraft	15,141	42,590
Payable towards assignment / securitisation	4,049	7,080
Lease liabilities (Refer Note 43)	19,677	17,310
Others	29,877	28,858
Total	**88,281**	**1,08,021**

20 Current tax liabilities

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Provision for income tax (Net of Advance Tax and TDS Receivable)	5,687	5,533
Total	**5,687**	**5,533**

21 Provisions

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Provision for compensated absences- Refer Note 38 (a) (C)	1,993	1,040
Provision for code on social security- Refer Note 38 (b)	5,082	4,341
Provision for defined benefit plans- Refer Note 38 (a) (B)	426	163
Provision for pending tax matters	7,722	6,952
Total	**15,223**	**12,496**

22 Other non-financial liabilities

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Statutory dues	4,111	2,474
Others	2,837	2,546
Total	**6,948**	**5,020**

23 Equity share capital

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Authorised capital	5,00,000	5,00,000
5,000,000,000 (31 March 2022: 5,000,000,000) equity shares of ₹ 10 each, fully paid up		
Issued, subscribed and fully paid up	2,24,672	2,24,672
2,246,717,350 (31 March 2022: 2,246,717,350) equity shares of ₹ 10 each		

Notes to Financial Statements

for the year ended 31 March 2023

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

(₹ lakhs)

Particulars	As at 31 March, 2023		As at 31 March 2022	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	2,24,67,17,350	2,24,672	2,21,56,22,823	2,21,562
Add: Shares issued during the year	-	-	3,10,94,527	3,110
Balance at the end of the year	**2,24,67,17,350**	**2,24,672**	**2,24,67,17,350**	**2,24,672**

(b) Terms/right attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

Any Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Dividend, if declared will be paid in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all the preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding and promoter company

Out of equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

(₹ lakhs)

Particulars	As at 31 March, 2023		As at 31 March 2022	
	Number of shares	Amount	Number of shares	Amount
Sumitomo Mitsui Financial Group, the holding company	1,68,27,91,295	1,68,279	1,68,27,91,295	1,68,279
Angelica Investments Pte Ltd, Singapore	56,39,26,055	56,393	56,39,26,055	56,393

(d) Shareholders holding more than 5% of the shares in the Company

Particulars	As at 31 March, 2023		As at 31 March 2022	
	Number of shares	% of holding	Number of shares	% of holding
Sumitomo Mitsui Financial Group	1,68,27,91,295	74.90%	1,68,27,91,295	74.90%
Angelica Investments Pte Ltd, Singapore	56,39,26,055	25.10%	56,39,26,055	25.10%

(e) Changes in Shareholding of promoters

(₹ lakhs)

Particulars	As at 31 March, 2023		As at 31 March 2022		Changes	
	Number of shares	% of holding	Number of shares	% of holding	FY 22-23	FY 21-22
Sumitomo Mitsui Financial Group	1,68,27,91,295	74.90%	1,68,27,91,295	74.90%	-	100%
Angelica Investments Pte Ltd, Singapore	56,39,26,055	25.10%	56,39,26,055	25.10%	-	74%
Fullerton Financial Holdings Pte Ltd, Singapore	-	-	-	-	-	100%

(f) The Company has not issued any bonus shares or shares for consideration other than cash nor has there been any buyback of shares during five years immediately preceding 31 March, 2023.

Notes to Financial Statements

for the year ended 31 March 2023

24 Other equity

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
General Reserve	96	96
Capital Reserve	3,443	3,443
Securities premium	1,38,722	1,38,722
Reserve Fund under Section 45- IC of the RBI Act, 1934	78,297	64,894
Surplus in the statement of profit and loss	82,212	28,601
Items of other comprehensive income		
Re-measurement of gain/(loss) on defined benefit plans	(719)	(656)
Effective portion of cash flow hedge	214	(3,982)
Gain on fair valuation of loans	247	-
Total	**3,02,512**	**2,31,118**

(Refer Statement of Change in Equity for the year ended 31 March, 2023 for movement in Other Equity)

Nature and purpose of reserves

(i) General Reserve

Pursuant to the provisions of Companies Act 1956, the Company had transferred a portion of profit of the Company before declaring dividend to general reserve. However mandatory transfer to general reserve is not required under Companies Act, 2013.

(ii) Capital Reserve

Capital Reserve is created on account of reversal of debenture issue costs charged to securities premium under previous GAAP. The same shall be utilised as per the provisions of Companies Act, 2013.

(iii) Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(iv) Reserve Fund under Section 45 - IC of the RBI Act, 1934

The Company is required to create a fund which should not less than 20% its net profit every year as disclosed in the statement of profit and loss account and before any dividend is declared. The fund shall be utilised for the purpose as may be specified by the Reserve Bank of India from time to time and every such appropriation shall be reported to the Reserve Bank within 21 days from the date of such withdrawal.

(v) Items of other comprehensive income

The component of other comprehensive income include remeasurement of gain/loss on defined benefit plans, derivatives designated at Cash flow hedge and Gain/(loss) on fair valuation of loans.

(vi) Retained Earnings & Surplus in the statement of profit and loss

Retained earnings are profit that the Company has earned to date, less any dividend or other distributions paid to the shareholders, net of utilisation as permitted under applicable law.

Notes to Financial Statements
for the year ended 31 March 2023

25 Interest Income

(₹ lakhs)

Particulars	Year ended 31 March, 2023			Year ended 31 March 2022		
	On financial assets measured at amortised cost	On financial assets measured at fair value*	Total	On financial assets measured at amortised cost	On financial assets measured at fair value*	Total
On portfolio loans	4,43,348	15,197	4,58,545	3,27,500	912	3,28,412
On deposits with banks	7,150	-	7,150	6,464	-	6,464
On investments	-	5,975	5,975	-	5,904	5,904
Total	**4,50,498**	**21,172**	**4,71,670**	**3,33,964**	**6,816**	**3,40,780**

*Interest on portfolio loans fair valued through Other Comprehensive Income and Interest on investment fair valued through Profit and Loss

26 Dividend income

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Dividend income	-	3
Total	**-**	**3**

27 Fees and commission income

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Fees and commission income	20,508	11,202
Total	**20,508**	**11,202**

28 Net gain on fair value changes

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Net gain on investments at fair value through profit or loss		
Realised Gain	2,033	1,107
Unrealised (Loss)/Gain	(13)	15
Total	**2,020**	**1,122**

29 Ancillary income

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Service charges and other fees on loans	2,038	932
Total	**2,038**	**932**

Notes to Financial Statements

for the year ended 31 March 2023

30 Other income

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Profit on derecognition of property plant and equipment (net)	113	34
Interest on security deposits	182	310
Miscellaneous income	3,347	609
Total	**3,642**	**953**

31 Finance costs

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
On financial liabilities measured at amortised cost		
Borrowings	1,12,774	61,067
Debt securities (including subordinated debt)	59,334	67,018
Interest expense on lease rental liabilities	2,065	1,772
Bank charges and others	2,343	2,601
Total	**1,76,516**	**1,32,458**

32 Impairment on financial instruments

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Bad debts and Write off (net of recovery)	60,339	2,45,357
Expected credit loss on portfolio loans	(4,811)	(1,56,286)
Total	**55,528**	**89,071**

33 Employee benefits expense

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Salaries, bonus and allowances	91,119	69,954
Contribution to provident and other funds	6,170	5,786
Provision for code on social security (refer note 38 b)	742	4,341
Share-based payment (refer note 39)	5,303	3,368
Staff welfare and training expenses	5,314	2,831
Total	**1,08,648**	**86,280**

34 Other expenses

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Printing and stationery	1,634	881
Rent	332	529
Rates and taxes	41	96
Insurance	142	95
Business promotion expenses	6,086	1,886

Notes to Financial Statements
for the year ended 31 March 2023

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Legal charges	1,253	758
Professional charges	20,673	12,140
Collection expenses	17,621	7,025
Courier charges	597	446
Repairs and maintenance		
Office premises	1,288	1,374
Others	764	282
Directors' sitting fees	45	74
Travelling expenses	5,682	3,566
Telecommunication expenses	1,289	1,236
Auditor’s fees and expenses (refer details below)	111	93
Electricity charges	925	767
Security charges	727	611
Recruitment expenses	820	540
Fees and subscription	1,546	845
Corporate social responsibility expenses as per Section 135 (5) of Companies Act, 2013 (refer note 45)	-	495
Net loss on derecognition of Property, plant & equipments and intangible assets	151	20
Miscellaneous expenses	93	346
Total	**61,820**	**34,105**
Professional fees payable to auditors (including GST)		
Statutory Audit fee	96	74
Tax Audit fee	9	9
In other capacity		
- Certification matter	3	5
- Reimbursement of expenses	3	5
	111	**93**

35 Tax expense

(a) Amount recognised in the statement of profit and loss

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Current tax for the year	-	-
Current tax expense (A)	**-**	**-**
Deferred taxes for the year		
(Increase)/decrease in deferred tax assets	20,053	1,075
Increase/(decrease) in deferred tax liabilities	2,387	1,599
Net deferred tax expense (B)	**22,440**	**2,674**
Total tax expense (A+B)	**22,440**	**2,674**

Notes to Financial Statements

for the year ended 31 March 2023

(b) Amount recognised in Other comprehensive income

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Items that will not be reclassified to profit or loss		
Actuarial loss on defined benefit obligations	(84)	(403)
Taxes relating to the above	21	101
Items that will be reclassified to profit or loss		
Derivatives designated at Cash flow hedge	5,607	1,196
Taxes relating to the above	(1,411)	(301)
Fair Valuation of Loans held at FVOCI	330	-
Taxes relating to the above	(83)	-
Total	**4,380**	**593**

(c) Tax reconciliation (for profit and loss)

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March, 2023 and 31 March 2022 is, as follows:

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Net profit before Tax	89,454	8,476
Income tax @ Statutory Tax Rate of 25.168%	22,514	2,134
Tax effects of:		
Items due to reversal of deferred tax	(78)	(89)
Net expenses that are not deductible in determining taxable profit	4	629
Income tax expenses reported in profit/loss	**22,440**	**2,674**
Tax Rate Effective	25.09%	31.55%

Significant components and movement in deferred tax assets and liabilities for year ended March 31 2023

(₹ lakhs)

Particulars	As at 31 March 2022	Recognised in Profit and loss	Recognised in OCI	Recognised in equity	As at 31 March, 2023
Deferred tax liabilities on account of:					
Fair valuation of investment in subsidiary	1,144	(78)	-	-	1,066
Processing fees and Origination cost adjustment related to financial assets at amortised cost	1,523	1,723	-	-	3,246
Right to use asset	3,758	354			4,112
Borrowing cost adjustment related to financial liabilities at amortised cost	1,701	388	-	-	2,089
Deferred Tax liability (A)	**8,126**	**2,387**	**-**	**-**	**10,513**
Deferred tax assets on account of:					
Impact of expenditure charged to profit and loss but allowed for tax purposes on payment basis	2,237	409	-	-	2,646
Timing difference between book depreciation and Income Tax Act, 1961	1,267	(26)	-	-	1,241
MTM on Investments	44	7	-	-	51
Provision for expected credit loss on financial assets	35,741	(1,211)	-	-	34,530

Notes to Financial Statements

for the year ended 31 March 2023

(₹ lakhs)

Particulars	As at 31 March 2022	Recognised in Profit and loss	Recognised in OCI	Recognised in equity	As at 31 March, 2023
Taxable loss	35,560	(23,229)	21		12,352
Provision for expenses disallowed as per Income-tax Act, 1961	3,524	3,020	-	-	6,544
Lease liabilities	4,356	596	-	-	4,952
Fair Valuation of Loans held at FVOCI	-	-	(83)		(83)
Derivatives designated at Cash flow hedge	1,339	-	(1,411)	-	(72)
Deferred tax asset (B)	**84,068**	**(20,434)**	**(1,473)**	**-**	**62,161**
Net Deferred tax assets (B-A)	**75,942**	**(22,821)**	**(1,473)**	**-**	**51,648**
Impact of deferred tax on actualisation for previous year	-	381	-		
Deferred tax charged to Statement of Profit and Loss		**(22,440)**	**(1,473)**		

Note:

1. The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

2. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realise the benefits of those deductible differences. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Significant components and movement in deferred tax assets and liabilities for year ended March 31 2022

(₹ lakhs)

Particulars	As at 31 March 2021	Recognised in Profit and loss	Recognised in OCI	Recognised in equity	As at 31 March 2022
Deferred tax liabilities on account of:					
Fair valuation of investment in subsidiary	1,233	(89)	-	-	1,144
Processing fees and LOC adjustment related to financial assets at amortised cost	107	1,416			1,523
On account of right to use asset	3,409	349	-	-	3,758
Borrowing cost adjustment related to financial liabilities at amortised cost	1,778	(77)	-	-	1,701
Deferred Tax liability (A)	**6,527**	**1,599**	**-**	**-**	**8,126**
Deferred tax assets on account of:					
Impact of expenditure charged to profit and loss but allowed for tax purposes on payment basis	1,168	1,069	-	-	2,237
Timing difference between book depreciation and Income Tax Act, 1961	1,295	(28)	-	-	1,267
MTM on Investments	74	(30)	-	-	44
Provision for expected credit loss on financial assets	74,183	(38,442)	-	-	35,741
Taxable loss	-	35,459	101	-	35,560
Provision for expenses disallowed as per Income-tax Act, 1961	3,146	378	-	-	3,524
On account of lease liabilities	3,836	520	-		4,356
Derivatives designated at Cash flow hedge	1,640	-	(301)	-	1,339
Deferred tax asset (B)	**85,342**	**(1,074)**	**(200)**	**-**	**84,068**
Net Deferred tax assets (B-A)	**78,815**	**(2,673)**	**(200)**	**-**	**75,942**

Notes to Financial Statements
for the year ended 31 March 2023

36 Earnings per share

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Net Profit after tax attributable to Equity Holders	67,014	5,802
Weighted Average number of Equity Shares for basic earnings per share	2,24,67,17,350	2,23,00,20,015
Weighted Average number of Equity Shares for diluted earnings per share	2,24,67,17,350	2,23,00,20,015
Earnings per Share		
Basic earning per share ₹	2.98	0.26
Diluted earning per share ₹	2.98	0.26
Nominal value of shares ₹	10	10

The Company has not issued any potential equity shares. Accordingly, diluted EPS is equal to basic EPS

37 Capital Management

Equity share capital and other equity are considered for the purpose of the Company's capital management. The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The funding requirements are met through equity, borrowings and operating cash flows generated. The management monitors the return on capital and the board of directors monitors the level of dividends to shareholders of the Company. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The Company maintains its capital base to cover the risks inherent in the business and in meeting the capital adequacy requirements of the Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by the RBI. The Company has complied in full with all its externally imposed capital requirements during the reported period. For details refer Note 55 (i).

38 (a) Employee Benefit Plans

(A) Defined Contribution Plan

The total expense of ₹ 5,456 lakhs (FY22: ₹ 5,172 lakhs) represents contributions payable by the Company in the specified plans.

(B) Defined Benefit Obligation

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Actuarial assumptions		
Mortality table	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2012-14) (Urban)
Discount rate and expected rate of return on assets	7.30% p.a.	6.41% p.a.
Rate of increase in compensation	9.00% p.a.	9.00% p.a.
Employee turnover:		
Category 1 – For basic up to ₹ 1.2 lakhs		
Up to 4 years	70% p.a.	66.70% p.a.
5 years and above	3.64% p.a.	4.00% p.a.
Category 2 – For basic more than ₹ 1.2 lakhs		
Up to 4 years	32.30% p.a.	30.70% p.a.
5 years and above	3.64% p.a.	4.00% p.a.
Assets information:		
Insured Managed funds	4,760	4,607

Notes to Financial Statements

for the year ended 31 March 2023

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Changes in the present value of defined benefit obligation		
Present value of obligation at the beginning of the year	4,770	3,852
Interest expense	306	250
Current service cost	704	669
Liability Transferred In	7	10
Liability Transferred Out	(41)	(16)
Benfit Paid Directly by the Employer	(23)	-
Benefit Paid From the Fund	(513)	(439)
Actuarial (Gains)/Losses on Obligations- Due to Change in Demographic Assumptions	17	(308)
Actuarial (Gains)/Losses on Obligations- Due to Change in Financial Assumptions	(624)	596
Actuarial (Gains)/Losses on Obligations- Due to Experience adjustments	582	155
Present Value of obligation at the end of the year	**5,186**	**4,770**
Changes in the Fair value of Plan Assets		
Fair value of plan assets at beginning of the year	4,607	4,700
Interest income	295	305
Contributions by the Employer	478	-
Benefit Paid from the Fund	(513)	(439)
Return on Plan Assets, Excluding Interest Income	(108)	40
Fair Value of Plan Assets at the end of the year	**4,760**	**4,607**
Assets and liabilities recognised in the balance sheet		
Present value of the defined benefit obligation at the end of the year	(5,186)	(4,770)
Fair Value of Plan Assets at the end of the Period	4,760	4,607
Funded Status (Surplus/ (Deficit))	(426)	(163)
Net (Liability)/Asset Recognised in the Balance Sheet	**(426)**	**(163)**

(₹ lakhs)

Expenses recognised in the Statement of Profit and Loss	As at 31 March, 2023	As at 31 March 2022
Current Service Cost	704	669
Net interest (income)/ expense	10	(55)
Net gratuity expense recognised	**714**	**614**
Expenses recognised in the Statement of Other comprehensive income (OCI)		
Actuarial (gain)/ loss on post-employment benefit obligation	84	403
Total remeasurement cost / (credit) for the year recognised in OCI	**84**	**403**

(₹ lakhs)

Reconciliation of Net asset / (liability) recognised:	As at 31 March, 2023	As at 31 March 2022
Opening Net Liability	163	(848)
Expenses recognised at the end of the period	714	614
Amount recognised in other comprehensive income	84	403
Net Liability/(Asset) Transfer In	7	10
Net (Liability)/Asset Transfer Out	(41)	(16)
Benefit Directly paid by employer	(23)	-
Employer's Contribution	(478)	-
Net Liability/(Asset) Recognised in the Balance Sheet	**426**	**163**

Notes to Financial Statements

for the year ended 31 March 2023

Sensitivity Analysis:

(₹ lakhs)

Particulars	As at 31 March, 2023		As at 31 March 2022	
	Decrease	Increase	Decrease	Increase
Discount Rate (1% movement)	708	(594)	673	(562)
Future Salary Growth (1% movement)	(591)	689	(555)	649
Rate of Employee Turnover (1% movement)	119	(105)	160	(140)

The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the Balance Sheet.

Maturity analysis of projected benefit obligation

(₹ lakhs)

Position as at Year end	As at 31 March, 2023	As at 31 March 2022
1	157	153
2	166	144
3	183	159
4	191	178
5	212	182
Sum of Years 6 to 10	1,450	1,262

Risks associated with Defined Benefit Plan:

(i) Interest Rate Risk

A fall in the discount rate which is linked to the government security rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the fair value of the assets depending on the duration of asset.

(ii) Salary Risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. The estimates of future salary increases considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(iii) Investment Risk

The Company has invested its funds in group employee benefit plan of Bajaj Allianz where the investment comprises of government securities, corporate bonds/debentures, money market instruments and equity securities. Accordingly, the Company is exposed to related risks based on its exposure to such financial instruments as at reporting date.

(iv) Asset Liability Matching (ALM) Risk

The plan faces the ALM risk as to the matching cash flow. Since the gratuity plan is invested in lines with Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Notes to Financial Statements

for the year ended 31 March 2023

(v) Mortality Risk

Since the benefits under the plan are not payable for a life time and are payable until retirement age only, the plan does not have any longevity risk.

(vi) Concentration Risk

The plan has a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although the probability of this is very low as insurance companies have to follow stringent regulatory guidelines which mitigate risk.

During the year, there were no plan amendments, curtailments and settlements.

(C) Compensated absences

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Actuarial assumptions		
Mortality table	Indian Assured Lives Mortality (2012-14) (Urban)	Indian Assured Lives Mortality (2012-14) (Urban)
Discount rate and expected rate of return on assets	7.30% p.a.	6.41% p.a.
Rate of increase in compensation	9.00% p.a.	9.00% p.a.
Employee turnover:		
Category 1 – For basic up to ₹ 1.2 lakhs		
Up to 4 years	70.00% p.a.	66.70% p.a.
5 years and above	3.64% p.a.	4.00% p.a.
Category 2 – For basic more than ₹ 1.2 lakhs		
Up to 4 years	32.30% p.a.	30.70% p.a.
5 years and above	3.64% p.a.	4.00% p.a.
Funding status	**Unfunded**	**Unfunded**
Projected obligation against compensated absences	**1,993**	**1,040**

38 (b)

The Code on Social Security 2020 ('Code') relating to employee benefits during employment and post-employment received Presidential assent in September 2020 and over the period majority of the states have notified draft guidelines. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and it is expected to be effective in near future. The Company has carried out an impact assessment of the gratuity liability based on an actuarial valuation and on a prudent basis carried a provision of ₹ 5,082 lakhs as at March 31, 2023 (FY 22: ₹ 4,341 lakhs). The impact on the standalone statement of profit and loss on this account for the year ended March 31, 2023 is ₹ 742 lakhs (FY 22: ₹ 4,341 lakhs). This is over and above the provisions made in normal course based on extant rules.

39 Employee stock appreciation rights

The Company has a cash-settled share-based payments scheme, under which grants were made as per details provided below:

	Grant 7	Grant 8	Grant 9	Grant 9A	Grant 10	Grant 11	Grant 11A	Grant 11B	Grant 12
	01-Apr-17	01-Apr-18	01-Apr-19	01-Apr-19	01-Apr-20	01-Apr-21	01-Apr-21	01-Apr-21	01-Apr-22
Value of the Grant	₹ 805 lakhs	₹ 796 lakhs	₹ 1,155 lakhs	₹ 695 lakhs	₹ 1,025 lakhs	₹ 1,667 lakhs	₹ 1,089 lakhs	₹ 923 lakhs	₹ 1,996 lakhs
Performance Condition	Achievement PAT & ROE targets	Achievement PAT & ROE targets	Achievement PAT & ROE targets	Achievement PAT & ROE targets	Achievement of PBT and ROE targets	Achievement of certain targets	Achievement of certain targets	Achievement of certain targets	Achievement of certain targets
Graded Vesting (subject to achievement of performance condition given above)	Tranche I: 33% vesting on 1st December 2020	Tranche I: 33% vesting on 1st December 2021	Tranche I: 33% vesting on 1st December 2022	Tranche I: 33% vesting on 1st December 2022	Tranche I: 33% vesting on 1st December 2023	Tranche I: 33% vesting on 1st December 2024	Tranche I: 33% vesting on 1st December 2024	Tranche I: 33% vesting on 1st December 2024	Tranche I: 50% vesting on 1st September 2024
	Tranche II: 33% vesting on 1st December 2021	Tranche II: 33% vesting on 1st December 2022	Tranche II: 33% vesting on 1st December 2023	Tranche II: 33% vesting on 1st December 2023	Tranche II: 33% vesting on 1st December 2024	Tranche II: 33% vesting on 1st December 2025	Tranche II: 33% vesting on 1st December 2025	Tranche II: 33% vesting on 1st December 2025	Tranche I: 50% vesting on 1st September 2025
	Tranche III: 34% vesting on 1st December 2022	Tranche III: 34% vesting on 1st December 2023	Tranche III: 34% vesting on 1st December 2024	Tranche III: 34% vesting on 1st December 2024	Tranche III: 34% vesting on 1st December 2025	Tranche III: 34% vesting on 1st December 2026	Tranche III: 34% vesting on 1st December 2026	Tranche III: 34% vesting on 1st December 2026	-
Vesting period (including performance period)	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 2 years 5 months
	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 3 years 5 months
	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	-
Exercise period	Within 30 days from each vesting date but not later than 2 years from the date of the last vesting.								
Method of Settlement	Cash Payout as per terms of the scheme								

The estimated fair value of the grant at a notional value of ₹ 10 per unit (as at the date of grant) is as below:

Particulars	Grant 7	Grant 8	Grant 9	Grant 9A	Grant 10	Grant 11	Grant 11A	Grant 11B	Grant 12
As at 31 March, 2023	15.37	13.50	10.71	10.71	8.99	11.61	47.90	47.90	11.36
As at 31 March 2022	12.81	11.25	9.19	9.19	7.87	10.38	47.90	47.90	NA
As at 31 March 2021	12.64	11.10	8.75	8.75	7.52	NA	NA	NA	NA
As at 31 March 2020	17.25	15.14	11.91	11.91	NA	NA	NA	NA	NA
As at 31 March 2019	14.47	12.70	NA	NA	NA	NA	NA	NA	NA
Exercise price vest 1	17.25	11.10	NA	NA	NA	NA	NA	NA	NA
Exercise price vest 2	12.64	11.25	NA	NA	NA	NA	NA	NA	NA
Exercise price vest 3	NA	NA	NA	NA	NA	NA	NA	NA	NA

Fair value is computed using the method provided in the scheme for estimating the valuation of the grant which is linked to the Net Book Value of the business and board- approved-business plan.

Notes to Financial Statements
for the year ended 31 March 2023

The movement of the stock appreciation rights during the year is as under:

(₹ lakhs)

Particulars (No. of Options)	As at 31 March, 2023	As at 31 March 2022
Options outstanding as at the beginning of the year	3,91,30,023	2,35,99,937
Options granted during the year	1,73,62,948	3,67,84,000
Options forfeited on resignation of employees	(31,84,675)	(1,34,38,500)
Options exercised during the year	(1,14,750)	(23,08,239)
Options lapsed during the year	-	(55,82,550)
Grants of employee transferred during the year to subsidiary company	(41,83,250)	75,375
Options Outstanding as at the end of the year	4,90,10,296	3,91,30,023
Options vested and exercisable	-	-
Expense recognised (₹ in lakhs)	5,303	3,368

40 Segment Information

Business Segment

The Company's operating segments are established in the manner consistent with the information regularly reviewed by the Chief Operating Decision Maker as defined in Ind AS 108 - Operating Segments. The Company operates in a single business segment i.e. financing, which has similar risks and returns. The Company operates in a single geographic segment i.e. domestic.

41 Contingent Liability and commitments

The Company has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long-term contracts. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

a) Contingent liabilities

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Guarantees*	5,055	53
Contingent liability for litigations pending against the Company	743	63

* Includes guarantee amounting to ₹ 5,000 lakhs (FY 2022: NIL) issued during the year in favour of National Housing Board on behalf of SMHFC.

b) Capital and other commitments

The Company is obligated under various capital contracts. Capital contracts are work/purchase orders of a capital nature, which have been committed. Further, the commitments have fixed expiration dates and are contingent upon the borrower's ability to maintain specific credit standards.

(i) The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31 March, 2023 is ₹ 2,010 lakhs (FY 2022: ₹ 1,440 lakhs).

(ii) Loans sanctioned not yet disbursed as at 31 March, 2023 were ₹ 71,123 lakhs (FY 2022: ₹ 77,604 lakhs).

(iii) Committed credit lines are given to wholly-owned subsidiary (SMHFC) as at 31 March, 2023 was ₹ 25,000 lakhs (FY 2022: ₹ 25,000 lakhs).

Notes to Financial Statements

for the year ended 31 March 2023

c) Litigation

Litigations constitutes the number of pending litigations filed by customers/vendors/ex-employees/others against the Company for service deficiency/title claims/monetary claims/back wages/reinstatement issues respectively which is in the course of business as usual. Asides the above the Company in its rightful entitlement initiates Civil or Criminal litigations for recovery of loan and enforcing security interest. A provision is noted / created where an unfavourable outcome is deemed probable based on review of pending litigations with its legal counsels including loss contingency on account of such litigation and claims, and classification of such contingency as 'low', 'medium' or 'high' with due provisioning thereof. The management believes that the outcome of such matters will not have a material adverse effect on the Company's financial position, its operations and cash flows.

d) Tax contingencies

Various tax-related legal proceedings are pending against the Company at various levels of appeal with the tax authorities. Management to best of its judgement and estimates where a reasonable range of potential outcomes is estimated basis available information accrues liability. Based on judicial precedents in the Company's and other cases and upon consultation with tax counsels, the management believes that it is more likely than not that the Company's tax position will be sustained. Accordingly, provision has been made in the accounts wherever required. Disputed tax issues that are classified as remote are not disclosed as contingent liabilities by the Company.

42 Resolution framework for Covid 19 related stress

The Company offered resolution plan to its customer pursuant to the RBI's guidelines "Resolution framework for COVID-19 related stress" dated 6 August 2020 permitting lending institutions to implement a resolution plan for corporate, MSME and personal loans.

Disclosure as required by RBI for moratorium and resolution framework are provided under RBI disclosure section, refer note 55(xvii).

43 IND AS 116 - Leases

(i) Amounts recognised in Balance Sheet

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
a) Right-of-use assets (net)	16,425	15,013
b) Lease liabilities		
Current	4,717	3,993
Non-current	14,960	13,316
Total Lease liabilities	**19,677**	**17,310**
c) Additions to the Right-of-use assets	6,637	6,178

(ii) Amount Recognised in profit & loss

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Depreciation charge for right-of-use assets	4,949	3,992
Interest expenses (included in finance cost)	2,065	1,772
Variable lease payments not included in the measurement of lease liabilities	-	-
Income from sub-leasing right-of-use assets	-	-
Expenses relating to short-term leases and leases of low-value assets	-	-

Notes to Financial Statements
for the year ended 31 March 2023

(iii) Maturity analysis of undiscounted lease liability

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Less than one year	6,255	5,345
One to five years	14,809	14,104
More than five years	3,038	1,494
Total liabilities	**24,102**	**20,943**

(iv) Cash flows

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
The total cash outflow of leases	6,058	5,078

(v) Future Commitments

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Future undiscounted lease payments to which leases are not yet commenced	-	-

(vi) Future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities and are as follows:

(a) Variable lease payments - This variability will typically arise from either inflation or market-based pricing adjustments. Currently, the Company does not have any lease which has variable lease payment terms based on inflation or market based pricing.

(b) Extension options and termination options - The table above represents the Company's best estimate of future cash out flows for leases, including assumptions regarding the exercising of contractual extension and termination options.

(c) Residual value guarantees - The Company does not have significant asset retiral obligations and accordingly has not recognised them as part of ROU. Such expenses are expensed off as and when incurred and charged to Statement of Profit and Loss.

(d) The Company does not have any lease arrangements as at reporting date which is not yet commenced to which the Company is committed.

(vii) The Company currently does not have any sale and lease back transactions. The Company does not have any restrictions or covenants imposed by the lessor on its operating leases which restrict its businesses.

44 Micro and Small Enterprises

The Company identifies suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) by obtaining confirmations from all suppliers and relied upon by the auditors. Based on the information received by the Company, some of the suppliers have confirmed to be registered under MSMED Act, 2006. Accordingly, the disclosure relating to amount unpaid as at the year ended together with interest paid/payable is disclosed below (Refer Note 15: Trade Payables)

Notes to Financial Statements

for the year ended 31 March 2023

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	2,709	603
The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	15	-
The amount of interest accrued and remaining unpaid at the end of each accounting year;	1	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-

45 Corporate Social Responsibilities Expenses

Gross amount required to be spent by the Company is “Nil” for the year ended 31 March, 2023 and ₹ 520 lakhs for the year ended 31 March 2022.

The details of amounts spent towards CSR are as under:

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
i) Construction / acquisition of any asset	-	-
ii) On purpose other than (i) above	754	424
Amount spent in cash*	**754**	**424**
Amount yet to be spent in cash	**-**	**104**

*FY23 includes expenditure of ₹ 96 lakhs pertaining to unspent amount of FY22 and ₹ 8 lakhs pertaining to unspent amount of FY21

The Company’s CSR policy is both community and environment-based. Various programmes are planned in areas as diverse as health, education, livelihood generation, skill developments and rural development. The above expenditure includes ₹ 20 lakhs (FY 2022: ₹ 25 lakhs) as salary, travel and other associated cost in respect of dedicated employees who have been exclusively engaged in CSR administrative activities which qualify as CSR expenditure under Section 135 of the Companies Act, 2013.

Pursuant to Guidance note on CSR issued by the ICAI, CSR spent during the year above statutory requirement has been shown under other non-financial assets

(a) Gross amount required to be spent by the Company during the year FY22-23: Nil
(b) Amount approved by the Board to be spent during the year FY22-23: INR 650 lakhs
(c) Excess amount spent- FY23

(₹ lakhs)

Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	650	650

(d) Details of ongoing projects -FY22 ongoing projects

(₹ lakhs)

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In Separate CSR Unspent A/c		From Company's bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
-	96	96	-	96	-	-

Notes to Financial Statements
for the year ended 31 March 2023

Details of ongoing projects -FY21 ongoing projects

(₹ lakhs)

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In Separate CSR Unspent A/c		From Company's bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
-	8	8	-	8	-	-

(e) Details of related party transactions, e.g., contribution to a trust/ society / Section 8 company controlled by the Company in relation to CSR expenditure as per Indian Accounting Standard (Ind AS) 24, Related Party Disclosures: Nil

(f) Movement in provision during the year

(₹ lakhs)

Opening Balance as at 1 April 2022	Additional Provision	Amount spent during the year	Closing Balance as at 31 March, 2023
104	**42**	**104**	**42**

46 As required by the RBI circular no DNBS.PD.CC. No. 256 /03.10.042 / 2011-12 dated 2 March, 2012 the details of frauds noticed / reported are as below:

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Amount Involved	973	220
Amount Recovered	72	48
Amount written off/provided	901	172
Balance	**-**	**-**

47 Events after reporting date

There have been no events after the reporting date that require adjustment or disclosure in these financial statements.

48 Support Service Cost

During the year, the Company shared certain premises with its subsidiary, SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Company Limited)* to carry out its operations. The Company has entered into a resource sharing agreement with the subsidiary company, as per which the Company has agreed to share premises and other resources and thereby to facilitate achieve economies of scale and avoid duplication. The reimbursement of cost is calculated on the basis of the number of employees, the area occupied, time spent by employees for other company, actual identification, etc.

During the year the Company has recovered ₹ 2,409 lakhs (FY 2022; ₹ 1,490 lakhs) on account of above-mentioned arrangement.

During the year, the Company has also co-shared the premises of its subsidiary, SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Company Limited)* to carry out its operations. The Company has entered into resource sharing agreement with its subsidiary company. Under the arrangement the Company has used the premises and other resources to facilitate the business operation. The reimbursement of cost is calculated as per arm's length price certified by the independent third party.

During the year the Company has reimbursed ₹ 124 lakhs (FY 2022; ₹ 157 lakhs) on account of above-mentioned arrangement.

49 Insurance regulatory and development authority (IRDA)

Disclosure as per Schedule VI B for insurance commission income earned during the year ended:

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
ICICI Prudential Life Insurance Company Limited	299	190
Kotak Life Insurance Company Limited	285	143
HDFC Life Insurance Company Limited	329	164
ICICI Lombard General Insurance Company Limited	12	6
Chola MS Insurance Company	12	-
CIGNA TTK Health Insurance Company Limited	84	69

50 There was no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March, 2023 and as at 31 March 2022.

51 Financial risk management

Risk management framework

The Company places emphasis on risk management practices to ensure an appropriate balance between risks and returns. The Board of Directors of the Company (BOD) along with the management are primarily responsible for Financial Risk Management of the Company. The BOD's oversight of risk includes review and approval of key risk strategies and policies. These are monitored and governed through the Risk Oversight Committee (ROC) and ALCO. Audit Committee (AC) evaluates and reviews the adequacy and effectiveness of risk management systems and internal control systems, including internal financial controls.

The ROC controls and manages inherent risks related to the Company's activities by the following risk categories:

Risk	Exposure arising from	Management
Credit Risk	Trade receivables and counterparty risk on investments.	ROC is actively involved in the following: • Oversight over the implementation of Core Credit Policies of the Company; • Reviewing and approving counterparty limits for the Company • Review of the overall portfolio credit performance of the Company and establishing concentration limits by product programs, collateral types, tenors and customer profile; • Determination of portfolio credit quality by reviewing observed default rates, provisions held, write-offs and status of recoveries from defaulting borrowers; and • Review of product programs and recommending improvements/ amendments thereto.
Enterprise Risk	Operational Risk, Fraud Risk and Information Security Risk.	• Operational Risks arise from having inadequate processes, systems or people, or due to external events. It is controlled by a combination of functional level Risk Control Self-Assessment, monitoring Key Risk Indicators for each function and a management level Operational Risk Management Committee to monitor these risks. • Fraud Risk arises primarily from potential fraudsters attempting to avail credit from the Company, which they do not intend to repay. This is controlled by a combination of document crosschecks, deduplication against a database of previously attempted frauds, field investigations and digital data checks. • Information Security will remain a key focus area for the Company owing to the evolving landscape. Policies, processes and supporting technology architecture have been instituted and are being strengthened on a continuous basis.
Liquidity Risk	Financial liabilities and financials asset	• Recommending to the BOD, the Risk Appetite Statement for the Company, which includes – inter alia - liquidity risk appetite. This is measured by Liquidity Coverage Ratio and Liquidity Buffers maintained by the Company. • Liquidity risk is managed by the Asset Liability Committee (ALCO), based on the Company's Liquidity Policy approved by BOD. ALCO is responsible for ensuring adherence to the liquidity and asset-liability management limits set by the BOD and to oversee implementation of the strategic direction articulated by the BOD. ALCO not only ensures that the Company has adequate liquidity on an on-going basis but also examines how liquidity requirements are likely to evolve under different scenarios. ROC has an oversight on ALCO.

Notes to Financial Statements

for the year ended 31 March 2023

Risk	Exposure arising from	Management
Market Risk - Foreign Exchange	Recognised financial assets and financial liabilities not denominated in functional currency	• The risk is managed through close identification, supervision and monitoring of risks arising from movements in market rates such as interest rates, foreign exchange rates, traded prices, and credit spreads, which may result in a loss of earnings and capital. Company has a Board approved policy to lay down the process for identification, mitigation, monitoring and escalation of any foreign exchange or interest rate risk that the Company may face. Both short-term and long-term foreign exchange exposures are hedged in conjunction with extant regulations.
Market Risk - Interest Rate / Dividend Coupon/Price	Investments in equity securities, units of mutual funds, bonds, government securities, certificate of deposits, commercial paper and derivative financial instruments.	• Defined boundaries are in place on interest rate risk exposure for the Company. Governance and monitoring policies are also in place for interest rate risk management.

All hedging activities are carried out by the treasury department possessing the appropriate skills, experience and supervision. The Company's policy is to hedge the exposure by taking derivative instruments and not to trade in derivatives for speculative purposes. By using derivative financial instruments to hedge exposures to changes in interest rates, the Company also exposes itself to credit risk of the derivative counterparty, which is not offset by the hedged item.

The above risks are discussed in more detail below:

Credit Risk

Trade receivables:

Exposures to customers' outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of collection from counterparties on timely basis reflects low level of credit risk. Company creates provision on trade receivables on a progressive basis from the time that a loan is booked

Counterparty Risk:

The Company has a low credit risk in respect of its exposure with financial institutions and other financial assets. Funds are invested after considering parameters like safety, liquidity and post-tax returns etc. The Company avoids concentration of credit risk by spreading them over several counterparties with good credit rating profile and sound financial position. The Company's exposure and credit ratings of its counterparties are monitored on an ongoing basis.

The Company holds cash and cash equivalents and other bank balances with banks and financial institutions. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be high.

Exposure with respect to the security deposit and advances is for business purpose and is spread across a relatively large number of counterparties. As such, these carry low credit risk exposure as the Company has possession of rental premises and business relationships for a number of years.

Write off policy:

The Company has laid down explicit policies on loan write-offs to deal with assets, which are impaired due to the customer's inability to repay the loan beyond a timeline, based on realisation experience of the Company with respect to customers of specific products.

Collateral management and associated risks:

The Company holds collaterals like vehicles, residential, commercial land & building and financial securities against certain of its secured portfolio products such as Commercial Vehicle Loans, Loan against Properties and Loan against shares.

The Company has a collateral management system to address the risks associated with the mortgage business. Onsite inspections by independent experts are carried out to satisfy that the value of the collateral is sufficient to cover the associated credit risk and that the claim on property is legally enforceable. Credit policy guidelines clearly specify Loan to value (LTV) ratios and ensures a maximum permissible limit on exposure in any collateral backed funding. This takes care of any revaluation or depreciation assets due to unforeseen circumstances.

The Collection team follows up with the customers through field visits as well as through telecommunication for payment of over dues. Collection team is also responsible for initiating legal action including repossession and selling of collaterals. For other collaterals, the Company liquidates the assets and recovers the amount due against the loan. Negotiations with customers with respect to the settlement of loans are also carried out by the authorised personnel from collection team. Any surplus funds realised from sale of collateral security over total dues payable by customers, are returned to the customers/obligors.

An estimate of the lower of fair value of collateral and other security enhancements held and carrying amounts of the financial assets as at the reporting date is shown below. This excludes the value of collateral and other security enhancements that are determined not to be enforceable (legally or practically) by the Company.

Notes to Financial Statements

for the year ended 31 March 2023

Enterprise Risk:

Operational Risk:

The Company uses a comprehensive enterprise-level risk framework to quickly identify risks with multi-layered controls. The "Three Lines of Defense" philosophy ensures complete governance and supervision and is at the heart of this risk management framework.

The following are the main pillars of risk mitigation:

- Risk Identification through regular process walks, Measurement through Periodic Risk Assessments, Control and Mitigation through corrective actions
- Regular Operational Risk Management Committee meetings.
- Policies and standards are updated regularly in line with industry best practices.
- Internal Financial Controls Standards.
- Optimal mix of Fraud databases, screening documents, and field visits to detect and mitigate potential fraud.
- Compliance unit tracking all regulatory changes.

Internal audits and checks are conducted regularly to ensure that the assigned responsibilities are carried out effectively. Given the dynamic business and operating environment and changing business needs, the Board of Directors Audit Committee periodically reviews the adequacy and effectiveness of internal audit and internal control systems. They also recommend improving the efficacy of the existing internal audit and internal control systems.

Fraud Risk:

The fraud control unit as a dedicated function manages and mitigate the fraud risk proactively. This is performed by deploying a combination of prevention, detection, deterrence and response strategies. The unit is responsible for implementing measures to contain fraud, detecting and investigating potential frauds and to recommend changes in polices or processes to contain fraud risk. The unit also plays a role in educating employees on fraud risk.

Information Security Risk:

Information Security will remain a key focus area for the Company owing to the evolving landscape. Policies, processes and supporting technology architecture have been instituted and are being strengthened on a continuous basis. Periodic Vulnerability Assessment and Penetration Testing is also undertaken by external parties to ascertain potential areas of weaknesses and design adequate mitigants thereto.

Liquidity Risk:

Liquidity risk is the risk that the Company, though solvent, either does not have sufficient financial resources available to meet its obligations as they fall due, or can secure them only at excessive costs. Liquidity risk management involves estimating and managing the liquidity requirements of the Company within acceptable structural boundaries and in a cost-efficient manner, and involves the Board and senior management's development and oversight of a comprehensive process that identifies, measures, monitors and controls the Company's liquidity risk exposure.

The Company maintains a reliable management information system designed to provide the senior management with timely and forward-looking information on the liquidity position of the Company. In terms of actions, the Company's liquidity risk management policy is guided by the following principles:

- Diversification across instruments (bank loan, commercial papers, debentures, ECB, portfolio sale etc), lenders (banks, mutual funds, insurance companies, pension funds, foreign portfolio investors) and geographies (on shore and off shore).
- Matching of asset and liability tenor.
- Maintenance of adequate liquidity buffer as per internal policy.
- Investment of such liquid funds in pre-approved instruments and with sound counterparties.

Tools to manage Liquidity Risk:

The Company manages its liquidity risk through liquidity gap analysis, monitoring concentration limits (tenor, counterparty and instrument type) and liquidity ratios.

Single lender limit, single financial instrument or category limit and negative gap mismatches are monitored monthly to ensure these are within the policy limits.

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents and by having fee paying committed lines

Market Risk:

Market risk is the risk of loss of future earnings, fair values or future cash flows related to financial instrument that may result from adverse changes in market rates and prices (such as foreign exchange rates, interest rates, other prices). The Company is exposed to market risk primarily related to currency risk and interest rate risk.

Foreign Currency Risk:

Foreign currency risk for the Company arises largely on account of foreign currency borrowings. The Company holds derivative financial instruments such as Cross currency interest rate swap & forward contracts to foreign currency risk. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so until repayment. The Counterparty for these contracts is generally a bank

Interest Rate Risk:

Interest rate risk is the vulnerability of a company's financial condition to adverse movements in market interest rates. It corresponds to the potential effects of interest rate changes on the Company's profitability, in particular net interest income and its net value.

Notes to Financial Statements

for the year ended 31 March 2023

Exposure to this risk primarily results from timing spread in the repricing of both on and off-balance sheet assets and liabilities as they mature (fixed rate instruments) or contractually reprice (floating rate instruments).

This risk is managed by establishing boundaries on interest rate risk exposure and the governance and monitoring policies for interest rate risk management. BOD sets boundaries/ limits within such levels of tolerance and approves the policies that govern risk management under both business as usual and stressed conditions. ALCO monitors Balance-sheet planning from a risk-return perspective, including product pricing, definition of the desired maturity profile and mix of incremental assets and liabilities.

A suitable funding and interest rate risk management plan is prepared using projected balance sheet and cash-flows. Execution of on and off balance sheet transactions may be done to optimise interest rate gapping positions. The following metrics are employed for measurement of interest rate risks:

a. Repricing Gap

b. Earnings at Risk

In addition the above, the Analytics function also undertakes an annual stress test under various scenarios to ascertain potential impact of these on the Company's capital position. These tests help to ascertain the level of buffers to be maintained over the minimum regulatory capital required.

All of these risk management practices have contributed towards ensuring the continued maintenance of the highest level of credit rating – AAA - for the Company.

Exposure to credit risk

The carrying amount of financial assets represents the maximum amount of credit exposure. The maximum exposure to credit risk is as per the table below, it being total of carrying amount of all financials assets except cash in hand and investment in government securities.

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Maximum exposure to credit risk	33,35,467	21,73,463

Analysis of inputs to the Expected credit loss model under multiple economic scenarios

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows which the Company expects to receive) discounted at an approximation to the EIR.

Cash shortfalls are identified as follows.

- For 12-month ECLs: Cash shortfalls resulting from default events that are possible in the next 12 months.
- For lifetime ECLs: Cash shortfalls resulting from default events that are possible over the expected life of the financial instrument.

For undrawn loan commitments, a cash shortfall is the difference between:

- the contractual cash flows that are due to the Company if the holder of the loan commitment draws down the loan; and
- the cash flows that the Company expects to receive if the loan is drawn down.

The Company records allowance for expected credit losses for cash and cash equivalents, bank balance, investment, trade and other receivables, loans and advances together with loan commitments and other financial assets measured at amortised cost, collectively named as 'financial assets at amortised cost'.

The Company performs a collective assessment on a homogeneous pool of outstanding loans grouped on the basis of shared risk characteristic based on the type of products sliced down to geography as part of the impairment analysis.

For estimation of ECL, the entire portfolio is broadly partitioned into products like Personal Loans, Business Loan, Commercial Vehicle Loan, Loan against property and Group Loans. Products are further segregated on geography level and sectors. This portfolio is used to arrive exposure at Default, Probability of default and loss given default.

The Company follows the expected credit loss (ECL) methodology based on historically available information and projection of macroeconomic indicators in order to determine the impairment allowance required against different categories / pool of loan accounts.

All defining parameters (PD, LGD, EL Adjustment factor) are estimated on a half-yearly frequency. However, required changes may be done more frequently in case of change in market condition, portfolio changes and other scenarios.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since its initial recognition, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12 month ECL is part of LTECL that represent the ECLs from default events on a financial asset that is possible within the 12 months after the reporting date.

Definition of Default

As per the Company's policy, all assets are classified into Stage 1, Stage 2 and Stage 3. Assets up to 30 DPD (days past due) are classified as stage 1 assets. Assets with DPD of 31 days up to 90 days are classified as stage 2 assets and assets with DPD greater than 90 days are classified as Stage 3 assets and categorises based on DPD. The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. As a part of qualitative assessment, of whether the customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. In such instances, the Company treats the customer at default and therefore assesses such loans as Stage 3 for ECL calculations, following are such instances:

- If the customer has requested restructuring in repayment terms, such restructured, rescheduled or renegotiated accounts (other than One Time Restructuring)
- A Stage 3 customer having other loans which are in Stage 1 or Stage 2
- Cases where company suspects fraud and legal proceedings are initiated.

The Company continuously monitors all financial instruments subject to ECLs. In order to determine whether loans or portfolio loans are subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers an exposure to have significantly increased in credit risk since initial recognition when contractual payments are more than 30 days past due. The Company also applies a qualitative method for triggering a significant increase in credit risk for an asset. This will be the case for exposure that meets certain heighted risk criteria, such as political situations and exceptions to normal economic scenarios. Such factors are based on its expert judgement and relevant historical experiences.

The Probability of Default (PD) is an estimate of the likelihood of default over a given time horison. 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.

Exposures are subject to ongoing monitoring, which may indicate that a significant increase in credit risk has occurred on an exposure. The monitoring typically involves use of the following data for Retail exposures:

(a) Overdue status including write off

(b) Fraudulent customer

(c) Days past due along with external macro-economic outlook

(d) Historical performance of loans and related collection trends

(e) Restructured Customer

Days past due is a primary input for the determination of the PD for exposures.

The Company collects performance and default information about its credit risk exposures analysed by Product and geography. The Company employs statistical models of flow analysis and marginal default rate technique to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account the expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities and accrued interest whether due or not.

The Loss Given Default (LGD) is an estimate of the loss arising in the case where default occurs at a given time. It is based on the difference between the contractual cash flows due (net of recovery cost) and those that the lender would expect to receive (including recovery through contractual arrangements with counterparties estimated based on past recovery trends). They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor. It is usually expressed as a percentage of the EAD.

The Company collects a list of all the defaulters and tracked from the first time they become non-performing assets ("More than 90 Days Past Due"). The Company calculates the LGD based on the present value of month on month recovery post default for Stage 1 and 2 and assesses the present value of the actual and potential recoveries for Stage 3 accounts. In case of insufficient historical data, management uses extrapolation method for the anticipation of LGD.

EL Adjustment Factor is factor used to adjust the ECL computation to eliminate the biases in different ticket size and number of loan accounts considering the nature of business/products.

Forward-Looking Information

While estimating the expected credit losses, the Company arrives at forward-looking PD estimates through incorporation of forward-looking macro-economic factors. The various macro-economic factors considered are GDP (%) and its components, Private consumption (%),Consumer prices (% change pa; av), Average real wages (% change pa), Real personal disposable income (% change pa), Domestic credit growth (%), Lending interest rate (%), Labour costs, Labour productivity growth (%), Recorded unemployment (%), Gross national savings rate (%). Product-wise selection of macro-economic factors is done basis the best fitting of the macro indicators with the historical loss trends also taking into account management views, if any, on the drivers of the portfolio. Apart from considering the base case of the macro outlook, two more scenarios an optimistic and pessimistic views of the outlook are also evaluated taking into account the external market conditions.

Notes to Financial Statements

for the year ended 31 March 2023

Appropriate weightage is assigned to each of the scenarios to arrive at the final estimates. Presently, a higher deterioration of the base macro outlook is done to arrive at the pessimistic view and also its weightage continues to be elevated since the onset of pandemic.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material."

Credit Quality

The Company has classified portfolio loans as financial assets at amortised cost and has assessed it at the collective pool level. The vintage analysis methodology has been used to create the PD term structure which incorporates both 12 months (Stage 1 Loans) and lifetime PD (Stage 2 and stage 3 Loans). The vintage analysis captures a vintage default experience across a Particulars portfolio by tracking the periodic slippages. The vintage slippage experience/ default rate is then used to build the PD term structure.

The vintage analysis methodology has been used to create the LGD vintage. The LGD vintage takes into account the recovery experience across accounts of a Particulars portfolio post default. The recoveries are tracked and discounted to the date of default using the effective interest rate.

Accordingly, the Company analysis exposure to credit risk based on vintage experience across its products. The Company categorises its loans into Stage 1, Stage 2 and Stage 3 based on vintage experience.

Reconciliation of ECL balances in given below:

(₹ in lakhs)

Particulars	As at March 2023				As at March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance- opening balance	30,397	35,806	75,805	1,42,008	55,224	89,027	1,54,044	2,98,295
New assets originated or purchased	46,502	-	-	46,502	27,237	-	-	27,237
Assets derecognised or repaid	(8,470)	(3,476)	(318)	(12,264)	(20,802)	(10,175)	(13,981)	(44,958)
Net transfers to/from Stage 1	20,972	(7,330)	(13,642)	-	618	(353)	(265)	-
Net transfers to/from Stage 2	(22,217)	31,097	(8,880)	-	(18,038)	18,209	(171)	-
Net transfers to/from Stage 3	(1,743)	(34,358)	36,101	-	(1,02,191)	(75,775)	1,77,966	-
Remeasurement of ECL	(5,702)	7,660	35,795	37,753	88,457	17,039	(4,726)	1,00,770
Amounts written off	(824)	(3,369)	(72,608)	(76,801)	(108)	(2,166)	(2,37,062)	(2,39,336)
ECL allowance - closing balance	**58,915**	**26,030**	**52,253**	**1,37,198**	**30,397**	**35,806**	**75,805**	**1,42,008**

Credit Quality

The Company has classified portfolio loans as financial assets at amortised cost and has assessed it at the collective pool level. The vintage analysis methodology has been used to create the PD term structure which incorporates both 12 months (Stage 1 Loans) and lifetime PD (Stage 2 and stage 3 Loans). The vintage analysis captures a vintage default experience across a Particulars portfolio by tracking the periodic slippages. The vintage slippage experience/default rate is then used to build the PD term structure.

The vintage analysis methodology has been used to create the LGD vintage. The LGD vintage takes into account the recovery experience across accounts of a Particulars portfolio post default. The recoveries are tracked and discounted to the date of default using the effective interest rate.

Notes to Financial Statements

for the year ended 31 March 2023

Accordingly, the Company analysis exposure to credit risk based on vintage experience across its products. The Company categorises its loans into Stage 1, Stage 2 and Stage 3 based on vintage experience.

(₹ in lakhs)

Particulars	As at March 2023				As at March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of portfolio loans	**17,54,213**	**90,441**	**1,32,478**	**19,77,132**	**16,02,755**	**1,62,130**	**1,99,740**	**19,64,625**
New assets originated or purchased	23,24,125	-	-	23,24,125	12,73,766	-	-	12,73,766
Assets derecognised/repaid	(12,20,559)	(34,184)	(19,637)	(12,74,380)	(9,16,905)	(31,772)	(42,855)	(9,91,532)
Net transfers to/from Stage 1	64,626	(37,690)	(26,936)	-	9,147	(6,134)	(3,013)	-
Net transfers to/from Stage 2	(1,54,209)	1,67,695	(13,486)	-	(62,492)	63,100	(608)	-
Net transfers to/from Stage 3	(20,647)	(1,04,291)	1,24,938	-	(1,51,072)	(93,738)	2,44,810	-
Amounts written off	(9,024)	(7,375)	(1,02,926)	(1,19,325)	(986)	(3,145)	(2,65,596)	(2,69,727)
Closing balance of portfolio loans	**27,38,525**	**74,596**	**94,431**	**29,07,552**	**17,54,213**	**90,441**	**1,32,478**	**19,77,132**
Interest accrued and other amortised cost	50,919	3,787	4,168	58,874	30,993	4,382	5,905	41,281
Gross value of portfolio loans	**27,89,444**	**78,383**	**98,599**	**29,66,426**	**17,85,206**	**94,823**	**1,38,383**	**20,18,413**

Trade receivables

Exposures to customers' outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of collection from counterparties on timely basis reflects low level of credit risk. Company creates provision on trade receivables wherever balance due over 90 days.

Cash and cash equivalents, other bank balance and other financial assets

The Company has a low credit risk in respect of its exposure with financial institutions and other financial assets. Funds are invested after taking into account parameters like safety, liquidity and post-tax returns etc. The Company avoids concentration of credit risk by spreading them over several counterparties with good credit rating profile and sound financial position. The Company's exposure and credit ratings of its counterparties are monitored on an ongoing basis.

The Company holds cash and cash equivalents and other bank balances with banks and financial institutions. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be high.

While exposure with respect to the security deposit and advance is given for business purpose is spread across and carry low credit exposure as the Company has possession of rental premises and other with whom the Company has worked with for a number of years.

Write off policy

The Company has laid down explicit policies on loan write-offs to deal with assets which are impaired due to the customer's inability to repay the loan beyond a timeline, based on realisation experience of the Company with respect to customers of specific products.

Collateral management and associated risks

The Company holds collateral like vehicle, residential, commercial land & building against certain of its secured portfolio loans such as Commercial Vehicle Loans, Loan against Properties, Developer funding and Loan against shares.

The Company has a collateral management system to address the risks associated with the mortgage business. Onsite inspections by independent experts are carried out to satisfy that the value of the collateral is sufficient to cover the associated credit risk and that the claim on property is legally enforceable. Credit policy guidelines clearly specify Loan to value (LTV) ratios and ensures a maximum permissible limit on exposure in any collateral backed funding. This takes care of any revaluation or depreciation assets due to unforeseen circumstances.

The Collection team follows up with the customers through field visits as well as through telecommunication for payment of over dues. Collection team is also responsible for initiating legal action including repossession and selling of collaterals. In its normal course of business, the Company does not physically repossess properties in its retail portfolio. For other collaterals the Company liquidates the assets and recovers the amount due against the loan. Negotiations with customers with respect to the settlement of loans are also carried out by the authorised personnel from collection team. Any surplus funds are returned to the customers/ obligors.

An estimate of the lower of fair value of collateral and other security enhancements held and carrying amounts of the financial assets as at the reporting date is shown below. This excludes the value of collateral and other security enhancements that are determined not to be enforceable (legally or practically) by the Company.

Notes to Financial Statements
for the year ended 31 March 2023

(₹ in lakhs)

As at 31 March, 2023	Maximum exposure to credit risk	Vehicle	Land & building	Securities	Total Collateral	Net Exposure	Associated ECLs
Financial Assets							
Cash & cash equivalents (Excluding Cash in hand)	2,65,202	-	-	-	-	2,65,202	-
Loans & Advances (gross)*	29,66,426	1,61,314	21,30,456	1,07,229	23,98,999	5,67,428	1,37,198
Derivative Financial Instrument	8,061	-	-	-	-	8,061	-
Trade receivables	1,581	-	-	-	-	1,581	-
Investments (other than investment in subsidiary)	2,41,838	-	-	-	-	2,41,838	-
Other financial asset	17,749	-	-	-	-	17,749	-
Total Financial Asset	**35,00,857**	**1,61,314**	**21,30,456**	**1,07,229**	**23,98,999**	**11,01,858**	**1,37,198**

*Includes unsecured loans valued ₹ 1,905,992 lakhs

(₹ in lakhs)

As at 31 March 2022	Maximum exposure to credit risk	Vehicle	Land & building	Securities	Total Collateral	Net Exposure	Associated ECLs
Financial Assets							
Cash & cash equivalents (Excluding Cash in hand)	1,83,597	-	-	-	-	1,83,597	-
Loans & Advances (gross)*	20,18,413	99,946	21,06,932	71,395	22,78,273	(2,59,860)	1,42,008
Derivative Financial Instrument	3,104	-	-	-	-	3,104	-
Trade receivables	964	-	-	-	-	964	-
Investments (other than investment in subsidiary)	74,351	-	-	-	-	74,351	-
Other financial asset	11,472	-	-	-	-	11,472	-
Total Financial Asset	**22,91,901**	**99,946**	**21,06,932**	**71,395**	**22,78,273**	**13,628**	**1,42,008**

*Includes unsecured loans valued ₹ 1,220,575 lakhs

Discloures is based on internal MIS Data and estimates used by management

The value of the collateral for residential & commercial mortgage loans is based on the collateral value at origination, for loan against share the value of collateral are as per latest market price on reporting date. For credit-impaired loans the value of collateral is based on the most recent appraisals. Collateral value for Vehicles for credit–impaired loans are values arrived basis grid model of vehicles which consider model of vehicles, age, make, manufacturer etc.

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for stage 3 assets. Dependent on the level of collateral, some Stage 3 exposures may not have individual ECLs when the expected value of the collateral is greater than the LGD, even if the future value of collateral is forecasted using multiple economic scenarios. However, the Stage 3 ECL can be higher than net exposure when the future value of collateral, measured using multiple economic scenarios, is expected to decline.

The fair value of collateral and credit enhancements held under the base case scenario

(₹ in lakhs)

Portfolio Loans	Maximum exposure to credit risk	Commercial Vehicle	Land & building	Total Collateral	Net Exposure	Associated ECL*
As at 31 March, 2023	1,16,703	11,829	1,41,910	1,53,739	(37,036)	56,704
As at 31 March 2022	1,38,383	12,032	2,80,477	2,92,509	(1,54,126)	75,804

* includes ECL on unsecured loans

Notes to Financial Statements

for the year ended 31 March 2023

Liquidity Risk

Liquidity risk is the risk that the Company, though solvent, either does not have sufficient financial resources available to meet its obligations as they fall due, or can secure them only at excessive costs. Liquidity risk management involves estimating and managing the liquidity requirements of the Company within acceptable structural boundaries and in a cost-efficient manner, and involves the Board and senior management's development and oversight of a comprehensive process that identifies, measures, monitors and controls the Company's liquidity risk exposure.

The Company maintains a reliable management information system designed to provide the senior management with timely and forward-looking information on the liquidity position of the Company. In terms of actions, the Company's liquidity risk management policy is guided by the following principles:

1. Lender diversification demonstrated by an increase in lenders, across instruments (bank finance, bonds, money market instruments, sell down of loan portfolio of loan portfolio) and liquidity pools (banks, mutual funds, insurance companies, pension funds, foreign portfolio investors)
2. Matching of asset and liability tenor
3. Maintenance of adequate liquidity buffer as per internal policy
4. Structural liquidity mismatch

Tools to manage Liquidity Risk

The Company manages its liquidity risk through liquidity gap analysis, monitoring concentration limits (tenor, counterparty and instrument type) and liquidity ratios.

Projected rolling cash flow for the next 6 months is prepared which provides a gap analysis of expected cash inflow and outflow on a given date. Treasury is responsible to prepare a suitable funding plan based on the cash flow.

Single lender limit, single financial instrument or category limit and negative gap mismatches are monitored on a monthly basis to ensure these are within the policy limits.

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents and by having access to funding through an adequate amount of committed credit lines. The Company maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due.

Analysis of financial liabilities by remaining contractual maturities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities for which the contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(₹ in lakhs)

As at 31 March, 2023	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities					
Trade payables	42,060	42,060	-	-	42,060
Borrowings other than debt securities*	19,66,916	5,95,932	10,81,653	5,967	16,83,552
Debt Securities#	9,01,839	2,40,548	5,43,124	82,500	8,66,172
Lease liabilities	19,677	6,255	14,809	3,038	24,102
Other financial liabilities (excluding lease liabilities)	68,604	59,024	9,580	-	68,604

(₹ in lakhs)

As at 31 March 2022	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities					
Trade payables	13,563	13,563	-	-	13,563
Borrowings other than debt securities*	9,43,777	5,39,550	5,04,970	-	10,44,520
Debt Securities#	7,92,439	2,86,395	4,77,813	1,09,819	8,74,027
Lease rental liabilities	17,310	5,345	14,104	1,494	20,943
Other financial liabilities (excluding lease liabilities)	90,711	389	90,322		90,711

*The interest payments on variable interest rate loans in the table above reflect interest rates at the reporting date and these amounts may change as market interest rates change.
#Debt Securities includes subordinated liabilities

Notes to Financial Statements

for the year ended 31 March 2023

The Company's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. As part of the management of liquidity risk arising from financial liabilities, the Company holds liquid assets comprising cash and cash equivalents to meet liquidity requirements. In addition, the Company maintains agreed lines of credit with other banks to maintain the liquidity requirements.

Financing arrangement

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Expiring within one year	71,000	92,500
Expiring beyond one year	1,04,000	52,500

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to maintenance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in ₹ and have an average maturity of 1 year (FY22: 1 year).

Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows related to financial instrument that may result from adverse changes in market rates and prices (such as foreign exchange rates, interest rates, other prices). The Company is exposed to market risk primarily related to currency risk, interest rate risk and price risk.

Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arises majorly on account of foreign currency borrowings. The Company holds derivative financial instruments such as Cross currency interest rate swap & forward contracts to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. When a derivative is entered into for the purpose of hedging, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment. The Counterparty for these contracts is generally a bank.

Hedge Policy

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS 109.

Interest rate risks are mitigated by entering into interest rate swaps. The Company uses pay-fixed / receive-floating interest rate swaps and cross-currency interest-rate swaps to hedge the interest rate risks in respect of the benchmark interest rate (mainly LIBOR) and foreign currency risks (mainly US dollar, JPY, SG dollar) from its issuance of floating-rate & fixed notes denominated in foreign currencies.

The currency risk on the borrowings is actively managed mainly through forward contracts. The Company hedges interest rate risk to the extent of benchmark interest rate & spread exposure on its floating-rate notes to mitigate variability in its cash flows. Cross Currency interest rate swaps are matched to specific issuances of floating-rate notes with terms that closely align with the critical terms of the hedged item. Hedge accounting is applied where economic hedge relationships meet the hedge accounting criteria.

When the hedging instrument is a forward foreign exchange contract, the Company establishes a hedge ratio where the notional on the forward foreign exchange contract matches the carrying amount of the designated underlying. The qualitative assessment is supplemented quantitatively using the hypothetical derivative method for the purposes of assessing hedge effectiveness. The Company assesses hedge effectiveness using the hypothetical derivative method, which creates a derivative instrument to serve as a proxy for the hedged transaction. The terms of the hypothetical derivative match the critical terms of the hedged item and it has a fair value of zero at inception. The hypothetical derivative and the actual derivative are compared to establish the effectiveness of the hedge relationship.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Company's own credit risk on the fair value of the swap, which is not reflected in the fair value of the hedged item attributable to the change in interest rate and foreign currency; and
- differences in maturities or timing of cash flows of the swap and the notes
- zero floor rate under hedged item as against hedge instrument

Notes to Financial Statements

for the year ended 31 March 2023

Foreign currency exposure

(₹ lakhs)

Particulars	As at 31 March, 2023			As at 31 March 2022		
	USD	SGD	JPY	USD	SGD	JPY
a. Long term borrowings (Hedge item)	2,79,475	78,859	-	1,07,383	81,723	71,659
b. Notional Value of Derivative (Hedge instrument)	(2,79,475)	(78,859)	-	(1,07,383)	(81,723)	(71,659)
Net exposure to foreign currency risk (a-b)	**-**	**-**	**-**	**-**	**-**	**-**

(₹ lakhs)

Particulars	As at 31 March, 2023			As at 31 March 2022		
	USD	SGD	JPY	USD	SGD	JPY
Opening Balance	3,202	(269)	2,389	4,124	(896)	3,290
Change in fair value of hedging instrument recognised in other comprehensive income (OCI)	(4,938)	(669)	-	(922)	627	(901)
Reclassified from OCI to profit or loss	-	-	(2,389)	-	-	-
Closing balance	**(1,736)**	**(938)**	**-**	**3,202**	**(269)**	**2,389**

The following table details the Company's sensitivity to a 1% increase and decrease in the INR against the relevant foreign currencies net of hedge accounting impact. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where INR strengthens 1% against the relevant currency and vice versa.

(₹ lakhs)

Particulars	As at 31 March, 2023		As at 31 March 2022	
	Decrease	Increase	Decrease	Increase
USD/INR	2,795	(2,795)	1,074	(1,074)
JPY/INR	-		717	(717)
SGD/INR	774	(774)	774	(774)

Price risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices and related market variables whether caused by factors specific to an individual investment, its issuer and market.

To manage its price risk arising from investments, the Company has invested in the mutual fund after considering the risk and return profile of the mutual funds i.e., the debt profile of the mutual fund indicates that the debt has been given to creditworthy banks and other institutional parties and equity investment is made after considering the performance of the stock.

Notes to Financial Statements

for the year ended 31 March 2023

The Company's exposure to price risk arises from investments in unlisted equity securities (other than investment in the subsidiary company), debt securities, units of mutual funds, which are classified as financial assets at Fair Value through Profit and Loss and amounts to as follows:

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Exposure to price risk	2,41,832	74,346

Sensitivity analysis

The table below sets out the effect on profit or loss due to reasonable possible weakening / strengthening in Yield of 5%:

(₹ lakhs)

Effect on profit or loss	As at 31 March, 2023	As at 31 March 2022
Impact on profit before tax for 5% increase in yield	(1,008)	(310)
Impact on profit before tax for 5% decrease in yield	1,008	310

Interest rate risk

The interest rate risk is the vulnerability of the Company's financial condition to adverse movements in market interest rates. It corresponds to the potential effects of interest rate changes on the Company's profitability, in particular net interest income. Exposure to this risk primarily results from timing spread in the re-pricing of both on and off-balance sheet assets and liabilities as they mature (fixed rate instruments) or contractual re-pricing (floating rate instruments). The objective of interest rate risk policy is to establish boundaries on interest rate risk exposure for the Company and the governance and monitoring policies for interest rate risk management.

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Fixed rate borrowings		
Debt Securities*	7,89,503	7,64,946
Commercial papers	1,98,000	60,000
Variable rate borrowings	18,65,076	8,80,980
Total borrowings	**28,52,579**	**17,05,925**

* Debt Securities includes Subordinated Liabilities

The following metrics are employed for measurement of interest rate risks:

- Repricing Gap analysis – measured by calculating gaps over different time intervals as at a given date, and measures mismatches between rate sensitive liabilities and rate sensitive assets.
- Sensitivity analysis – interest rate sensitivity is monitored as per interest rate simulations, viz. potential loss due to an adverse movement in interest rates of 100 bps for mismatch up to 1 year.

Sensitivity analysis

(₹ lakhs)

Effect on profit or loss	As at 31 March, 2023	As at 31 March 2022
Impact on profit before tax of 100 bps increase in interest rate	(18,651)	(8,810)
Impact on profit before tax of 100 bps decrease in interest rate	18,651	8,810

Notes to Financial Statements

for the year ended 31 March 2023

Financial Instrument

a. Classification and Fair Values of Financial Assets & Liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at reporting date:

(₹ lakhs)

Particulars	As at 31 March, 2023			As at 31 March 2022		
	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL	Amortised cost
Financial assets:						
Cash and cash equivalent	-	-	2,54,024	-	-	1,19,849
Bank balances other than cash and cash equivalent	-	-	12,022	-	-	64,987
Derivative financial instruments	8,061	-	-	3,104	-	-
Trade Receivables	-	-	1,581	-	-	964
Loans and advances	49,573	-	27,79,655	42,804	-	18,33,601
Investments	-	2,41,838	87,960	-	74,351	77,960
Other financial assets	-	-	17,749	-	-	11,472
Total financial assets	**57,634**	**2,41,838**	**31,52,991**	**45,908**	**74,351**	**21,08,833**
Financial liabilities:						
Derivative financial instruments	-	-	-	12,406	-	-
Trade payables	-	-	42,060	-	-	13,563
Debt securities	-	-	7,68,722	-	-	6,55,148
Subordinated liabilities	-	-	1,33,117	-	-	1,37,291
Borrowing other than debt securities	-	-	19,66,916	-	-	9,43,777
Other financial liabilities	-	-	88,281	-	-	1,08,021
Total financial liabilities	**-**	**-**	**29,99,096**	**12,406**	**-**	**18,57,800**

Fair Value of cash and cash equivalents, bank balances other than cash and cash equivalent, trade receivables, other financial assets, derivative financial instruments, trade payables, and other financial liabilities approximate their carrying amounts largely due to short-term maturities of these instruments. However, investment in subsidiary is recognised at deemed cost on transition date to Ind AS.

b. Fair value hierarchy

As per Ind AS 107, 'Financial Instruments: Disclosures', the fair values of the financial assets or financial liabilities are defined as the price that would be received on sale of asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and lowest priority to unobservable inputs.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under Ind AS 107. An explanation of each level follows underneath the table.

The hierarchy used is as follows:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

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for the year ended 31 March 2023

a) Financial assets measured at FVTPL at each reporting date

(₹ lakhs)

Particulars	Level 1		Level 2		Level 3	
	As at 31 March, 2023	As at 31 March 2022	As at 31 March, 2023	As at 31 March 2022	As at 31 March, 2023	As at 31 March 2022
Investment	1,16,154	54,390	1,25,679	19,956	5	5
Total	**1,16,154**	**54,390**	**1,25,679**	**19,956**	**5**	**5**

b) Financial assets measured at amortised cost at each reporting date

(₹ lakhs)

Particulars	As at 31 March, 2023		
	Carrying Value	Fair Value	
		level 2	level 3
Financial assets measured at amortised cost			
Loans and advances *	27,79,655	-	28,15,424
Other financial assets	17,749	-	17,820
Total	**27,97,404**	**-**	**28,33,244**
Financial liabilities measured at amortised cost			
Debt securities	7,68,722	-	7,64,967
Subordinated liabilities	1,33,117	-	1,32,548
Borrowing other than debt securities	19,66,916	-	19,66,916
Lease liabilities (Refer Note 43)	19,677	-	19,865
Total	**28,88,432**	**-**	**28,84,296**

(₹ lakhs)

Particulars	As at 31 March 2022		
	Carrying Value	Fair Value	
		level 2	level 3
Financial assets measured at amortised cost			
Loans and advances *	18,33,601	-	19,70,471
Other financial assets	11,472	-	11,061
Total	**18,45,073**	**-**	**19,81,532**
Financial liabilities measured at amortised cost			
Debt securities	6,55,148	-	6,45,656
Subordinated liabilities	1,37,291	-	1,33,171
Borrowing other than debt securities	9,43,777	-	9,43,777
Lease liabilities (Refer Note 43)	17,310	-	15,766
Total	**17,53,526**	**-**	**17,38,370**

* Loans and advances are net of Impairment allowance

The Company has not disclosed fair values for Cash and cash equivalents, bank balances and other Finacial Liabilities (except Lease Libilities) because their carrying amounts are a reasonable approximation of fair value

Notes to Financial Statements

for the year ended 31 March 2023

c) Financial assets and liabilities measured at FVOCI at each reporting date

(₹ lakhs)

Particulars	As at 31 March, 2023		
	Carrying Value	Fair Value	
		level 2	level 3
Financial assets measured at FVOCI			
Loans and advances*	49,573	-	49,573
Derivative financial instruments	8,061	8,061	-
Total	**57,634**	**8,061**	**49,573**
Financial liabilities measured at FVOCI			
Derivative financial instruments	-	-	-
Total	**-**	**-**	**49,573**

(₹ lakhs)

Particulars	As at 31 March 2022		
	Carrying Value	Fair Value	
		level 2	level 3
Financial assets measured at FVOCI			
Loans and advances*	42,804	-	42,804
Derivative financial instruments	3,104	3,104	-
Total	**45,908**	**3,104**	**42,804**
Financial liabilities measured at FVOCI			
Derivative financial instruments	12,406	12,406	-
Total	**12,406**	**12,406**	**42,804**

* Loans and advances are net of Impairment allowance

Level 3 fair values

The significant unobservable inputs used in the fair value measurement of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March, 2023 and 31 March 2022 are as shown below:

Description of significant unobservable inputs to valuation:

Type	Valuation technique	Significant unobservable inputs	Discounting rate	Sensitivity of the input to the fair value
Investments in unquoted shares	Discounted cash flow approach: The valuation model considers the present value of expected receipts, discounted using a incremental borrowing rate	Average cost of borrowings	31 March, 2023: 8.43% 31 March 2022: 7.52%	1% change upwards and downwards

Reconciliation of Level 3 Fair Value Measurements:

(₹ lakhs)

Particulars	Investments in unquoted shares
Balance as at 1 April 2021	5
Add: Purchased during the year	-
Add: Change in value of investment in equity shares	-
Less: Provision for impairment	-
Balance as at 31 March 2022	5
Add: Purchased during the year	-
Add: Change in value of investment in equity shares	-
Less: Provision for impairment	-
Balance as at 31 March, 2023	**5**

Notes to Financial Statements

for the year ended 31 March 2023

(₹ lakhs)

Sensitivity analysis	As at 31 March, 2023	As at 31 March 2022
Fair value - unquoted equity instruments	5	5
Significant unobservable inputs		
- increase by 100 bps	0	1
- decrease by 100 bps	(0)	(1)

Fair value of financials assets and financial liabilities at amortised cost (i.e., Loans and advances, Other financial assets, Debt securities, Borrowing other than debt securities) and Lease rental liabilities calculated on pool basis at present values of future cash flows over expected tenure of financial instruments.

Following discounting factor are used for calculation of fair values:

Particulars	Discounting factors
Loans and advances	Average loan boarding rate for the respective product for recent six months as at reporting date
Other financial assets, Debt securities, Borrowing other than debt securities and lease rental liabilities	The average cost of funds as at reporting date

Valuation techniques used to determine fair value

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). After initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the Company and other valuation models.

The Company measures financial instruments, such as investments (other than equity investments in Subsidiaries), derivative financial instruments, etc. at fair value.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Each class of financial assets	Techniques
Government securities	The fair value is determined by applying direct quotes available from the active market for such securities.
Units of mutual funds	Net Asset Value (NAV) declared by the mutual fund at which units are issued or redeemed
Certificate of Deposits	The fair value for such securities is determined by applying benchmark quotes for such securities published by market aggregators on daily basis for relevant maturities.
Equity shares	Prices are determined based on price to book value available in the market domain
Derivative financial instruments	Discounted cash flow based on the present value of future cash flows anticipated based on forward exchange rates and forward curves

In order to assess Level 3 valuations as per Company's investment policy, the management reviews the performance of the investee companies on a regular basis by tracking their latest available financial statements / financial information, valuation report of independent valuers, recent transaction results etc. which are considered in valuation process.

The finance department of the Company includes the team that performs the valuation of financial assets and liabilities required for financial reporting purposes, including level 3 fair value. Discussions on valuation processes and results are held between the valuation team and the senior management at least once every six months which is in line with the Company's half-yearly reporting periods. The Company has insignificant exposure to financial assets at FVTPL falling in stage 3 and hence no further disclosures are made.

Notes to Financial Statements

for the year ended 31 March 2023

52 Maturity Analysis of Assets and Liabilities

(₹ lakhs)

Particulars	As at 31 March, 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	2,54,024	-	2,54,024	1,19,849	-	1,19,849
Bank balances other than cash and cash equivalents	-	12,022	12,022	64,987	-	64,987
Derivative financial instruments	594	7,467	8,061	3,104	-	3,104
Investments	2,41,833	87,965	3,29,798	74,346	77,965	1,52,311
Trade receivables	1,581	-	1,581	964	-	964
Other financial assets	9,951	7,798	17,749	9,372	2,100	11,472
Loans and advances	11,47,550	16,81,678	28,29,228	6,37,475	12,38,930	18,76,405
Non-Financial assets						
Current tax assets	-	2,975	2,975	-	6,510	6,510
Deferred tax asset	-	51,648	51,648	-	75,942	75,942
Other non-financial assets	11,418	2,945	14,363	4,660	6,082	10,742
Property, plant and equipment	-	9,149	9,149	-	5,102	5,102
Right to use of asset	-	16,425	16,425	-	15,013	15,013
Intangible assets	-	7,039	7,039	-	6,519	6,519
Intangible assets under development	-	76	76	-	125	125
Total Assets	**16,66,951**	**18,87,187**	**35,54,138**	**9,14,757**	**14,34,288**	**23,49,045**
Financial liabilities						
Derivative financial instruments	-	-	-	12,406	-	12,406
Trade payables	42,060	-	42,060	13,563	-	13,563
Debt Securities	2,67,447	5,01,275	7,68,722	3,64,493	2,90,655	6,55,148
Subordinated liabilities	14,008	1,19,109	1,33,117	30,415	1,06,876	1,37,291
Borrowings	5,88,349	13,78,567	19,66,916	3,99,909	5,43,868	9,43,777
Other financial liabilities	63,740	24,541	88,281	1,05,160	2,861	1,08,021
Non-Financial liabilities						
Current tax liabilities	5,687	-	5,687	5,533	-	5,533
Provisions	2,419	12,804	15,223	-	12,496	12,496
Other non-financial liabilities	5,108	1,840	6,948	4,382	638	5,020
Equity		-			-	
Equity share capital	-	2,24,672	2,24,672	-	2,24,672	2,24,672
Other equity	-	3,02,512	3,02,512	-	2,31,118	2,31,118
Total liabilities	**9,88,819**	**25,65,320**	**35,54,138**	**9,35,861**	**14,13,184**	**23,49,045**

Notes to Financial Statements

for the year ended 31 March 2023

53 Additional Regulatory Information required by Schedule III to the Companies Act, 2013

a. Details of Benami Property held: There are no proceedings which have been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

b. Additional information where borrowings are from banks or financial institutions:

(i) The revised quarterly returns and statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of account;

(ii) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date

c. Wilful Defaulter: The Company has not been declared as Wilful Defaulter by any Bank or Financial Institution or other Lender.

d. Relationship with Struck off Companies:

Transactions with companies whose names have been struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 in the financial years ended March 31, 2023 and March 31, 2022 are given below:

(₹ lakhs)

Name of the struck off Company	Nature of transactions with struck off company	As at 31 March 23	As at 31 March 22	Relationship with the struck off Company
Vnhc Product Private Limited	Loans	14	-	Not Applicable
Medirise Pharmaceuticals Private Limited	Loans	2	-	Not Applicable
Epistem Solutions Research And Process Management (Opc) Private Limited	Loans	2	-	Not Applicable
Rudras Power Systems Private Limited	Loans	23	-	Not Applicable
Mech Boilers Private Limited	Loans	18	-	Not Applicable
Tvmserver Hosting Solutions Private Limited	Loans	2	-	Not Applicable
Shradha Mercantile Private Limited	Loans	-	46	Not Applicable
Mindspace Consultancy Services Pvt. Ltd.	Payable	1	-	Not Applicable
Red Rock Management Services Private Limited	Payable	0	-	Not Applicable
Sap Advisory Services Pvt. Ltd.	Payable	0	-	Not Applicable
Premium Tech Solutions Pvt. Ltd.	Payable	3	-	Not Applicable
Smart Customar Services Pvt. Ltd.	Payable	0	-	Not Applicable
Finectar Technologies Pvt. Ltd.	Payable	0	-	Not Applicable
Ag Professional Systems Pvt. Ltd.	Payable	3	-	Not Applicable
Ocean One Private Limited	Payable	0	-	Not Applicable
Instant Retail India Limited	Payable	1	-	Not Applicable
Addteq Software India Pvt. Ltd.	Payable	36	-	Not Applicable
Konexions Back Office Services Pvt. Ltd.	Payable	25	-	Not Applicable
Grace Relocations Pvt. Ltd.	Payable	1	-	Not Applicable
Epistem Solutions Research And Process Management Opc Private Limited	Payable	0	-	Not Applicable
Alphaone Services Pvt. Ltd.	Payable	0	-	Not Applicable

Notes to Financial Statements

for the year ended 31 March, 2023

e. Registration of charges or satisfaction with Registrar of Companies (ROC): In case of borrowings, there are no charges or satisfaction pending for registration with ROC beyond the statutory period.

f. Compliance with number of layers of companies: The Company has complied with the number of layers prescribed under clause (87) of Section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

g. Compliance with approved Scheme(s) of Arrangements: The Company has not entered into any such arrangements during the year.

h. Utilisation of Borrowed funds and share premium:

The Company, as part of its normal business, grants loans and advances, makes investment, provides guarantees to and accept borrowings from its customers, other entities and persons. These transactions are part of normal business activity, which is conducted ensuring adherence to all regulatory requirements.

Other than the transactions described above, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has also not received any fund from any parties (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

i. Undisclosed Income: The Company does not have any transactions not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961). Also, there are nil previously unrecorded income and related assets.

j. Details of Crypto Currency or Virtual Currency: The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

k. Analytical Ratios

(₹ lakhs)

Ratio	Numerator	Denominator	As at March 2023	As at March 2022	% Variance	Reasons for variance (if above 25%)
Capital to risk-weighted assets ratio (CRAR)	5,46,730	29,08,570	18.79%	21.32%	-12%	Not Appliable
Tier I CRAR	4,08,143	29,08,570	14.03%	15.62%	-10%	Not Appliable
Tier II CRAR	1,38,587	29,08,570	4.76%	5.70%	-16%	Not Appliable
Liquidity Coverage Ratio	1,13,448	77,815	146%	225%	-35%	Increase in net Cash outflow in the current year as compared with previous year

Notes to Financial Statements

for the year ended 31 March, 2023

54 As required by the RBI circular no. DNBS.CO.PD.No. 367/03.10.01/2013-14 dated 23 January 2014, the details of accounts restructured during the year ended 31 March, 2023 are given below:

No	Type of restructuring	Restructuring Account as on 31 March 2022			Fresh restructuring during the year			Upgradations to restructured standard category during the FY			Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY			Downgradations of Restructured accounts during the FY			Write-offs/sale/Recovery/of Restructured A/cs during the FY			Restructured accounts as on 31 March, 2023		
	Asset Classification	No of borrowers	Amount outstanding (₹ lakhs)	Provision thereon (₹ lakhs)	No of borrowers	Amount outstanding as at 31 March, 2023	Provision thereon	No of borrowers	Amount outstanding	Provision thereon	No of borrowers	Amount outstanding	Provision thereon	No of borrowers	Amount outstanding as at 31 March, 2023	Provision thereon	No of borrowers	Amount outstanding	Provision thereon	No of borrowers	Amount outstanding	Provision thereon
1	**CDR**																					
	standard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Substandard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Doubtful	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2	**MSME**																					
	Standard	18	266	9	-	-	-	8	214	107	17	279	17	-	-	-	1	9	4	8	192	95
	Substandard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Doubtful	101	2,454	1,193	-	-	-	(8)	(214)	(107)	28	709	152	-	-	-	13	121	144	52	1,410	789
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**119**	**2,720**	**1,202**	**-**	**-**	**-**	**-**	**-**	**-**	**45**	**988**	**169**	**-**	**-**	**-**	**14**	**130**	**148**	**60**	**1,602**	**884**
3	**Others**																					
	Standard	2,290	585	27	-	-	-	20	317	206	1,492	553	69	19	29	0	779	66	15	20	254	149
	Substandard	34	492	215	22	98	86	19	36	36	5	155	54	12	314	137	5	29	27	53	128	118
	Doubtful	5,171	19,259	12,258	10	25	19	(39)	(353)	(242)	1,777	5,612	3,413	(30)	(342)	(137)	2,107	2,354	2,230	1,288	11,307	6,529
	Loss	1	8	8	-	-	-	-	-	-	1	8	7	(1)	(1)	(0)	-	-	-	1	0	0
	Total	**7,496**	**20,344**	**12,508**	**32**	**123**	**105**	**-**	**-**	**-**	**3,275**	**6,328**	**3,544**	**-**	**-**	**-**	**2,891**	**2,449**	**2,272**	**1,362**	**11,689**	**6,796**
	Total																					
	Standard	2,308	851	36	-	-	-	28	531	313	1,509	832	86	19	29	0	780	75	19	28	446	244
	Substandard	34	492	215	22	98	86	19	36	36	5	155	54	12	314	137	5	29	27	53	128	118
	Doubtful	5,272	21,713	13,451	10	25	19	(47)	(567)	(349)	1,805	6,321	3,566	(30)	(342)	(137)	2,120	2,475	2,374	1,340	12,717	7,318
	Loss	1	8	8	-	-	-	-	-	-	1	8	7	(1)	(1)	(0)	-	-	-	1	0	0
	Total	**7,615**	**23,064**	**13,710**	**32**	**123**	**105**	**-**	**-**	**-**	**3,320**	**7,316**	**3,713**	**-**	**-**	**-**	**2,905**	**2,579**	**2,420**	**1,422**	**13,291**	**7,680**

Note:

1. The outstanding amount and number of borrowers as at 31 March, 2023 is after considering recoveries and sale of assets during the year.
2. The above table pertains to advances and does not include investment in shares which have been fully provided for.
3. The provision in the above table includes general loan loss provision and other provisions held on the restructured advances.
4. For the purpose of arithmetical accuracy as required by circular, movement in provisions in the existing restructured account as compared to opening balance is disclosed under column fresh restructuring (for increase in provision) and write-off/sale/recovery (for decrease in provision) during the year and are not comparable with the additional facilities availed and partial recovery disclosed under the respective columns.
5. Others section under Opening balances includes cases advised by RBI to be classified as restructured basis the previous year inspection

Notes to Financial Statements

for the year ended 31 March 2023

55 Additional Disclosures Required by RBI

The Company is required to provide additional disclosures required in terms of Annexure XIV of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 1 September 2016 (updated as on 17 February 2020) "Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 read with circular no. RBI/2019-20/170 dated 13 March 2020. These disclosures are compiled by the Company using Ind AS numbers.

i) Capital to Risk Assets Ratio ('CRAR')

Particulars	As at 31 March, 2023	As at 31 March 2022
CRAR (%)	18.79%	21.32%
CRAR- Tier I Capital (%)	14.03%	15.62%
CRAR- Tier II Capital (%)	4.76%	5.70%
CRAR (Variance %)		
Amount of subordinated debt raised as Tier-II capital (₹ lakhs)	1,33,117	1,37,291
Amount raised by the issue of Perpetual debt instruments (₹ lakhs)	-	-

ii) Details of investments with movement in provision for depreciation

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Value of Investments		
Gross Value of Investments		
In India	3,29,987	1,52,500
Outside India	-	-
Provisions for Impairment		
In India	189	189
Outside India	-	-
Net Value of Investments*		
In India	3,29,798	1,52,311
Outside India	-	-
Movement of provisions held towards depreciation on investments		
Opening balance	189	191
Add: Provisions made during the year	-	-
Less: Write-off / write-back of excess provisions during the year	-	2
Closing balance	**189**	**189**

* Investments are valued at fair value

iii) Derivatives

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
The notional principal of swap agreements	3,58,334	2,60,765
Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
Collateral required by the Company upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	-	-
The fair value of the swap book (Asset / (Liability) (net)	8,061	(9,302)

Notes to Financial Statements
for the year ended 31 March 2023

b) Exchange Traded Interest Rate (IR) Derivatives

The Company is not carrying out any activity of providing derivative cover to third parties.

c) Qualitative Disclosure

(i) All hedging activities are carried out by Centralised treasury department possessing the appropriate skills, experience and supervision. The Company's policy is to hedge the exposure by taking derivative instruments and not to trade in derivatives for speculative purposes. By using derivative financial instruments to hedge exposures to changes in interest rates and foreign exchange risk. The Company minimises counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties.

(ii) The Company has a risk management policy to enter into derivatives to manage the risk associated with external commercial borrowings. The following table highlights the key aspects of the policy:

a) Treasury and Risk function is authorised to elect appropriate derivative instrument:,

b) The Company shall fully hedge the risk on account of foreign currency fluctuation and change interest rate towards external commercial borrowing;

c) Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled and reported in ALCO.

d) The Company has a hedging policy in place which mandates to have a hedge relation established before a derivative transaction is entered into. The Company ensures that the hedging effectiveness is monitored continuously during the life of the derivative contract;

e) The Company has put in place accounting policy covering recording hedge and non-hedge transactions, recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning and credit risk mitigation.

f) Quantitative Disclosure

(₹ lakhs)

Particulars	As at 31 March, 2023		As at 31 March 2022	
	Currency derivative#	Interest rate Derivatives*	Currency derivative#	Interest rate Derivatives*
Derivatives (Notional Principal Amount) for hedging	78,859	2,79,475	81,723	1,79,042
Marked to Market Positions				
a) Asset	594	7,467	-	3,104
b) Liability	-	-	(4,474)	(7,932)
Credit Exposure	-	-	-	-
Unhedged Exposures	-	-	-	-

* Includes cross currency interest rate swap (CCIRS).
# Includes Hedge of interest strip.

Notes to Financial Statements

for the year ended 31 March 2023

iv) The Company sells loans through direct assignment transactions. The information of securitisation/direct assignment by the Company as originator as required by RBI Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 is as under:

a) Securitisation transactions

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
1. No of SPEs holding assets for securitisation transactions originated by the originator (only the SPVs relating to outstanding securitisation exposures to be reported here)	1	-
2. Total amount of securitised assets as per books of the SPEs	7,072	-
3. Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		-
a) Off-balance sheet exposures		
• First loss		-
• Others		-
b) On-balance sheet exposures		
• First loss	849	-
• Others		-
4. Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitisations		
• First loss		-
• Others		-
ii) Exposure to third party securitisations		
• First loss		-
• Others		-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
• First loss	7,072	-
• Others		-
ii) Exposure to third party securitisations		
• First loss		-
• Others		-
5. Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	8,838	-
6. Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.		-
7. Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.	NA	
Fixed Deposit (12.50%)		
(a) Amount paid	1,227	-
(b) Repayment receive	-	-
8. Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	NA	-
9. Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	NA	-
10. Investor complaints (a) Directly/Indirectly received and; (b) Complaints outstanding	NIL	-

Notes to Financial Statements

for the year ended 31 March 2023

b) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

During the year Company has not sold financials asset to securitisation/ reconstruction company for asset reconstruction.

c) Assignment

Details of Assignment transactions Undertaken by the Company during the year

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Number of loans assigned	1,262	7,372
Amount of loans assigned	48,258	68,066
Weighted average maturity (in months)	167	109
Weighted average holding period (in months)	16	25
Retention of beneficial economic interest	7%	7%
Coverage of tangible security	100%	100%
Rating-wise distribution of rated loans	NA	NA

The Company did not transfer or acquire stressed loans during the years ended 31 March, 2023 and 31 March 2022.

v) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities:

(₹ lakhs)

Particulars	As at 31 March, 2023			As at 31 March 2022		
	Advances	Investments	Borrowings*	Advances	Investments	Borrowings*
0 day to 7 days	67,989	66,746	557	64,821	-	233
8 days to 14 days	16,961	74,476	5,348	7,353	-	14,980
15 days to 30/31 days (One month)	52,584	39,768	1,35,884	1,192	74,346	41,278
Over 1 month up to 2 months	1,05,295	49,520	80,983	54,442	-	44,011
Over 2 months up to 3 months	1,02,584	11,323	1,28,119	53,872	-	81,389
Over 3 months and up to 6 months	2,98,600	-	1,92,539	1,63,058	-	2,66,126
Over 6 months & up to 1 year	5,03,537	-	3,26,375	2,92,737	-	3,48,202
Over 1 year & up to 3 years	9,51,490	-	10,39,089	7,18,273	-	6,10,300
Over 3 years & up to 5 years	3,38,891	-	8,54,045	2,90,419	-	2,46,102
Over 5 years	3,91,297	87,965	1,05,816	2,30,239	77,965	83,596
Total	**28,29,228**	**3,29,798**	**28,68,755**	**18,76,405**	**1,52,311**	**17,36,216**

1. The above ALM is prepared in line with circular no. RBI/2019-20/88 dated 04 November 2019 and Discloures is based on internal MIS Data and estimates used by management

* Includes Foreign currency (FCY) borrowings (liabilities)

vi) Exposures

a) Details of financing of parent company products

The Company does not finance any of it's holding/parent company products.

b) Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded by the NBFC

The Company has not lent/invested/lent and invested in any borrower/group of a borrower in excess of limits prescribed by the RBI.

c) Unsecured advances

The Company has not given any advances against the rights, licenses, authorisations, etc.

Notes to Financial Statements
for the year ended 31 March 2023

d) Details of non-performing financial assets purchased / sold

I. Details of non-performing financial assets purchased during the year:

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
No. of accounts purchased during the year	NIL	NIL
Aggregate outstanding		
Of these, number of accounts restructured		
Aggregate outstanding		

II. Details of non-performing financial assets sold*:

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
No. of accounts sold during the year	NIL	NIL
Aggregate outstanding		
Aggregate consideration received		

*includes the sale of written off portfolio.

vii) Registration with other financial Regulator

Name of Regulator	Status	Registration Details
Insurance Regulatory and Development Authority (IRDA)	Corporate Agent	License No. CA0098 Valid till March 31, 2025

viii) Ratings assigned by credit rating agencies and migration of ratings during the year

Particulars	FY23				FY22			
	ICRA	INDIA RATING	CARE	CRISIL	ICRA	INDIA RATING	CARE	CRISIL
Non-convertible debentures/Sub debt	ICRA AAA with Stable Outlook	IND AA+ with Stable Outlook	CARE AAA with stable outlook	CRISIL AAA with stable outlook	ICRA AAA with Stable Outlook*	IND AA+ with Stable Outlook	CARE AAA with stable outlook	CRISIL AAA with stable outlook#
Market Linked Debenture	ICRA PP-MLD AAA with Stable outlook	-	-	CRISIL PPMLD AAA/ Stable	-	-	-	CRISIL PP MLD AAAr/ Stable (Assigned)#
Term Loan	ICRA AAA with Stable Outlook	-	CARE AAA with stable outlook	CRISIL AAA with stable outlook	ICRA AAA with Stable Outlook*	-	CARE AAA with stable outlook	CRISIL AAA with stable outlook#
Short-term debt/ Commercial Paper	ICRA A1+	-	CARE A1+	CRISIL A1+	ICRA A1+	-	CARE A1+	CRISIL A1+
Company Ratings	ICRA AAA with Stable Outlook	-	-	-	ICRA AAA with Stable Outlook	IND AA+ with Stable Outlook	-	CRISIL AAA with Stable Outlook

* - Placed on 'Watch with developing implications' on 12 July 2021 and Stable outlook was reassigned on 4 March 2022
# - Placed on 'Watch with developing implications' on 9 July 2021 and Stable outlook was reassigned on 8 March 2022

Notes to Financial Statements
for the year ended 31 March 2023

ix) Net Profit or Loss for the period, prior period items and changes in accounting policies.

There are no such material items which require disclosures in the notes to Accounts in terms of the relevant Accounting Standard. Revenue and expense are recognised in accordance with revenue recognition policy and prescribed Ind AS (Note C.1)

x) Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Profit & Loss Account

(₹ lakhs)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Year ended 31 March, 2023	Year ended 31 March 2022
Provision for standard portfolio loans (Stage 1 and Stage 2)	12,999	(83,596)
Provision towards Stage 3/NPA portfolio loans	(17,810)	(72,690)
Provision made towards income tax	-	-
Other provisions and contingencies		
- Provision for Code on social security	742	4,341

Investments other than subsidiary are carried at fair value hence no provision is required.

xi) Draw down from reserves

The Company has not withdrawn any amount from any of the reserves during the year ended 31 March, 2023 (31 March 2022: Nil)

xii) Concentration of Deposits, Advances, Exposures and NPAs

(a) Concentration of Deposits

The Company has not accepted any deposits during the current and previous year.

(b) Concentration of Advances

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Total advances to twenty largest borrowers	30,713	30,607
Percentage of advances to twenty largest borrowers to total advances of the Company	1%	2%

(c) Concentration of Exposures

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Total exposure to twenty largest borrowers / customers	33,450	31,334
Percentage of exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	1%	2%

(d) Concentration of Non-Performing Accounts

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Total Exposure to top four NPA accounts	4,634	5,038

Notes to Financial Statements
for the year ended 31 March 2023

(e) Sector-wise Non performing accounts

(₹ lakhs)

Percentage of NPAs to Total Advances in that sector	Year ended 31 March, 2023	Year ended 31 March 2022
Agriculture and allied activities	0.0%	0.0%
MSME*	2.2%	8.0%
Services	5.7%	5.9%
Unsecured personal loans	1.5%	2.4%
Auto loans (Commercial Vehicle)	9.8%	10.8%
Other personal loans (incl. TW, used car, Loan against property)	5.6%	9.2%

*Above sectors includes loans against property, developer fundings including corporate borrowers

Movement of NPA's, Provision, Net NPA

(₹ lakhs)

Particulars	Year ended 31 March, 2023	Year ended 31 March 2022
Net NPA to Net Advances (%)	2.00%	3.06%
Movement in Gross NPAs		
(a) Opening Balance	1,32,581	1,93,903
(b) additions during the year	1,80,093	3,60,812
(c) reduction during the year	1,99,158	4,22,134
(d) Closing Balance	**1,13,516**	**1,32,581**
Movement in provisions for NPAs		
(a) Opening Balance	73,136	1,45,736
(b) Provisions made during the year	46,850	1,64,332
(c) Write off / Write back of excess provisions	64,750	2,36,933
(d) Closing Balance	**55,236**	**73,136**
Movement in Net NPAs		
(a) Opening Balance	59,445	48,167
(b) additions during the year	1,33,243	1,96,480
(c) Reductions during the Year	1,34,408	1,85,201
(d) Closing Balance	**58,280**	**59,445**

xiii) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

Name of the Joint Venture/ Subsidiary	Other Partner in the JV	Country	Total Assets
NIL			

xiv) Off-balance Sheet SPVs sponsored

Name of the SPV sponsored	
Domestic	Overseas
NIL	

Notes to Financial Statements

for the year ended 31 March 2023

xv) Asset classification based on circular no. RBI/2019-20/170 dated 13 March 2020

(₹ in lakhs)

Asset Classification as per RBI Norms	As at 31 March, 2023					
	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	**2**	**3**	**4**	**5=(3)-(4)**	**6**	**7=(4)-(6)**
Performing Assets						
Standard	Stage 1	2,788,191	58,561	2,729,630	12,792	45,769
	Stage 2	61,532	21,758	39,774	419	21,339
	Stage 3	3,188	1,467	1,721	13	1,454
Subtotal		**28,52,911**	**81,786**	**27,71,125**	**13,224**	**68,562**
Non-Performing Assets (NPA)						
Substandard	Stage 1	1,039	121	918	102	19
	Stage 2	13,953	3,501	10,452	1,316	2,185
	Stage 3	35,661	19,525	16,136	4,103	15,422
Doubtful						
up to 1 year	Stage 1	140	43	97	37	6
	Stage 2	2,666	685	1,981	622	63
	Stage 3	32,009	15,562	16,447	11,116	4,446
1 to 3 years	Stage 1	75	26	49	25	1
	Stage 2	222	79	143	72	7
	Stage 3	25,593	14,390	11,203	12,757	1,633
More than 3 years	Stage 1	0	0	0	0	0
	Stage 2	9	4	5	4	0
	Stage 3	1,348	509	839	978	(469)
Loss	Stage 3	800	792	8	795	(3)
Subtotal of NPA		**1,13,515**	**55,237**	**58,278**	**31,927**	**23,310**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered	Stage 1	71,141	175	70,966	-	175
	Stage 2			-		-
	Stage 3			-		-
Subtotal		**71,141**	**175**	**70,966**	**-**	**175**
Total	**Stage 1**	28,60,586	58,926	28,01,660	12,956	45,970
	Stage 2	78,382	26,027	52,355	2,433	23,594
	Stage 3	98,599	52,245	46,354	29,762	22,483
	Total	**30,37,567**	**1,37,198**	**29,00,369**	**45,151**	**92,047**

(₹ in lakhs)

Asset Classification as per RBI Norms	As at 31 March 2022					
	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	17,85,207	30,007	17,55,200	9,795	20,213
	Stage 2	94,823	35,791	59,032	915	34,876
	Stage 3	5,803	2,668	3,135	610	2,058
Subtotal		**18,85,833**	**68,466**	**18,17,367**	**11,320**	**57,146**

Notes to Financial Statements
for the year ended 31 March 2023

(₹ in lakhs)

Asset Classification as per RBI Norms	As at 31 March 2022					
	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
Non-Performing Assets (NPA)						
Substandard	Stage 3	74,324	41,006	33,318	7,160	33,847
Doubtful						
up to 1 year	Stage 3	51,405	28,954	22,451	19,736	9,219
1 to 3 years	Stage 3	5,807	2,708	3,099	1,781	927
More than 3 years	Stage 3	969	407	562	507	(101)
Loss	Stage 3	75	61	14	75	(14)
Subtotal of NPA		**1,32,580**	**73,136**	**59,444**	**29,259**	**43,877**
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	77,554	390	77,164	-	390
	Stage 2	47	15	32	-	15
	Stage 3	3	2	1	-	2
Subtotal		**77,604**	**407**	**77,197**	**-**	**407**
Total	**Stage 1**	**18,62,761**	**30,397**	**18,32,364**	**9,795**	**20,602**
	Stage 2	**94,870**	**35,806**	**59,064**	**915**	**34,891**
	Stage 3	**1,38,386**	**75,806**	**62,580**	**29,869**	**45,937**
	Total	**20,96,017**	**1,42,009**	**19,54,008**	**40,579**	**1,01,430**

1. Total Gross carrying amount represents loans at amortised cost as per Note 7. Other items in column 3 include undrawn loan commitments considered under stage 1 and associated ECL against the same.
2. ECL provisioning is presented at the portfolio level for each stage (Refer Note 51) while the Provisions required as per IRACP norms are presented in accordance with RBI guidelines and circular reference dated 17 April 2020.
3. Interest on NPA portfolio is not recognised under IRAC norms, while interest on Stage 3 assets is accounted as net of ECL provision and forms part of carrying value of portfolio loans.

xvi) Remuneration to directors - Refer Note no. 63 to the financial statements

xvii) Disclosure as per format prescribed under notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 for the half year ended 31 March, 2023

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A) aggregate debt that slipped into NPA during the half year ended March 31, 2023 (Refer Note 2) (B)	Of (A) amount written off during the half year ended March 31, 2023 (C)	Of (A) amount paid by the borrowers during the half year ended March 31, 2023 (Refer Note 3) (D)	Exposure to accounts classified as Standard consequent to implementation of resolution plan- Position as at the end of half year ended March 31, 2023 (E)
Personal Loans	9,750	864	476	1,811	6,599
Corporates	-	-	-	-	-
Others	610	557	23	12	18
MSME	12,682	1,074	69	2,621	8,919
Total	**23,042**	**2,495**	**568**	**4,444**	**15,535**

Notes to Financial Statements

for the year ended 31 March 2023

Disclosures pursuant to RBI Notification - RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020 and RBI/2021-22/31/ DOR.STR.REC.11/21.04.048 / 2021-22 dated 5 May 2021 for the half year ended 30 September 2022

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A) aggregate debt that slipped into NPA during the half year ended September 30, 2022 (Refer Note 2) (B)	Of (A) amount written off during the half year ended September 30, 2022 (C)	Of (A) amount paid by the borrowers during the half year ended September 30, 2022 (Refer Note 3) (D)	Exposure to accounts classified as Standard consequent to implementation of resolution plan- Position as at the end of half year ended September 30, 2022 (E)
Personal Loans	13,809	922	890	2,247	9,750
Corporates	-	-	-	-	-
Others	1,054	21	36	387	610
MSME	17,335	1,520	398	2,735	12,682
Total	**32,198**	**2,463**	**1,324**	**5,369**	**23,042**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016
Note 1: As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016
Note 2: Represents balances of NPA as at end of half year and excluding amount written off during the half year reported in column 'C'
Note 3: Includes changes in balances on account of interest

56 The Company does not have any outstanding loan against gold jewellery as at 31 March, 2023 (FY 2022: Nil).

57 The Company has reclassified/regrouped previous year figures to conform to the current year's classification, where applicable.

Trade Payables having carrying amount of ₹ 921 lakhs as at 31st March 2022 has been reclassifed to Provision for expenses and Provision for expenses amounting to 10,092 lakhs has been reclassified to Trade Payables to conform with the recognition, presentation and disclosure principles as specified in Ind AS. This reclassification has no impact on the net profit / (loss) before tax for the year ended and total equity as at 31st March, 2022.

58 Exposure to real estate sector

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Direct exposure		
Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (including non-fundbased limits)	6,05,670	5,04,386
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. including non-fund based limits)	1,77,367	1,65,835
Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		-
a) Residential	-	-
b) Commercial Real Estate	-	-
Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank and Housing Finance Companies	-	-
Total Exposure to Real Estate Sector	**7,83,037**	**6,70,221**

Notes to Financial Statements
for the year ended 31 March 2023

59 Exposure to Capital Market

(₹ lakhs)

	Particulars	As at 31 March, 2023	As at 31 March 2022
a)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	5	5
b)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	89,235	58,881
c)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security		-
d)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures / units of equity oriented mutual funds does not fully cover the advances		-
e)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers		-
f)	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on the clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources		-
g)	Bridge loans to companies against expected equity flows/issues		-
h)	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		-
i)	Financing to stockbrokers for margin trading		-
h)	All exposures to Alternative Investment Funds Category I Category II Category III		-
Total Exposure to Capital Market		**89,240**	**58,886**

Investments in SMFG India Home Finance Company Limited *(Formerly Fullerton India Home Finance Company Limited)* (wholly-owned subsidiary) is not considered in the above table.

60 Sectoral Exposure

(₹ lakhs)

Particulars	As at 31 March, 2023			As at 31 March 2022		
	Total exposure (incl. on balance sheet and off-balance sheet exposure)	Gross NPA	Percentage of Gross NPA to total exposure in that sector	Total exposure (incl. on balance sheet and off-balance sheet exposure)	Gross NPA	Percentage of Gross NPA to total exposure in that sector
1. Industry	5,80,294	12,694	2.2%	3,79,588	30,080	7.9%
1.1 Micro and Small	5,62,043	12,031	2.1%	3,53,312	27,444	7.8%
1.2 Medium	18,251	663	3.6%	26,275	2,636	10.0%
2. Services	18,73,970	84,058	4.5%	13,38,127	88,100	6.6%
2.1 Transport Operators	33,395	2,982	8.9%	36,902	3,624	9.8%
2.2 Tourism, Hotel and Restaurants	37,016	1,852	5.0%	33,900	1,217	3.6%
2.3 Professional Services	55,226	3,398	6.2%	51,933	3,685	7.1%
2.4 Retail Trade	11,66,738	37,877	3.2%	8,17,595	26,573	3.3%
2.5 Commercial Real Estate	3,29,461	34,643	10.5%	3,33,067	51,789	15.5%
2.6 Other Services	2,52,134	3,306	1.3%	64,730	1,212	1.9%
3. Personal Loans	5,24,407	11,681	2.2%	3,36,973	8,678	2.6%
3.1 Housing Loans (incl. priority sector Housing)	1,579	727	46.0%	1,315	342	26.0%
3.2 Consumer Durables	52,398	1,374	2.6%	19,747	903	4.6%
3.3 Vehicle/Auto Loans	15,567	492	3.2%	13,388	516	3.9%
3.4 Advances to Individuals against Shares, Bonds	89,009	-	0.0%	58,881	-	0.0%
3.5 Micro finance loan/SHG Loan	3,41,070	9,008	2.6%	2,32,424	6,652	2.9%
3.6 Other Retail loans, if any, Please specify	24,785	80	0.3%	11,218	265	2.4%

Notes to Financial Statements
for the year ended 31 March 2023

61 Intra group exposures

(₹ lakhs)

Particulars	As at 31 March, 2023	As at 31 March 2022
Total amount of intra-group exposures	743	578
Total amount of Top 20 intra-group exposures	743	578
Total exposure of the NBFC on borrowers/customers	29,66,426	20,18,414
Percentage of intra-group exposures to total exposures of the NBFC on borrowers/customers	0.03%	0.03%

62 The Company has nil unhedged foreign currency exposures as at 31 March, 2023 (FY 22: NIL)

63 Related Party Disclosure

Nature of Relationship	Name of Related Party
Ultimate Holding Company	Sumitomo Mitsui Financial Group (w.e.f November 30, 2021)
Holding Company	Sumitomo Mitsui Financial Group (w.e.f November 30, 2021)
Entities having significant influence	Temasek Holdings (Private) Limited (w.e.f November 30, 2021)
	Angelica Investments Pte Ltd, Singapore ('Angelica') (w.e.f November 30, 2021)
	Fullerton Financials Holdings Pte Ltd (Holding Company of Angelica) (w.e.f November 30, 2021)
Subsidiary of entity having significant influence	Sygnia Consulting Limited
Fellow Subsidiary	Sumitomo Mitsui Banking Corporation (w.e.f November 30, 2021)
Subsidiary	SMFG India Home Finance Company Limited (fomerly Fullerton India Home Finance Company Limited)
Key Management Personnel	Mr. Shantanu Mitra- Chief Executive Officer and Managing Director
	Mr. Shirish Apte-Chairman and Independent Director (up to 30 April 2022)
	Mr. Nobuyuki Kawabata-Chairman and Non-Executive, Non-Independent Director
	Dr. Milan Shuster- Independent Director (up to 30 Sept 2022)
	Ms. Sudha Pillai- Independent Director (up to 30 Sept 2022)
	Ms. Seema Bahuguna-Independent Director (w.e.f. 26 April 2022)
	Mr. Hong Ping Yeo-Non-Executive, Non-Independent Director
	Mr. Anindo Mukherjee-Non-Executive, Non-Independent Director
	Mr. Rajeev Kannan-Non-Executive, Non-Independent Director
	Mr. Diwakar Gupta- Independent Director (w.e.f. 13 July 2022)
	Mr. Colathur Narayan Ram-Independent Director (w.e.f. 7 Sep 2022)
	Mr. R Balachander-Independent Director (w.e.f. 10 Oct 2022)
	Ms. Dakshita Das-Independent Director (w.e.f. 28 Feb 2023)
	Mr. Pankaj Malik-Chief Financial Officer
	Mr. Arun Mulge-Company Secretary (up to 1 Aug 2022)
	Mr. Girish Koliyote- Company Secretary (from 2 Aug 2022 to 15th April 2023)

Notes to Financial Statements
for the year ended 31 March 2023

(₹ lakhs)

Particulars	Name of Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/Joint Ventures		Key Management Personnel		Directors		Entities having significant influence		Fellow subsidiary		Total	
		FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22
Borrowing	Sumitomo Mitsui Banking Corporation	-	-	-	-	-	-	-	-	-	-	-	-	2,79,475	15,833	2,79,475	15,833
Repayment of borrowing	Sumitomo Mitsui Banking Corporation	-	-	-	-	-	-	-	-	-	-	-	-	1,667	13,333	1,667	13,333
Derivative contract to hedge foreign currency borrowing*	Sumitomo Mitsui Banking Corporation	-	-	-	-	-	-	-	-	-	-	-	-	2,79,475	-	2,79,475	-
Fee paid on borrowing availed	Sumitomo Mitsui Banking Corporation	-	-	-	-	-	-	-	-	-	-	-	-	2,795	-	2,795	-
Investments made during the year	SMFG India Home Finance Company Limited	-	-	10,000	-	-	-	-	-	-	-	-	-	-	-	10,000	-
Infusion of share capital	Angelica Investments Pte Ltd	-	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	25,000
Interest paid	Sumitomo Mitsui Banking Corporation	-	-	-	-	-	-	-	-	-	-	-	-	12,789	556	12,789	556
Interest expense	Sumitomo Mitsui Banking Corporation	-	-	-	-	-	-	-	-	-	-	-	-	14,755	434	14,755	434
Expense Reimbursement	Fullerton Financials Holdings Pte Ltd	-	-	-	-	-	-	-	-	-	-	10	-	-	-	10	-
Technology Cost Reimbursement	Sygnia Consulting Limited	-	-	-	-	-	-	-	-	-	-	78	-	-	-	78	-
Remuneration	-	-	-	-	-	-	-	1,179	882	143	187	-	-	-	-	1,322	1,069
Salary, bonus and allowances	Key Management Personnel	-	-	-	-	-	-	1,153	549	-	-	-	-	-	-	1,153	549
Post-employment benefits	Key Management Personnel	-	-	-	-	-	-	26	34	-	-	-	-	-	-	26	34
Share-based payments (on payment basis)	Key Management Personnel	-	-	-	-	-	-	-	299	-	-	-	-	-	-	-	299
Director's sitting fees	Directors	-	-	-	-	-	-	-	-	43	74	-	-	-	-	43	74
Director's Commission	Directors	-	-	-	-	-	-	-	-	100	113	-	-	-	-	100	113
Income as per resource sharing agreement #	SMFG India Home Finance Company Limited	-	-	2,409	1,490	-	-	-	-	-	-	-	-	-	-	2,409	1,490
Expense as per resource sharing agreement #	SMFG India Home Finance Company Limited	-	-	124	157	-	-	-	-	-	-	-	-	-	-	124	157
Fee earned on committed line #	SMFG India Home Finance Company Limited	-	-	221	215	-	-	-	-	-	-	-	-	-	-	221	215
Receivable on account of resource sharing (net)	SMFG India Home Finance Company Limited	-	-	688	540	-	-	-	-	-	-	-	-	-	-	688	540
Borrowing outstanding	Sumitomo Mitsui Banking Corporation	-	-	-	-	-	-	-	-	-	-	-	-	2,93,642	15,833	2,93,642	15,833
Investments as at	SMFG India Home Finance Company Limited	-	-	81,000	71,000	-	-	-	-	-	-	-	-	-	-	81,000	71,000
Maximum borrowing balance during the year	Sumitomo Mitsui Banking Corporation	-	-	-	-	-	-	-	-	-	-	-	-	-	29,295	-	29,295
Maximum investments balance during the year	SMFG India Home Finance Company Limited	-	-	81,000	71,000	-	-	-	-	-	-	-	-	-	-	81,000	71,000

* Transactions during the period represent notional value
# Amount is inclusive of GST
Note: All the related party transactions that were entered into during the financial year were on arm's length basis and in ordinary course of business

Notes to Financial Statements
for the year ended 31 March 2023

64 Disclosure of complaints

Sr. No	Particulars	FY23	FY22
	Complaints received by the NBFC from its customers		
1	Number of complaints pending at beginning of the year	4	45
2	Number of complaints received during the year	738	1,238
3	Number of complaints disposed during the year	733	1,279
3.1	Of which, number of complaints rejected by the NBFC	200	342
4	Number of complaints pending at the end of the year	9	4
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	497	548
5.1.	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	490	539
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	7	9
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	Nil	Nil
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	NA	NA

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending as at the beginning of the year	Number of complaints received during FY23	% increase/ decrease in the number of complaints received	Number of complaints pending as at the end of the year	Of 5, number of complaints pending beyond 30 days
1	**2**	**3**	**4**	**5**	**6**
FY23					
Loans and advances	1	201	-43.3%	3	-
Staff behaviour	-	133	-25.6%	2	-
Bureau wrong linking / status update	-	121	-16.0%	1	-
Alleged Fraud	-	56	273.3%	2	-
Levy of charges without prior notice/ excessive charges/ foreclosure charges	2	47	-42.7%	-	-
Others	1	180	-77.9%	1	-
Total	**4**	**738**	**-40.4%**	**9**	**-**
FY22					
Loans and advances	9	288	NA	1	-
COVID	8	263	NA	-	-
Staff behaviour	7	167	NA	-	-
Bureau wrong linking / status update	6	144	NA	-	-
Difficulty in operation of accounts	3	103	NA	-	-
Others	12	273	NA	3	-
Total	**45**	**1,238**	**NA**	**4**	**-**

Notes to Financial Statements
for the year ended 31 March 2023

65 Currency Induced Risk

The Company has undertaken ECB borrowings in multiple currencies like USD, SGD etc. The underlying interest rates are a mix of both Floating and Fixed rates. The Company is risk averse both, in the short-term as well as in the long-term. It seeks to protect its cash flows by removing any variability related to currency fluctuations. Both short-term and long-term exposures are completely hedged in conjunction with extant regulations. The tenors and amounts involved in the transactions correlate to the tenors and values of the underlying exposures. The floating interest rate ECB exposures have been hedged using Cross Currency swaps into Fixed rate.

66 The Company had faced a malware incident in March 2023. Upon identifying the incident, the Company engaged global expert firms for incident response management and to further investigate the incident. The Company with the help of such experts took necessary steps towards recovery and remediation of its systems. The Company has since restored normalcy to its operations and is working towards enhancing its security environment. The Company believes that there is no non-compliance or material impact on financial statements on account of the incident.

67 During the years ended 31 March, 2023 and 31 March 2022, there were no penalties or strictures imposed on the Company by the Reserve Bank or any other statutory authority.

68 There were no instances of breach of covenant of loan availed or debt securities issued during the years ended 31 March, 2023 and 31 March 2022.

69 There is no divergence assessed by RBI during the years ended 31 March, 2023 and 31 March 2022.

70 The auditors opinion on financial statements for FY23 and FY22 was unmodified.

71 The Financial statements for the year ended March 31, 2023 have not been authenticated by the Company Secretary as the Company Secretary had resigned on 15 April, 2023 and the position was not filled as on the date of adoption of these financial statements. The Company is in process of appointing Company Secretary.

72 There are no items of income or expenditure which are of exceptional nature.

For **Kalyaniwalla & Mistry LLP**
Chartered Accountants
ICAI Firm Registration No.: 104607W/W100166

Jamshed K. Udwadia
Partner
Membership No.: 124658

For **KKC & Associates LLP (formerly Khimji Kunverji & Co LLP)**
Chartered Accountants
ICAI Firm Registration No.: 105146W/W100621

Gautam Shah
Partner
Membership No.: 117348

Place: Mumbai
Date: 29 May 2023

For and on behalf of the Board of Directors of
SMFG India Credit Company Limited
(Formerly Fullerton India Credit Company Limited)

Nobuyuki Kawabata
Chairman
DIN: 09362144

Place: Tokyo
Date: 29 May 2023

Shantanu Mitra
CEO & Managing Director
DIN: 03019468

Place: Mumbai
Date: 29 May 2023

Pankaj Malik
Chief Financial Officer

Place: Mumbai
Date: 29 May 2023

Notes to Financial Statements

for the year ended 31 March 2023

Disclosures under Liquidity Risk Management Framework for NBFC - March 2023

i) Funding Concentration based on significant counterparty (both deposit and borrowings)

(₹ lakhs)

Sr. No.	No. of Significant Counterparties	Amount	% of total Deposits	% of Total Liabilities*
1	20	23,53,634	-	78%

* Total liability excludes equity

ii) Top 20 large deposits: Not applicable

iii) Top 10 Borrowings

(₹ lakhs)

Amount	% of Total Borrowings
18,08,922	64%

* Borrowing represents principal outstanding as on March 31, 2023.

iv) Funding concentration based on significant instrument / product:

(₹ lakhs)

Sr No	Name of the instrument*	Year ended 31 March, 2023	% of Total Liabilities*
1	Non-Convertible Debentures (NCD)	6,59,642	22%
2	Term Loan	14,28,481	47%
3	External Commercial Borrowings (FCY)	3,80,284	13%
4	Commercial Paper	1,98,000	7%
5	Sub-ordinate Debt	1,29,100	4%
6	Working capital / short-term facilities	50,000	2%

*Principal outstanding as on 31 March 2022; Total liability excludes equity

v) Stock Ratios:

Sr No	Name of the instrument	Percentage
1	Short Term NCD (original maturity up to 1year)/Total Assets	0%
2	Commercial Papers/Total Assets	6%
3	Long-Term Assets/ Total Assets	53%
4	Other Short Term Liabilities/ Long-Term Assets	35%
5	Other Short Term Liabilities/Total External Liabilities*	21%
6	Other Short Term Liabilities/Total Assets	18%

* Total external liability excludes equity

Public funds are nil, therefore ratio as % to Public fund is not computed

vi) Institutional Setup of Risk Management

SMFG India Credit Company Limited *(Formerly Fullerton India Credit Company Limited)* has an Institutional Governance setup for Risk Management as below:

1) Board of Directors
2) Risk Oversight Committee(ROC)
3) Asset Liability Management Committee (ALCO)

Notes to Financial Statements

for the year ended 31 March 2023

4) ALM Support Group

vii) Liquidity Coverage Ratio

A Qualitative Disclosure

SMFG India Credit Company Limited *(Formerly Fullerton India Credit Company Limited)* (SMICC) has a Risk Oversight Committee (ROC), a Board level Sub-committee to oversee liquidity risk management. Liquidity risk is managed by the Asset Liability Committee (ALCO), based on The Company's Liquidity Policy and procedures which are based on guidelines provided by ROC. ALCO derives its authority from the ROC and is responsible for adherence to the liquidity and asset liability management limits and to oversee implementation of the strategic direction set by the Board. ALCO not only ensures that The Company has adequate liquidity on an on-going basis but also examines how liquidity requirements are likely to evolve under various assumptions.

The Board and ALCO have approved the Liquidity risk management policy which cover Liquidity Coverage Ratio requirements. The overall Liquidity risk management of SMICC is under the guidance of the ALCO and within the overall framework of the Board approved policies. The mandated regulatory threshold as per the transition plan is embedded into the policy to ensure maintenance of adequate liquidity buffers. LCR computations are reported to ALCO and the Board for oversight and periodic review. LCR requires SMICC to maintain adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash promptly and used immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario.

As a strategy, SMICC has investments in government securities and balance in current account with banks which has resulted in a high level of HQLA. SMICC follows the criteria laid down by the RBI for month-end calculation of High-Quality Liquid Assets (HQLA), Net Cash outflows within the next 30-day period. SMICC is funded through Term loans from banks, Non-convertible bonds, External commercial borrowings, Masala Bonds and Commercial Papers. The Company assesses the impact on short-term liquidity gaps under stress scenarios and maintain sufficient liquidity buffers. Over the last year, The Company was comfortably placed with regards to LCR.

The Company has a well-diversified funding mix with adequate proportion of long-term borrowings. All foreign currency borrowings are effectively hedged through derivative contracts at the reporting date. For LCR computation only bank balances and investment in Government Securities has been considered as HQLA, while the Company also holds liquid assets like callable Fixed Deposits, Certificate of deposits, Mutual funds and Commercial papers which can be liquidated immediately and considered as part of cash inflow.

The key components/drivers of the LCR are (i) stock of HQLA and (ii) net cash outflows over the next 30 calendar days. HQLA comprises high quality assets that can be readily sold or used as collateral to obtain funds in a range of stress scenarios. They should be unencumbered and easily convertible into cash at little or no loss of value. Net cash outflows are the total expected cash outflows minus expected cash inflows for the subsequent 30 calendar days. Cash outflows and inflows are calculated by multiplying outstanding balances of various types of liabilities and off-balance sheet commitment and various categories of contractual receivables by predefined stress percentages (115% for outflows and 75% for inflows). Total inflows are capped at 75% of total outflows for LCR computation.

The guidelines for LCR were effective December 1, 2020, with the minimum requirement at 50% to be increased progressively till it reaches level of 100% by December 1, 2024. The present requirement, as on March 31, 2023 is 70%.

There are no intra-period changes as well as changes over time in the LCR computation.

The HQLAs are assigned different haircuts depending on the nature of assets.

(A) HQLA assets that are included without any haircut:

- Cash and bank balances
- Government securities
- Marketable securities issued or guaranteed by foreign sovereigns, subject to certain conditions such as minimum credit ratings, applicable risk weights as per standardised approach for credit risk, other operational requirement etc.

(B) HQLA assets that are included with 15% and 50% haircut:

- Marketable Securities issued or guaranteed by sovereigns, PSEs, MDBs subject to certain conditions such as minimum credit ratings, applicable risk weights as per standardised approach for credit risk, other operational requirement etc.
- Commercial Papers, Corporate Bonds etc. subject to certain conditions such as minimum credit ratings, not issued by bank/financial institution/ NBFC or any of its affiliated entities, other operational requirement etc

For the quarter ended March 31, 2023, SMICC held HQLAs comprising of Cash & Bank Balances, Investment in Government Securities, Commercial Papers meeting the qualifying criterias as prescribed.

SMICC seeks to maintain effective diversification in the sources, and tenor of funding, and to minimise liquidity risks deriving from excessive concentration by tenor, counterparty, instrument type or, where relevant, by securitisation vehicle. Funding from significant counterparties, products/instruments and

Notes to Financial Statements
for the year ended 31 March 2023

currency is monitored regularly as part of its ongoing liquidity management.

SMICC holds derivative contracts against valid underlying exposures such as foreign currency borrowings and are 100% hedge effective. Further, on the current derivatives agreements, there are no Credit Support,collateral posting and margin placements required.

LCR is computed in INR and the same is functional currency for the Company. Accordingly, there is no currency mismatch in the LCR.

The relevant inflows and outflows as per RBI LCR framework are duly covered for LCR computation.

There are no other inflows and outflows covered in LCR computation that were not captured in the LCR common template issued by RBI.

B Quantitative Disclosure

S. No	Particulars	Jun22		Sep22		Dec22		Mar23	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
1	**TOTAL HIGH QUALITY LIQUID ASSETS (HQLA)**	**69,722**	**69,722**	**94,864**	**94,086**	**73,910**	**73,271**	**1,13,781**	**1,13,448**
	Cash Outflows								
2	Deposits (for deposit taking companies)								
3	Unsecured wholesale funding	13,525	15,553	5,809	6,680	3,182	3,660	8,379	9,636
4	Secured wholesale funding	22,457	25,825	77,764	89,428	59,738	68,699	90,992	1,04,641
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	40,525	43,326	17,848	20,525	85,302	98,097	1,19,333	1,37,233
7	Other contingent funding obligations	42,453	48,821	45,220	52,003	46,901	53,937	51,955	59,749
8	**TOTAL CASH OUTFLOWS**	**1,18,959**	**1,33,525**	**1,46,641**	**1,68,637**	**1,95,124**	**2,24,393**	**2,70,659**	**3,11,258**
	Cash Inflow								
9	Secured lending								
10	Inflows from fully performing exposures	79,180	59,385	88,073	66,055	81,211	60,909	91,953	68,964
11	Other cash inflows	3,04,317	2,28,238	3,54,886	2,66,164	3,59,281	2,69,461	3,71,129	2,78,347
12	**TOTAL CASH INFLOWS**	**3,83,497**	**2,87,622**	**4,42,959**	**3,32,219**	**4,40,493**	**3,30,370**	**4,63,082**	**3,47,312**
13	**TOTAL HQLA**		**69,722**		**94,086**		**73,271**		**1,13,448**
14	**TOTAL NET CASH OUTFLOWS**		**33,381**		**42,159**		**56,098**		**77,815**
15	**LIQUIDITY COVERAGE RATIO (%)**		**209%**		**223%**		**131%**		**146%**

Notes to Financial Statements

for the year ended 31 March 2023

Schedule to the Balance Sheet of a Non-Banking Financial Company

(as required in terms of paragraph 13 of Non-banking financials (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank of India) Direction 2007)

(₹ lakhs)

S. No	Particulars	As at 31 March, 2023	
Liabilities side:			
1	**Loans and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid:**	**Amount Outstanding**	**Amount Overdue**
	(a) Debentures (other than falling within the meaning of public deposits)		
	Secured (including External Commercial Bonds)	7,68,722	-
	Unsecured	1,33,117	-
	(b) Deferred Credits	-	-
	(c) Term Loans (including External Commercial Borrowings)	17,16,511	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	1,93,333	-
	(f) Public Deposits	-	-
	(g) Other Loans	57,072	-

2	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**	**Amount Outstanding**	**Amount Overdue**
	(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	-	-
Assets side:			
3	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**		**Amount Outstanding**
	(a) Gross Secured		10,60,434
	(b) Gross Unsecured		19,05,992
4	**Break up of Leased Assets and stock on hire and other assets counting towards AFC activities**		**Amount Outstanding**
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Finance Lease		-
	(b) Operating Lease		-
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire		-
	(b) Repossessed Assets		-
	(iii) Other Loans counting towards AFC activities:		
	(a) Loans where assets have been repossessed		-
	(b) Loans other than (a) above		

Notes to Financial Statements

for the year ended 31 March 2023

5	Break-up of Investments:	Amount Outstanding
	Current Investments	
	1. Quoted:	
	(i) Shares:	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	1,16,154
	(v) Others	
	2. Unquoted:	
	(i) Shares:	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others- Certificate of Deposits	1,25,679
	Long-Term Investments	
	1. Quoted:	
	(i) Shares:	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others	-
	2. Unquoted:	
	(i) Shares:	
	(a) Equity	87,965
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others	-

6 Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances:

Category	Amount net of Provision		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	10,60,434	19,05,992	29,66,426
Total	**10,60,434**	**19,05,992**	**29,66,426**

Notes to Financial Statements

for the year ended 31 March 2023

7 Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted):

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	87,960	87,960
(b) Companies in the same management	-	-
(c) Other related parties	-	-
2. Other than related parties	2,41,838	2,41,836
Total	**3,29,798**	**3,29,796**

8 Other Information	Amount Outstanding
(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	1,08,433
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	53,196
(iii) Assets acquired in satisfaction of debt	-

Statement containing salient features of the financial statement of subsidiaries/ associate companies/joint ventures

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

Part A: Subsidiaries

Sr. No	Particulars	SMFG India Home Finance Company Ltd *(Formerly Fullerton India Home Finance Company Limited)*
1	Financial years of the subsidiary Company ended on	31-Mar-23
2	Reporting currency	₹ lakhs
3	Shares of the subsidiary held on the above date and extent of holding	
	a) Equity Shares (face value of ₹ 10 each) (no of shares)	-
	b) Extent of holding	100%
4	Net aggregate amount of Profit/(Losses) of the Subsidiary for the period so far as it concerns members of SMFG India Credit Co. Ltd. *(Formerly Fullerton India Credit Company Limited)*	
	i) Not dealt within the accounts of the Holding Company	
	a) For the financial year of the Subsidiary	-
	b) For the previous financial years of the Subsidiary/since it became the Holding company's subsidiary	-
	ii) Deal within the Holding company's accounts	
	a) For the financial year of the Subsidiary	Nil
	b) For the previous financial years of the Subsidiary/since it became the Holding company's subsidiary	Nil
5	Material changes if any between the end of financial year of the subsidiary company and that of the Holding Company	Nil
6	Additional information on Subsidiary Companies	
	Share Capital	31,848
	Reserves and Surplus	49,383
	Total Assets	6,24,000

Notes to Financial Statements
for the year ended 31 March 2023

Sr. No	Particulars	SMFG India Home Finance Company Ltd *(Formerly Fullerton India Home Finance Company Limited)*
	Total Liabilities	5,42,769
	Investment (except in case of investment in subsidiaries)	-
	Turnover	-
	Profit before Taxation	-
	Provision for Taxation	-
	Profit after Taxation	-
	Proposed Dividend (including Dividend Distribution Tax thereon)	-
7	Operation commenced	Yes

Part B: Associates and Joint Ventures

The Company does not have associates and joint ventures during the year ended 31 March, 2023

For and on behalf of the Board of Directors of

SMFG India Credit Company Limited

(Formerly Fullerton India Credit Company Limited)

Nobuyuki Kawabata
Chairman
DIN: 09362144

Place: Tokyo
Date: 29 May 2023

Shantanu Mitra
CEO & Managing Director
DIN: 03019468

Place: Mumbai
Date: 29 May 2023

Pankaj Malik
Chief Financial Officer

Place: Mumbai
Date: 29 May 2023

Notes

SMFG IndiaCredit
Pragati Ki Nayi Pehchaan

SMFG India Credit Company Limited
(Formerly Fullerton India Credit Co. Ltd.)

Registered Office

Megh Towers, 3rd floor, Old No. 307, New No. 165,
Poonamallee High Road, Maduravoyal,
Chennai – 600095.

Corporate Office

10th floor, Office No. 101, 102 & 103, 2 North Avenue,
Maker Maxity, Bandra-Kurla Complex, Bandra (East),
Mumbai – 400051.

Website - www.smfgindiacredit.com
E-mail - namaste@smfgindia.com
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