

# INDEPENDENT AUDITORS' REPORT

To the Members of PNB Housing Finance Limited

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying Consolidated Financial Statements of PNB Housing Finance Limited ("hereinafter referred to as the "Holding Company") and its subsidiary (The Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31 2023, the Consolidated Statement of Profit and Loss, including Consolidated Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements, give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023 and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India 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 made 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 audit opinion on the Consolidated Financial Statements.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, description of how the matter was addressed in our audit is provided in that context. Considering the requirement of Standard on Auditing (SA 600) on 'Using the work of Another Auditor' including materiality, below Key Audit Matters have been reproduced from the Independent Auditors' report on the audit of Standalone Financial Statements of the Holding Company.

Key audit matters <sup>#</sup>	How our audit addressed the key audit matter
<p><b>Expected Credit Loss (ECL) on loans and advances</b></p> <p>The Company has reported total gross loans of ₹59,272.63 crore and ₹1,432.84 crore of allowance for expected credit loss as on March 31, 2023 (Refer Note 6).</p> <p>The allowance for ECL on loan assets involves significant key judgements and estimates in respect of timing and measurement of expected credit loss (Refer Note 2.21). As part of our risk assessment, we determined that the allowance for ECL on loan assets has a high degree of estimation, with a potential impact on the financial statements.</p> <p>The major elements of estimating ECL are the following:</p> <ol style="list-style-type: none"> <li>Application of ECL model requires several data inputs.</li> <li>Judgmental models used to estimate ECL which involves determining Probability 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.</li> </ol>	<p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <ol style="list-style-type: none"> <li>Testing the design and effectiveness of internal controls over the following: <ul style="list-style-type: none"> <li>key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models.</li> <li>key controls over the application of the staging criteria consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors.</li> <li>management's controls over authorisation and calculation of post model adjustments and management overlays to the output of the ECL model.</li> </ul> </li> </ol>



Key audit matters#	How our audit addressed the key audit matter
<p>c) Qualitative and quantitative factors used in staging of loan assets.</p> <p>d) Ind AS 109 requires the Company to measure ECL 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.</p> <p>e) Completeness and valuation of post model adjustments.</p> <p>In view of the high degree of management's judgement involved in estimation of ECL and the overall significance of the impairment loss allowance to the standalone financial statements, it is considered as a key audit matter.</p>	<p>b) In addition to above the following audit procedures have been applied;</p> <ul style="list-style-type: none"> <li>- testing of key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data, reasonableness of economic forecasts, weights, and model assumptions applied;</li> <li>- with the support of the team of modelling specialists employed by the Company to make the models, we tested/relied upon the assumptions, inputs and formulas used in a sample of ECL models. This included assessing the appropriateness of model design and formulas used, the 'Probability of Default', 'Loss Given Default', 'Exposure at Default', historical loss rates used, and the valuation of collateral.</li> <li>- tested mathematical accuracy and computation of the allowances by using the input data used by the Company;</li> </ul> <p>c) Evaluating the appropriateness of the Company's impairment methodologies as required under Ind AS 109 and reasonableness of assumptions used including management overlays ensuring that the adjustment to ECL Model was in conformity with the policy approved by the Audit Committee.</p>
<p><b>Information Technology (IT) Systems and Controls</b></p> <p>The Company uses ERP system for financial reporting which interface with other business operation softwares' that process transactions related to loans, deposits and borrowings.</p> <p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls implemented in IT systems. If there exist gaps in the IT control environment, then it could result in the financial accounting and reporting records being materially misstated.</p> <p>Therefore, due to the complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.</p>	<p>Our key audit procedures on this matter included, but were not limited, to the following:</p> <p>(a) obtained an understanding of the Company's information processing systems, IT General Controls and automated IT controls for applications, databases and operating systems relevant to our audit;</p> <p>(b) Also, obtained an understanding of the changes that were made to the IT applications during the audit period;</p> <p>(c) Also, performed following procedures:</p> <ul style="list-style-type: none"> <li>(i) tested the IT General Controls around user access management, changes to IT environment and segregation of duties around program maintenance and security administration relating to key financial accounting and reporting processes;</li> <li>(ii) tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization; and</li> <li>(iii) tested the automated controls like interfaces, configurations and information generated by the entity's information processing systems for loans, borrowings, deposits, interest income, interest expense and other significant financial statement items.</li> </ul>

# Above referred Key Audit Matters are in respect of the Holding Company only. The subsidiary in the group is unlisted entity.

### Other Matter

- a) We did not audit the financial statements/ financial information of PHFL Home Loans and Services Limited ("a subsidiary"), whose financial statements reflects total assets of ₹154.44 crore as at March 31, 2023, total revenues of ₹251.81 crore, total net profit after tax of ₹13.94 crore, total comprehensive income of ₹14.41 crore and net cash outflow of ₹90.83 crore for the year ended March 31, 2023.

The financial statement of the Subsidiary have been audited by other auditor, whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures our report in terms of sub-section (3) of Section 143 of the Act,

insofar as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor after considering the requirement of Standard on Auditing (SA 600) on 'Using the work of Another Auditor' including materiality.

Our opinion is not modified in respect of these matters.

### Other Information

The Holding Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Holding Company's 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.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 necessary actions, as applicable under the applicable laws and regulations.

### **Responsibilities of Management for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 Companies in the Group have adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Holding Company's Management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a



material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the

other financial information of subsidiary as noted in the other matter paragraph, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, 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.
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary incorporated in India and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Group's internal financial controls with reference to consolidated financial statements.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our

information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note 40 to the Consolidated Financial Statements;
- ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. - Refer Note 15 to the Consolidated Financial Statements;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company;
- iv.
  - a. The respective managements of the Holding Company and its subsidiary, whose financial statements have been audited under the Act, have represented to us and the other auditor that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or by the subsidiary to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or of the subsidiary (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - b. The respective Managements of the Holding Company and its subsidiary, whose financial statements have been audited under the Act, have represented to us and the other auditor that, to the

best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or by the subsidiary from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Holding Company or the subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiary, whose financial statements have been audited respectively, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v. The Holding Company and its subsidiary has not declared and paid any dividend during the year and has not proposed any dividend for the year. Therefore, reporting in this regard is not applicable to the Group.
  - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 1, 2023 to the Company and its subsidiaries, which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Group to its directors during the year is in accordance with the provisions of section 197 of the Act.



3. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, based on the CARO report issued by us for the Holding Company and CARO report issued by the auditor of the subsidiary included in the consolidated financial statements of the Holding

Company, to which reporting under CARO is applicable, provided to us by the Management of the Holding Company and based on the identification of matters of qualifications or adverse remarks in the CARO reports, we report that in respect of those companies where audits have been completed under section 143 of the Act, the auditors of such companies have not reported any qualifications or adverse remarks.

For **Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

**BIMAL KUMAR SIPANI**  
Partner  
Membership No. 088926  
UDIN: 23088926BGXBAH4512

Date: May 18, 2023  
Place: New Delhi

For **T R Chadha & Co LLP**  
Chartered Accountants  
Firm Reg. No. 006711N/N500028

**NEENA GOEL**  
Partner  
Membership No. 057986  
UDIN: 23057986BGVLHJ7251

Date: May 18, 2023  
Place: New Delhi

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of PNB Housing Finance Limited of even date)

### REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (THE “ACT”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls over financial reporting of PNB Housing Finance Limited (hereinafter referred to as the “Holding Company”) and its subsidiary company (the Holding Company and its subsidiary together referred to as “the Group”), which are companies incorporated in India, as of that date.

### MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Boards 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 based on the internal control over financial reporting criteria established by the respective Companies 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 “ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (“ICAI”) and the Standards on Auditing, prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial

controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated 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 judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the subsidiary company incorporated in India, in terms of their reports referred to in the ‘Other Matters’ paragraph is sufficient and appropriate to provide a basis for our audit opinion on the Group’s internal financial controls system over financial reporting with reference to consolidated financial statements.

### MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

A company’s internal financial control with reference to 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 control with reference to 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 authorizations of management and Directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 CONSOLIDATED FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to 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 consolidated financial statements to future periods are subject to the risk that the internal financial control with



reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### OPINION

In our opinion, the Holding Company and its subsidiary company 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 March 31, 2023, based on the internal financial controls with reference to consolidated financial statements criteria established by

For **Singhi & Co.**  
Chartered Accountants  
Firm Reg. No. 302049E

**BIMAL KUMAR SIPANI**  
Partner  
Membership No. 088926  
UDIN: 23088926BGXBAH4512

Date: May 18, 2023  
Place: New Delhi

such 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').

### OTHER MATTERS

Our aforesaid report under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to Consolidated Financial Statements insofar as it related to subsidiary company, is based on the corresponding report of auditors of subsidiary company.

For **T R Chadha & Co LLP**  
Chartered Accountants  
Firm Reg. No. 006711N/N500028

**NEENA GOEL**  
Partner  
Membership No. 057986  
UDIN: 23057986BGVLHJ7251

Date: May 18, 2023  
Place: New Delhi



# CONSOLIDATED BALANCE SHEET

as at March 31, 2023

(₹ in crore)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3	3,677.82	5,065.62
Bank balance other than cash and cash equivalents	4	118.38	150.47
Derivative financial instruments	15	660.04	242.25
Receivables	5		
Trade receivables		12.86	42.76
Other receivables		0.01	0.04
Loans	6	57,839.79	55,335.94
Investments	7	3,196.29	3,482.70
Other financial assets	8	754.64	673.91
		<b>66,259.83</b>	<b>64,993.69</b>
<b>Non-financial assets</b>			
Current tax assets (net)	9	264.03	47.30
Deferred tax assets (net)	10	145.67	398.90
Investment property	11	0.52	0.53
Property, plant and equipment	12	66.19	71.38
Right of use assets	12	65.59	60.47
Capital work-in-progress	12.1	0.08	-
Intangible assets under development	12.2	3.08	3.54
Other Intangible assets	13	14.01	18.02
Other non- financial assets	14	54.70	26.95
Assets held for sale	35	-	108.83
		<b>613.87</b>	<b>735.92</b>
<b>Total</b>		<b>66,873.70</b>	<b>65,729.61</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Financial liabilities</b>			
Payables			
Trade payables			
	16		
		1.74	-
		28.51	16.29
Other payable			
		-	-
		-	-
Debt securities	17	3,994.09	6,201.97
Borrowings (other than debt securities)	18	31,174.70	27,715.84
Deposits	19	17,214.24	17,605.14
Subordinated liabilities	20	1,238.35	1,438.18
Other financial liabilities	21	1,963.15	2,564.63
		<b>55,614.78</b>	<b>55,542.05</b>
<b>Non-financial liabilities</b>			
Provisions	22	17.72	17.33
Other non-financial liabilities	23	227.34	298.60
		<b>245.06</b>	<b>315.93</b>
<b>Equity</b>			
Equity share capital	24	168.86	168.60
Other equity	25	10,845.00	9,703.03
<b>Total equity</b>		<b>11,013.86</b>	<b>9,871.63</b>
<b>Total</b>		<b>66,873.70</b>	<b>65,729.61</b>
Overview, principles of consolidation and significant accounting policies The accompanying notes are an integral part of the consolidated financial statements.	1 & 2		

In terms of our report of even date

**For T R Chadha & Co LLP**

Chartered Accountants  
FR No.: 006711N/N500028

**Neena Goel**

Partner  
M. No.: 057986

For **Singhi & Co.**

Chartered Accountants  
FR No.: 302049E

**Bimal Kumar Sipani**

Partner  
M. No.: 088926

Place: New Delhi  
Date: May 18, 2023

For and on behalf of the Board of Directors

**Girish Kousgi**

Managing Director & CEO  
DIN: 08524205

**Neeraj Vyas**

Director  
DIN: 07053788

**Vinay Gupta**

Chief Financial Officer  
ACA: 500609

**Sanjay Jain**

Company Secretary  
FCS: 002642



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2023

(₹ in crore)

Particulars	Notes	Current Year	Previous Year
<b>Revenue from operations</b>			
Interest income	26	6,199.07	5,822.00
Fees and commission income	27	283.26	262.55
Net gain on fair value changes	28	34.10	111.38
Income on derecognised (assigned) loans		10.90	-
<b>Total revenue from operations</b>		<b>6,527.33</b>	<b>6,195.93</b>
Other income		2.33	4.80
<b>Total income</b>		<b>6,529.66</b>	<b>6,200.73</b>
<b>Expenses</b>			
Finance costs	29	3,898.52	4,064.46
Impairment on financial instruments and write offs	30	691.28	576.36
Employee benefits expenses	31	265.96	216.61
Fees and commission expenses		11.52	11.12
Depreciation, amortisation and impairment		51.44	53.39
Others expenses:	32		
- Impairment/loss on assets held for sale		47.65	7.86
- Other expenses		202.38	186.97
<b>Total expenses</b>		<b>5,168.75</b>	<b>5,116.77</b>
<b>Profit before exceptional items &amp; tax</b>		<b>1,360.91</b>	<b>1,083.96</b>
Exceptional items		-	-
<b>Profit before tax</b>		<b>1,360.91</b>	<b>1,083.96</b>
<b>Tax expense/(credit)</b>			
Current tax	33	87.78	249.15
Deferred tax [charge/(credit)]	33	227.13	(1.67)
<b>Profit for the year</b>		<b>1,046.00</b>	<b>836.48</b>
<b>Other comprehensive income/(loss)</b>			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gain / (loss) on defined benefit plan		(0.69)	1.34
(ii) Tax relating to items that will not be reclassified to profit or loss		0.17	(0.34)
<b>Subtotal (A)</b>		<b>(0.52)</b>	<b>1.00</b>
B (i) Items that will be reclassified to profit or loss			
Cash flow hedge		103.67	128.69
(ii) Tax relating to items that will be reclassified to profit or loss		(26.09)	(32.39)
<b>Subtotal (B)</b>		<b>77.58</b>	<b>96.30</b>
<b>Other comprehensive income/(loss) (A+B)</b>		<b>77.06</b>	<b>97.30</b>
<b>Total comprehensive income for the year</b>		<b>1,123.06</b>	<b>933.78</b>
<b>Profit for the year, net of tax attributable to</b>			
Owners of the parent		1,046.00	836.48
Non-controlling interest		-	-
<b>Other comprehensive income/(loss) for the year, net of tax attributable to</b>			
Owners of the parent		77.06	97.30
Non-controlling interest		-	-
<b>Total comprehensive income for the year, net of tax attributable to</b>			
Owners of the parent		1,123.06	933.78
Non-controlling interest		-	-
<b>Earnings per equity share (Face value of ₹ 10 each fully paid up)</b>			
Basic (₹)	34	62.01	49.64
Diluted (₹)	34	61.95	49.53
Overview, principles of consolidation and significant accounting policies	1 & 2		
The accompanying notes are an integral part of the consolidated financial statements.			

In terms of our report of even date

**For T R Chadha & Co LLP**

Chartered Accountants  
FR No.: 006711N/N500028

**Neena Goel**  
Partner  
M. No.: 057986

For **Singhi & Co.**  
Chartered Accountants  
FR No.: 302049E

**Bimal Kumar Sipani**  
Partner  
M. No.: 088926

Place: New Delhi  
Date: May 18, 2023

For and on behalf of the Board of Directors

**Girish Kousgi**  
Managing Director & CEO  
DIN: 08524205

**Neeraj Vyas**  
Director  
DIN: 07053788

**Vinay Gupta**  
Chief Financial Officer  
ACA: 500609

**Sanjay Jain**  
Company Secretary  
FCS: 002642

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2023

## A. Equity share capital\*

As at March 31, 2023

(₹ in crore)

Particular	Balance as at April 01, 2022	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 01, 2022	Change during the year	Balance as at March 31, 2023
Equity share capital	168.60	-	168.60	0.26	168.86

As at March 31, 2022

(₹ in crore)

Particular	Balance as at April 01, 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at April 01, 2021	Change during the year	Balance as at March 31, 2022
Equity share capital	168.27	-	168.27	0.33	168.60

\*Refer note 24.

## B. Other equity\*

(₹ in crore)

Particular	Reserves and surplus						Other comprehensive income	Total other equity
	Share application money pending allotment	Securities premium	Special reserve	Statutory reserve	Share option outstanding account	Retained earnings	Effective portion of cash flow hedges	
<b>Balances as at April 1, 2021</b>	-	4,047.90	1,010.76	126.97	73.29	3,712.55	(216.71)	8,754.76
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-
<b>Restated balance at the beginning of the year</b>	-	4,047.90	1,010.76	126.97	73.29	3,712.55	(216.71)	8,754.76
Profit for the year	-	-	-	-	-	836.48	-	836.48
Fair value changes on derivatives	-	-	-	-	-	-	96.30	96.30
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	1.00	-	1.00
<b>Total comprehensive income for the year</b>	-	-	-	-	-	837.48	96.30	933.78
Transfer to special reserve <sup>#</sup>	-	-	124.00	-	-	(124.00)	-	-
Transfer to statutory reserve <sup>##</sup>	-	-	-	41.00	-	(41.00)	-	-
Premium on shares issued during the year	-	10.82	-	-	-	-	-	10.82
Employee stock option exercised during the year (Refer Note 24.8)	-	3.69	-	-	(3.69)	-	-	-
Share based payment to employees (Refer Note 24.8 (iv))	-	-	-	-	3.67	-	-	3.67
Transfer on account of stock option lapsed/ expired	-	-	-	-	(17.73)	17.73	-	-
<b>Balances as at March 31, 2022</b>	-	4,062.41	1,134.76	167.97	55.54	4,402.76	(120.41)	9,703.03
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-
<b>Restated balance at the beginning of the year</b>	-	4,062.41	1,134.76	167.97	55.54	4,402.76	(120.41)	9,703.03
Profit for the year	-	-	-	-	-	1,046.00	-	1,046.00
Fair value changes on derivatives	-	-	-	-	-	-	77.58	77.58
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	(0.52)	-	(0.52)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	1,045.48	77.58	1,123.06



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2023

(₹ in crore)

Particular	Reserves and surplus						Other comprehensive income	Total other equity
	Share application money pending allotment	Securities premium	Special reserve	Statutory reserve	Share option outstanding account	Retained earnings	Effective portion of cash flow hedges	
Transfer to special reserve <sup>#</sup>	-	-	45.00	-	-	(45.00)	-	-
Transfer to statutory reserve <sup>##</sup>	-	-	-	167.00	-	(167.00)	-	-
Share application money received during the year	0.20	-	-	-	-	-	-	0.20
Premium on shares issued during the year	-	6.75	-	-	-	-	-	6.75
Employee stock option exercised during the year (Refer Note 24.8)	-	3.32	-	-	(3.32)	-	-	-
Share based payment to employees (Refer Note 24.8 (iv))	-	-	-	-	11.95	-	-	11.95
Transfer on account of stock option lapsed/ expired	-	-	-	-	(14.16)	14.16	-	-
Others	-	-	-	-	-	0.01	-	0.01
<b>Balances as at March 31, 2023</b>	<b>0.20</b>	<b>4,072.48</b>	<b>1,179.76</b>	<b>334.97</b>	<b>50.01</b>	<b>5,250.41</b>	<b>(42.83)</b>	<b>10,845.00</b>

\*Refer Note 25 for nature and the purpose of reserves.

<sup>#</sup>As per Section 29C(i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1) (viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The Company has transferred an amount of ₹ 45.00 crore (Previous year ₹ 124.00 crore) to Special Reserve in terms of Section 36(1) (viii) of the Income Tax Act, 1961.

<sup>##</sup>The Company has transferred an amount of ₹ 167.00 crore (Previous year ₹ 41.00 crore) to Statutory Reserve u/s 29C of the National Housing Bank Act, 1987.

The accompanying notes are an integral part of the consolidated financial statements.

In terms of our report of even date

**For T R Chadha & Co LLP**  
Chartered Accountants  
FR No.: 006711N/N500028

**Neena Goel**  
Partner  
M. No.: 057986

For **Singhi & Co.**  
Chartered Accountants  
FR No.: 302049E

**Bimal Kumar Sipani**  
Partner  
M. No.: 088926

Place: New Delhi  
Date: May 18, 2023

For and on behalf of the Board of Directors

**Girish Kousgi**  
Managing Director & CEO  
DIN: 08524205

**Vinay Gupta**  
Chief Financial Officer  
ACA: 500609

**Neeraj Vyas**  
Director  
DIN: 07053788

**Sanjay Jain**  
Company Secretary  
FCS: 002642

# CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended March 31, 2023

Particulars	(₹ in crore)	
	Current Year	Previous Year
<b>Cash flow from operating activities</b>		
Profit before tax	1,360.91	1,083.96
<b>Adjustment to reconcile profit before tax to net cash flows:</b>		
Depreciation and amortisation	51.44	53.39
Net loss on sale of property, plant and equipment	0.19	0.19
Impairment on financial instruments	(1,046.92)	14.33
Impairment on assets held for sale	47.65	7.86
Net loss on financial asset at fair value through profit and loss	2.80	10.04
Share based payment expense	11.95	3.67
Effective interest rate on financial assets	(24.43)	(11.30)
Effective interest rate on financial liabilities	16.04	111.03
Interest expenses	3,892.34	4,057.94
(Income)/unwinding on derecognised (assigned) loans	(84.39)	232.13
Restructure loss/(gain) on financial assets	4.86	(13.93)
Interest on leases including modification gain/(loss)	5.67	6.52
Advances written-off	2.23	-
Bad debts written-off	1,738.20	562.03
	<b>4,617.63</b>	<b>5,033.90</b>
Operating profits before changes in working capital	5,978.54	6,117.86
<b>Working Capital changes</b>		
Increase/(decrease) in trade payables	13.96	(1.53)
Decrease/(increase) in provisions	(0.30)	0.28
(Decrease)/increase in other financial liabilities	(518.43)	205.67
(Decrease)/increase in non- financial liabilities	(71.26)	48.10
(Increase)/decrease in loans at amortised cost	(3,081.80)	4,769.22
Decrease/(increase) in receivables	29.97	2.16
Decrease in other financial assets	3.03	1.03
(Increase)/decrease in other non- financial assets	(27.75)	5.80
Proceeds from sale of asset held for sale	61.18	19.79
Decrease/(increase) in bank balance other than cash and cash equivalents	32.09	(150.40)
	<b>(3,559.31)</b>	<b>4,900.12</b>
<b>Cash generated from / (used in) operations before adjustments for interest and taxes paid</b>	<b>2,419.23</b>	<b>11,017.98</b>
Interest Paid	(3,979.92)	(4,404.01)
Taxes paid (net of refunds)	(304.34)	(359.71)
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,865.03)</b>	<b>6,254.26</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment and other intangible assets	(13.00)	(13.97)
Capital work-in-progress and intangible assets under development (net)	(1.85)	(1.16)
Proceeds from sale of property, plant and equipment and other intangible assets	0.17	0.13
Investments (net)	190.46	(1,459.99)
<b>Net cash generated from / (used in) investing activities</b>	<b>175.78</b>	<b>(1,474.99)</b>



## CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended March 31, 2023

Particulars	(₹ in crore)	
	Current Year	Previous Year
<b>Cash flow from financing activities*</b>		
<b>Proceeds from</b>		
Debt securities and subordinated liabilities	149.99	455.00
Borrowings from banks	17,771.75	19,648.26
Deposits (net)	(394.79)	903.21
Commercial paper	50.00	-
<b>Repayment of</b>		
Debt securities and subordinated liabilities	(2,560.00)	(4,673.00)
Borrowings from banks	(14,636.84)	(21,920.17)
Commercial paper	(50.00)	(1,125.00)
Lease Liability	(35.85)	(31.67)
Proceeds from issue of share capital including securities premium	7.21	11.15
<b>Net cash generated from / (used in) financing activities</b>	<b>301.47</b>	<b>(6,732.22)</b>
<b>Net changes in cash &amp; cash equivalents</b>	<b>(1,387.78)</b>	<b>(1,952.95)</b>
Cash and cash equivalents at the beginning of the year	5,015.61	6,968.56
Cash and cash equivalents at the end the of the year	3,627.83	5,015.61
Net (decrease) / increase of cash & cash equivalents during the year	<b>(1,387.78)</b>	<b>(1,952.95)</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	1.49	1.12
Balances with banks in current accounts	558.72	512.19
Bank deposit with maturity of less than 3 months	3,117.61	4,552.31
Stamps on hand	0.00	0.00
Less: Overdraft facility against term deposits (as per note 18 to the financial statements)	(49.99)	(50.01)
	<b>3,627.83</b>	<b>5,015.61</b>

\*Refer Note no 45 for change in liabilities arising from financing activities.

Note : Figures in bracket denotes application of cash.

The accompanying notes are an integral part of the consolidated financial statements.

In terms of our report of even date

**For T R Chadha & Co LLP**  
Chartered Accountants  
FR No.: 006711N/N500028

**Neena Goel**  
Partner  
M. No.: 057986

For **Singhi & Co.**  
Chartered Accountants  
FR No.: 302049E

**Bimal Kumar Sipani**  
Partner  
M. No.: 088926

Place: New Delhi  
Date: May 18, 2023

**For and on behalf of the Board of Directors**

**Girish Kousgi**  
Managing Director & CEO  
DIN: 08524205

**Vinay Gupta**  
Chief Financial Officer  
ACA: 500609

**Neeraj Vyas**  
Director  
DIN: 07053788

**Sanjay Jain**  
Company Secretary  
FCS: 002642

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

## 1. OVERVIEW AND PRINCIPLES OF CONSOLIDATION

### 1.1. Overview

PNB Housing Finance Limited ('PNBHFL', 'the Company') was incorporated on November 11, 1988. The Company is primarily engaged in the business of providing loans to individuals and corporate bodies for purchase, construction, repair and up-gradation of houses. It also provides loans for commercial space, loan against property and loan for purchase of residential plots. The Company is deposit taking Housing Finance Company registered with National Housing Bank (NHB) under Section 29A of the National Housing Bank Act, 1987. The Company is listed on BSE Limited and National Stock Exchange of India Limited. The Company's registered office is at 9<sup>th</sup> floor, Antriksh Bhawan, 22, K.G. Marg, New Delhi -110001.

PHFL Home and Loans Services Limited wholly owned subsidiary of the Company is primarily engaged in the business of rendering of professional /consultancy services including sourcing, marketing, promoting, publicising, advertising, soliciting, distributing any kind of financial instruments or classes of insurance product, syndicated credit products, investment products and wealth products.

These consolidated financial statements are approved and adopted by the Board of Directors of the Company in their meeting held on May 18, 2023. However, the Shareholders have the power to amend the financial statement after issue.

### 1.2. Statement of Compliance and basis of preparation and presentation

The consolidated financial statements are prepared in accordance with provision contained in section 129 of the Companies Act, 2013, read with Division III of Schedule III as amended from time to time. The Statement of Cash Flows has been prepared and presented as per Ind AS 7 "Statement of Cash Flows".

The consolidated financial statements have been prepared under the historical cost convention on accrual basis except where quantum of accruals cannot be ascertained with reasonable certainty. Following are measured on each reporting date:

- Certain financial assets and liabilities (including derivative instruments) that is measured at fair value.
- Defined benefit liability/(assets): present value of defined benefit obligation less fair value of plan assets.
- Financial instrument - measured at fair value.

The consolidated financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, notified under section 133 of the Companies Act, 2013 and the relevant provisions of the National Housing Bank Act, 1987 as amended from time

to time and the Non-Banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021 ('RBI Directions') as amended from time to time and the RBI circular DOR.CRE.REC. No.60/03.10.001/2021-22 dated October 22, 2021 on "Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs"

The consolidated financial statements relate to the Company and its wholly owned subsidiary Companies (herewith referred to as "Company") incorporated in India.

The consolidated financial statements are presented in Indian Rupees (₹) which is the functional and presentation currency of the Company and all values are rounded to the nearest crore with two decimals, except when otherwise indicated.

Balance sheet 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 46.

Accounting policies have been consistently applied except where a newly issued Ind AS is initially adopted or a revision to an existing Ind AS requires a change in the accounting policy hitherto in use.

### 1.3. Principles of consolidation

The Company consolidates an entity only when it has a control over the entity and has a right to receive variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Company uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Company financial statements in preparing the consolidated financial statements to ensure conformity with the Company's accounting policies.

The financial statement of the Company and its subsidiary are consolidated on line-by-line basis, by combining the like items of assets, liabilities, income, expense, cash flow and after eliminating the carrying amount of the parent's investment in subsidiary and the parent's portion of equity of subsidiary, the intra company balances and transactions resulting in unrealised profits or losses.

Profit or loss and each component of OCI are attributed to the equity holders of the parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of all Companies used for the purpose of consolidation are drawn up to same reporting date as that of the holding Company. (i.e. year ended and as at March 31<sup>st</sup>).



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

The subsidiary considered in consolidated financial statement is as under:

Name of the entity	Proportion of ownership*	Country of incorporation	Date of incorporation	Principal activities
PHFL Home Loans and Services Limited	100%	India	August 22, 2017	Professional, consultancy and advisory services

The subsidiary not considered in consolidated financial statement is as under:

Name of the entity	Proportion of ownership*	Country of incorporation	Date of incorporation	Principal activities
Pehel Foundation	100%	India	October 14, 2019	Charitable activities

Pehel Foundation is registered as a charitable organisation under Section 8 of the Companies Act, 2013 and it is prohibited to give any right over its profits to any of its members. Since PNBHFL does not have any right over any kind of returns from Pehel Foundation hence it does not meet the criteria of consolidation of financial statements laid down under Ind AS 110.

\*Including nominee shareholders

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1. Use of estimates, judgements and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are known or materialised.

Some of the judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

#### a) Business model assessment

Classification and measurement of financial assets depends on the results of the sole payments of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and measured, the risks that affect the performance of the assets and how these are being managed. The Company monitors financial assets on a continuous basis to assess whether the business model for which the financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change

in business model and so a prospective change to the classification of the assets.

#### b) Fair value of financial instruments

The fair value of financial instruments is the price that would be received upon selling of an asset or paid upon transfer of a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

#### c) Effective Interest Rate (EIR) method

EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/expense that are integral parts of the instrument.

#### d) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

driven by a number of factors, changes in which can result in different levels of allowances. Refer note 2.21.

## e) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. Cases where Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows probable, it recognises a provision against the same. Where the probability of outflow is considered remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed for the same.

## f) Defined Benefit Plans

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

## g) Deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilised.

## h) Useful Life of Property, Plant and Equipment (PPE) and Intangible assets

The Company reviews its estimate of the useful life of PPE and intangible assets at each reporting date, based on the expected utility of the PPE and intangible assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of PPE and intangible assets. In case of a revision of useful life, the unamortised depreciable amount is charged over the remaining useful life of the PPE and intangible assets.

## i) Share-Based Payments

The Company measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

## 2.2 Cash and cash equivalents

Cash and cash equivalent comprises cash/ stamp on hand, demand deposits and time deposits with original maturity of less than three months from the date of acquisition, highly liquid investments that are readily convertible in the known amounts of cash and which are subject to insignificant risk of change in value, debit balance in cash credit account.

Time deposits held with bank, with original maturity of more than three months but less than twelve months is a part of bank balance other than cash and cash equivalents.

For the purpose of the statement of cash flow, cash and cash equivalents consists of cash at banks and on hand and short term deposits, as defined above.

## 2.3 Revenue Recognition

### a) Interest and related income

Interest income for all financial instruments measured either at amortised cost or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any discount or premium on acquisition, fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the EIR on net amount (i.e. gross carrying amount less allowance for expected credit loss). If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets measured at fair value through profit and loss (FVTPL) is recognised using the contractual interest rate under interest income and the fair value impact is recognised in net gain / loss on fair value changes.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### b) Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when shareholders approve the dividend.

### c) Profit on derecognition of financial assets

When the Company transfers the financial asset in a transfer that qualifies for derecognition in its entirety then whole of the interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip / net servicing fees receivable and correspondingly recognised as profit on derecognition of financial asset.

### d) Fees and commission income

Fees and commissions income i.e. login fee, penal interest on defaults, pre-payment / other charges, fees for advertising in offices / website etc. (other than for those items to which Ind AS 109 Financial Instruments are applicable) is recognised in accordance with the terms of the relevant contracts / agreements and when it is probable that the Company will collect the consideration.

### e) Other income

Income from operating leases are recognised in the statement of profit and loss as per the contractual rentals.

Interest on tax refunds and other claims where quantum of accruals cannot be ascertained with reasonable certainty, are recognised as income only when revenue is virtually certain which generally coincides with receipts.

Other Income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

## 2.4 Property, plant and equipment (PPE) and Intangible assets

### a) PPE

PPE are stated at cost (including directly attributable expenses) less accumulated depreciation and impairment losses, if any. Cost includes deemed cost which represents the carrying value of PPE recognised as at April 1, 2017 measured as per the previous Generally Accepted Accounting Principles (GAAP). The cost of PPE comprises the purchase price (excluding tax credits availed, if any) and any attributable cost

of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE are capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of PPE and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Capital work in progress includes assets which are not ready for the intended use at the end of the reporting year and is carried at cost including directly attributable expenses.

### b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost (excluding tax credits availed, if any) and are capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Cost comprises the purchase price (excluding tax credits availed, if any) and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to Intangible assets are capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses (if any).

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Intangible assets which are not ready for the intended use at the end of the reporting year are disclosed as Intangible assets under development.

## 2.5 Depreciation and amortisation

### a) Depreciation

Depreciation on PPE is provided on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except for networking equipment

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for the year ended March 31, 2023

and mobile phone instruments that are depreciated over a period of five years and three years respectively based on technical evaluation. Leasehold improvements are amortised over the period of five years however, where the lease term is less than five years amortisation is restricted to the underlying lease term.

All PPE individually costing ₹5,000 or less are fully depreciated in the year of purchase.

Depreciation on additions to PPE is provided on a pro-rata basis from the date the asset is available for use. Depreciation on sale / derecognition of PPE is provided for up to the date of sale / derecognition, as the case may be.

The residual values, useful lives and methods of depreciation of PPE are reviewed at each financial year-end and changes (if any) are then treated as changes in accounting estimates.

## b) Amortisation

Intangible assets are amortised over a period of five years or less on straight-line method except website development costs, which are amortised over a period of three years on a straight-line basis from the date when the assets are available for use or the life whichever is less.

The amortisation period and the amortisation method for these Intangibles with a finite useful life are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

## 2.6 Investment Property

Investment property comprises freehold properties that are held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefit associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Investment properties are depreciated using the straight-line method over their estimated useful lives prescribed in Schedule II of the Companies Act, 2013.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by a registered independent valuer.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

## 2.7 Foreign Currency

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

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 recognized in the statement of profit and loss except for differences arising on cash flow hedges.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of initial recognition.

## 2.8 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

**Right-of-use assets** - The Company recognises right-of-use assets at the commencement date of the lease



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(i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

**Lease Liability** - At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

**Short-term leases and leases of low-value assets** - The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense.

## Company as a Lessor

The Company as an intermediate lessor, accounts for the head lease and the sublease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

## 2.9 Borrowing costs

Borrowing costs consists of interest and other cost that the Company incurred in connection with the borrowing of funds. Borrowing costs charged to the Statement of Profit and Loss on the basis of effective interest rate method.

## 2.10 Impairment of non-financial assets

The carrying amount of assets is reviewed at each reporting date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognised in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount.

After impairment, depreciation/amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

If at the reporting date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to maximum of depreciable historical cost.

## 2.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## 2.12 Contingent liabilities, Contingent assets and Commitments

The Company does not recognise a contingent liability but discloses its existence in the financial statements.

- a) Contingent liability is disclosed in case of -
  - A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
  - A present obligation arising from past events, when no reliable estimate is possible.
  - A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are reviewed at each balance sheet date.
- b) Contingent assets are not recognised in the financial statements.
- c) Commitments are future liabilities for contractual expenditure and is disclosed in case of -
  - Estimated amount of contracts remaining to be executed on capital account and not provided for;
  - Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

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for the year ended March 31, 2023

## 2.13 Employee Benefits

### a) Retirement and other employee benefits

#### Defined Contribution Plan

Retirement benefit in the form of provident fund and Employee State Insurance Scheme is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and Employee State Insurance scheme. The Company recognises contribution payable to the provident fund and Employee State Insurance scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid.

#### Defined Benefit Plan

The Company has defined benefit plans as Compensated absences and Gratuity for all eligible employees, the liability for which is determined based on actuarial valuation at each year-end using projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability, the effect of the asset ceiling, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service, costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs.

The Company recognises the following changes in the net defined benefit obligation as an employee benefits expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

### b) Short term and other long term employee benefits

A liability is recognised for benefits to employees in respect of wages and salaries, annual leave, sick leave and short-term employee benefits in the year the related service is rendered. 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.

In case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

### c) Share based payments

The Company operates a number of Employee Stock Option Scheme/ Restricted stock units ('the Scheme') which provides for the grant of options to acquire equity shares of the Company to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period. These equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (Share option outstanding account). The fair value of options is estimated using valuation techniques, which incorporate exercise price, term, risk-free interest rates, the current share price, its expected volatility etc.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in statement of profit and loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the share option outstanding account.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## 2.14 Taxes

### Taxes on income

Tax expense comprises current and deferred tax.

#### a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income Tax Act, 1961, Income Computation and Disclosure Standards and other applicable tax laws. The tax rates and tax laws





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Current tax assets and liabilities are offset if a legally enforceable right exists to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

### b) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable 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 carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity.

### Goods and Services Input Tax Credit

Goods and Services tax input credit is recognised in the period in which the supply of goods or service received is recognised and the conditions to avail the credit are fulfilled as per the underlying law.

### 2.15 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except where the result would be antidilutive.

### 2.16 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### a) Financial Assets

##### Initial recognition and measurement

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers. The classification of financial assets at initial recognition depends on their purpose, characteristics and the intention of the management's while acquiring the same. All financial assets measured at fair value through profit or loss (FVTPL) are recognised initially at fair value. Financial assets measured at amortised cost or at fair value through other comprehensive income (FVTOCI) is recorded at fair value plus transaction costs that are attributable to the acquisition of that financial asset. Trade receivable that does not contain a significant financing component are measured at transaction price.

##### Classification and Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial asset at amortised cost
- Financial asset (debt instruments) at FVTOCI
- Financial asset at FVTPL

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

## Financial asset at amortised costs

Financial asset is measured at the amortised cost if both the following conditions are met:

- i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment (if any). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees received and the costs incurred on acquisition of financial asset. The EIR amortisation is included in interest income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

## Financial assets (debt instruments) at FVTOCI

Financial asset (debt instruments) is classified as at the FVTOCI if both of the following criteria are met:

- i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- ii) The asset's contractual cash flows represent SPPI.

Financial assets included within the above category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses or reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

## Financial Asset at FVTPL

Financial asset which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. Financial assets classified under FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

## b) Financial Liabilities

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition to be

measured at FVTPL. All financial liabilities, other than classified at FVTPL, are classified at amortised cost in which case they are initially measured at fair value, net of transaction costs and subsequently at amortised cost using effective interest rate.

Amortised cost is calculated by taking into account any fees, commission / brokerage and ancillary costs incurred in relation to the financial liability.

## c) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognised at the face value and proceeds received in excess of the face value are recognised as share premium.

## Offsetting a Financial Asset and a Financial Liability

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

## 2.17 Derivative financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than what would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Company holds derivative to mitigate the risk of changes in exchange rates on foreign currency exposures as well as interest fluctuations. The counterparty for such contracts are generally banks.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied.

## 2.18 Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.



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for the year ended March 31, 2023

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company'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 ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

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 in net gain/loss on fair value changes in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

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 remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

### 2.19 Reclassification of financial assets and liabilities

The Company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Further, whenever there is a change in the business model the underlying affected financial asset are reclassified. Financial liabilities has not been reclassified.

### 2.20 Derecognition of financial assets and liabilities

#### a) Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognised the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset
- Or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full or in part without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset
- Or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

## b) Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

### 2.21 Measurement of Expected Credit Loss (ECL)

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL together with the financial guarantee contracts. Equity instruments are not subject to impairment under Ind AS 109.

The mechanics and key inputs for classifying the stages and computing the ECL are defined below:

Stage Definition	Details	Classification
Stage 1	Low credit risk Days Past Due (DPD) 0-30	Financial instruments are treated as Stage 1 which are not credit impaired and for which the credit risk has not increased significantly since initial recognition. The Company calculates the 12 month ECL allowance.
Stage 2	DPD 31-90 Qualitative indicators of SICR	Financial instruments having SICR since initial recognition (origination of facilities) are classified under (if not impaired) Stage 2. The Company calculates the lifetime ECL allowance.
Stage 3	90+ NPA	Remaining financial instruments which are credit impaired are treated as Stage 3. The Company uses regulatory definition as a consistent measure for default across all product classes. The Company records an allowance for the LTECLs.

#### Key components for computation of Expected Credit Loss are:

##### – Probability of Default (PD)

Probability of Default (PD) is one of the three risk components needed to estimate ECL under Ind AS 109. PD is defined as the probability that a borrower will be unable to meet their debt obligations over a stipulated time. The PD estimate incorporates information relevant for assessing the borrower's ability and willingness to repay its debts, as well as information about the economic environment in which the borrower operates.

The Company uses 12-month PD for stage 1 assets and lifetime PD for stage 2 and Stage 3 assets.

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 (SICR) since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

##### Default

Classification of default is based on the regulatory definition of Non-Performing Assets (NPA). Our regulator i.e. Reserve Bank of India defines NPA in Paragraph 8.3.5 in its Master Directions – Non Banking Financial Company – Housing Finance (Reserve Bank) Directions, 2021 as exposures where interest or principal is in arrears for a period of more than ninety days.

The Company will maintain the definition of default in line with any amendments made by the regulator from time to time through its circulars and through its Master Circular published from time to time.

##### Staging

The Company while assessing whether there has been a SICR of an exposure since origination, it compares the risk of a default occurring over the expected life of the financial instrument as at the reporting date with the risk of default as at the date of initial recognition. The Company classifies the accounts into three stages.

##### – Loss Given Default (LGD)

The Loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the expected cash flows, including from the realisation of any collateral.

##### – Exposure at default (EAD)

Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and future interests.



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The Company has adopted the following methodology for ECL computation:

Particulars	PD	LGD
Retail Loans	Multinomial logistic regression	Workout Method
Corporate Loans	Pluto-Tasche	Asset coverage based / Expected Collateral Realisation (ECR)

Broadly, the Company has grouped the portfolio into retail and corporate category. ECL computation is based on collective approach except for a few large exposure of corporate finance portfolio where loss estimation is based on ECR. Further, given the characteristics and inherent risks of the various sub categories of the portfolio the Company has used appropriate PD / LGD computation techniques which are detailed below:

### Retail Loans

#### Probability of Default

The retail portfolio is segregated into homogenous pools at the product level and occupational level.

For ECL computation, basis risk emergence curve movement, the Company has adopted statistical techniques of multinomial logistic regression Observed Default Rate based on customer classification etc using behaviour and credit variables. For life time PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

Previous year(s) portfolio behaviour of homogenous pools is considered for PD estimation. The Company has further stressed the PDs for such selective group of customers who are falling in early warning signal pool like customers who have had experienced delinquency with other financial institutions but remained good with us, customers showing very early signs of stress in emerging delinquencies.

#### Loss Given Default

The LGD for the retail portfolio is modelled through a workout approach. Historical NPA data of last few years has been used to arrive at LGD. Loss estimation have been done either basis distressed value or actual/expected recoveries, depending on resolution strategies already materialised or in the process of materialisation. Multiple factors are considered for determining the LGD including time taken for resolutions, geographies, collection feedback, underlying security etc.

#### Exposure at Default

EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for the expected life of the asset, computed basis the behavioral analysis of the Company's historical experience.

### Corporate Loans

#### Probability of Default

PDs for the corporate portfolio are determined by using external ratings as cohorts along with ever default behavior

of an account in last 12 months (basis external ratings based statistical technique of Pluto-Tasche). PDs are further stressed basis operational variables like construction variance, sales velocity, resolution team feedback etc. For life time PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

#### Loss Given Default

For LGD estimates, the Company has used ECR approach and have applied business logic based on security coverage ratio of existing portfolio. Sensitivity analysis, resolution feedbacks are applied on probability weighted scenarios to compute loss given default.

#### Exposure at Default

EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for the expected life of the asset, computed basis the behavioral analysis of the Company's historical experience.

### Significant increase in credit risk (SICR)

The Company monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk in the assets falling in stage 1 then the Company measures the loss allowance over the lifetime of the loan instead of 12 month ECL.

#### Retail Loans:

Given the prevalent environment, the qualitative criteria for triggering SICR in retail exposure is:

- (i) Those stage 1 loan assets where underlying property is under construction and expected construction progress is likely to remain slow based on historical data / market feedback.
- (ii) Those stage 1 assets which are restructured under RBI OTR scheme of Aug 2020 and May 2021 and have shown higher degree of risk basis their performance with us and/or with other financial institutions.

#### Corporate Loans:

The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio, resolution team feedback etc. Basis the review and management overlay, the Company

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

identifies assets where likelihood of deterioration in credit quality is high and for such assets SICR has been triggered.

## Incorporation of forward looking information

Ind AS 109 requires entities to model their ECL and apply forward looking macro-economic scenarios taking into consideration possibility of favorable, neutral, adverse and stressed economic conditions. Multiple scenarios are required to be applied to the ECL and a probability weighted ECL is then computed. In order to compute probability weighted ECL considering the impact of COVID-19 several macro-economic variables such as GDP at constant prices, Housing Price Index (HPI) inflation, Gross national savings, unemployment rate etc. were considered from the International Monetary Fund (IMF), NHB and RBI websites and the Company's historical data were analysed.

A model was then built, and forecasts were generated, and scenario creation carried out to finally arrive at the final macro-economic overlay. Identification of relevant macro economic variables was done combining statistical analysis (correlation) and business intuition (sign of correlation). The selected model incorporates the variables like Inflation, end of period consumer prices quarter on quarter change, general government revenue etc.

The macro-economic variables (MEVs) of the final model were used to generate multiple simulations for forecasting under different probabilistic scenarios, i.e., favorable, neutral, adverse and stress scenarios. Under each scenario, based on the independent variable forecasts, the forecasted default rates are obtained using the final model relationship between the default rates and macro-economic variables. The scenarios are identified based on the probability of occurrence, i.e. expected probability of the future economic state. An anchor variable (GDP) analysis was performed in order to select a particular scenario for future quarters. Accordingly, the probability weighted ECL is computed using the likelihood as weights.

## 2.22 ECL on financial guarantee contracts

ECL on financial guarantee contracts has been computed basis the methodologies defined under note 2.21.

## 2.23 Write offs

The Company undertakes write off on a loan, in full or in part, when the amount is construed as irrecoverable after enforcement of available means of resolution. The authority of write off is vested with committee of senior officials of the Company. In case the company writes off an asset, the recoveries resulting from the write off activity may result in impairment gains.

## 2.24 Collateral

The Company is in business of secured lending and all loans are adequately covered by either residential collateral

or commercial collateral. The collaterals are assessed at the time of origination and are being re-assessed as and when required.

The illustrative factors considered while evaluation of collateral are liquidity, enforceability, marketability, ease and efficiency in custody and settlement. The Company complies with local by-laws and relevant jurisdictions to ensure that the collaterals are free from all encumbrances. The assessment of collateral is undertaken by empanelled team of independent and qualified technical / legal agencies.

The Company has specified the maximum loan-to-value ratio for various types of asset to be accepted as collateral. Such ratios commensurate with the relative risk of the assets as prescribed by NHB and provides an adequate buffer against potential losses.

On case-to-case basis, the Company may ask for additional security, which may in the form of guarantee or financial assets or any other real estate assets.

The Company may take actions as provided in the SARFAESI Act which enables it to enforce the underlying collateral of stage 3 assets without court intervention.

## 2.25 Dividend

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. Final dividends on shares are recorded as a liability on the date of approval by the Shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

## 2.26 Unclaimed Deposits

Deposits, which has become overdue but have not been presented for payment or renewal, are transferred to unclaimed deposits. Deposit remaining unclaimed for more than seven years have been transferred to the Investor Education and Protection Fund (IEPF). Interest for the period from last maturity date to the date of renewal of unclaimed deposits is accounted for during the year of its renewal.

## 2.27 Securities Premium

Securities premium is credited:

- when shares are issued at premium;
- with the fair value of the stock options which are treated as expense (if any), in respect of shares allotted pursuant to Employee Stock Options Scheme

Securities premium can be utilised only for limited purposes such as issuance of bonus shares or adjustment of share issue expenses, net of tax, as permissible under section 52(2) of the Companies Act, 2013, to the extent of balance available and thereafter, the balance portion is charged to the statement of profit and loss, as incurred.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### 2.28 Assets held for sale

The Company repossess properties or other assets to settle outstanding recoverable and the surplus (if any) post auction is refunded to the obligors. These assets acquired by the company under SARFAESI Act, 2002 has been classified as assets held for sale, as their carrying amounts will be recovered principally through a sale of asset. In accordance with Ind AS 105, the company is committed to sell these assets and they are measured at the lower of their carrying amount and the fair value less costs of disposal.

### 2.29 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating

decision maker (CODM). CODM is responsible for allocating the resources, assess the financial performance and position of the Company and makes strategic decision. Company's main business is to provide loans against/for purchase, construction, repairs & renovations of houses/ flats/ commercial properties etc. All other activities of the Company revolve around the main business. As such, there are no separate reportable segment, as per the Operating Segments (Ind AS 108), notified by the Companies (Accounting Standard) Rules, 2015 as amended from time to time.

### 2.30 Investment in subsidiaries

Investments in subsidiaries are measured at cost as per Ind AS 27 – Separate Financial Statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### NOTE 3: CASH AND CASH EQUIVALENTS

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Cash on hand	1.49	1.12
Balance with banks in current accounts	558.72	512.19
Bank deposit with maturity of less than 3 months (Refer Note 3.1)	3,117.61	4,552.31
Stamps on hand	0.00	0.00
<b>Total</b>	<b>3,677.82</b>	<b>5,065.62</b>

**Note 3.1:** Short-term deposits earn interest at the respective short-term deposit rates.

### NOTE 4: BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Bank Deposits (More than 3 months & upto 12 months) (Refer Note 4.1)	118.31	150.40
Earmarked balances with bank (Refer Note 4.2)	0.07	0.07
<b>Total</b>	<b>118.38</b>	<b>150.47</b>

**Note 4.1:** Bank deposit amounting to ₹ 25.00 crore has been pledged against the bank guarantee dated April 6, 2023 issued for Rights Issue of the Company.

**Note 4.2:** Earmarked balances with bank represents unclaimed dividend on equity shares.

### NOTE 5: RECEIVABLES

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
<b>Trade receivables</b>		
Receivable considered good- Secured	-	-
Receivable considered good- Unsecured	12.86	42.76
Receivables from related parties - Unsecured (Refer Note 5.2)	-	-
Receivables which have significant increase in credit risk	-	-
Receivables – credit impaired	0.01	0.05
	<b>12.87</b>	<b>42.81</b>
<b>Other receivables</b>		
Receivable considered good- Unsecured (Refer Note 5.2)	0.01	0.04
	<b>0.01</b>	<b>0.04</b>
Less : Provision for impairment	0.01	0.05
<b>Total</b>	<b>12.87</b>	<b>42.80</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### Note 5.1: Receivables ageing

(₹ in crore)

Particulars	Not due	Outstanding for following periods from due date of payment					
		As at March 31, 2023					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade and other receivables – considered good	-	12.87	-	-	-	-	12.87
Undisputed trade and other receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade and other receivables – credit impaired	-	-	-	-	0.01	0.00	0.01
Disputed trade and other receivables– considered good	-	-	-	-	-	-	-
Disputed trade and other receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade and other receivables – credit impaired	-	-	-	-	-	-	-
Unbilled trade and other receivables	-	-	-	-	-	-	-

(₹ in crore)

Particulars	Not due	Outstanding for following periods from due date of payment					
		As at March 31, 2022					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed trade and other receivables – considered good	-	42.80	-	-	-	-	42.80
Undisputed trade and other receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade and other receivables – credit impaired	-	-	-	0.02	0.03	-	0.05
Disputed trade and other receivables– considered good	-	-	-	-	-	-	-
Disputed trade and other receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade and other receivables – credit impaired	-	-	-	-	-	-	-
Unbilled trade and other receivables	-	-	-	-	-	-	-

**Note 5.2:** No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, director or member.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

## NOTE 6: LOANS (AT AMORTISED COST)

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Term Loans	59,272.63	57,894.88
<b>Total Gross</b>	<b>59,272.63</b>	<b>57,894.88</b>
Less: Impairment loss allowance	1,432.84	2,558.94
<b>Total Net</b>	<b>57,839.79</b>	<b>55,335.94</b>
Secured by tangible assets	59,272.63	57,894.88
<b>Total Gross</b>	<b>59,272.63</b>	<b>57,894.88</b>
Less: Impairment loss allowance	1,432.84	2,558.94
<b>Total Net</b>	<b>57,839.79</b>	<b>55,335.94</b>
<b>Loans in India</b>		
Public Sector	-	-
Others	59,272.63	57,894.88
<b>Total Gross</b>	<b>59,272.63</b>	<b>57,894.88</b>
Less: Impairment loss allowance	1,432.84	2,558.94
<b>Total Net (a)</b>	<b>57,839.79</b>	<b>55,335.94</b>
<b>Loans outside India</b>	-	-
Less: Impairment loss allowance	-	-
<b>Total Net (b)</b>	<b>-</b>	<b>-</b>
<b>Total Net (a+b)</b>	<b>57,839.79</b>	<b>55,335.94</b>

**Note 6.1:** Detail of loans & advances sanctioned to Directors/KMP/Senior officers/Related Parties:

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Directors and their relatives	-	-
Entities associated with directors and their relatives	-	-
KMP/Senior Officers and their relatives	2.65	-
	<b>2.65</b>	<b>-</b>

**Note 6.2: Loans - Staging analysis<sup>#</sup>**

Analysis of change in gross carrying amount of loans is as follows:

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1 <sup>^</sup>	Stage 2	Stage 3	Total	Stage 1 <sup>^</sup>	Stage 2	Stage 3	Total
	Opening gross carrying amount	51,209.35	1,980.63	4,704.90	57,894.88	56,359.37	3,831.97	2,997.49
Increase in EAD - new asset originated or purchased / further increase in existing asset (net)	14,890.80	14.65	133.04	15,038.49	11,190.22	33.63	125.90	11,349.75
Asset paid in part or full (excluding write off) (net)	(10,603.84)	(279.49)	(636.41)	(11,519.74)	(15,731.77)	(252.18)	(100.37)	(16,084.32)
Stressed loans transferred to ARC	-	-	(271.70)	(271.70)	-	-	-	-
Asset derecognised/co-lending	(179.79)	-	-	(179.79)	-	-	-	-
Asset written off	(28.17)	(68.36)	(1,592.98)	(1,689.51)	(13.27)	(7.71)	(538.40)	(559.38)
Transfer to stage 1	883.37	(643.96)	(239.41)	-	1,638.57	(1,480.15)	(158.42)	-
Transfer to stage 2	(993.36)	1,141.20	(147.84)	-	(1,143.84)	1,169.86	(26.02)	-
Transfer to stage 3	(178.90)	(141.57)	320.47	-	(1,089.93)	(1,314.79)	2,404.72	-
<b>Closing gross carrying amount</b>	<b>54,999.46</b>	<b>2,003.10</b>	<b>2,270.07</b>	<b>59,272.63</b>	<b>51,209.35</b>	<b>1,980.63</b>	<b>4,704.90</b>	<b>57,894.88</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Retail Loans	52,043.77	2,003.10	1,424.15	55,471.02	46,593.50	1,959.25	1,966.81	50,519.56
<b>Total</b>	<b>52,043.77</b>	<b>2,003.10</b>	<b>1,424.15</b>	<b>55,471.02</b>	<b>46,593.50</b>	<b>1,959.25</b>	<b>1,966.81</b>	<b>50,519.56</b>
<b>% of total</b>	<b>93.82%</b>	<b>3.61%</b>	<b>2.57%</b>	<b>100.00%</b>	<b>92.23%</b>	<b>3.88%</b>	<b>3.89%</b>	<b>100.00%</b>

Movement (in %) of loan assets is as follows:	Current Year	Previous Year
a) Movement of Stage 1:		
i) % of loan assets moved out of books by year end	12.16%	16.61%
ii) Residual portfolio either remained in stage 1 or had forward flows		
b) Movement of Stage 2:		
i) % of loan assets moved out of books by year end	0.52%	0.45%
ii) Residual portfolio either remained in stage 2 or had forward or backward flows		
c) Movement of Stage 3:		
i) % of loan assets moved out of books by year end	1.08%	0.33%
ii) Residual portfolio either remained in stage 3 or had backward flows		

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Corporate Loans	2,955.69	-	845.92	3,801.61	4,615.85	21.38	2,738.09	7,375.32
<b>Total</b>	<b>2,955.69</b>	<b>-</b>	<b>845.92</b>	<b>3,801.61</b>	<b>4,615.85</b>	<b>21.38</b>	<b>2,738.09</b>	<b>7,375.32</b>
<b>% of total</b>	<b>77.75%</b>	<b>0.00%</b>	<b>22.25%</b>	<b>100.00%</b>	<b>62.58%</b>	<b>0.29%</b>	<b>37.13%</b>	<b>100.00%</b>

Movement (in %) of loan assets is as follows:	Current Year	Previous Year
a) Movement of Stage 1:		
i) % of loan assets moved out of books by year end	18.20%	35.45%
ii) Residual portfolio either remained in stage 1 or had forward flows		
b) Movement of Stage 2:		
i) % of loan assets moved out of books by year end	0.29%	0.24%
ii) Residual portfolio either remained in stage 2 or had forward or backward flows		
c) Movement of Stage 3:		
i) % of loan assets moved out of books by year end	26.73%	3.87%
ii) Residual portfolio either remained in stage 3 or had backward flows		

### Note 6.3: Expected Credit Loss (ECL) - Staging analysis<sup>#</sup>

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1^	Stage 2	Stage 3	Total	Stage 1^	Stage 2	Stage 3	Total
Retail Loans	244.87	254.63	466.66	966.16	283.21	197.35	527.83	1,008.39
<b>Total</b>	<b>244.87</b>	<b>254.63</b>	<b>466.66</b>	<b>966.16</b>	<b>283.21</b>	<b>197.35</b>	<b>527.83</b>	<b>1,008.39</b>

### ECL movement as on March 31, 2022 and March 31, 2023

- The loan assets in stage 2 were 3.61% as on March 31, 2023 as against 3.88% as on March 31, 2022. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹ 584.00 Crore has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2023 would be 2.56% against 2.25% as on March 31, 2022.
- ECL % POS has increased by 2.64% as on March 31, 2023 in stage 2.
- Overall ECL % POS have decreased by 25 bps on accounts improvement in portfolio quality.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### ECL movement as on March 31, 2021 and March 31, 2022

- The loan assets in stage 2 were 3.88% as on March 31, 2022 as against 5.17% as on March 31, 2021. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹ 822.63 Crore has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2022 would be 2.25% against 3.46% as on March 31, 2021.
- ECL % POS has decreased by 1.29% as on March 31, 2022 in stage 2 due to transition- of stage 2 accounts to stage 3 (as an impact of RBI Circular No. RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22)
- Overall ECL % POS have increased by 24 bps on accounts of conservatism approach adopted by the Company.

Particulars	As at March 31, 2023				As at March 31, 2022			
	Stage 1 <sup>^</sup>	Stage 2	Stage 3	Total	Stage 1 <sup>^</sup>	Stage 2	Stage 3	Total
Corporate Loans	279.95	-	186.73	466.68	300.10	3.07	1,247.38	1,550.55
<b>Total</b>	<b>279.95</b>	<b>-</b>	<b>186.73</b>	<b>466.68</b>	<b>300.10</b>	<b>3.07</b>	<b>1,247.38</b>	<b>1,550.55</b>

(₹ in crore)

### ECL movement as on March 31, 2022 and March 31, 2023

- Stage 1 ECL % of POS increased from 6.50% to 9.47%.
- The loan assets in stage 2 were decreased to 0.0% as on March 31, 2023 from 0.29% as on March 31, 2022 majorly due to shift of stage 2 asset to stage 1 and stage 3 and decreasing corporate portfolio.
- The Company's stage 3 asset ratio has decreased from 37.13% as on March 31, 2022 to 22.25% as on March 31, 2023 owing to this ECL has also decreased.

### ECL movement as on March 31, 2021 and March 31, 2022

- Stage 1 ECL % of POS increased from 4.31% to 6.50%. This is due to restructuring cases carrying higher provisions.
- The loan assets in stage 2 were decreased to 0.29% as on March 31, 2022 from 9.90% as on March 31, 2021 majorly due to shift of stage 2 asset to stage 3.
- The Company's stage 3 asset ratio has increased from 13.46% as on March 31, 2021 to 37.13% as on March 31, 2022 owing to this ECL has also increased.

<sup>^</sup> The restructuring was done for Stage 1 accounts, total restructured assets were ₹ 967 crore (previous year ₹ 1,647 crore), against which provision of ₹ 102 crore (Previous year ₹ 204 crore) is held.

<sup>#</sup> Refer Note 2.21, 2.22, 2.23 and 47.1.

**Note 6.4:** Loans due from borrowers are secured wholly or partly by any one or all of the below as applicable:

#### Tangible securities

- Equitable / Simple / English Mortgage of immovable property;
- Mortgage of Development Rights / FSI / any other benefit flowing from the immovable property;
- Hypothecation of rent receivables, cash flow of the project, debt service reserve account, fixed deposit, current and escrow accounts;

#### Intangible securities

- Demand Promissory Note;
- Post dated cheques towards the repayment of the debt;
- Personal / Corporate Guarantees;
- Undertaking to create a security;
- Letter of Continuity.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### NOTE 7: INVESTMENTS

Particulars	(₹ in crore)			
	As at March 31, 2023			
	Amortised cost	At fair value through profit or loss	Others*	Total
<b>Investments in India (a)</b>				
Mutual funds	-	8.52	-	8.52
Government securities^ (Refer Note 36.31)	2,276.42	413.18	-	2,689.60
Debt securities	-	457.67	-	457.67
Subsidiaries				
50,000 (March 31, 2022 : 50,000) equity shares of face value of ₹ 10 each of PEHEL Foundation	-	-	0.05	0.05
ACRE-122-Trust	-	119.00	-	119.00
<b>Total gross</b>	<b>2,276.42</b>	<b>998.37</b>	<b>0.05</b>	<b>3,274.84</b>
<b>Investments outside India (b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total gross (a+b)</b>	<b>2,276.42</b>	<b>998.37</b>	<b>0.05</b>	<b>3,274.84</b>
Less: Allowance for impairment loss (c)		(78.55)	-	(78.55)
<b>Total net (a+b-c)</b>	<b>2,276.42</b>	<b>919.82</b>	<b>0.05</b>	<b>3,196.29</b>

Particulars	(₹ in crore)			
	As at March 31, 2022			
	Amortised cost	At fair value through profit or loss	Others*	Total
<b>Investments in India (a)</b>				
Mutual funds	-	110.95	-	110.95
Government securities^ (Refer Note 36.31)	2,234.18	1,044.83	-	3,279.01
Debt securities	-	92.69	-	92.69
Subsidiaries				
50,000 (March 31, 2021 : 50,000) equity shares of face value of ₹ 10 each of PEHEL Foundation	-	-	0.05	0.05
<b>Total gross</b>	<b>2,234.18</b>	<b>1,248.47</b>	<b>0.05</b>	<b>3,482.70</b>
<b>Investments outside India (b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total gross (a+b)</b>	<b>2,234.18</b>	<b>1,248.47</b>	<b>0.05</b>	<b>3,482.70</b>
Less: Allowance for impairment loss (c)	-	-	-	-
<b>Total net (a+b-c)</b>	<b>2,234.18</b>	<b>1,248.47</b>	<b>0.05</b>	<b>3,482.70</b>

Name of Subsidiaries	Principal place of business/operations	Ownership interest	
		As at March 31, 2023	As at March 31, 2022
PEHEL Foundation	India	100.00%	100.00%

\*Others include investment in subsidiaries which have been carried at cost.

^Expected credit loss provision has not been recognised on investments made in government securities.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

## NOTE 8: OTHER FINANCIAL ASSETS

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Receivables considered good -Unsecured		
Receivables on assignment and co-lending of loans (Refer Note 8.1, 8.2 and 8.3)	728.37	647.47
Security deposits	16.79	16.95
Other Receivables	11.34	11.15
Security deposits - credit impaired	0.54	0.11
<b>Total gross (a)</b>	<b>757.04</b>	<b>675.68</b>
Less: Impairment loss allowance (b)	2.40	1.77
<b>Total net (a-b)</b>	<b>754.64</b>	<b>673.91</b>

**Note 8.1:** During the year ended March 31 2023, the Company has sold some loans and advances measured at amortised cost under co-lending deals through assignment mode, as a source of finance. As per the terms of deal, the de-recognition criteria as per IND AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer is met and the assets have been derecognised.

The table below summarises the carrying amount of the derecognised financial assets:

Loans and advances measured at amortised cost	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Carrying amount of derecognised financial assets	7,344.70	9,088.02

Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety therefore the whole of the interest spread and net servicing fees (over the expected life of the assets) is recognised at present value on the date of derecognition as interest-only strip / net servicing fees receivable ("Receivables on assignment of loan") and correspondingly recognised as profit on derecognition of financial assets.

**Note 8.2:** Includes receivable from related party ₹ 0.44 crore (previous year ₹ 0.61 crore.)

**Note 8.3:** Disclosure pursuant to RBI Notification dated September 24, 2021 on "Transfer of Loan Exposures" are given below:

(a) The Company has not acquired any stressed loans or loans not in default during the year ended March 31, 2023 and March 31, 2022.

(b) Details of loans not in default transferred:

Particulars	(₹ in crore)	
	Assignment through colending	
	Current Year	Previous Year
Total amount of loans transferred through colending	179.79	-
Weighted average residual maturity (in months)	220	-
Weighted average holding period (in months)	7	-
Retention of beneficial economic interest	20%	-
Coverage of tangible security coverage	100%	-
Rating-wise distribution of rated loans	unrated	-

(c) Details of stressed loans transferred:

Particulars	(₹ in crore)	
	To Asset Reconstruction Companies (ARC) - NPA- Retail	
	Current Year	Previous Year
Number of accounts	35	-
Aggregate principal outstanding of loan transferred	62.52	-
Weighted average residual tenor of the loans transferred (years)	12.66	-
Net book value of loans transferred (at the time of transfer)	43.76	-
Aggregate consideration	31.26	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Excess provisions reversed to the profit and loss account on account of sale	-	-



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

Particulars	(₹ in crore)	
	To Asset Reconstruction Companies (ARC) - NPA- Corporate*	
	Current Year	Previous Year
Number of accounts	2	-
Aggregate principal outstanding of loan transferred	186.96	-
Weighted average residual tenor of the loans transferred (years)	6.55	-
Net book value of loans transferred (at the time of transfer)	61.46	-
Aggregate consideration	140.00	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Excess provisions reversed to the profit and loss account on account of sale	-	-

\* Security Receipts are rated as IVR RR2.

### NOTE 9: CURRENT TAX (NET)

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Net current tax asset / (liability) at the beginning (a)	47.30	(62.93)
Current tax expense (b)	87.57	296.90
Current tax paid (c)	313.31	359.72
Current tax refund (d)	8.97	-
Tax related to earlier years (e)	0.04	(47.41)
<b>Net current tax asset / (liability) at the end (a-b+c-d-e)</b>	<b>264.03</b>	<b>47.30</b>

### NOTE 10: DEFERRED TAX ASSETS (NET)

As at March 31, 2023

Particulars	(₹ in crore)			
	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	12.34	-	0.63	-
Provision for employee benefits	4.46	-	0.10	-
Impairment allowance for financial assets	380.39	-	(192.66)	-
Derivative instruments in cash flow hedge	14.40	-	-	(26.09)
Expenses paid in advance (net of income received in advance)	-	80.44	(15.85)	-
Interest spread on assigned loans	-	174.85	(21.24)	-
Fair valuation of financial instruments held for trading	4.29	-	0.71	-
Others temporary differences	3.00	17.92	1.18	-
<b>Total</b>	<b>418.88</b>	<b>273.21</b>	<b>(227.13)</b>	<b>(26.09)</b>

As at March 31, 2022

Particulars	(₹ in crore)			
	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	11.71	-	1.15	-
Provision for employee benefits	4.36	-	(0.16)	-
Impairment allowance for financial assets	573.05	-	(11.69)	-
Derivative instruments in cash flow hedge	40.49	-	-	(32.39)
Expenses paid in advance (net of income received in advance)	-	64.59	(5.39)	-
Interest spread on assigned loans	-	153.61	58.42	-
Fair valuation of financial instruments held for trading	3.58	-	2.47	-
Others temporary differences	3.05	19.14	(43.13)	-
<b>Total</b>	<b>636.24</b>	<b>237.34</b>	<b>1.67</b>	<b>(32.39)</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

## NOTE 11: INVESTMENT PROPERTY

Particulars	Gross carrying value			Depreciation			Net carrying value	
	As at April 01, 2022	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2023	For the year	Adjustments/ Deductions during the year	As at March 31, 2023	As at March 31, 2022
Buildings	0.58	-	-	0.58	0.01	-	0.06	0.53
<b>Total</b>	<b>0.58</b>	<b>-</b>	<b>-</b>	<b>0.58</b>	<b>0.01</b>	<b>-</b>	<b>0.06</b>	<b>0.53</b>

Particulars	Gross carrying value			Depreciation			Net carrying value	
	As at April 01, 2021	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2022	For the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at March 31, 2021
Buildings*	0.58	-	-	0.58	0.01	-	0.05	0.54
<b>Total</b>	<b>0.58</b>	<b>-</b>	<b>-</b>	<b>0.58</b>	<b>0.01</b>	<b>-</b>	<b>0.05</b>	<b>0.54</b>

\*Assets pledged and hypothecated against borrowings.

**Note 11.1:** The Company has leased out its investments properties and same has been classified as operating leases on account that there was no transfer of substantial risk and rewards incidental to the ownership of the assets. Recognition of income and related expenses in profit or loss for investment properties are tabulated below:

Particulars	Current Year	Previous Year
Rental Income	0.12	0.08
Profit from investment properties before depreciation	<b>0.12</b>	<b>0.08</b>
Depreciation	(0.01)	(0.01)
<b>Profit from investment properties</b>	<b>0.11</b>	<b>0.07</b>

**Note 11.2:** Investment properties are leased to tenants under long term operating leases with rentals receivable on monthly basis. Minimum undiscounted lease payments receivable under non-cancellable leases of investment properties after the reporting period:

Particulars	As at March 31, 2023	As at March 31, 2022
Within one year	0.04	0.11
Later than one year but not later than five year	<b>0.04</b>	<b>0.08</b>
Later than five years	-	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

**Note 11.3:** The fair value of the investment property has been determined on the basis of valuation carried out at the reporting date by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The fair value measurement for investment property has been categorised as Level 2 based on the valuation techniques used and inputs applied. The main inputs considered by the valuer are government rates, property location, market research, contracted rentals, discount rates and comparable values, as appropriate. The best estimate of fair value is current prices in an active market for similar properties. Fair value are as follows:

### Reconciliation of fair value

Particulars	As at		As at March 31, 2023	As at	
	April 01, 2022	March 31, 2022		March 31, 2022	March 31, 2023
Opening balance			5.55		5.55
Addition during the year			-		-
Deletion during the year			-		-
Fair value difference			0.09		-
<b>Closing balance</b>			<b>5.64</b>		<b>5.55</b>

### NOTE 12: PROPERTY PLANT AND EQUIPMENT

Particulars	Gross carrying value			Depreciation			Net carrying value		
	As at April 01, 2022	Addition during the year	Disposal / modification during the year	As at April 01, 2022	For the year	Disposal / modification during the year	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Buildings	37.72	-	-	2.81	1.20	-	4.01	33.71	34.91
Furniture & Fixtures	19.70	0.45	1.02	10.01	1.87	0.72	11.16	7.97	9.69
Vehicles	0.10	-	0.10	0.05	0.01	0.06	-	-	0.05
Computers	31.92	9.44	0.05	21.92	4.44	0.05	26.31	15.00	10.00
Office Equipment & Others	31.79	1.44	1.49	23.76	3.81	1.36	26.21	5.53	8.03
Leasehold improvements	42.67	0.27	3.36	33.97	4.94	3.31	35.60	3.98	8.70
<b>Total</b>	<b>163.90</b>	<b>11.60</b>	<b>6.02</b>	<b>92.52</b>	<b>16.27</b>	<b>5.50</b>	<b>103.29</b>	<b>66.19</b>	<b>71.38</b>

Particulars	Gross carrying value			Depreciation			Net carrying value		
	As at April 01, 2021	Addition during the year	Disposal / modification during the year	As at April 01, 2021	For the year	Disposal / modification during the year	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Buildings	37.72	-	-	1.61	1.20	-	2.81	34.91	36.11
Furniture & Fixtures	22.12	0.10	2.52	9.22	1.95	1.16	10.01	9.69	12.90
Vehicles	0.10	-	-	0.04	0.01	-	0.05	0.05	0.06
Computers	24.44	7.50	0.02	19.15	2.79	0.02	21.92	10.00	5.29
Office Equipment & Others	29.93	0.65	(1.21)	18.06	5.38	(0.32)	23.76	8.03	11.87
Leasehold improvements	42.50	-	(0.17)	26.98	6.97	(0.02)	33.97	8.70	15.52
<b>Total</b>	<b>156.81</b>	<b>8.25</b>	<b>1.16</b>	<b>75.06</b>	<b>18.30</b>	<b>0.84</b>	<b>92.52</b>	<b>71.38</b>	<b>81.75</b>

(i) Buildings pledged and hypothecated against borrowings.

(ii) There were no revaluation carried out by the Company during the year reported above.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

## NOTE 12: PROPERTY PLANT AND EQUIPMENT (Contd.)

### Right of use

Particulars	Gross carrying value			Depreciation			Net carrying value		
	As at April 01, 2022	Addition during the year	Disposal / modification during the year	As at March 31, 2023	As at April 01, 2022	For the year	Disposal / modification during the year	As at March 31, 2023	As at March 31, 2022
Building	141.12	34.71	5.96	169.87	80.65	27.26	3.63	104.28	60.47
<b>Total</b>	<b>141.12</b>	<b>34.71</b>	<b>5.96</b>	<b>169.87</b>	<b>80.65</b>	<b>27.26</b>	<b>3.63</b>	<b>104.28</b>	<b>60.47</b>

Particulars	Gross carrying value			Depreciation			Net carrying value		
	As at April 01, 2021	Addition during the year	Disposal / modification during the year	As at March 31, 2022	As at April 01, 2021	For the year	Disposal / modification during the year	As at March 31, 2022	As at March 31, 2021
Building	132.26	8.87	0.01	141.12	54.17	26.49	0.01	80.65	78.09
<b>Total</b>	<b>132.26</b>	<b>8.87</b>	<b>0.01</b>	<b>141.12</b>	<b>54.17</b>	<b>26.49</b>	<b>0.01</b>	<b>80.65</b>	<b>78.09</b>

### Note 12.1: Capital Work-in-Progress

#### (a) Capital Work-in-Progress ageing

Particulars	As at March 31, 2023			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Projects in progress	0.08	-	-	-
Projects temporarily suspended	-	-	-	-
<b>Total</b>	<b>0.08</b>	<b>-</b>	<b>-</b>	<b>0.08</b>

Particulars	As at March 31, 2022			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Projects in progress	-	-	-	-
Projects temporarily suspended	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(b) The Company does not have any material project which is overdue or has exceeded its cost compared to its original plan.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### Note 12.2: Intangible assets under development

#### (a) Intangible assets under development ageing

Particulars	As at March 31, 2023				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	1.90	1.17	0.01	-	3.08
Projects temporarily suspended	-	-	-	-	-
Particulars	As at March 31, 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	1.35	1.32	0.87	-	3.54
Projects temporarily suspended	-	-	-	-	-

#### (b) For Intangible assets under development, where completion is overdue or has exceeded its cost compared to its original plan

Particulars	As at March 31, 2023				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project 1 (Software)	-	-	-	-	-
Particulars	As at March 31, 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project 1 (Software)-Completion overdue	-	2.18	-	-	2.18



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

## NOTE 13: OTHER INTANGIBLE ASSETS

Particulars	Gross carrying value			Amortisation			Net carrying value		
	As at April 01, 2022	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2023	As at April 01, 2022	For the year	Adjustments/ Deductions during the year	As at March 31, 2023	As at March 31, 2022
Software	57.81	3.89	-	61.70	39.79	7.90	-	47.69	18.02
<b>Total</b>	<b>57.81</b>	<b>3.89</b>	<b>-</b>	<b>61.70</b>	<b>39.79</b>	<b>7.90</b>	<b>-</b>	<b>47.69</b>	<b>18.02</b>

Particulars	Gross carrying value			Amortisation			Net carrying value		
	As at April 01, 2021	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at April 01, 2021	For the year	Adjustments/ Deductions during the year	As at March 31, 2022	As at March 31, 2021
Software	52.27	5.72	0.18	57.81	31.38	8.59	0.18	39.79	20.89
<b>Total</b>	<b>52.27</b>	<b>5.72</b>	<b>0.18</b>	<b>57.81</b>	<b>31.38</b>	<b>8.59</b>	<b>0.18</b>	<b>39.79</b>	<b>20.89</b>

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### NOTE 14: OTHER NON-FINANCIAL ASSETS

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Unsecured considered good		
Prepaid expenses	12.00	7.45
GST input credit	31.54	16.31
Others	11.16	3.19
<b>Total</b>	<b>54.70</b>	<b>26.95</b>

### NOTE 15: DERIVATIVE FINANCIAL INSTRUMENTS\*

Particulars	As at March 31, 2023			As at March 31, 2022		
	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
<b>Currency derivatives:</b>						
Spot and forwards	734.17	0.73	38.67	729.17	0.01	50.08
Currency swaps	5,508.54	657.29	-	6,034.25	332.87	-
(i)	<b>6,242.71</b>	<b>658.02</b>	<b>38.67</b>	<b>6,763.42</b>	<b>332.88</b>	<b>50.08</b>
<b>Interest rate derivatives:</b>						
Forward rate agreements and interest rate swaps	3,823.08	63.02	-	3,525.03	-	40.55
(ii)	<b>3,823.08</b>	<b>63.02</b>	<b>-</b>	<b>3,525.03</b>	<b>-</b>	<b>40.55</b>
Margin money received from/(paid to) counter party bank	-	-	22.33	-	-	-
(iii)	<b>-</b>	<b>-</b>	<b>22.33</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total derivative financial instruments (i)+(ii)+(iii)</b>	<b>10,065.79</b>	<b>721.04</b>	<b>61.00</b>	<b>10,288.45</b>	<b>332.88</b>	<b>90.63</b>
Included in above are derivatives held for hedging and risk management purposes as follows:						
<b>Cash flow hedging:</b>						
Currency derivatives	6,242.71	658.02	61.00	6,763.42	332.88	50.08
Interest rate derivatives	3,823.08	63.02	-	3,525.03	-	40.55
<b>Total derivative financial instruments</b>	<b>10,065.79</b>	<b>721.04</b>	<b>61.00</b>	<b>10,288.45</b>	<b>332.88</b>	<b>90.63</b>

\* Refer Note 18.3, 43 and 47.2.

### NOTE 16: TRADE PAYABLES

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises	1.74	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	28.51	16.29
Due to related parties	-	-
<b>Total</b>	<b>30.25</b>	<b>16.29</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### Note 16.1: Trade Payables ageing

(₹ in crore)

Particulars	Outstanding for following periods from due date of payment					
	As at March 31, 2023					
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro, Small, and Medium Enterprises	1.69	0.05	-	-	-	1.74
(ii) Others	28.08	0.43	-	0.00	-	28.51
(iii) Disputed dues – Micro, Small, and Medium Enterprises	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-

(₹ in crore)

Particulars	Outstanding for following periods from due date of payment					
	As at March 31, 2022					
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro, Small, and Medium Enterprises	-	-	-	-	-	-
(ii) Others	16.04	0.12	0.05	0.08	-	16.29
(iii) Disputed dues – Micro, Small, and Medium Enterprises	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-

**Note 16.2:** The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) has been determined to the extent such parties have been identified on the basis of Information available with the Company. The amount of principal and interest outstanding during the year is as follows:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
1. Principal amount due and remaining unpaid	0.05	-
2. Interest due on (1) above and the unpaid interest	-	-
3. Interest paid on all delayed payment under the MSMED Act	0.00	-
4. Payment made beyond the appointed day during the year	0.10	0.05
5. Interest due and payable for the period of delay other than (3) above	-	-
6. Interest accrued and remaining unpaid	0.00	0.00
7. Amount of further interest remaining due and payable in succeeding years	-	-
<b>Total</b>	<b>0.15</b>	<b>0.05</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### NOTE 17: DEBT SECURITIES

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
<b>Secured</b>								
Redeemable non convertible debentures	3,994.09	-	-	3,994.09	6,201.97	-	-	6,201.97
<b>Total</b>	<b>3,994.09</b>	<b>-</b>	<b>-</b>	<b>3,994.09</b>	<b>6,201.97</b>	<b>-</b>	<b>-</b>	<b>6,201.97</b>
Debt securities in India	3,994.09	-	-	3,994.09	6,201.97	-	-	6,201.97
Debt securities outside India	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,994.09</b>	<b>-</b>	<b>-</b>	<b>3,994.09</b>	<b>6,201.97</b>	<b>-</b>	<b>-</b>	<b>6,201.97</b>

#### Note 17.1: Nature of security and terms of repayment:

##### a) Nature of security

Redeemable non-convertible debentures are secured by hypothecation of specific book debts to the extent of 1.10 to 1.25 times of outstanding amount.

##### b) Terms of repayment

Maturities	As at March 31, 2023				As at March 31, 2022			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest								
6.01% - 7.00%	-	455.00	-	-	-	455.00	-	-
7.01% - 8.00%	-	-	-	-	1,275.00	-	-	-
8.01% - 9.00%	600.00	650.00	1,000.00	1,000.00	555.00	600.00	1,000.00	1,500.00
9.01% - 10.00%	300.00	-	-	-	530.00	300.00	-	-
	<b>900.00</b>	<b>1,105.00</b>	<b>1,000.00</b>	<b>1,000.00</b>	<b>2,360.00</b>	<b>1,355.00</b>	<b>1,000.00</b>	<b>1,500.00</b>

**Note 17.2:** The rate of interest and amount of repayment appearing in note 17.1(b) are as per the term of the debt instruments (i.e. excluding impact of effective interest rate). Further, refer note 45.1, 45.2 and 45.3 for compliance in relation to the utilisation of the borrowed fund and submission of underlying returns/statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### NOTE 18: BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
<b>Secured</b>								
<b>Term loans</b>								
National housing bank	3,046.20	-	-	3,046.20	4,665.21	-	-	4,665.21
Banks	18,029.00	-	-	18,029.00	13,385.84	-	-	13,385.84
External commercial borrowing	3,312.83	-	-	3,312.83	3,988.89	-	-	3,988.89
Bank overdraft	49.99	-	-	49.99	50.01	-	-	50.01
Loans from related party	4,636.68	-	-	4,636.68	4,325.89	-	-	4,325.89
<b>Unsecured</b>								
<b>Term loans</b>								
Banks	2,100.00	-	-	2,100.00	1,300.00	-	-	1,300.00
<b>Total</b>	<b>31,174.70</b>	<b>-</b>	<b>-</b>	<b>31,174.70</b>	<b>27,715.84</b>	<b>-</b>	<b>-</b>	<b>27,715.84</b>
Borrowings in India	25,683.12	-	-	25,683.12	21,718.06	-	-	21,718.06
Borrowings outside India	5,491.58	-	-	5,491.58	5,997.78	-	-	5,997.78
<b>Total</b>	<b>31,174.70</b>	<b>-</b>	<b>-</b>	<b>31,174.70</b>	<b>27,715.84</b>	<b>-</b>	<b>-</b>	<b>27,715.84</b>

#### Note 18.1: Refinance from National Housing Bank (NHB):

##### a) Nature of security

- All the present and outstanding refinancing from NHB are secured by hypothecation of specific loans/ book debts to the extent of 1.0 to 1.20 times of outstanding amount.
- During FY 23, the Company has availed ₹ Nil and during FY 22 ₹ 1490.00 crore was availed under "Special Refinance Facility 2021 Assistance Facility Scheme" of NHB for short term liquidity support to provide refinance assistance in respect of eligible individual Housing loans".

##### b) Terms of repayment

(₹ in crore)

Maturities	As at March 31, 2023				As at March 31, 2022			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
4.00% - 6.00%	132.46	281.46	-	-	504.95	353.20	130.40	-
6.01% - 8.00%	418.04	821.19	400.42	155.12	583.41	1,369.76	946.08	777.41
8.01% - 10.00%	123.78	330.08	308.48	75.17	-	-	-	-
	<b>674.28</b>	<b>1,432.73</b>	<b>708.90</b>	<b>230.29</b>	<b>1,088.36</b>	<b>1,722.96</b>	<b>1,076.48</b>	<b>777.41</b>

#### Note 18.2: Term loan from Banks:

##### a) Nature of security

- Term loan from Punjab National Bank (related party) are secured by hypothecation by way of exclusive charge on specific standard book debts of the Company with minimum asset cover of 1.10 times to be maintained at all times.
- Term loans from banks other than Punjab National Bank are secured by hypothecation of specific book debts to the extent of 1.0 to 1.12 times of outstanding amount.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### b) Terms of repayment

Maturities	As at March 31, 2023				As at March 31, 2022			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
	(₹ in crore)							
<b>from related party:</b>								
5.10% - 5.89%	-	-	-	-	796.67	333.33	-	-
5.90% - 7.00%	-	-	-	-	412.49	574.50	200.00	-
7.01% - 9.00%	1,891.30	566.63	-	-	-	-	-	-
<b>from others:</b>								
4.00% - 7.00%	500.00	-	-	-	6,185.61	4,009.19	1,882.30	100.00
7.01% - 9.00%	7,570.34	6,693.26	3,823.27	559.55	1,445.57	1,040.94	30.00	-
9.01% - 9.11%	166.67	666.67	166.67	-	-	-	-	-
	<b>10,128.31</b>	<b>7,926.56</b>	<b>3,989.94</b>	<b>559.55</b>	<b>8,840.34</b>	<b>5,957.96</b>	<b>2,112.30</b>	<b>100.00</b>

### Note 18.3: External commercial borrowing:

#### a) Nature of security

- The ECB borrowings are secured against eligible housing loans/book debts and are hedged through currency swaps, interest rate swaps and forward contracts as per the applicable RBI guidelines.
- The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are subsequently measured at fair value on that date. Where cash flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the cash flow hedge reserve (through other comprehensive income) which is reclassified to profit and loss account as the hedged item effects profit and loss. Premium paid / discount received in advance (if any) on the derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the balance sheet date.
- As at March 31, 2023, the Company has outstanding ECB of USD 670.00 million (equivalent to ₹ 5,508.53 crore) (March 31, 2022 USD 796.00 million (equivalent to ₹ 6,034.25 crore)). The Company has undertaken cross currency swaps and principal only swaps to hedge the foreign currency risk of the ECB principal. Whereas the Company has entered into floating to fixed coupon only swaps and interest rate swaps along with forward contracts to hedge the floating interest and foreign currency risk of the coupon payments respectively. All the derivative instruments are purely for hedging the underlying ECB transactions as per applicable RBI guidelines and not for any speculative purpose.

### b) Terms of repayment

Maturities	As at March 31, 2023				As at March 31, 2022			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
	(₹ in crore)							
<b>from related party:</b>								
USD LIBOR + 110 - 200 bps	2,178.75	-	-	-	-	2,008.89	-	-
<b>from others:</b>								
USD LIBOR + 110 - 200 bps	1,890.98	1,438.80	-	-	955.17	2,501.64	568.55	-
	<b>4,069.73</b>	<b>1,438.80</b>	<b>-</b>	<b>-</b>	<b>955.17</b>	<b>4,510.53</b>	<b>568.55</b>	<b>-</b>

### Note 18.4: Bank overdraft:

#### a) Nature of security

Overdraft facilities are secured by hypothecation of specific book debts to the extent of 1.0 to 1.12 times of outstanding amount.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### b) Terms of Repayment

Maturities	As at March 31, 2023				As at March 31, 2022			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
	6.50% -8.00%	49.99	-	-	-	50.01	-	-

#### Note 18.5:

The rate of interest and amount of repayment appearing in note 18.1(b), 18.2(b) and 18.3(b) are as per the term of the respective instruments.(i.e. excluding impact of effective interest rate). Further, refer note 45.1, 45.2 and 45.3 for compliance in relation to the utilisation of the borrowed fund and submission of underlying returns/statements.

### NOTE 19: DEPOSITS

Particulars	As at March 31, 2023				As at March 31, 2022			
	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
	<b>Unsecured Deposits</b>							
(i) From Public (Refer Note 36.31)	15,513.28	-	-	15,513.28	14,939.95	-	-	14,939.95
(ii) From banks (Refer Note 19.2)	325.84	-	-	325.84	411.91	-	-	411.91
(iii) From others	1,375.12	-	-	1,375.12	2,253.28	-	-	2,253.28
<b>Total</b>	<b>17,214.24</b>	<b>-</b>	<b>-</b>	<b>17,214.24</b>	<b>17,605.14</b>	<b>-</b>	<b>-</b>	<b>17,605.14</b>

**Note 19.1:** Refer note 45.1, 45.2 and 45.3 for compliance in relation to the utilisation of the borrowed fund and submission of underlying returns/statements.

**Note 19.2:** Includes amount payable to related party ₹114.06 crore.

### NOTE 20: SUBORDINATED LIABILITIES

Particulars	As at March 31, 2023				As at March 31, 2022			
	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
	<b>Unsecured</b>							
Redeemable non-convertible debentures	1,238.35	-	-	1,238.35	1,438.18	-	-	1,438.18
<b>Total</b>	<b>1,238.35</b>	<b>-</b>	<b>-</b>	<b>1,238.35</b>	<b>1,438.18</b>	<b>-</b>	<b>-</b>	<b>1,438.18</b>
Subordinated liabilities in India	1,238.35	-	-	1,238.35	1,438.18	-	-	1,438.18
Subordinated liabilities outside India	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,238.35</b>	<b>-</b>	<b>-</b>	<b>1,238.35</b>	<b>1,438.18</b>	<b>-</b>	<b>-</b>	<b>1,438.18</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### Note 20.1: Nature of security and terms of repayment:

#### a) Nature of security

Redeemable non-convertible subordinated debentures are subordinated debt to present and future senior indebtedness of the Company and based on the balance term to maturity as at March 31, 2023, ₹337.70 crore (March 31, 2022 ₹577.50 crore) qualify as Tier II Capital under regulatory guidelines for assessing capital adequacy.

#### b) Terms of repayment

Maturities	(₹ in crore)							
	As at March 31, 2023				As at March 31, 2022			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest								
8.01% - 9.00%	499.00	410.00	290.00	-	-	699.00	500.00	-
9.01% - 10.00%	-	-	-	39.70	200.00	-	-	39.70
	499.00	410.00	290.00	39.70	200.00	699.00	500.00	39.70

### Note 20.2:

The rate of interest and amount of repayment appearing in note 20.1(b) are as per the term of the debt instruments. (i.e. excluding impact of effective interest rate). Further, refer note 45.1, 45.2 and 45.3 for compliance in relation to the utilisation of the borrowed fund and submission underlying returns/statements.

### NOTE 21: OTHER FINANCIAL LIABILITIES

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on deposits	3.72	38.07
Interest accrued but not due on borrowings (Refer Note 21.1)	262.46	315.69
Unpaid matured deposits and interest accrued thereon	29.94	43.84
Amount payable under assignments (Refer Note 21.2)	167.11	265.15
Book overdraft	1,117.57	1,407.22
Unpaid dividends	0.07	0.07
Other liabilities	307.53	424.37
Lease liabilities (Refer Note 37)	74.75	70.22
<b>Total</b>	<b>1,963.15</b>	<b>2,564.63</b>

**Note 21.1:** Includes amount payable to related party ₹ 2.23 crore (previous year ₹ 0.49 crore).

**Note 21.2:** Includes amount payable to related party ₹ 79.29 crore (previous year ₹ 124.94 crore).

### NOTE 22: PROVISIONS

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Retirement benefits	17.72	17.33
<b>Total</b>	<b>17.72</b>	<b>17.33</b>

### NOTE 23: OTHER NON-FINANCIAL LIABILITIES

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Advance received from customers	134.75	207.07
Statutory dues Payable	75.35	70.51
Other liabilities	17.24	21.02
<b>Total</b>	<b>227.34</b>	<b>298.60</b>



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

## NOTE 24: EQUITY SHARE CAPITAL

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
<b>Authorised</b>		
50,00,00,000 equity shares of ₹ 10 each (March 31, 2022: 50,00,00,000)	500.00	500.00
	500.00	500.00
<b>Issued, subscribed and paid-up</b>		
16,88,55,818 equity shares of ₹ 10 each fully paid up (March 31, 2022: 16,85,98,555)	168.86	168.60
<b>Total</b>	<b>168.86</b>	<b>168.60</b>

**Note 24.1:** Reconciliation of number of shares outstanding and the amount of share capital at the beginning and end of the year:

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	₹ in crore	No. of shares	₹ in crore
At the beginning of the year	16,85,98,555	168.60	16,82,68,123	168.27
Add: Share allotted pursuant to exercise of stock option	2,57,263	0.26	3,30,432	0.33
<b>Outstanding at the end of the year</b>	<b>16,88,55,818</b>	<b>168.86</b>	<b>16,85,98,555</b>	<b>168.60</b>

**Note 24.2:** Detail of equity shareholding of Promoter

Promoter name	(₹ in crore)		
	As at March 31, 2023		
	No. of shares	% of total shares	% Change during the year*
Punjab National Bank	5,49,14,840	32.52%	(0.05%)

Promoter name	(₹ in crore)		
	As at March 31, 2022		
	No. of shares	% of total shares	% Change during the year*
Punjab National Bank	5,49,14,840	32.57%	(0.07%)

\* Change during the year on account of exercise of ESOPs by employees.

**Note 24.3:** Details of shareholders holding more than 5% of equity shares in the Company:

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	% of Holding	No. of shares	% of Holding
Punjab National Bank	5,49,14,840	32.52	5,49,14,840	32.57
Quality Investments Holdings	5,41,92,300	32.09	5,41,92,300	32.14
Investment Opportunities V Pte. Limited	1,66,87,956	9.88	1,66,87,956	9.90
General Atlantic Singapore FII Pte. Limited	1,65,93,240	9.83	1,65,93,240	9.84

**Note 24.4:** Terms / Rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in ₹. Dividend distribution is for all equity shareholders who are eligible for dividend as on record date. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting. In the event of liquidation of the Company, the holders of equity

shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Note 24.5:** The Company has not allotted any share pursuant to contracts without payment being received in cash nor it has issued any bonus shares or bought back any shares, during the period of five years immediately preceding the reporting date.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

**Note 24.6:** The Company has not:

- i. Issued any securities convertible into equity / preference shares.
- ii. Issued any shares where calls are unpaid.
- iii. Forfeited any shares.

**Note 24.7:** Capital Management:

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements as per the directives of the Regulator. The adequacy of the Company capital is monitored using, among other measures, the regulations issued by NHB & RBI from time to time.

Company has complied in full with all its externally imposed capital requirements.

The primary objectives of the Company capital management policy are to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder's value.

The Company manages its capital structure after taking into consideration the inherent business risk and the changes in economic conditions. In order to maintain or adjust the capital

structure, the Company may adjust the amount of dividend payment to shareholders, return of capital to shareholders or issue capital securities.

No changes have been made to the objectives, policies and processes from the previous years and they are reviewed by the Board of Director's at regular intervals.

Regulatory capital consists of Tier I capital, which includes owned funds comprising share capital, share premium, retained earnings including current year profit and free reserves less cash flow hedge reserve, deferred revenue expenditure and intangible assets. The book value of investment in shares of other non-banking financial companies including housing finance companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate 10% of owned funds will be reduced while arriving at the Tier I capital.

The other component of regulatory capital is Tier II Capital Instruments, which includes non-convertible preference shares, revaluation reserve, general provision and loss reserves to the extent of one and one fourth percent of risk weighted asset, hybrid capital instruments and subordinated debts.(Refer Note 36.1)

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Debt securities	3,994.09	6,201.97
Borrowings (other than debt securities)	31,174.70	27,715.84
Deposits	17,244.18	17,648.98
Subordinated liabilities	1,238.35	1,438.18
Less: Cash and cash equivalents	(3,677.82)	(5,065.62)
Less: Bank balance other than cash and cash equivalents (other than earmarked balances)	(118.31)	(150.40)
<b>Net debt</b>	<b>49,855.19</b>	<b>47,788.95</b>
Total equity- Shareholder funds	11,013.86	9,871.63
<b>Net debt to equity ratio</b>	<b>4.53</b>	<b>4.84</b>

**Note 24.8:** Shares reserved for issue under ESOS

(i) Employee Stock Option Scheme and related scheme wise details are as follows:

Particulars	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Date of Grant	April 22, 2016	August 30, 2017	February 23, 2018	July 27, 2018
Number of options granted	38,07,690	4,05,700	1,00,000	1,36,485
Exercise price per option	₹ 338.00	₹ 1600.60	₹ 1206.35	₹1333.35
Date of vesting	The vesting will be as under:			
	25% on April 22, 2017	25% on August 30, 2018	20% on February 23, 2019	25% on July 27, 2019
	25% on April 22, 2018	25% on August 30, 2019	20% on February 23, 2020	25% on July 27, 2020
	25% on April 22, 2019	25% on August 30, 2020	20% on February 23, 2021	25% on July 27, 2021
	25% on April 22, 2020	25% on August 30, 2021	20% on February 23, 2022	25% on July 27, 2022
	-	-	20% on February 23, 2023	-
Exercise period	Within 3 years from the date of respective vesting			
Method of settlement	Through allotment of one equity share for each option granted			
Vesting conditions	Employee to remain in service on the date of vesting			

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

Particulars	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2018 Tranche IV
Date of Grant	July 27, 2018	July 27, 2018	March 19, 2019	August 19, 2020
Number of options granted	18,15,000	2,35,000	1,81,200	45,000
Exercise price per option	₹1333.35	₹1333.35	₹847.40	₹261.15
Date of vesting	The vesting will be as under:			
	15% on July 27, 2020	25% on July 27, 2019	25% on March 19, 2020	10% on August 19, 2021
	28% on July 27, 2021	25% on July 27, 2020	25% on March 19, 2021	20% on August 19, 2022
	28% on July 27, 2022	25% on July 27, 2021	25% on March 19, 2022	30% on August 19, 2023
	29% on July 27, 2023	25% on July 27, 2022	25% on March 19, 2023	40% on August 19, 2024
Exercise period	Within 3 years from the date of respective vesting			
Method of settlement	Through allotment of one equity share for each option granted			
Vesting conditions	Employee to remain in service on the date of vesting			

Particulars	ESOS - 2016 Tranche V	ESOS - 2016 Tranche VI	ESOS - Restricted stock units 2020 Tranche I	ESOS - Restricted stock units 2020 Tranche II
Date of Grant	August 19, 2020	October 21, 2022	February 15, 2021	April 26, 2022
Number of options granted	5,50,000	5,75,000	2,75,676	25,000
Exercise price per option	₹261.15	₹444.05	₹10.00	₹10.00
Date of vesting	The vesting will be as under:		The vesting will be as under:	
	10% on August 19, 2021	20% on October 21, 2023	10% on February 15, 2022	10% on April 26, 2023
	20% on August 19, 2022	20% on October 21, 2024	20% on February 15, 2023	20% on April 26, 2024
	30% on August 19, 2023	30% on October 21, 2025	30% on February 15, 2024	30% on April 26, 2025
	40% on August 19, 2024	30% on October 21, 2026	40% on February 15, 2025	40% on April 26, 2026
Exercise period	Within 3 years from the date of respective vesting		Within 1 years from the date of respective vesting	
Method of settlement	Through allotment of one equity share for each option granted		Through allotment of one equity share for each option granted	
Vesting conditions	Employee to remain in service on the date of vesting	Employee to remain in service on the date of vesting and other applicable performance conditions.	Employee to remain in service on the date of vesting and other applicable performance conditions.	

Particulars	ESOS - 2018 Tranche VI	ESOS - 2018 Tranche V	ESOS - 2018 Tranche VII
Date of Grant	October 08, 2021	July 26, 2021	October 28, 2021
Number of options granted	22,000	1,00,000	75,000
Exercise price per option	₹644.70	₹690.35	₹507.20
Date of vesting	The vesting will be as under:		
	10% on October 08, 2022	10% on July 26, 2022	10% on October 28, 2022
	20% on October 08, 2023	20% on July 26, 2023	20% on October 28, 2023
	30% on October 08, 2024	30% on July 26, 2024	30% on October 28, 2024
	40% on October 08, 2025	40% on July 26, 2025	40% on October 28, 2025
Exercise period	Within 3 years from the date of respective vesting		Within 3 years from the date of respective vesting
Method of settlement	Through allotment of one equity share for each option granted		Through allotment of one equity share for each option granted
Vesting conditions	Employee to remain in service on the date of vesting		Employee to remain in service on the date of vesting and other applicable performance conditions.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

Particulars	ESOS - 2018 Tranche VIII	ESOS - 2018 Tranche IX	ESOS - 2018 Tranche X	ESOS - 2018 Tranche XI
Date of Grant	December 10, 2021	June 09, 2022	August 08, 2022	October 27, 2022
Number of options granted	75,000	25,000	6,78,559	2,00,000
Exercise price per option	₹588.10	₹345.20	₹345.30	₹431.20
Date of vesting	The vesting will be as under:			
	10% on December 10, 2022	20% on June 09, 2023	20% on August 08, 2023	20% on October 27, 2023
	20% on December 10, 2023	20% on June 09, 2024	20% on August 08, 2024	20% on October 27, 2024
	30% on December 10, 2024	30% on June 09, 2025	30% on August 08, 2025	30% on October 27, 2025
	40% on December 10, 2025	30% on June 09, 2026	30% on August 08, 2026	30% on October 27, 2026
Exercise period	Within 3 years from the date of respective vesting			
Method of settlement	Through allotment of one equity share for each option granted			
Vesting conditions	Employee to remain in service on the date of vesting and other applicable performance conditions.			

**Note:** During the year the Company has approved Employee Stock Option Scheme III 2022 and Restricted stock unit Scheme 2022 where in maximum number of options/RSU available for grant in scheme are 20.00 lakh and 8.50 lakh respectively. However, no grant has been made under these schemes.

(ii) Employee Stock Option Scheme movement and related weighted average exercise price are as follows:

Particulars		As at March 31, 2023		
		ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche IV
Options Outstanding at the beginning of the year	(a)	-	-	7,872
Options exercisable at the beginning of the year	(b)	1,14,871	1,12,025	36,113
Options granted during the year	(c)	-	-	-
Options lapsed / expired during the year	(d)	24,999	60,375	24,871
Options vested during the year	(e)	-	-	7,872
Options exercised during the year	(f)	79572*	-	-
Options forfeited during the year	(g)	-	-	-
Options outstanding at end of the year	(h) = (a+c-e-g)	-	-	-
Options exercisable at the end of the year	(i) = (b+e-d-f)	10,300	51,650	19,114
Weighted Average Exercise Price per option	(₹)	338.00	1,600.60	1,333.35
Weighted average remaining contractual life	(year)	0.01	0.23	0.04

Particulars		As at March 31, 2023			
		ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2018 Tranche IV
Options Outstanding at the beginning of the year	(a)	3,23,759	14,875	23,375	40,500
Options exercisable at the beginning of the year	(b)	3,32,456	60,375	70,125	2,000
Options granted during the year	(c)	-	-	-	-
Options lapsed / expired during the year	(d)	1,42,575	40,375	47,825	5,000
Options vested during the year	(e)	1,50,919	14,125	11,150	9,000
Options exercised during the year	(f)	-	-	-	-
Options forfeited during the year	(g)	33,640	750	12,225	17,500
Options outstanding at end of the year	(h) = (a+c-e-g)	1,39,200	-	-	14,000
Options exercisable at the end of the year	(i) = (b+e-d-f)	3,40,800	34,125	33,450	6,000
Weighted Average Exercise Price per option	(₹)	1,333.35	1,333.35	847.40	261.15
Weighted average remaining contractual life	(year)	1.06	0.50	0.74	2.03

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

Particulars	As at March 31, 2023			
	ESOS - 2016 Tranche V	ESOS - 2016 Tranche VI	ESOS - Restricted stock units 2020 Tranche I	ESOS - Restricted stock units 2020 Tranche II
Options Outstanding at the beginning of the year (a)	4,95,000	-	1,42,367	-
Options exercisable at the beginning of the year (b)	55,000	-	14,204	-
Options granted during the year (c)	-	5,75,000	-	25,000
Options lapsed / expired during the year (d)	-	-	1,513	-
Options vested during the year (e)	1,10,000	-	23,194	-
Options exercised during the year (f)	165000**	-	12691***	-
Options forfeited during the year (g)	3,85,000	-	37,964	-
Options outstanding at end of the year (h) = (a+c-e-g)	-	5,75,000	81,209	25,000
Options exercisable at the end of the year (i) = (b+e-d-f)	-	-	23,194	-
Weighted Average Exercise Price per option (₹)	261.15	444.05	10.00	10.00
Weighted average remaining contractual life (year)	2.03	3.76	1.46	2.57

Particulars	As at March 31, 2023			
	ESOS - 2018 Tranche V	ESOS - 2018 Tranche VI	ESOS - 2018 Tranche VII	ESOS - 2018 Tranche VIII
Options Outstanding at the beginning of the year (a)	1,00,000	22,000	75,000	75,000
Options exercisable at the beginning of the year (b)	-	-	-	-
Options granted during the year (c)	-	-	-	-
Options lapsed / expired during the year (d)	-	-	1,000	-
Options vested during the year (e)	10,000	-	2,500	7,500
Options exercised during the year (f)	-	-	-	-
Options forfeited during the year (g)	-	22,000	59,000	-
Options outstanding at end of the year (h) = (a+c-e-g)	90,000	-	13,500	67,500
Options exercisable at the end of the year (i) = (b+e-d-f)	10,000	-	1,500	7,500
Weighted Average Exercise Price per option (₹)	690.35	644.70	507.20	588.10
Weighted average remaining contractual life (year)	2.86	-	3.10	3.21

Particulars	As at March 31, 2023		
	ESOS - 2018 Tranche IX	ESOS - 2018 Tranche X	ESOS - 2018 Tranche XI
Options Outstanding at the beginning of the year (a)	-	-	-
Options exercisable at the beginning of the year (b)	-	-	-
Options granted during the year (c)	25,000	6,78,559	2,00,000
Options lapsed / expired during the year (d)	-	-	-
Options vested during the year (e)	-	-	-
Options exercised during the year (f)	-	-	-
Options forfeited during the year (g)	-	1,11,969	-
Options outstanding at end of the year (h) = (a+c-e-g)	25,000	5,66,590	2,00,000
Options exercisable at the end of the year (i) = (b+e-d-f)	-	-	-
Weighted Average Exercise Price per option (₹)	345.20	345.30	431.20
Weighted average remaining contractual life (year)	3.40	3.56	3.78



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

Particulars	As at March 31, 2022			
	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Options Outstanding at the beginning of the year (a)	-	52,875	40,000	27,243
Options exercisable at the beginning of the year (b)	5,07,527	1,60,875	60,000	28,492
Options granted during the year (c)	-	-	-	-
Options lapsed / expired during the year (d)	64,724	99,350	60,000	8,750
Options vested during the year (e)	-	50,500	-	16,371
Options exercised during the year <sup>#</sup> (f)	3,27,932	-	-	-
Options forfeited during the year (g)	-	2,375	40,000	3,000
Options outstanding at end of the year (h) = (a+c-e-g)	-	-	-	7,872
Options exercisable at the end of the year (i) = (b+e-d-f)	1,14,871	1,12,025	-	36,113
Weighted Average Exercise Price per option (₹)	338.00	1,600.60	1206.35	1,333.35
Weighted average remaining contractual life (year)	0.14	0.53	-	0.21

Particulars	As at March 31, 2022			
	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2018 Tranche IV
Options Outstanding at the beginning of the year (a)	9,02,870	65,500	53,250	45,000
Options exercisable at the beginning of the year (b)	1,60,455	65,500	55,750	-
Options granted during the year (c)	-	-	-	-
Options lapsed / expired during the year (d)	1,34,989	37,000	9,000	-
Options vested during the year (e)	3,06,990	31,875	23,375	4,500
Options exercised during the year <sup>##</sup> (f)	-	-	-	2,500
Options forfeited during the year (g)	2,72,121	18,750	6,500	-
Options outstanding at end of the year (h) = (a+c-e-g)	3,23,759	14,875	23,375	40,500
Options exercisable at the end of the year (i) = (b+e-d-f)	3,32,456	60,375	70,125	2,000
Weighted Average Exercise Price per option (₹)	1,333.35	1,333.35	847.40	261.15
Weighted average remaining contractual life (year)	1.75	0.95	1.36	2.92

Particulars	As at March 31, 2022	
	ESOS - 2016 Tranche V	ESOS - Restricted stock units 2020
Options Outstanding at the beginning of the year (a)	5,50,000	2,63,586
Options exercisable at the beginning of the year (b)	-	-
Options granted during the year (c)	-	-
Options lapsed / expired during the year (d)	-	215
Options vested during the year (e)	55,000	14,419
Options exercised during the year (f)	-	-
Options forfeited during the year (g)	-	1,06,800
Options outstanding at end of the year (h) = (a+c-e-g)	4,95,000	1,42,367
Options exercisable at the end of the year (i) = (b+e-d-f)	55,000	14,204
Weighted Average Exercise Price per option (₹)	261.15	10.00
Weighted average remaining contractual life (year)	2.92	2.39

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

Particulars	As at March 31, 2022			
	ESOS - 2018 Tranche V	ESOS - 2018 Tranche VI	ESOS - 2018 Tranche VII	ESOS - 2018 Tranche VIII
Options Outstanding at the beginning of the year (a)	-	-	-	-
Options exercisable at the beginning of the year (b)	-	-	-	-
Options granted during the year (c)	1,00,000	22,000	75,000	75,000
Options lapsed / expired during the year (d)	-	-	-	-
Options vested during the year (e)	-	-	-	-
Options exercised during the year (f)	-	-	-	-
Options forfeited during the year (g)	-	-	-	-
Options outstanding at end of the year (h) = (a+c-e-g)	1,00,000	22,000	75,000	75,000
Options exercisable at the end of the year (i) = (b+e-d-f)	-	-	-	-
Weighted Average Exercise Price per option (₹)	690.35	644.70	507.20	588.10
Weighted average remaining contractual life (year)	3.82	4.03	4.08	4.20

\* Weighted average share price at the date of the exercise of the stock option is ₹ 520.28

\*\* Weighted average share price at the date of the exercise of the stock option is ₹ 433.53

\*\*\* Weighted average share price at the date of the exercise of the stock option is ₹ 395.86

# Weighted average share price at the date of the exercise of the stock option is ₹ 718.47

### Weighted average share price at the date of the exercise of the stock option is ₹ 524.75

(iii) Black-Scholes Model have been used to derive the fair value of the stock option granted, taking in to account the terms and conditions upon which the share options were granted. The fair value of each stock options and the related parameters considered for the same are:

Particulars	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Estimated Value of Stock Option (₹)	111.71	546.15	487.10	511.64
Share Price at Grant Date (₹)	338.00	1,600.60	1,206.35	1,333.35
Exercise Price (₹)	338.00	1,600.60	1,206.35	1,333.35
Expected Volatility (%)*	0.4065	0.4097	0.3560	0.3560
Dividend Yield Rate (%)	1.24	0.31	0.39	0.55
Expected Life of Options** (year)	3.00	3.00	4.50	4.00
Risk Free Rate of Interest (%)	7.23	6.30	7.43	7.79

Particulars	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2018 Tranche IV
Estimated Value of Stock Option (₹)	593.17	511.64	321.87	120.56
Share Price at Grant Date (₹)	1,333.35	1,333.35	847.40	261.15
Exercise Price (₹)	1,333.35	1,333.35	847.40	261.15
Expected Volatility (%)*	0.3560	0.3560	0.4102	0.4834
Dividend Yield Rate (%)	0.53	0.55	1.06	-
Expected Life of Options** (year)	5.21	4.00	4.00	4.50
Risk Free Rate of Interest (%)	7.90	7.79	6.97	5.06

Particulars	ESOS - 2016 Tranche V	ESOS - 2016 Tranche VI	ESOS - Restricted stock units 2020 Tranche I	ESOS - Restricted stock units 2020 Tranche II
Estimated Value of Stock Option (₹)	120.56	214.75	348.04	380.13
Share Price at Grant Date (₹)	261.15	444.05	356.40	388.20
Exercise Price (₹)	261.15	444.05	10.00	10.00
Expected Volatility (%)*	0.48	50.64	0.49	52.01
Dividend Yield Rate (%)	-	-	-	-
Expected Life of Options** (year)	4.50	4.21	3.50	3.50
Risk Free Rate of Interest (%)	5.06	7.26	5.10	6.07





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

Particulars	ESOS - 2018 Tranche V	ESOS - 2018 Tranche VI	ESOS - 2018 Tranche VII	ESOS - 2018 Tranche VIII
Estimated Value of Stock Option (₹)	332.79	308.88	243.69	282.65
Share Price at Grant Date (₹)	690.35	644.70	507.20	588.10
Exercise Price (₹)	690.35	644.70	507.20	588.10
Expected Volatility (%)*	0.5106	0.5077	0.5091	0.5104
Dividend Yield Rate (%)	-	-	-	-
Expected Life of Options** (year)	4.50	4.50	4.50	4.50
Risk Free Rate of Interest (%)	5.28	5.20	5.24	5.19

Particulars	ESOS - 2018 Tranche IX	ESOS - 2018 Tranche X	ESOS - 2018 Tranche XI
Estimated Value of Stock Option (₹)	166.72	166.16	208.11
Share Price at Grant Date (₹)	345.20	345.30	431.20
Exercise Price (₹)	345.20	345.30	431.20
Expected Volatility (%)*	51.30	51.03	50.65
Dividend Yield Rate (%)	-	-	-
Expected Life of Options** (year)	4.21	4.21	4.21
Risk Free Rate of Interest (%)	6.94	6.92	7.19

\*Expected volatility has been computed basis the expected life.

\*\*Expected life of the share option is based on the date of grant and is not necessarily indicative of exercise pattern that may occur.

(iv) The expenses recognised for the employee services received during the year are as follows:

Particulars	(₹ in crore)	
	Current Year	Previous Year
Expenses arising from equity settled share based payment transaction	11.95	3.67
Expenses arising from cash settled share based payment transaction	-	-
<b>Total</b>	<b>11.95</b>	<b>3.67</b>

### Note 24.9: Dividend declared and paid

Particulars	Net Profit for the accounting period (₹ in crore)*	Rate of dividend (per cent)	Amount of dividend	Dividend pay out ratio (per cent)
April 2022- March 2023	1,056.27	-	-	-
April 2021- March 2022	821.92	-	-	-

Dividend paid during the financial year:

Particulars	(₹ in crore)	
	Current Year	Previous Year
Dividend on ordinary shares:		
Final dividend for 2023: ₹ Nil per share	-	-
Final dividend for 2022: ₹ Nil per share	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

\*Net profit for the accounting period is based on standalone financial statement of the Company.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

## NOTE 25: OTHER EQUITY (NATURE AND PURPOSE OF RESERVES)

### Share application money

Share application money pending allotment whereby the amount has been received on the application, of which allotment is yet to be made.

### Securities premium

Securities premium includes :

- amount of premium received on issue of equity shares and;
- fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Employee Stock Options Scheme.

The securities premium can be utilised only for limited purposes such as issuance of bonus shares, issue expenses of securities which qualify as equity instruments in accordance with the provisions of the Companies Act, 2013.

### Special reserve and Statutory reserve

In accordance with Section 29C(i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve fund (statutory reserve) before any dividend is declared.

The Company has created a special reserve in terms of clause (viii) of sub-section (1) of section 36 of the Income-tax

Act, 1961 and the same is considered to be an eligible transfer for the purposes of section 29C (i).

### Share option outstanding accounts

The cost of equity settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes Model. The cumulative expense recognised for equity settled transaction is credited to share option outstanding account in equity.

### Retained Earnings

Retained earnings are profits earned by the Company after transfer to general reserve and payment of dividend to shareholders.

### Effective portion of cash flow hedges

The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts, cross currency swaps and interest rate swaps. To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss (e.g. interest payments).

## NOTE 26: INTEREST INCOME

(₹ in crore)

Particulars	Current Year			Previous Year		
	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total
<b>Loans</b>	5,837.25	-	5,837.25	5,564.46	-	5,564.46
<b>Investments</b>						
Financial investments - Debt	169.82	-	169.82	158.45	-	158.45
Financial asset valued at fair value through profit and loss	-	81.22	81.22	-	44.92	44.92
<b>Deposits with banks</b>	107.27	-	107.27	50.82	-	50.82
<b>Other Interest income</b>						
Loan against deposits	3.51	-	3.51	3.35	-	3.35
<b>Total</b>	<b>6,117.85</b>	<b>81.22</b>	<b>6,199.07</b>	<b>5,777.08</b>	<b>44.92</b>	<b>5,822.00</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### NOTE 27: FEES AND COMMISSION INCOME

Particulars	(₹ in crore)	
	Current Year	Previous Year
Fees Income	145.88	159.74
Other charges recovered	137.38	102.81
<b>Total</b>	<b>283.26</b>	<b>262.55</b>

### NOTE 28: NET GAIN ON FAIR VALUE CHANGES

Particulars	(₹ in crore)	
	Current Year	Previous Year
Net gain on financial instruments at fair value through profit or loss		
Others		
- Investments	34.10	111.38
<b>Total</b>	<b>34.10</b>	<b>111.38</b>
Fair value changes:		
- Realised	45.03	121.42
- Unrealised	(10.93)	(10.04)
<b>Total</b>	<b>34.10</b>	<b>111.38</b>

### NOTE 29: FINANCE COSTS

Particulars	Current Year			Previous Year		
	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total
	Interest on debt securities	-	395.68	395.68	-	704.37
Interest on borrowings	-	2,051.22	2,051.22	-	1,913.08	1,913.08
Interest on deposits	-	1,315.39	1,315.39	-	1,307.06	1,307.06
Interest on subordinated liabilities	-	119.25	119.25	-	124.28	124.28
Interest on lease liabilities	-	6.18	6.18	-	6.52	6.52
Interest on Income tax	-	0.05	0.05	-	0.47	0.47
Fee and other charges	-	10.75	10.75	-	8.68	8.68
<b>Total</b>	-	<b>3,898.52</b>	<b>3,898.52</b>	-	<b>4,064.46</b>	<b>4,064.46</b>

### NOTE 30: IMPAIRMENT ON FINANCIAL INSTRUMENTS AND WRITE OFFS

Particulars	Current Year			Previous Year		
	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	Total	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	Total
	Loans	-	(1,126.10)	(1,126.10)	-	14.84
Bad debts written off (net)	-	1,738.20	1,738.20	-	562.03	562.03
Investments	-	78.55	78.55	-	-	-
Other receivables	-	0.63	0.63	-	(0.49)	(0.49)
Trade receivables	-	-	-	-	(0.02)	(0.02)
<b>Total</b>	-	<b>691.28</b>	<b>691.28</b>	-	<b>576.36</b>	<b>576.36</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### NOTE 31: EMPLOYEE BENEFITS EXPENSES

Particulars	(₹ in crore)	
	Current Year	Previous Year
Salaries, allowances and benefits	230.64	193.19
Contribution to provident and other funds	18.38	16.53
Share based payments to employees	11.95	3.67
Staff welfare expenses	4.99	3.22
<b>Total</b>	<b>265.96</b>	<b>216.61</b>

### NOTE 32: OTHER EXPENSES

Particulars	(₹ in crore)	
	Current Year	Previous Year
Rent expenses	2.06	1.36
Rates and taxes	0.26	0.27
Electricity and water exepnses	8.73	7.45
Repairs and maintenance	24.59	17.65
Office running and mantinance expenses	30.08	25.53
Business support services	7.04	2.77
Legal and professional charges	53.53	61.37
Advertisement and publicity	19.99	18.44
Corporate social responsibility expenses (Refer Note 32.1)	18.76	23.22
Communication costs	9.07	9.73
Travelling and conveyance	9.52	5.10
Printing and stationery	5.48	3.89
Training and recruitment expenses	6.98	5.29
Director's fees, allowances and expenses	2.92	2.10
Auditor's fees and expenses (Refer Note 32.2)	1.08	0.84
Insurance	0.66	0.54
Bank charges	1.44	0.40
Net loss on derecognition of property, plant and equipment	0.19	0.19
Impairment/loss on assets held for sale	47.65	7.86
Miscellaneous expenses	-	0.83
<b>Total</b>	<b>250.03</b>	<b>194.83</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### Note 32.1: Corporate Social Responsibility expense (CSR)

As per section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules 2021 as amended, the Company is required to spent for CSR activities in accordance with its CSR policy. The details of the CSR expenses for the year are as under:

Particulars	(₹ in crore)	
	Current Year	Previous Year
a) Gross amount required to be spent by the Company during the year	18.76	23.19
b) Amount spent during the year		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above		
- Contribution to various Trust/NGOs/Societies/Agencies and utilisation thereon	11.22	22.06
- Expenditure on administrative overheads for CSR <sup>^</sup>	0.54	1.16
<b>Total</b>	<b>11.76</b>	<b>23.22</b>
c) Shortfall at the end of year	7.00	-
d) Total of previous years shortfall	-	-
e) Reason for shortfall	Refer note 32.1 (i)	NA
f) Details of related party transactions,contribution to a trust controlled by the company in relation to CSR expenditure trust		
- Pehel Foundation*	11.22	18.19
g) Nature of CSR activities		
Nature of CSR activities undertaken by the Company are in relation to:		
- Healthcare		
- Education		
- Women Empowerment		
- Environmental Sustainability		
- Promoting education for the differently abled		
- Employment enhancing vocational skills, training for women		
- Contribution towards Prime minister relief fund		
h) CSR amount spent or unspent for the financial year		
- Total Amount Spent for the Financial Year	11.76	23.22
- Total Amount transferred to Unspent CSR Account as per section 135(6)	7.00	-
- Amount transferred to Unspent Corporate Social Responsibility Account with in specified period	Yes	NA
- Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)	-	-

**Note 32.1 (i):** In relation to Financial Year 2022-23, for optimal and proper utilization of the CSR funds, projects were reviewed and to implement the project effectively and create long term impact, projects were revised as ongoing projects and funds for the same projects will be utilised as planned from unspent account in the subsequent financial years.

<sup>^</sup>The administrative overheads considered on the actual CSR amount spent and not on unspent account.

\*Gross amount paid to PEHEL Foundation was ₹ 11.43 crore during the FY 2022-23, out of which ₹ 0.21 crore was received subsequently by PHFL Home Loan and Services Limited from PEHEL Foundation on account of unspent amount pertaining to ongoing project.

### Note 32.2: Auditor's fees and expenses\*

Particulars	(₹ in crore)	
	Current Year	Previous Year
Statutory audit fee	0.43	0.38
Tax audit fee	0.08	0.07
Limited review fee	0.32	0.24
Other certification fee	0.14	0.08
Out of pocket expenses	0.03	0.01
GST expenses on Auditor's fees and expenses	0.08	0.06
<b>Total</b>	<b>1.08</b>	<b>0.84</b>

\*Excluding fees in relation to the Rights Issue related services by the statutory auditor's amounting to ₹ 0.65 crore plus applicable taxes (Previous year ₹ Nil).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### NOTE 33: INCOME TAXES

The components of income tax expense are:

Particulars	(₹ in crore)	
	Current Year	Previous Year
Current tax	87.74	296.56
Adjustments in respect of current income tax of prior years	0.04	(47.41)
Deferred tax relating to origination and reversal of temporary differences	227.13	(1.67)
<b>Total</b>	<b>314.91</b>	<b>247.48</b>
Current tax	87.78	249.15
Deferred tax (Refer Note 10)	227.13	(1.67)

**Note 33.1:** Reconciliation of tax expense and the accounting profit multiplied by statutory income tax rate for the year ended March 31, 2023 and March 31, 2022 is as follows:

Particulars	(₹ in crore)	
	Current Year	Previous Year
Accounting profit before tax (a)	1,360.91	1,083.96
Statutory income tax rate (%) (b)	25.168	25.168
Tax at statutory income tax rate (c) = (a*b)	342.51	272.81
Adjustments in respect of current income tax of prior years (d)	0.04	(47.41)
Impact of:		
- Income not subject to tax (e)	(38.33)	(20.37)
- Non deductible expenses (f)	(210.89)	89.80
- Deduction under section 36 (1) (viii) (g)	(11.10)	(31.03)
- Other deductions (h)	5.55	(14.65)
<b>Total current tax expense (c+d+e+f+g+h)</b>	<b>87.78</b>	<b>249.15</b>
<b>Effective tax rate (%)</b>	<b>23.14</b>	<b>22.83</b>
<b>Other comprehensive income</b>		
Tax expense on re-measurement gains/ (losses) on defined benefit plan	0.17	(0.34)
<b>Total tax on other comprehensive income</b>	<b>0.17</b>	<b>(0.34)</b>

### NOTE 34: EARNING PER SHARE

i) The Earnings Per Share (EPS) is calculated as follows:

Particulars	Unit	(₹ in crore)	
		Current Year	Previous Year
a) Amount used as the numerator for basic EPS profit for the year	(₹ in crore)	1,046.00	836.48
b) Weighted average number of equity shares for basic EPS	Number	16,86,79,926	16,85,05,508
c) Weighted average number of equity shares for diluted EPS	Number	16,88,44,989	16,88,74,383
d) Nominal value per share	(in ₹)	10	10
e) Earnings per share:			
- Basic (a/b)	(in ₹)	62.01	49.64
- Diluted (a/c)	(in ₹)	61.95	49.53



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

- ii) The basic earnings per share has been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares outstanding during the year. The diluted earnings per share has been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares considered for deriving basic earning per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Diluted potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. Diluted potential equity shares are determined independently for each period presented. Diluted earnings per share does not include conversion or exercise of potential ordinary shares that would have an antidilutive effect on earnings per share.

Reconciliation of equity shares used in computation of basic and diluted earning per equity share is as follows

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Weighted average number of equity shares at the beginning of the year	16,85,98,555	16,82,68,123
Weighted average number of equity shares issued during the year	81,371	2,37,385
Weighted average number of equity shares for computation of basic earnings per share	16,86,79,926	16,85,05,508
Effect of dilutive equity shares - share option outstanding	1,65,063	3,68,875
Weighted average number of equity shares for computation of dilutive earnings per share	<b>16,88,44,989</b>	<b>16,88,74,383</b>

### NOTE 35: ASSETS HELD FOR SALE

The Company has taken possession of mortgage properties (residential / commercial) and is in the process of disposing the same. These properties are classified as assets held for sale.

Period	Particulars	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is promoter, director or relative of promoter/ director or employee of promoter/ director	Property held since which date	Reason for not being held in the name of the company
March 31, 2023	Assets held for sale	Land	-	NA	NA	NA	Possession of assets taken under
March 31, 2023	Assets held for sale	Building	-	NA	NA	NA	Securitization and Reconstruction of Financial Assets and
March 31, 2022	Assets held for sale	Land	73.20	Respective borrowers	No	Between -January 2013 to March 2020	Enforcement of Security Interest Act, 2002 (SARFAESI Act) and
March 31, 2022	Assets held for sale	Building	148.63	Respective borrowers	No	Between -January 2013 to March 2021	the Security Interest (Enforcement) Rules, 2002

### NOTE 36: DISCLOSURE AS PER NON-BANKING FINANCIAL COMPANY-HOUSING FINANCE COMPANY (RESERVE BANK) DIRECTIONS, 2021

The following additional disclosures have been given in compliance with:

- (i) Non-Banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021" ("RBI directions") issued by RBI vide notification number RBI/2020-21/73/DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021; and
- (ii) RBI notification number RBI/2022-23/26/DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022 in relation to Scale Based Regulation.

The above stated RBI directions and NHB Directions are applicable to the Company on standalone basis except note no. 36.10, hence these disclosures are on the basis of standalone financial statement of the Company.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

## Note 36.1: Capital to Risk Assets Ratio (CRAR)

Particulars	As at March 31, 2023	As at March 31, 2022
i) CRAR (%)^	24.43	23.40
ii) CRAR – Tier I Capital (%)	22.40	20.73
iii) CRAR – Tier II Capital (%)	2.03	2.67
(iv) Amount of subordinated debt raised as Tier-II Capital	-	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

^The CRAR is computed by dividing the total capital fund of the Company with aggregated risk-weighted assets/exposure.

## Note 36.2: Reserve Fund u/s 29C of NHB Act, 1987

Particulars	(₹ in crore)	
	Current Year	Previous Year
<b>Balance at the beginning of the year</b>		
(a) Statutory Reserve u/s 29C of NHB Act, 1987	167.97	126.97
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of NHB Act, 1987	1,134.76	1,010.76
<b>(c) Total</b>	<b>1,302.73</b>	<b>1,137.73</b>
<b>Addition/ Appropriation/ Withdrawal during the year</b>		
Add:		
(a) Amount transferred u/s 29C of the NHB Act, 1987	167.00	41.00
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	45.00	124.00
Less:		
(a) Amount appropriated from Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
(b) Amount withdrawn from Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of NHB Act, 1987	-	-
<b>Balance at the end of the year</b>		
(a) Statutory Reserve u/s 29C of NHB Act, 1987	334.97	167.97
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	1,179.76	1,134.76
<b>(c) Total</b>	<b>1,514.73</b>	<b>1,302.73</b>

## Note 36.3: Investments

Particulars	(₹ in crore)	
	Current Year	Previous Year
<b>Value of Investments</b>		
(i) Gross value of Investments		
(a) In India	3,266.57	3,472.02
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	78.55	-
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	3,188.02	3,472.02
(b) Outside India	-	-
<b>Movement of provisions held towards depreciation on investments</b>		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	78.55	-
(iii) Less: Write-off / Written-back of excess provisions during the year	-	-
(iv) Closing balance	78.55	-



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Current investments	870.85	1,237.54
Non-current investments	2,317.17	2,234.48
<b>Total</b>	<b>3,188.02</b>	<b>3,472.02</b>

### Note 36.4: Derivatives

#### i) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
(i) The notional principal of swap agreements	10,065.79	10,288.45
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	721.04	332.88
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps <sup>Ⓐ</sup>	10,065.79	10,288.45
(v) The fair value of the swap book	660.04	242.25

<sup>Ⓐ</sup> The Company has entered into swap and forward agreements with various banks having almost equal exposure with each of them. Hence, there is no concentration of credit risk which could be exposure to particular industries or swaps with highly geared companies.

#### ii) Exchange Traded Interest Rate (IR) Derivative – There is no exchange traded interest rate derivative.

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year	-	-
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31 <sup>st</sup> March	-	-
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-

#### iii) Disclosure on Risk Exposure in Derivatives

##### A. Qualitative Disclosure

Particulars	Details
a) the structure and organization for management of risk in derivatives trading,	Company has a Risk Management Committee (RMC) constituted by the Board and has a Market Risk Management policy under its supervision. As a policy, the Company doesn't trade in derivative products. As per specific Board approval, the Company has entered into derivative product for its ECB borrowing for financing prospective buyers of eligible housing units under both "automatic route" and "approval route" in terms of RBI guidelines.
b) the scope and nature of risk measurement, risk reporting and risk monitoring systems,	The RMC has put in place or enhanced the control measures to contain these risks. The Company has a robust mechanism to ensure an ongoing review of systems, policies, processes and procedures to contain and mitigate risk that arise from time to time.
c) policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigates, and	The Company has not entered into any speculative derivative transaction (without underlying exposure). The Company has entered in to derivative transaction only for hedging its foreign currency and interest rate exposure against foreign currency borrowing which has been availed for financing prospective buyers of eligible housing units. The derivative transactions entered into for hedging the ECB borrowings are as per the applicable guidelines of RBI. The hedging is guided by the Board resolution authorising the Company to borrow through ECB route and hedging of the underlying exposure.
d) accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation.	The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are revalued at their fair market value, on that date. Where Cash Flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the Cash Flow Hedge Reserve in the same period they are accrued. Any profit/loss arising on cancellation/unwinding of derivative contracts are recognised as income or expenses for the period. Premium paid / discount received in advance on derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the balance sheet date.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

## B. Quantitative Disclosure

Particulars	(₹ in crore)			
	As at March 31, 2023		As at March 31, 2022	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	6,242.71	3,823.08	6,763.42	3,525.03
(ii) Marked to Market Positions				
(a) Assets (+)	658.02	63.02	332.88	-
(b) Liability (-)*	(61.00)	-	(50.08)	(40.55)
(iii) Credit Exposure	-	-	-	-
(iv) Unhedged Exposures	3.25	3.25	96.84	4.82

\* Including margin money received from counter party bank.

### Note 36.5: Assignment / Securitisation

- There are no SPVs sponsored by PNB Housing Finance Limited.
- During the year, the Company has not sold any financial assets to Securitisation / Reconstruction Company for Asset Reconstruction (Previous year ₹ Nil).
- Details of assignment transactions undertaken:

Particulars	(₹ in crore)	
	Current Year	Previous Year
(i) No. of accounts	-	-
(ii) Aggregate value (net of provisions) of accounts assigned	-	-
(iii) Aggregate consideration	-	-
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

During the year, the Company has sold some loans and advances measured at amortised cost under co-lending deals through assignment mode, the details of which has been given in note 8.3 (b).

- During the year, the Company has not purchased any non-performing financial assets (Previous year ₹ Nil).
- During the year, the Company has sold non-performing financial assets details of which are given in note 8.3 (c) (Previous year ₹ Nil).

### Note 36.6: Asset Liability Management

The residual maturity profile of Assets and Liabilities is carried out based on the current estimates and assumptions regarding behavioural pattern of pre-payments/maturities and renewals. Maturity pattern of certain items of assets and liabilities are as follows:

#### As at March 31, 2023

Particulars	(₹ in crore)						
	Liabilities				Assets		
	Deposits	Borrowings from banks	Market borrowings	Foreign Currency liabilities	Net advances	Investments	Foreign currency assets
1 day to 7 days	61.85	49.99	-	-	251.03	91.46	-
8 days to 14 days	60.41	30.00	-	-	660.38	103.00	-
15 days to 30/31 days	115.49	550.01	-	-	609.72	676.38	-
Over 1 month to 2 months	384.95	1,177.51	600.00	-	1,091.87	-	-
Over 2 months to 3 months	326.63	2,336.99	-	246.65	1,069.41	-	-
Over 3 months to 6 months	981.24	3,557.89	499.00	-	3,081.30	155.65	-
Over 6 months to 1 year	1,858.52	3,150.19	300.00	3,823.09	5,638.22	416.15	-



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

(₹ in crore)

Particulars	Liabilities				Assets		
	Deposits	Borrowings from banks	Market borrowings	Foreign Currency liabilities	Net advances	Investments	Foreign currency assets
Over 1 year to 3 years	6,951.91	9,359.29	1,515.00	1,421.84	16,837.37	750.77	-
Over 3 years to 5 years	4,305.65	4,698.84	1,290.00	-	10,790.55	406.39	-
Over 5 years	2,197.25	772.41	1,028.44	-	17,878.68	588.22	-
<b>Total</b>	<b>17,243.90</b>	<b>25,683.12</b>	<b>5,232.44</b>	<b>5,491.58</b>	<b>57,908.53</b>	<b>3,188.02</b>	<b>-</b>

### As at March 31, 2022

(₹ in crore)

Particulars	Liabilities				Assets		
	Deposits	Borrowings from banks	Market borrowings	Foreign Currency liabilities	Net advances	Investments	Foreign currency assets
1 day to 7 days	84.58	50.01	-	-	215.67	100.02	-
8 days to 14 days	40.91	-	-	-	215.67	4.05	-
15 days to 30/31 days	146.45	1,789.99	350.00	-	492.96	14.85	-
Over 1 month to 2 months	390.97	912.58	225.00	-	907.72	351.33	-
Over 2 months to 3 months	399.36	950.19	300.00	51.17	891.45	63.28	-
Over 3 months to 6 months	1,216.92	2,379.68	1,255.00	619.72	2,579.66	59.72	-
Over 6 months to 1 year	2,167.12	3,896.26	430.00	284.28	4,758.27	370.20	-
Over 1 year to 3 years	6,839.39	7,680.93	2,054.00	4,510.52	14,633.45	1,344.30	-
Over 3 years to 5 years	4,285.23	3,188.78	1,500.00	532.09	11,516.28	470.00	-
Over 5 years	2,078.04	869.64	1,526.15	-	19,169.61	694.27	-
<b>Total</b>	<b>17,648.97</b>	<b>21,718.06</b>	<b>7,640.15</b>	<b>5,997.78</b>	<b>55,380.74</b>	<b>3,472.02</b>	<b>-</b>

### Note 36.7: Exposure:

#### i) Exposure to Real Estate Sector

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>i) Direct Exposure</b>		
A. Residential Mortgages (including loan against residential property): Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure also include non-fund based (NFB) limits.	49,173.90	43,614.41
B. Commercial Real Estate: Lending secured by mortgages on commercial real estates. Exposure also include non-fund based (NFB) limits	10,167.47	14,325.27
C. Investments in Mortgage Backed Securities (MBS) and other securitised exposures –	-	-
i) Residential	-	-
ii) Commercial Real Estate	-	-
<b>ii) Indirect Exposure</b>		
Fund based and non-fund based exposures on NHB and Housing Finance Companies (HFCs)	-	-
<b>Total exposures to real estate sector</b>	<b>59,341.37</b>	<b>57,939.68</b>

**Note:** While computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

- ii) As on March 31, 2023, the Company does not have any exposure to Capital Market (Previous year ₹ Nil).
- iii) As on March 31, 2023, the Company has not financed any product of the parent company (Previous year ₹ Nil).
- iv) As on March 31, 2023, the Company has not exceeded the prudential exposure limit for single borrower or group borrower (Previous year ₹ Nil).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

- v) As on March 31, 2023, the Company has not given any unsecured advances (Previous year ₹ Nil).
- vi) As on March 31, 2023, all advances of the Company are secured against tangible assets and there are no advances against intangible assets (Previous year ₹ Nil).
- vii) As on March 31, 2023, the Company has no exposures to group companies engaged in the real estate business (Previous year ₹ Nil).
- viii) As on March 31, 2023, the Company has no Intra-group exposures with in the group companies as defined by RBI (Previous year ₹ Nil).

### Note 36.8: Registration obtained from financial sector regulators

NHB : vide registration number 01.0018.01

Ministry of Corporate Affairs : L65922DL1988PLC033856

### Note 36.9: Disclosure of Penalties imposed by NHB/RBI and other regulators:

During the financial year ended March 31, 2023, Regulators have imposed a penalty of ₹ 0.08 crore for delay in appointment of Independent directors on Board pursuant to Regulation 17 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the financial year ended March 31, 2022, Regulators has imposed a penalty of ₹ 0.06 crore on account of the below mentioned observations:

- (i) NHB has levied a penalty of ₹ .01 crore for Non adherence of policy circular no. 58 and 75 with respect to upfront disbursement of sanctioned individual housing loan to the builders without linking the disbursements to various stages of construction of housing project.
- (i) BSE Ltd & National Stock Exchange of India Ltd has imposed a penalty of ₹ 0.05 crore for delay in appointment of Independent directors on Board pursuant to Regulation 17 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Note 36.10: Related Party Transactions

Name of the Related Party	Nature of Relationship
i) Pehel Foundation	Wholly owned Subsidiary
ii) PHFL Home Loan and Services Limited	Wholly owned Subsidiary
iii) Punjab National Bank	Promoter/Enterprise having Significant Influence
iv) Quality Investment Holding Pcc (w.e.f. July 19, 2022) (formerly Quality Investment Holdings)	Enterprise having Significant Influence
v) PNB Investment Services Limited	Enterprise having Significant Influence
vi) PNB Gilts Limited	Enterprise having Significant Influence
vii) PNB Metlife India Insurance Co Ltd	Enterprise having Significant Influence
viii) Dakshin Bihar Gramin Bank	Enterprise having Significant Influence
ix) Assam Gramin Vikash Bank	Enterprise having Significant Influence
x) Tripura Gramin Bank	Enterprise having Significant Influence
xi) Bangiya Gramin Vikash Bank	Enterprise having Significant Influence
xii) Mr. Atul Kumar Goel (Non-Executive Nominee Director) (w.e.f. April 28,2022)	Key Management Personnel
xiii) Mr. Sunil Kaul (Non-Executive Nominee Director)	Key Management Personnel
xiv) Mr. Kapil Modi (Non-Executive Nominee Director)	Key Management Personnel
xv) Mr. Neeraj Madan Vyas (Non-Executive and Non-Independent Director)	Key Management Personnel
xvi) Mr. Chandrasekaran Ramakrishnan (Independent Director)	Key Management Personnel
xvii) Mr. Nilesh S Vikamsey (Independent Director)	Key Management Personnel
xviii) Mr. Ashwani Kumar Gupta (Independent Director)*	Key Management Personnel
xix) Mr. Tejendra Mohan Bhasin (Independent Director)	Key Management Personnel
xx) Mr. Sudarshan Sen (Independent Director)	Key Management Personnel



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for the year ended March 31, 2023

Name of the Related Party	Nature of Relationship
xxi) Ms. Gita Nayyar (Independent Director) (w.e.f. May 29, 2021)	Key Management Personnel
xxii) Mr Binod Kumar (Non- Executive, Nominee Director) (w.e.f. January 12, 2022)**	Key Management Personnel
xxiii) Mr. Pavan Pal Kaushal (Independent Director) (w.e.f. October 27,2022)	Key Management Personnel
xxiv) Mr. Dilip Kumar Jain (Non-Executive Nominee Director) (w.e.f. November 04,2022)	Key Management Personnel
xxv) Mr. CH. S. S. Mallikarjuna Rao (Chairman and Non-Executive Director)***	Key Management Personnel
xxvi) Mr. Rajneesh Karnatak (Non-Executive Nominee Director) (w.e.f. January 19, 2021)****	Key Management Personnel
xxvii) Dr. Gourav Vallabh (Independent Director)*****	Key Management Personnel
xxviii) Mr. Girish Kousgi (Managing Director and CEO) (w.e.f. October 21, 2022)	Key Managerial Personnel
xxix) Mr. Hardayal Prasad (Managing Director and CEO)*****	Key Managerial Personnel
xxx) Mr. Sanjay Jain (Company Secretary)	Key Managerial Personnel
xxxi) Mr. Kapish Jain (Chief Financial Officer)*****	Key Managerial Personnel
xxxii) Mr. Kaushal Mithani (Chief Financial Officer) (w.e.f. April 08, 2022)*****	Key Managerial Personnel
xxxiii) Mr. Vinay Gupta (Chief Financial Officer) (w.e.f. October 26, 2022)	Key Managerial Personnel
xxxiv) Ms. Deepika Gupta Padhi (Director)	Key Management Personnel of PHFL Home Loan and Services Limited
xxxv) Mr. Amit Singh (Director) (w.e.f January 22,2022)	Key Management Personnel of PHFL Home Loan and Services Limited
xxxvi) Mr. Pankaj Jain (Director) (w.e.f December 07,2021)*****	Key Management Personnel of PHFL Home Loan and Services Limited
xxxvii) Anshul Bhargava (Director)*****	Key Management Personnel of PHFL Home Loan and Services Limited
xxxviii) Rajan Suri (Director)*****	Key Management Personnel of PHFL Home Loan and Services Limited

\*Ceased to be Independent Director w.e.f. May 11, 2022

\*\*Ceases to be Non-Executive Nominee Director w.e.f. October 21, 2022

\*\*\*Ceases to be the Chairman and Non-Executive Director of the Company w.e.f. February 01, 2022

\*\*\*\*Ceases to be Non-Executive Nominee Director w.e.f. October 21 2021

\*\*\*\*\*Ceases to be the Independent Director w.e.f. April 21, 2021

\*\*\*\*\*Ceased to be Managing Director and CEO w.e.f. October 20, 2022

\*\*\*\*\*Ceases to be Chief Financial Officer w.e.f. April 07, 2022

\*\*\*\*\*Ceases to be Chief Financial Officer w.e.f. August 23, 2022

\*\*\*\*\*Ceased to be a Key Management Personnel w.e.f November 24, 2022

\*\*\*\*\*Ceased to be a Key Management Personnel w.e.f June 11, 2021

\*\*\*\*\*Ceased to be a Key Management Personnel w.e.f December 7, 2021

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

## Transactions with Related Parties

The nature & volume of transactions of the Company during the year, with the above related parties were as follows. These transactions were carried out in ordinary course of business and were at arm's length price:

Particulars	Promoter/Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel/Relatives of Key Managerial Personnel		Key Managerial Personnel/Relatives of Key Management Personnel		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>Transaction during the year:</b>										
<b>Peel Foundation</b>										
- Donation paid	-	-	11.43	18.19	-	-	-	-	11.43	18.19
<b>Punjab National Bank<sup>^</sup></b>										
- Principal paid on assignment of loans	916.47	1,440.11	-	-	-	-	-	-	916.47	1,440.11
- Interest & other charges paid on assignment of loans	313.41	403.93	-	-	-	-	-	-	313.41	403.93
- Servicing Fees received on assignment of Loan Portfolio	5.37	7.04	-	-	-	-	-	-	5.37	7.04
- Fixed deposit made/renewed	-	3,087.00	-	-	-	-	-	-	-	3,087.00
- Fixed deposit matured	-	4,787.00	-	-	-	-	-	-	-	4,787.00
- Interest received on Fixed Deposits	-	2.64	-	-	-	-	-	-	-	2.64
- Term loan raised	2,150.00	2,390.00	-	-	-	-	-	-	2,150.00	2,390.00
- Term loan repaid	2,009.06	2,773.56	-	-	-	-	-	-	2,009.06	2,773.56
- Interest Paid on Term Loan Instalment / ECB / OD	243.21	182.69	-	-	-	-	-	-	243.21	182.69
- Non Convertible debentures paid	90.00	-	-	-	-	-	-	-	90.00	-
- Interest on Non convertible debentures	7.35	-	-	-	-	-	-	-	7.35	-
- Rent & Maintenance Charges	0.38	0.38	-	-	-	-	-	-	0.38	0.38
- Bank Charges	0.34	0.22	-	-	-	-	-	-	0.34	0.22
<b>PNB Investment Service Private Limited</b>										
- Fees paid	0.02	0.02	-	-	-	-	-	-	0.02	0.02
<b>PNB Gilts Limited</b>										
- Purchase of securities (principal to principal)	-	294.99	-	-	-	-	-	-	-	294.99
- Purchase of securities (inter-mediatory)	165.40	1,062.36	-	-	-	-	-	-	165.40	1,062.36
- Redemption of securities	674.41	10.34	-	-	-	-	-	-	674.41	10.34
- Service charges	0.01	0.01	-	-	-	-	-	-	0.01	0.01
- Interest income on securities	231.71	164.76	-	-	-	-	-	-	231.71	164.76





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

Particulars	Promoter/Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel/Relatives of Key Managerial Personnel		Key Management Personnel/Relatives of Key Management Personnel		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>PNB Metlife India Insurance Co Ltd*</b>										
- Insurance premium given on behalf of customer	122.51	-	-	-	-	-	-	-	122.51	-
- Insurance claims received on behalf of customer	2.77	-	-	-	-	-	-	-	2.77	-
- Insurance premium received back	6.55	-	-	-	-	-	-	-	6.55	-
<b>Assam Gramin Vikash Bank*</b>										
- Deposits received	15.00	-	-	-	-	-	-	-	15.00	-
- Interest on deposit received	4.68	-	-	-	-	-	-	-	4.68	-
- Deposits Matured (including interest)	5.80	-	-	-	-	-	-	-	5.80	-
<b>Dakshin Bihar Gramin Bank*</b>										
- Interest on deposit received	2.36	-	-	-	-	-	-	-	2.36	-
- Deposits Matured (including interest)	55.82	-	-	-	-	-	-	-	55.82	-
<b>Tripura Gramin Bank*</b>										
- Deposits received	20.00	-	-	-	-	-	-	-	20.00	-
- Interest on deposit received	2.59	-	-	-	-	-	-	-	2.59	-
- Deposits Matured	10.00	-	-	-	-	-	-	-	10.00	-
<b>Bangiya Gramin Vikash Bank*</b>										
- Interest on Non convertible debentures	0.34	-	-	-	-	-	-	-	0.34	-
<b>Transactions with KMPs and relatives:</b>										
<b>Sitting Fee and Commission paid to Directors</b>										
- Mr. Chandrasekaran Ramakrishnan	-	-	-	-	-	-	0.37	0.26	0.37	0.26
- Mr. Sudarshan Sen	-	-	-	-	-	-	0.36	0.21	0.36	0.21
- Mr. Nilesh S Vikamsey	-	-	-	-	-	-	0.43	0.29	0.43	0.29
- Mr. Ashwani Kumar Gupta	-	-	-	-	-	-	0.17	0.30	0.17	0.30
- Mr. Neeraj Madan Vyas	-	-	-	-	-	-	0.46	0.15	0.46	0.15
- Mr. Tejendra Mohan Bhasin	-	-	-	-	-	-	0.43	0.31	0.43	0.31
- Ms. Gita Nayyar	-	-	-	-	-	-	0.36	0.09	0.36	0.09
- Mr. Pavan Pal Kaushal	-	-	-	-	-	-	0.12	-	0.12	-
- Dr Gourav Vallabh	-	-	-	-	-	-	-	0.15	-	0.15
- Mr. Shital Kumar Jain	-	-	-	-	-	-	-	0.05	-	0.05
- Mrs. Shubhalakshmi Panse	-	-	-	-	-	-	-	0.11	-	0.11

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

Particulars	Promoter/Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel/Relatives of Key Managerial Personnel		Key Managerial Personnel/Relatives of Key Managerial Personnel		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>Rental expense:</b>										
- Mr. Tejendra Mohan Bhasin and Anjali Bhasin	-	-	-	-	0.23	0.21	-	-	0.23	0.21
<b>Recovery against salary advance from KMP's</b>										
- Mr. Sanjay Jain	-	-	-	-	0.03	-	-	-	0.03	-
<b>Repayment of security deposit</b>										
- Mr. Hardayal Prasad	-	-	-	-	0.04	-	-	-	0.04	-
<b>Remuneration expense#:</b>										
- Mr. Girish Kousgi	-	-	-	-	1.14	-	-	-	1.14	-
- Mr. Vinay Gupta	-	-	-	-	3.97	-	-	-	3.97	-
- Mr. Hardayal Prasad	-	-	-	-	2.62	3.07	-	-	2.62	3.07
- Mr. Sanjay Jain	-	-	-	-	0.81	0.70	-	-	0.81	0.70
- Mr. Kapish Jain	-	-	-	-	0.18	1.40	-	-	0.18	1.40
- Mr. Kaushal Mithani	-	-	-	-	0.40	-	-	-	0.40	-
^ Excluding running current / overdraft account transactions.										
# Excluding prerequisites on exercise of stock options during the year.										
Particulars	Promoter/Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel/Relatives of Key Managerial Personnel		Key Managerial Personnel/Relatives of Key Managerial Personnel		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>Outstanding balances#</b>										
<b>Pehel Foundation</b>										
- Other receivables (net)	-	-	0.21	-	-	-	-	-	0.21	-
<b>Punjab National Bank</b>										
<b>Receivables</b>										
- Servicing fees receivable on assignment on loans	0.44	0.61	-	-	-	-	-	-	0.44	0.61
<b>Payables</b>										
- Term loans	2,457.93	2,317.00	-	-	-	-	-	-	2,457.93	2,317.00
- External Commercial Borrowings##	2,178.75	2,008.89	-	-	-	-	-	-	2,178.75	2,008.89
- Interest accrued on term loans and external commercial borrowings	2.23	0.49	-	-	-	-	-	-	2.23	0.49
- Payable on assignment on loans	79.29	124.94	-	-	-	-	-	-	79.29	124.94



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

Particulars	Promoter/Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel/Relatives of Key Managerial Personnel		Key Management Personnel/Relatives of Key Management Personnel		Total	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>Outstanding balances*</b>										
<b>Assam Gramin Vikash Bank*</b>										
- Deposits received	74.06	-	-	-	-	-	-	-	74.06	-
<b>Tripura Gramin Bank*</b>										
- Deposits received	40.00	-	-	-	-	-	-	-	40.00	-
<b>Key Managerial Personnel</b>										
<b>Receivables</b>										
- Mr. Hardayal Prasad	-	-	-	-	0.40	-	-	-	0.40	-
- Mr. Sanjay Jain	-	-	-	-	0.04	0.03	-	-	0.04	0.03
<b>Payables</b>										
- Mr. Hardayal Prasad	-	-	-	-	-	0.04	-	-	-	0.04
<b>Retirement benefits (as per actuarial valuation)</b>										
- Mr. Girish Kousgi	-	-	-	-	0.10	-	-	-	0.10	-
- Mr. Vinay Gupta	-	-	-	-	0.05	-	-	-	0.05	-
- Mr. Hardayal Prasad	-	-	-	-	-	0.27	-	-	-	0.27
- Mr. Sanjay Jain	-	-	-	-	0.33	0.31	-	-	0.33	0.31
- Mr. Kapish Jain	-	-	-	-	-	0.27	-	-	-	0.27

# Excluding running current account balances.

## Including mark to market adjustment.

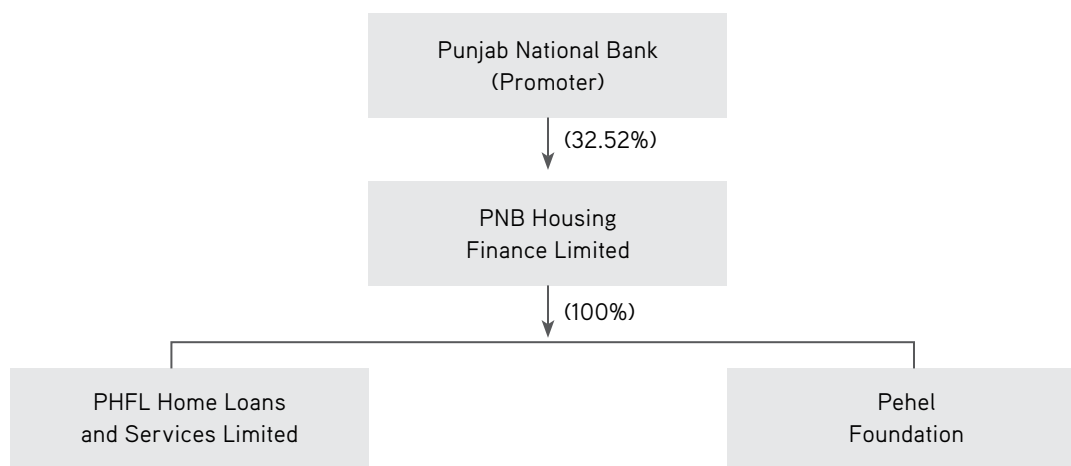
\* SEBI vide notification No. SEBI/LAD-NRO/GN/2021/55 dated November 9, 2021 has enhanced the definition of related party with effect from April 1, 2022. Hence, the transactions and outstanding balances has been reported from the date of applicability.

The policy on dealing with Related Party Transactions is available on our website [www.pnbhousing.com](http://www.pnbhousing.com)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

**Note 36.11:** Diagrammatic representation of group structure along with holding percentage is tabulated below. Further, the Company has complied with the provisions relating to number of layers as prescribed under clause (87) of section 2 of the Companies Act 2013, read with Companies (Restriction on number of Layers) Rules, 2017.



**Note 36.12:** Rating assigned by Credit Rating Agencies and migration of rating during the year are as follows:

Nature of Instrument	As at March 31, 2023	As at March 31, 2022	Migration during the year
Deposits	CRISIL AA (Outlook - Stable)	CRISIL FAA+ (Outlook-Negative)	Upgraded
	CARE AA (Outlook - Stable)	CARE AA (Outlook-Stable)	No change
Long term bonds (Secured and Tier-II bonds)	CRISIL AA (Outlook - Stable)	CRISIL AA (Outlook-Negative)	Upgraded
	CARE AA (Outlook - Stable)	CARE AA (Outlook-Stable)	No change
	IND AA (Outlook - Stable)	IND AA (Outlook-Negative)	Upgraded
	ICRA AA (Outlook - Stable)	ICRA AA (Outlook-Negative)	Upgraded
Commercial Paper	CRISIL A1+	CRISIL A1+	No change
	CARE A1+	CARE A1+	No change
Bank Term Loan	CRISIL AA (Outlook - Stable)	CRISIL AA (Outlook-Negative)	Upgraded
	CARE AA (Outlook - Stable)	CARE AA (Outlook-Stable)	No change

**Note 36.13:** Remuneration of Directors: Details of Remuneration of Directors are disclosed in Form No. MGT - 7.

**Note 36.14:** Management: Management Discussion and Analysis report shall be referred for the relevant disclosures.

**Note 36.15:** During the year, no transaction was accounted which was related to prior period in terms of Ind AS 8 (Previous year ₹ Nil).

**Note 36.16:** During the year, no item of revenue recognition has been postponed except as disclosed in accounting policy for revenue recognition (Refer Note 2.3).

**Note 36.17:** Consolidated Financial Statements (CFS): Refer note no. 1.3 "Principles of consolidation".



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### Note 36.18: Provisions and Contingencies:

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss is given as follows:

Particulars	(₹ in crore)	
	Current Year	Previous Year
1. Provisions for depreciation on Investment	78.55	-
2. Provision made towards Income tax	87.78	242.56
3. Provision towards NPA	(1,121.82)	525.95
4. Provision for Standard Assets		
i) Teaser Loans	-	-
ii) CRE	(10.11)	(150.16)
iii) CRE – RH	(14.86)	(302.84)
iv) Other Loans	20.69	(58.11)
<b>Total (i+ii+iii+iv)</b>	<b>(4.28)</b>	<b>(511.11)</b>
5. Other Provision and Contingencies (Refer Note 2.21)	0.59	(0.49)
6. Provision for Stock of Acquired Properties	-	7.86

### Note 36.19: Break-up of Loan & Advances and Provisions thereon:

The Company has complied with the norms prescribed by the regulator for recognising Non-Performing Assets (NPA) in preparation of accounts. As per the norms, NPAs are recognised on the basis of more than 90 days overdue. NPAs are to be treated as Bad & Doubtful, if they remain outstanding for more than 15 months. The Company has made adequate provisions on Non-Performing Assets and Standard Assets in respect of Housing and Non-Housing Loans as prescribed under directions issued by the regulator.

Pursuant to the RBI circular dated November 12, 2021 "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications", the Company has implemented the requirements and aligned its definition of default accordingly.

Particulars	(₹ in crore)			
	Housing		Non-Housing	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>Standard Assets</b>				
a) Total Outstanding Amount	41,288.04	37,715.43	15,781.97	15,518.09
b) Provision made	496.44	489.83	283.01	293.91
<b>Sub-Standard Assets</b>				
a) Total Outstanding Amount	255.58	1,885.43	157.95	616.92
b) Provision made	72.95	467.79	25.98	252.93
<b>Doubtful Assets - Category-I</b>				
a) Total Outstanding Amount	1,080.94	567.82	204.18	270.02
b) Provision made	264.15	228.37	54.34	108.43
<b>Doubtful Assets - Category-II</b>				
a) Total Outstanding Amount	266.09	990.36	211.30	351.60
b) Provision made	114.65	603.64	69.27	101.17
<b>Doubtful Assets - Category-III</b>				
a) Total Outstanding Amount	49.98	9.04	38.50	9.86
b) Provision made	25.02	4.37	20.19	4.96
<b>Loss Assets</b>				
a) Total Outstanding Amount	2.33	0.98	4.51	4.13
b) Provision made	2.33	0.30	4.51	3.24
<b>TOTAL</b>				
a) Total Outstanding Amount	<b>42,942.96</b>	<b>41,169.06</b>	<b>16,398.41</b>	<b>16,770.62</b>
b) Provision made	<b>975.54</b>	<b>1,794.30</b>	<b>457.30</b>	<b>764.64</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

**Note 36.20: Draw Down from Reserves:** During the year there were no draw down from Reserves (Previous year ₹ Nil).

### Note 36.21: Concentration of Public Deposits

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Total deposits of twenty largest depositors	2,070.75	2,217.83
Percentage of deposits of twenty largest depositors to total deposits	13.32%	14.77%

### Note 36.22: Concentration of Loans & Advances

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Total loans & advances to twenty largest borrowers	3,821.86	6,577.61
Percentage of loans & advances to twenty largest borrowers to total advances	6.44%	11.35%

### Note 36.23: Concentration of all Exposure (including off-balance sheet exposure)

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Total exposure to twenty largest borrowers /customers	3,950.27	7,123.01
Percentage of exposures to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers	6.30%	11.52%

### Note 36.24: Concentration of NPAs

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Total Exposure to top ten NPA accounts	944.06	2,716.53

### Note 36.25: Sector-wise NPAs

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
	Percentage of NPAs to Total Advances in that sector	
A. Housing Loans:	3.85	8.39
1. Individuals	2.00	3.38
2. Builders/Project Loans	24.22	36.97
3. Corporates	9.37	8.77
4. Others (specify)	-	-
B. Non-Housing Loans:	3.76	7.47
1. Individuals	3.68	4.85
2. Builders/Project Loans	-	37.87
3. Corporates	5.45	5.69
4. Others (specify)	-	-



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### Note 36.26: Movement of NPAs

Particulars	₹ in crore)	
	Current Year	Previous Year
(I) Net NPAs to Net Advances (%)	2.76%	5.22%
(II) Movement of NPAs (Gross)		
a) Opening balance	4,706.17	2,998.41
b) Additions during the year	743.44	3,962.68
c) Reductions during the year	3,178.25	2,254.92
d) Closing balance	2,271.36	4,706.17
(III) Movement of Net NPAs		
a) Opening balance	2,930.96	1,749.15
b) Additions during the year	506.38	3,013.97
c) Reductions during the year	1,819.37	1,832.16
d) Closing balance	1,617.97	2,930.96
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	1,775.21	1,249.26
b) Provisions made during the year	237.06	948.71
c) Write-off/write-back of excess provisions	1,358.88	422.76
d) Closing balance	653.39	1,775.21

**Note 36.27:** As on March 31, 2023, the Company does not have any assets outside the country (Previous year ₹ Nil).

**Note 36.28:** As on March 31, 2023, the Company does not have any Off-Balance Sheet SPVs sponsored which are required to be consolidated as per accounting norms (Previous year Nil).

### Note 36.29: (A) Disclosure of Complaints

Particulars	Current Year	Previous Year
<b>Complaints received by the Company from its customers</b>		
a) No. of complaints pending at the beginning of the year	10	29
b) No. of complaints received during the year	1,804	2,281
c) No. of complaints disposed during the year	1,804	2,300
c) (i) Of which, no. of complaints rejected by the Company	168	129
d) No. of complaints pending at the end of the year	10	10

### (B) Top five grounds of complaints received by the Company from customers:

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Number of complaints pending beyond 30 days
<b>Current Year</b>					
Ground - 1 Pre Closure Related	-	374	34.00	2	-
Ground - 2 ROI Conversion/ Rate repricing	-	145	(42.00)	-	-
Ground - 3 PMAY Application	-	101	(54.00)	-	-
Ground - 4 Property Papers Related	-	90	(27.00)	-	-
Ground - 5 Pre-EMI/EMI	-	81	(2.00)	-	-
Ground - 6 Others	10	1,013	(22.00)	8	-
<b>Total</b>	<b>10</b>	<b>1,804</b>	<b>(21.00)</b>	<b>10</b>	<b>-</b>
<b>Previous Year</b>					
Ground - 1 Pre Closure Related	1	280	(2.00)	-	-
Ground - 2 ROI Conversion/ Rate repricing	1	248	(43.00)	-	-
Ground - 3 PMAY Application	6	218	(19.00)	-	-
Ground - 4 Property Papers Related	3	123	(19.00)	-	-
Ground - 5 Preclosure Charges Related	1	121	133.00	-	-
Ground - 6 Others	16	1,291	(19.00)	10	10
<b>Total</b>	<b>28</b>	<b>2,281</b>	<b>(22.00)</b>	<b>10</b>	<b>10</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

**Note 36.30:** As on March 31, 2023, the Company has not granted any loans and has no outstanding loans against collateral gold jewellery (Previous year ₹ Nil).

**Note 36.31:** Deposit includes Public Deposits as defined in Paragraph 4.1.30 of RBI Directions, are secured by floating charge on the Statutory Liquid Assets maintained in terms of sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987. As on March 31, 2023, the public deposits (including accrued interest) outstanding amounts to ₹ 15,545.96 crore (Previous year ₹ 15,019.95 crore).

The Company is carrying Statutory Liquid Assets amounting to ₹ 2,276.42 crore (Previous year ₹ 2,234.18 crore).

**Note 36.32:** As on March 31, 2023, the Company operates within India and does not have any joint venture or overseas subsidiary.

### Note 36.33: Liquidity Risk Management and Liquidity Coverage Ratio

#### (a) Liquidity Risk Management disclosures as at March 31, 2023:

##### (i) Funding Concentration based on significant counterparty (both deposits and borrowings)

(₹ in crore)

As at	Number of Significant Counterparties <sup>^</sup>	Amount	% of total deposits*	% of total liabilities
March 31, 2023	15	32,918	NA	58.94%
March 31, 2022	16	29,519	NA	52.85%

\*Company does not have any depositor who would be eligible as significant counterparty

<sup>^</sup>Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies. Funding concentration based on significant counterparty has been computed using latest beneficiary position instead of original subscribers.

##### (ii) Top 20 large deposits

(₹ in crore)

Particulars	As at March 31, 2023	% of total deposits	As at March 31, 2022	% of total deposits
Total deposits of top twenty largest depositors	2,109	12.23%	2,761	15.64%

##### (iii) Top 10 borrowings

(₹ in crore)

Particulars	As at March 31, 2023	% of total liabilities	As at March 31, 2022	% of total liabilities
Total exposure of top ten lenders	28,429	50.90%	25,653	45.93%

##### (iv) Funding Concentration based on significant instrument/product

(₹ in crore)

Name of the instrument/product <sup>^^</sup>	As at March 31, 2023	% of total liabilities	As at March 31, 2022	% of total liabilities
1) Secured Non-Convertible Debentures	3,994.09	7.15%	6,201.97	11.10%
2) Commercial Papers	-	-	-	-
3) Refinance Facility from NHB	3,046.20	5.45%	4,665.21	8.35%
4) Bank Facilities (Long Term + Short Term)	22,636.92	40.53%	17,052.85	30.53%
5) External Commercial Borrowings	5,491.58	9.83%	5,997.78	10.74%
6) Deposits	17,243.90	30.88%	17,648.97	31.60%
7) Subordinated Tier-II Non-Convertible Debentures	1,238.35	2.22%	1,438.18	2.58%
<b>Total Borrowings</b>	<b>53,651.04</b>	<b>96.06%</b>	<b>53,004.96</b>	<b>94.91%</b>
<b>Total Liabilities</b>	<b>55,852.39</b>		<b>55,848.76</b>	

<sup>^^</sup>Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### (v) Stock ratios

Particulars	As at March 31, 2023			As at March 31, 2022		
	as a % of total public funds	as a % of total liabilities	as a % of total assets	as a % of total public funds	as a % of total liabilities	as a % of total assets
	Commercial papers	-	-	-	-	-
Non-convertible Debentures (original maturity of less than 1 year)	NA	NA	NA	NA	NA	NA
Other short term liabilities*	7.91%	7.60%	6.35%	6.89%	6.54%	5.56%

\* Includes short term funds with original maturity of less than 1 year and includes funds from Refinance from NHB, Short Term Lines / OD / WCDL

### (vi) Institutional set-up for liquidity risk management

The Board of Directors of the Company has constituted the Asset Liability Management Committee (ALCO) and the Risk Management Committee. The Board has the overall responsibility for management of liquidity risk. The Board decides the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits approved by it. The Risk Management Committee (RMC), which is a committee of the Board, is responsible for evaluating and monitoring the integrated risk management system of the Company including liquidity risk. The ALCO is responsible for ensuring adherence to the liquidity risk tolerance/limits set out in the Board approved Asset Liability Management (ALM) policy. The role of the ALCO with respect to liquidity risk includes, inter alia, decision on desired maturity profile for assets & liabilities, responsibilities and controls for managing liquidity risk and overseeing the liquidity position of the Company. The ALM Policy is reviewed periodically to realign the same pursuant to any regulatory changes/changes in the economic landscape or business needs and tabled to the Board for approval.

Management regularly reviews the position of cash and cash equivalents by aligning the same with the projected maturity of financial assets and financial liabilities, economic environment, liquidity position in the financial market, anticipated pipeline of future borrowing & future liabilities and threshold of minimum liquidity defined in the ALM policy with additional liquidity buffers as management overlay.

### (b) Disclosure pursuant to Reserve Bank of India Circular DOR.FIN.HFC. CC.No.120/03.10.136/2020-21 dated February 17, 2021 pertaining to Liquidity Risk Management Framework for Housing Finance Companies

#### A. Qualitative Disclosure

As per above circular, all deposit taking HFCs irrespective of their asset size, shall maintain a liquidity buffer in terms of Liquidity Coverage Ratio (LCR) which will promote resilience of HFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. The timeline on adhering to LCR guidelines are tabulated below.

Periods	December 01, 2021	December 01, 2022	December 01, 2023	December 01, 2024	December 01, 2025
Minimum LCR (%)	50%	60%	70%	85%	100%

The objective of the LCR is to promote an environment wherein balance sheet carry a strong liquidity for short term cash flow requirements. To ensure strong liquidity NBFCs are required to maintain adequate pool of unencumbered HQLA which can be easily converted into cash to meet their stressed liquidity needs for 30 calendar days. The LCR is expected to improve the ability of financial sector to absorb the shocks arising from financial and/or economic stress, thus reducing the risk of spill over from financial sector to real economy.

The Liquidity Risk Management of the Company is managed by the ALCO under the governance of Board approved Liquidity Risk Framework comprising of Asset Liability Management policy, Contingency Funding Policy, Funding Strategy and Resource Mobilization Policy, and Market Risk Management Policy. The LCR levels for the balance sheet date is derived by arriving the stressed expected cash inflow and outflow for the next calendar

month. To compute stressed cash outflow, all expected and contracted cash outflows are considered by applying a stress of 15%. Similarly, inflows for the Company is arrived at by considering all expected and contracted inflows by applying a haircut of 25%.

The main drivers of LCR are:

Outflows comprises of:

- All the contractual debt repayments and interest payments
- Expected operating expense based on FY 2021-22
- Committed credit facilities contracted with customers for both sanctioned but partly disbursed cases and sanctioned but undisbursed cases based on historical experience and other expected or contracted cash outflows like expected pay-outs under contracted direct assignment deals.

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The potential debt which may be recalled by the lenders on account of covenant breach has not been considered since the Company has not experienced such debt recall by any lender so far despite having breached covenants in the past.

Inflows comprises of:

- Expected receipt (scheduled EMIs) from all performing loans
- Liquid investment either in the form of short tenure Fixed Deposits with banks or in units of Debt Mutual Fund Schemes (like Overnight Liquid and Money Market Schemes) which are unencumbered and have not been considered as part of HQLA
- Sanctioned and undrawn lines of credit from banks.

For the purpose of HQLA the Company considers unencumbered government securities and cash/bank balances with nil haircuts.

The unencumbered government securities held as part of HQLA are identified separately from the government securities which are lien marked in favour of Trustee for public deposits accepted by the Company. The LCR is

Funding profile of the Company is tabulated below:

Particulars	As at March 31, 2023		As at March 31, 2022	
	(₹ in crore)	%	(₹ in crore)	%
Secured Non-Convertible Debentures	3,994.09	6.55%	6,201.97	9.99%
Refinance Facility from NHB	3,046.20	5.00%	4,665.21	7.51%
Bank Facilities (Long Term + Short Term)	22,636.92	37.11%	17,052.85	27.46%
External Commercial Borrowings	5,491.58	9.00%	5,997.78	9.66%
Deposits	17,243.90	28.27%	17,648.97	28.42%
Subordinated Tier-II Non-Convertible Debentures	1,238.35	2.03%	1,438.18	2.32%
<b>Total (a)</b>	<b>53,651.04</b>		<b>53,004.96</b>	
Assignment of loans (b)	7,344.70	12.04%	9,088.02	14.64%
<b>Total (a+b)</b>	<b>60,995.74</b>	<b>100.00%</b>	<b>62,092.98</b>	<b>100.00%</b>

### Derivative exposures and potential collateral calls:

To hedge ECBs the Company enters into derivative transactions. All the derivatives of the Company are for hedging purpose and not for any speculative or trading purpose. As on March 31, 2023, the notional amount of outstanding derivatives is ₹ 10,065.79 crore (Previous year ₹ 10,288.45 crore) with net positive MTM of ₹ 682.37 crore (Previous year ₹ 242.25 crore). Further, the Company has executed bilateral Credit Support Agreement with one of its derivative counterparty.

computed by dividing the stock of HQLA by its total net cash outflows over one-month stress period.

LCR guidelines are effective from December 01, 2021. LCR has been calculated and monitored as per methodology prescribed in the RBI circular. LCR has been calculated as a simple average of the total number of days in a quarter on daily basis. The Company is compliant with maintenance of stipulated LCR. Further, the Company has been monitoring the LCR at monthly intervals for the period of April 2022 to March 2023. The maximum and minimum daily required HQLA for regulatory compliance has been ₹ 1,650.01 crore and ₹ 585.72 crore respectively for the period of April 22 to March 23.

The Company maintains diversified sources of funding comprising short/long term loans from banks, Non-Convertible Debentures (NCDs), External Commercial Borrowings (ECBs), Deposits, Refinance from National Housing Bank (NHB) and Commercial Papers (CPs). The funding pattern is reviewed on monthly basis by the management and on quarterly basis by the ALM Committee and Risk Management Committee.

As on March 31, 2023 there is no outstanding margin but there could be potential future margin calls based on MTM movements. However, the Company has received MTM of ₹ 22.33 crore (Previous year ₹ Nil).

**Currency mismatch in LCR:** There is no mismatch required to be reported in LCR as on March 31, 2023 and March 31, 2022 since all the Foreign Currency liabilities are reinstated to ₹ as per the corresponding derivative/ forward deals and closing RBI reference / FBIL exchange rates.



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for the year ended March 31, 2023

### B. Quantitative Disclosure

Particulars	(₹ in crore)			
	Quarter ended March 2023		Quarter ended December 2022	
	Total Unweighted** Value	Total Weighted# Value	Total Unweighted** Value	Total Weighted# Value
<b>High Quality Liquid Assets</b>				
Total High Quality Liquid Assets (HQLA)	819.27	819.27	967.19	967.19
(i) Cash in hand & Bank balance	90.83	90.83	74.24	74.24
(ii) CP/Corporate Bond	247.68	247.68	250.66	250.66
(iii) Government securities	480.76	480.76	642.29	642.29
<b>Cash Outflows</b>				
Deposits	428.73	493.04	450.07	517.58
Unsecured wholesale funding	32.78	37.70	133.70	153.76
Secured wholesale funding	1,205.18	1,385.96	620.27	713.31
Additional requirements, of which				
(i) Outflows related to derivative exposures and other collateral requirements	9.16	10.53	17.81	20.48
(ii) Outflows related to loss of funding on debt products	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-
Other contractual funding obligations	1,113.66	1,280.71	1,095.24	1,259.53
Other contingent funding obligations	111.76	128.52	134.43	154.59
<b>Total Cash Outflows</b>	<b>2,901.27</b>	<b>3,336.46</b>	<b>2,451.52</b>	<b>2,819.25</b>
<b>Cash Inflows</b>				
Secured lending	-	-	-	-
Inflows from fully performing exposures	790.32	592.74	765.79	574.34
Other cash inflows	5,941.67	4,456.25	5,081.98	3,811.49
<b>Total Cash Inflows</b>	<b>6,731.99</b>	<b>5,048.99</b>	<b>5,847.77</b>	<b>4,385.83</b>
	<b>Total Adjusted Value</b>			
<b>Total HQLA</b>		<b>819.27</b>		<b>967.19</b>
<b>Total Net Cash Outflows</b>		<b>834.11</b>		<b>704.81</b>
<b>Liquidity Coverage Ratio (%)</b>		<b>98.22%</b>		<b>137.23%</b>
<b>Required LCR</b>	in %	<b>60.00%</b>	in %	<b>60.00%</b>
	in ₹	<b>500.47</b>	in ₹	<b>422.89</b>

Particulars	(₹ in crore)			
	Quarter ended September 2022		Quarter ended June 2022	
	Total Unweighted** Value	Total Weighted# Value	Total Unweighted** Value	Total Weighted# Value
<b>High Quality Liquid Assets</b>				
Total High Quality Liquid Assets (HQLA)	978.79	978.79	998.92	998.92
(i) Cash in hand & Bank balance	73.69	73.69	83.32	83.32
(ii) CP/Corporate Bond	239.92	239.92	63.38	63.38
(iii) Government securities	665.18	665.18	852.22	852.22
<b>Cash Outflows</b>				
Deposits	531.53	611.26	488.89	562.22
Unsecured wholesale funding	-	-	82.42	94.78
Secured wholesale funding	1,523.65	1,752.20	1,320.75	1,518.86

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(₹ in crore)

Particulars	Quarter ended September 2022		Quarter ended June 2022	
	Total Unweighted** Value	Total Weighted# Value	Total Unweighted** Value	Total Weighted# Value
Additional requirements, of which				
(i) Outflows related to derivative exposures and other collateral requirements	32.75	37.66	34.13	39.25
(ii) Outflows related to loss of funding on debt products	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-
Other contractual funding obligations	1,045.31	1,202.11	1,030.12	1,184.64
Other contingent funding obligations	120.60	138.69	114.37	131.52
<b>Total Cash Outflows</b>	<b>3,253.84</b>	<b>3,741.92</b>	<b>3,070.68</b>	<b>3,531.27</b>
<b>Cash Inflows</b>				
Secured lending	-	-	-	-
Inflows from fully performing exposures	739.79	554.84	753.55	565.16
Other cash inflows	6,205.08	4,653.81	7,029.65	5,272.24
<b>Total Cash Inflows</b>	<b>6,944.87</b>	<b>5,208.65</b>	<b>7,783.20</b>	<b>5,837.40</b>
	<b>Total Adjusted Value</b>			
<b>Total HQLA</b>		<b>978.79</b>		<b>998.92</b>
<b>Total Net Cash Outflows</b>		<b>935.48</b>		<b>882.82</b>
<b>Liquidity Coverage Ratio (%)</b>		<b>104.63%</b>		<b>113.15%</b>
<b>Required LCR</b>	<b>in %</b>	<b>50.00%</b>	<b>in %</b>	<b>50.00%</b>
	<b>in ₹</b>	<b>467.74</b>	<b>in ₹</b>	<b>441.41</b>

(₹ in crore)

Particulars	Quarter ended March 2022		Month ended December 2021*	
	Total Unweighted** Value	Total Weighted# Value	Total Unweighted** Value	Total Weighted# Value
<b>High Quality Liquid Assets</b>				
Total High Quality Liquid Assets (HQLA)	1,146.99	1,146.99	1,131.74	1,131.74
(i) Cash in hand & Bank balance	108.67	108.67	90.45	90.45
(ii) Government securities	1,038.32	1,038.32	1,041.29	1,041.29
<b>Cash Outflows</b>				
Deposits	526.95	605.99	385.94	443.83
Unsecured wholesale funding	144.44	166.11	-	-
Secured wholesale funding	1,541.65	1,772.90	2,073.55	2,384.58
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	-	-	-	-
Other contractual funding obligations	1,239.11	1,424.98	1,014.71	1,166.91
Other contingent funding obligations	134.25	154.39	214.03	246.13
<b>Total Cash Outflows</b>	<b>3,586.40</b>	<b>4,124.37</b>	<b>3,688.23</b>	<b>4,241.45</b>
<b>Cash Inflows</b>				
Secured lending	-	-	-	-
Inflows from fully performing exposures	732.31	549.23	795.55	596.66
Other cash inflows	7,729.09	5,796.82	3,074.00	2,305.50
<b>Total Cash Inflows</b>	<b>8,461.40</b>	<b>6,346.05</b>	<b>3,869.55</b>	<b>2,902.16</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

(₹ in crore)

Particulars	Quarter ended March 2022		Month ended December 2021*	
	Total Unweighted** Value	Total Weighted# Value	Total Unweighted** Value	Total Weighted# Value
	<b>Total Adjusted Value</b>			
Total HQLA		1,146.99		1,131.74
Total Net Cash Outflows		1,031.09		1,339.30
Liquidity Coverage Ratio (%)		111.24%		84.50%
Required LCR	in %	50.00%	in %	50.00%
	in ₹	515.55	in ₹	669.65

\* Since LCR has been made applicable for HFCs from December 01, 2021.

\*\*Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

#Weighted values are calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

### Note 36.34: Disclosure as per Annexure III of RBI directions:

(₹ in crore)

Particulars	Amount outstanding	Amount overdue
<b>S.No Liabilities side</b>		
<b>1 Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:</b>		
(a) Debentures : Secured	4,098.77	-
: Unsecured	1,239.44	-
(other than falling within the meaning of public deposits)		
(b) Deferred Credits	-	-
(c) Term Loans	31,331.38	-
(d) Inter-corporate loans and borrowing	1,701.66	-
(e) Commercial Paper	-	-
(f) Public Deposits	15,545.96	-
(g) Other Loans (specify nature)	-	-
<b>2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>		
(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	15,545.96	-

(₹ in crore)

Assets side	Amount outstanding
<b>3 Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:</b>	
(a) Secured	59,341.37
(b) Unsecured	-
<b>4 Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities</b>	
(i) Lease assets including lease rentals under sundry debtors	
(a) Financial lease	-
(b) Operating lease	-
(ii) Stock on hire including hire charges under sundry debtors	
(a) Assets on hire	-
(b) Repossessed Assets	-

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

		(₹ in crore)
Assets side		Amount outstanding
	(iii) Other loans counting towards asset financing activities	
	(a) Loans where assets have been repossessed (net of provision)	-
	(b) Loans other than (a) above	-
5	<b>Break-up of Investments</b>	
	<b>Current Investments</b>	
	1. Quoted	
	(i) Shares	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	457.67
	(iii) Units of mutual funds	-
	(iv) Government Securities	413.18
	(v) Others	-
	2. Unquoted	
	Shares	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-
	<b>Long Term Investments</b>	
	1. Quoted	
	(i) Shares	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	2,276.42
	(v) Others (please specify)	-
	2. Unquoted	
	Shares	
	(a) Equity	0.30
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (Security receipt in ACRE Trust)	40.45



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

6 Borrower group-wise classification of assets financed as in (3) and (4) above:

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	57,908.53	-	57,908.53
<b>Total</b>	<b>57,908.53</b>	<b>-</b>	<b>57,908.53</b>

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	Total Book Value (net of provisions)
1. Related Parties		
(a) Subsidiaries*	130.12	0.30
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	3,275.17	3,187.72
<b>Total</b>	<b>3,405.29</b>	<b>3,188.02</b>

8 Other information

Particulars	Amount
1. Gross Non-Performing Assets	
(a) Related Parties	-
(b) Other than related parties	2,271.36
2. Net Non-Performing Assets	
(a) Related Parties	-
(b) Other than related parties	1,617.97
Assets acquired in satisfaction of debt	-

\* Equity capital contributed by the Company has been considered as break up value for subsidiary formed under section 8 of the Company Act 2013 as the subsidiary is prohibited to give any right over its profits to any of its members.

### Note 36.35: Breach of covenant of loans availed and debt securities issued

Loans/debt securities	Current Year	Previous Year	Breach of Covenant	Status as on March 31, 2023	Status as on March 31, 2022	Details
External Commercial Borrowings - Asian Development Bank	246.61	614.04	Breach of NPA %	Waived off	Breach	Waiver received till March 31, 2023; Loan matures in June 2023
External Commercial Borrowings - SBI London	1,655.72	1,516.14	Breach of NPA %	No Breach	Breach	The NPA financial covenant parameter was reset and waiver was received upto December 31, 2022.
External Commercial Borrowings - JICA	592.07	568.55	Breach of NPA %	No Breach	Breach	The NPA financial covenant parameter was reset and waiver was received upto June 30, 2022.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(₹ in crore)

Loans/debt securities	Current Year	Previous Year	Breach of Covenant	Status as on March 31, 2023	Status as on March 31, 2022	Details
External Commercial Borrowings - PNB Dubai	789.42	758.07	Breach of NPA %	No Breach	Breach	The NPA financial covenant parameter was reset and waiver was received upto June 30, 2022.
External Commercial Borrowings - PNB Hong Kong	1,302.54	1,250.82	Breach of NPA %	No Breach	Breach	The NPA financial covenant parameter was reset and waiver was received upto June 30, 2022.
External Commercial Borrowings - Sumitomo Mitsui Banking Corporation	-	556.91	Breach of NPA %	-	Breach	The NPA financial covenant parameter was reset as on March 31, 2022.
Citi Bank-Term Loan	-	23.00	Breach of NPA %	-	-	Loan matured during Q4 FY 22
Bank of Baroda-Term Loan	-	1,776.76	Breach of NPA %	-	Breach	The NPA financial covenant parameter was reset in fresh sanction received in Oct 2021.
Indian Bank-Term Loan	1,275.00	1,187.48	Breach of NPA %	No Breach	Breach	Covenant was waived off in fresh sanction received in September 2022
NCD-Karnataka Bank	50.00	50.00	Breach of NPA %	No Breach	Breach	Waiver was received upto March 31, 2023
NCD-SBI DFHI	30.00	30.00	Breach of NPA %	No Breach	Breach	Waiver was received upto March 31, 2023
NCD-Reliance General Insurance	50.00	50.00	Breach of NPA %	No Breach	Breach	Waiver was received upto March 31, 2023
NCD-IDBI Bank	250.00	250.00	Breach of NPA %	No Breach	Breach	Waiver was received upto March 31, 2023
NCD-UCO Bank	75.00	75.00	Breach of NPA %	No Breach	Breach	Waiver was received upto March 31, 2023
ISDA-IndusInd Bank (Interest Rate Swap)	124.00	114.00	Breach of NPA %	Waived off	Breach	The NPA financial covenant parameter was reset and waiver was received upto March 31, 2023.
ISDA-IndusInd Bank (Principal Only Swap)	124.00	114.00	Breach of NPA %	Waived off	Breach	The NPA financial covenant parameter was reset and waiver was received upto March 31, 2023.





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

**Note 36.36:** RBI vide its circular number RBI/2020-21/60/DOR.NBFC (HFC) CC.NO 118/03.10.136/2020-21 dated October 22, 2020 defined the principal business criteria for HFCs. Further, it also states that those HFCs which does not fulfil the defined criteria as on October 22, 2020 has an option to submit a board approved plan including a roadmap to fulfil the defined criteria and timeline for transition to RBI with in three months from the date of circular.

In compliance with the above circular, the Company has submitted board approved plan along with roadmap to fulfil the defined criteria and timeline for transition to RBI on January 21, 2021.

Details of principal business criteria as follows:

As at March 31, 2023		As at March 31, 2022	
% of total assets towards housing finance	% of total assets towards housing finance for individuals	% of total assets towards housing finance	% of total assets towards housing finance for individuals
64.91%	59.21%	63.54%	53.62%

**Note 36.37:** In compliance with RBI notification number RBI/DNBS/2016-17/49/Master Direction DNBS. PPD.01/66.15.001/2016-17 dated September 29, 2016, during the year the Company has reported eight fraud cases in relation to loans advanced to the borrowers amounting to ₹ 5.44 crore to NHB (Previous year ₹ 4.04 crore in relation to four fraud cases for loans advanced to the borrowers and one fraud case in relation to deposits).

**Note 36.38:** In compliance with RBI circular number RBI/2019-20/170/DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, the comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 is tabulated below:

(₹ in crore)						
Asset Classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS 109 (3)	Loss Allowances (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5)=(3)-(4)	Provisions required as per IRACP norms (6)	Difference between Ind AS 109 provisions and IRACP norms (7) = (4)-(6)
<b>Performing Assets</b>						
Standard	Stage 1	55,064.88	524.82	54,540.06	180.94	343.88
	Stage 2	2,005.13	254.63	1,750.50	6.95	247.68
<b>Subtotal</b>		<b>57,070.01</b>	<b>779.45</b>	<b>56,290.56</b>	<b>187.89</b>	<b>591.56</b>
<b>Non-Performing Assets (NPA)</b>						
<b>Substandard</b>	Stage 3	<b>413.53</b>	<b>98.93</b>	<b>314.60</b>	<b>59.88</b>	<b>39.05</b>
Doubtful - up to 1 year	Stage 3	1,285.12	318.49	966.63	301.69	16.80
1 to 3 years	Stage 3	477.39	183.92	293.47	184.13	(0.21)
More than 3 years	Stage 3	88.48	45.21	43.27	68.95	(23.74)
<b>Subtotal for doubtful</b>		<b>1,850.99</b>	<b>547.62</b>	<b>1,303.37</b>	<b>554.77</b>	<b>(7.15)</b>
Loss	Stage 3	6.84	6.84	-	5.40	1.44
<b>Subtotal for NPA</b>		<b>2,271.36</b>	<b>653.39</b>	<b>1,617.97</b>	<b>620.05</b>	<b>33.34</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	757.04	2.40	754.64	-	2.40
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
<b>Subtotal</b>		<b>757.04</b>	<b>2.40</b>	<b>754.64</b>	<b>-</b>	<b>2.40</b>
<b>Total</b>	Stage 1	<b>55,821.92</b>	<b>527.22</b>	<b>55,294.70</b>	<b>180.94</b>	<b>346.28</b>
	Stage 2	<b>2,005.13</b>	<b>254.63</b>	<b>1,750.50</b>	<b>6.95</b>	<b>247.68</b>
	Stage 3	<b>2,271.36</b>	<b>653.39</b>	<b>1,617.97</b>	<b>620.05</b>	<b>33.34</b>
<b>Total</b>		<b>60,098.41</b>	<b>1,435.24</b>	<b>58,663.17</b>	<b>807.94</b>	<b>627.30</b>

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**Note 36.39:** In compliance with RBI circular number RBI/2020-21/16/DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020, the disclosure in relation to resolution plan implemented under the Resolution Framework for COVID-19-related stress is tabulated below:

### For half-year ended March 31, 2023

(₹ in crore)					
Type of Borrower	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	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year (Q)
<b>Personal Loans*</b>	1,909.40	86.52	11.11	160.04	1,738.25
<b>Corporate persons</b>					
of which, MSMEs					
Others^	237.79	-	-	132.01	105.78
<b>Total</b>	<b>2,147.19</b>	<b>86.52</b>	<b>11.11</b>	<b>292.05</b>	<b>1,844.03</b>

\* Retail loans

§ Principal outstanding as on September 30, 2022.

@ Principal outstanding (including capitalised interest) for live restructured accounts as on March 31, 2023.

^Corporate finance loans

### For half-year ended September 30, 2022

(₹ in crore)					
Type of Borrower	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	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year (Q)
<b>Personal Loans*</b>	2,088.20	389.51	-	38.71	1,909.40
<b>Corporate persons</b>					
of which, MSMEs					
Others^	331.89	6.30	-	81.74	237.79
<b>Total</b>	<b>2,420.09</b>	<b>395.81</b>	<b>-</b>	<b>120.45</b>	<b>2,147.19</b>

\* Retail loans

§ Principal outstanding as on March 31, 2022.

@ Principal outstanding (including capitalised interest) for live restructured accounts as on September 30, 2022.

^Corporate finance loans

### NOTE 37: LEASES

The Ministry of Corporate affairs vide notification number G.S.R. 463(E) dated July 24, 2020 has issued Companies (Indian Accounting Standards) Amendment Rules, 2020 which was further amended vide notification number G.S.R 419 (E) dated June 18, 2021. As per the amendment rules the Company has an option to apply practical expedients of paragraph 46A of Ind AS 116.

The Company had elected to use the practical expedient of paragraph 46A to not to assess whether a rent concession that meets the conditions of paragraph 46B is a lease modification and account for any change in lease payments resulting from the rent concession as if the change were not a lease modification. During the previous year the Company had applied the practical expedients to all rent concessions that meet the conditions specified in paragraph 46B of Ind AS 116.

The Company has recognised ₹ Nil (Previous Year ₹ 0.02) as other income for the year ended March 31, 2023 on account of applicability of the above practical expedients.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### (i) Movement of lease liability

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Lease liability as at the beginning of the year	70.22	86.50
Additions (b)	34.71	8.87
Accretion of interest (c)	6.18	6.52
Payments (d)	33.52	31.67
Modification (e)	2.84	0.00
<b>Lease liability as at the end of the year (a+b+c-d-e)</b>	<b>74.75</b>	<b>70.22</b>

### (ii) Maturity analysis of minimum undiscounted lease payments after the reporting period:

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Less than one year	28.53	34.28
Later than one year but not later than five years	54.87	53.27
Later than five years	7.94	2.15
<b>Total</b>	<b>91.34</b>	<b>89.70</b>

### (iii) Maturity analysis of minimum discounted lease payments after the reporting period:

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Less than one year	23.46	21.90
Later than one year but not later than five years	44.27	46.26
Later than five years	7.02	2.06
<b>Total</b>	<b>74.75</b>	<b>70.22</b>

(iv) There are no gains or losses from sales and leaseback for the year ended March 31, 2023 and March 31, 2022.

(v) There are no variable lease payments for the year ended March 31, 2023 and March 31, 2022.

#### NOTE 38: DISCLOSURE ON TEMPORARY EXCEPTIONS FROM APPLYING SPECIFIC HEDGE ACCOUNTING REQUIREMENTS AS PER IND AS 109

The Ministry of Corporate affairs vide notification number G.S.R. 463(E) dated July 24, 2020 has issued Companies (Indian Accounting Standards) Amendment Rules, 2020. As per the amendment rules the Company has an option to apply the exceptions set out in paragraphs 6.8.4-6.8.12 of Ind AS 109.

The Company has elected to apply the exceptions as specified above. Disclosure with respect to paragraph 24H of Ind AS 107 in relation to uncertainty arising from interest rate benchmark reforms is as follows:

a) The Company has foreign currency borrowings in USD only and the interest rate benchmarks where the Company's hedging relationship is related are 3 month and 6 month USD LIBOR.

b) The Company has outstanding External Commercial Borrowing (ECB) principal of USD 670.00 million (equivalent to ₹ 5,508.53 crore) (March 31, 2022, USD 796.00 million (equivalent to ₹ 6,034.25 crore), which is directly linked or affected by the abovementioned two benchmarks. (USD 495.00 million – 3month USD LIBOR and remaining USD 175.00 million – 6 month USD LIBOR) (March 31, 2022, USD 546.00 million – 3month USD LIBOR and remaining USD 250.00 million – 6 month USD LIBOR).

c) USD 3 month & 6 Month LIBOR will cease to exist from June 30, 2023 and outstanding principal exposure as on that date will be USD 640.00 million (March 31, 2022 USD 640.00 million) for which the Company will discuss and negotiate the alternative reference rate with the respective lenders to incorporate or align the same in the corresponding hedging/derivative deals. The Company will do bilateral negotiation or sign the ISDA fall back protocol as the case may be with each of the derivative counterparties.

d) The outstanding borrowings are long term in nature and the Company hasn't yet received any specific communication from any of its lenders regarding the timelines to change to an alternate reference/benchmark rate. However, as soon as the Company receives any

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

communication or instruction from any of its lenders regarding the transition to an alternate reference rate other than the LIBOR, the Company will immediately take it up with the corresponding hedging counterparty/ies to effect the transition in the hedging/derivative deals also. However, this may result in higher pay out for the Company in the form of excess interest or hedging cost of the underlying borrowing for its remaining tenure.

- e) The nominal amount of hedging instruments for outstanding principal as on March 31, 2023 is USD 670.00 million (March 31, 2022 is USD 796.00 million).

## NOTE 39: SEGMENT REPORTING:

Company's main business is to provide loans against/for purchase, construction, repairs & renovations of Houses/ Flats/Commercial Properties etc. All other activities of the Company revolve around the main business. As such, there are no separate reportable segment, as per the Operating Segments (Ind AS 108), notified by the Companies (Accounting Standard) Rules, 2015. The Company operates within India and does not have operations in economic environments with different risks and returns, hence it is considered operating in single geographical segment. The Company is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

## NOTE 40: CONTINGENT LIABILITIES AND COMMITMENTS

- i) Contingent liabilities in respect of Income-tax of ₹ 87.08 crore (Previous year ₹ 20.74 crore) is disputed and are under appeals. These includes contingent liability of ₹ 1.96 crore (Previous year ₹ 1.84 crore) with respect to Income-tax which have been decided by the CIT(A) in Company's favour. However, Income-tax Department has filed appeal with Delhi High Court. The Company expects the demands to be set aside by the Delhi High Court, hence no additional provision is considered necessary.
- ii) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 21.51 crore (Previous year ₹ 7.60 crore).
- iii) Claims against the Company not acknowledged as debt is ₹ 0.43 crore (Previous year ₹ 0.29 crore)
- iv) Company had issued corporate financial guarantee amounting to ₹ 0.25 crore (Previous year ₹ 0.25 crore) to "UNIQUE IDENTIFICATION AUTHORITY OF INDIA (UIDAI)" against the Aadhar Authentication Services.

## NOTE 41: DISCLOSURE IN RESPECT OF EMPLOYEE BENEFITS:

In accordance with Indian Accounting Standards on "Employee Benefits" (Ind AS 19), the following disclosure have been made:

### Defined Contribution Plans:

**Note 41.1:** The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The contribution has been recognised in the Statement of Profit and Loss which are included under "Contribution to Provident Fund and Other Funds" in Note 31.

Particulars	(₹ in crore)	
	Current Year	Previous Year
Contribution to Provident Fund and Other Funds	15.24	12.96

### Note 41.2: Defined Benefit Plans

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded and the same is managed by Life Insurance Corporation of India and Kotak Mahindra Life Insurance Company Limited. The liability of Gratuity is recognised on the basis of actuarial valuation.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2023. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

### Risks associated with defined benefit plan

**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.

**Salary Risk:** The present value of the defined benefit plan liability is calculated by reference to the future salary of members. As such, an increase in the salary of the members more than assumed level may increase the plan's liability.

**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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### GRATUITY LIABILITY

#### Change in present value of obligation

Particulars	(₹ in crore)	
	Current Year	Previous Year
Present value of obligation as at the beginning of the year	15.41	14.65
Interest cost	1.06	0.99
Current service cost	3.21	3.05
Past service cost including curtailment gains / losses	0.01	0.60
Benefits paid	(3.22)	(2.54)
Actuarial (gain) / loss on obligation	(0.52)	(1.34)
Present value of obligation as at the end of year	15.95	15.41

#### Change in fair value of plan assets\*

Particulars	(₹ in crore)	
	Current Year	Previous Year
Fair Value of plan assets as at the beginning of the year	16.40	16.54
Actual return on plan assets	0.95	1.08
Opening difference	(0.95)	-
Fund charges	(0.09)	-
Contributions	3.14	1.33
Benefits paid	(3.22)	(2.55)
Fair Value of plan assets as at the end of year	16.23	16.40
Funded status	1.24	1.76
Unfunded status	(0.96)	(0.77)

#### Expense recognised in the statement of Profit and Loss

Particulars	(₹ in crore)	
	Current Year	Previous Year
Service cost	3.22	3.65
Interest cost	1.06	0.99
Expected return on plan assets	(1.13)	(1.08)
Expenses recognised in the statement of profit and loss	3.15	3.56
Remeasurement (loss)/gain in Other Comprehensive Income (OCI)	(0.70)	1.34

Expected contribution for the next financial year is ₹ 4.51 crore.

#### Assumptions

Particulars	Current Year	Previous Year
a) Discounting rate	7.36%-7.39%	6.80%-7.26%
b) Future salary increase	3.00%-7.00%	3.00%-7.00%
c) Retirement age (Years)	58-60 years	58-60 years
d) Mortality table	IALM (2012-14)	IALM (2012-14)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### Maturity profile of defined benefits obligation

Particulars	(₹ in crore)	
	Current Year	Previous Year
With in the next 12 months	1.53	1.29
Above 1 year and upto 5 years	4.71	4.87
Above 5 year	9.71	9.25

### Sensitivity analysis of the defined benefit obligation\*\*

Particulars	Current Year			
	Discount Rate		Future salary increase	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.60)	0.64	0.60	(0.58)

Particulars	Previous Year			
	Discount Rate		Future salary increase	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.59)	0.64	0.61	(0.57)

\*100% of the plan assets are managed by the insurer for current as well as previous year for employees on the Company payroll. However, for contractual employees there are no plan assets.

\*\*Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these are not calculated. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

### NOTE 42: EXPENDITURE IN FOREIGN CURRENCY:

Particulars	(₹ in crore)	
	Current Year	Previous Year
Interest expense	229.63	88.44
Other expenses	6.17	1.47

### NOTE 43: DERIVATIVE FINANCIAL ASSETS / LIABILITIES

Derivative financial assets subject to offsetting, netting arrangements

Particulars	(₹ in crore)								
	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative assets not subject to netting arrangements	Total derivative assets	Maximum exposure to risk
	Gross derivative assets before offset	Offset with gross derivative liabilities	Net derivative assets recognised on the balance sheet	Derivative liabilities	Collaterals received	Derivative assets after consideration of netting potential	Derivative Assets recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative assets	A	B	C = (A+B)	D	E	F = (C+D+ E)	G	H = (C+G)	I = (H+D+E)
At 31 March, 2023*	721.04	(61.00)	660.04	-	-	660.04	-	660.04	660.04
At 31 March, 2022	332.88	(90.63)	242.25	-	-	242.25	-	242.25	242.25

Derivative financial liabilities subject to offsetting, netting arrangements



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

(₹ in crore)

Particulars	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative liabilities not subject to netting arrangements	Total derivative liabilities	Maximum exposure to risk
	Gross derivative liabilities before offset	Offset with gross derivative assets	Net derivative liabilities recognised on the balance sheet	Derivative Assets	Collaterals given	Derivative liabilities after consideration of netting potential	Derivative liabilities recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative liabilities	A	B	C = (A+B)	D	E	F = (C+D+E)	G	H = (C+G)	I = (H+D+E)
At 31 March, 2023*	(61.00)	61.00	-	-	-	-	-	-	-
At 31 March, 2022	(90.63)	90.63	-	-	-	-	-	-	-

\* Including margin money received from counter party bank.

**NOTE 44:** Additional information, as required under Schedule III to the Companies Act 2013, of enterprise consolidated as Subsidiary/Associates/Joint Ventures:

(₹ in crore)

Name of the entity	Net Asset (Total assets - Total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net asset	Amount (₹ in crore)	As % of consolidated profit or (loss)	Amount (₹ in crore)	As % of consolidated other comprehensive income	Amount (₹ in crore)	As % of consolidated total comprehensive income	Amount (₹ in crore)
	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023
<b>Parent</b>								
PNB Housing Finance Limited	99.44	10,952.57	100.98	1,056.27	99.40	76.60	100.87	1,132.87
<b>Indian subsidiary</b>								
PHFL Home Loans and Services Limited	1.18	130.46	1.33	13.94	0.60	0.46	1.28	14.40
Inter-Company elimination and other consolidated adjustments	(0.62)	(69.17)	(2.31)	(24.21)	-	-	(2.16)	(24.21)
<b>Non controlling interest in subsidiaries</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>100.00</b>	<b>11,013.86</b>	<b>100.00</b>	<b>1,046.00</b>	<b>100.00</b>	<b>77.06</b>	<b>100.00</b>	<b>1,123.06</b>

(₹ in crore)

Name of the entity	Net Asset (Total assets - Total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net asset	Amount (₹ in crore)	As % of consolidated profit or (loss)	Amount (₹ in crore)	As % of consolidated other comprehensive income	Amount (₹ in crore)	As % of consolidated total comprehensive income	Amount (₹ in crore)
	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022
<b>Parent</b>								
PNB Housing Finance Limited	99.28	9,800.54	98.26	821.92	99.30	96.62	98.37	918.54
<b>Indian subsidiary</b>								
PHFL Home Loans and Services Limited	1.18	116.06	2.16	18.08	0.70	0.68	2.01	18.76
Inter-Company elimination and other consolidated adjustments	(0.46)	(44.97)	(0.42)	(3.52)	-	-	(0.38)	(3.52)
<b>Non controlling interest in subsidiaries</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>100.00</b>	<b>9,871.63</b>	<b>100.00</b>	<b>836.48</b>	<b>100.00</b>	<b>97.30</b>	<b>100.00</b>	<b>933.78</b>

**Note 44.1:** Peהל foundation being the subsidiary of the Company is a charitable organisation under Section 8 of the Companies Act, 2013 and it is prohibited to give any right over its profits to any of its members. Since PNBHFL does not have any right over any kind of returns from Peהל Foundation hence it does not meet the criteria of consolidation of financial statements laid down under Ind AS 110.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### NOTE 45: CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Particulars	(₹ in crore)				
	As at April 01, 2022	Cash flows (net)	Exchange difference	Others	As at March 31, 2023
Debt securities & subordinated liabilities	7,640.15	(2,410.01)	-	2.30	5,232.44
Borrowings from bank	27,715.84	3,112.56	336.45	9.85	31,174.70
Deposits (net)	17,648.98	(408.68)	-	3.88	17,244.18
Lease liabilities	70.22	(35.85)	-	40.38	74.75

Particulars	(₹ in crore)				
	As at April 01, 2021	Cash flows (net)	Exchange difference	Others	As at March 31, 2022
Debt securities & subordinated liabilities	11,795.08	(4,218.00)	-	63.07	7,640.15
Borrowings from bank	29,746.34	(2,229.10)	172.20	26.40	27,715.84
Deposits (net)	16,746.04	901.39	-	1.55	17,648.98
Commercial paper	1,104.98	(1,125.00)	-	20.02	-
Lease liabilities	86.50	(31.67)	-	15.39	70.22

**Note 45.1:** The borrowings has been utilised for the purpose for which it has been taken from banks and financial institutions.

**Note 45.2:** The borrowings which has been repaid during the year whereby satisfaction is yet to be filed with Registrar of Companies (ROC):

Lender Name	Amount (₹ in crore)	Location of registrar	Reason for delay
Punjab & Sind Bank	250.00	ROC- Delhi	Awaiting NOC from the lender
Sumitomo Mitsui Banking Corporation	601.41	ROC- Delhi	Awaiting NOC from the lender

Further, there are some old borrowings which have been fully repaid in past (other than tabled above) for which the Company is compiling the details in relation to which satisfaction is yet to be filed with Registrar of Companies.

**Note 45.3:** Quarterly returns/statements of current assets filed with banks or financial institutions against the underlying borrowings are in agreement with the books of accounts (principal outstanding).

### NOTE 46: MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. However with regard to loans and advances to customers and borrowing of the Company has used the contractual maturities for recovery/settlement. Borrowings (including debt securities and deposits) are reflected basis the contractual maturities.

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
<b>ASSETS</b>						
<b>Financial assets</b>						
Cash and cash equivalents	3,677.82	-	3,677.82	5,065.62	-	5,065.62
Bank balance other than cash and cash equivalents	118.38	-	118.38	150.47	-	150.47
Derivative financial instruments	524.63	135.41	660.04	38.23	204.02	242.25
Trade receivables	12.87	-	12.87	42.80	-	42.80
Loans	3,321.56	54,518.23	57,839.79	4,576.90	50,759.04	55,335.94
Investments	1,454.80	1,741.49	3,196.29	931.86	2,550.84	3,482.70
Other financial assets	166.77	587.87	754.64	125.30	548.61	673.91
<b>Total (a)</b>	<b>9,276.83</b>	<b>56,983.00</b>	<b>66,259.83</b>	<b>10,931.18</b>	<b>54,062.51</b>	<b>64,993.69</b>
<b>Non-financial assets</b>						
Current tax assets (net)	-	264.03	264.03	-	47.30	47.30
Deferred tax assets (net)	-	145.67	145.67	-	398.90	398.90
Investment property	-	0.52	0.52	-	0.53	0.53





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

(₹ in crore)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Property, plant and equipment	-	66.19	66.19	-	71.38	71.38
Right of use assets	-	65.59	65.59	-	60.47	60.47
Capital work-in-progress	-	0.08	0.08	-	-	-
Intangible assets under development	-	3.08	3.08	-	3.54	3.54
Other Intangible assets	-	14.01	14.01	-	18.02	18.02
Other non-financial assets	51.18	3.52	54.70	24.78	2.17	26.95
Assets held for sale	-	-	-	108.83	-	108.83
<b>Total (b)</b>	<b>51.18</b>	<b>562.69</b>	<b>613.87</b>	<b>133.61</b>	<b>602.31</b>	<b>735.92</b>
<b>Total asset c = (a+b)</b>	<b>9,328.01</b>	<b>57,545.69</b>	<b>66,873.70</b>	<b>11,064.79</b>	<b>54,664.82</b>	<b>65,729.61</b>
<b>LIABILITIES</b>						
<b>Financial liabilities</b>						
Trade Payables	30.25	-	30.25	16.29	-	16.29
Debt Securities	900.00	3,094.09	3,994.09	2,359.91	3,842.06	6,201.97
Borrowings (other than debt securities)	14,908.20	16,266.50	31,174.70	10,933.17	16,782.67	27,715.84
Deposits	5,138.66	12,075.58	17,214.24	5,796.65	11,808.49	17,605.14
Subordinated liabilities	499.00	739.35	1,238.35	199.98	1,238.20	1,438.18
Other financial liabilities	1,756.79	206.36	1,963.15	2,332.60	232.03	2,564.63
<b>Total (d)</b>	<b>23,232.90</b>	<b>32,381.88</b>	<b>55,614.78</b>	<b>21,638.60</b>	<b>33,903.45</b>	<b>55,542.05</b>
<b>Non-financial liabilities</b>						
Provisions	2.63	15.09	17.72	2.58	14.75	17.33
Other Non-financial liabilities	210.09	17.25	227.34	277.59	21.01	298.60
<b>Total (e)</b>	<b>212.72</b>	<b>32.34</b>	<b>245.06</b>	<b>280.17</b>	<b>35.76</b>	<b>315.93</b>
<b>Total liabilities f = (d+e)</b>	<b>23,445.62</b>	<b>32,414.22</b>	<b>55,859.84</b>	<b>21,918.77</b>	<b>33,939.21</b>	<b>55,857.98</b>
<b>Net (c-f)</b>			<b>11,013.86</b>			<b>9,871.63</b>

### NOTE 47: RISK MANAGEMENT

The Company has formulated a comprehensive enterprise risk management policy to take care of major risks, such as credit risk, market risk, liquidity risk. The Company has an integrated risk management policy (IRM) in place, which communicates the risk management strategy, framework, and risk processes across the organisation, and has been approved by the Board. The risk management framework broadly includes governance, risk appetite approach, risk-specific guidelines, risk measurement, mitigation, monitoring reporting, and key risk indicators (KRIs). The Company has developed a clearly articulated risk appetite statement, functional policies, and KRIs to explicitly define the level and nature of risk that an organisation willing to take in order to pursue the articulated mission on behalf of various stakeholders. The Board has delegated the responsibility of risk management to its risk management committee (RMC), which reviews the efficacy of our risk management framework, provides important oversight, and assesses whether it is consistent with the risk tolerance levels laid down. The RMC gives directions to executive risk management committee (ERMC), comprising senior management.

### Note 47.1: Credit Risk

The Company's asset base comprises of retail loans and corporate loans.

Retail loans mainly focusses on financing of acquisition or construction of houses that includes repair, upgradation, and development of plot of land. In retail loans category, the Company also provides loan against properties and loans for purchase & construction of non-residential premises.

Corporate finance loans are given mainly to developers for financing the construction of residential / commercial properties, i.e. construction finance loans, and for general corporate purpose loans. i.e. corporate term loans and lease rental discounting loans.

Being in the lending domain, credit risk is one of the major risks in the business model of the Company. Credit risk stems from outright default due to inability or unwillingness of a customer or counterparty to meet the contractual commitments. The essence of credit risk management in the Company pivots around the early assessment of stress, both at a portfolio and account level, and taking appropriate measures.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

## Credit Risk Management

Credit risk of the Company is managed through a robust Credit Risk Management set-up at various levels. Given the pervasiveness of credit risk in the Company's line of business, the Board and the senior management consider credit risk management to be an integral part of the organisational strategy. The Board has constituted a Risk Management Committee (RMC) that owns the risk management framework. The RMC oversees the Risk Management practices and gives direction to the Executive Risk Management Committee (ERMC), comprising of the MD and CEO along with functional heads, in implementing the risk management framework and policy. The policies and procedures have been drafted in close consultation with process owners, ERMC and RMC.

The risk management function is led by the Chief Risk Officer who is independent and has direct access to the RMC.

The Company's Risk Framework for credit risk management is mentioned below:

### 1) Established an appropriate credit risk environment

The Company has developed credit risk strategy which reflects its risk tolerance and level of profitability it expects to achieve. The execution of strategy is done through policies, guidelines and processes supervised by team of experienced professionals in the mortgage business.

### 2) Ensure sound credit approval process

The Company's Target Operating Model (TOM) comprises Hub and Spoc structure, advanced technology platform, experienced and specialized professionals and mark to market policies and products. The Company's TOM allows to manage various type of risks in a better manner which in turn helps building a robust portfolio.

The Company has clear segregation of duties between transaction originators in the business function and approvers in the credit risk function. Spoc or branch act as the primary point of sale, undertake loan originations, collection, deposit sourcing and customer service. Hubs perform functions, such as loan processing, credit appraisal and monitoring through subject matter experts comprising team of underwriters, fraud control unit, legal counsels, and technical evaluators.

The credit sanction is done through a well-defined delegation matrix under four eye principle. All functions are subject to audit, undertaken by an independent team directly reporting to the Board.

Hubs and Spocs are supported by Central Support Office (CSO), Centralised Operations (COPS) and Central Processing Centre (CPC).

### 3) Maintains an appropriate credit administration, measurement, and monitoring process

Policies and procedures have been developed for identifying, measuring, monitoring and mitigating credit risk. Portfolio monitoring allows a proactive approach to identify, at an early stage, credit quality deterioration. A system of independent, periodical reviews of the Company's credit risk management process is established and the results of such reviews are communicated across the levels for corrective actions as applicable. The excepted credit loss on financial instruments has been presented in respective note.

Adequate controls are in place to ensure that the credit approval function is being properly managed and that credit exposures are within levels consistent with prudential standards and internal limits.

## Note 47.2: Derivative Financial Instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet.

## Note 47.3: Analysis of risk concentration

### (i) Risk concentrations on loans

An analysis of the Company's credit risk concentrations per product / sub product is provided in the below mentioned table:

Particulars	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
<b>Concentration by sector - Retail</b>		
Housing loans	39,385.54	35,033.09
Non housing loans	16,085.48	15,486.58
<b>Total (a)</b>	<b>55,471.02</b>	<b>50,519.67</b>
<b>Concentration by sector - Corporate</b>		
Construction finance	3,492.64	6,088.92
Corporate term loan	273.25	941.82
Lease rental discounting	35.72	344.47
<b>Total (b)</b>	<b>3,801.61</b>	<b>7,375.21</b>
<b>Total (a+b)</b>	<b>59,272.63</b>	<b>57,894.88</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### (ii) Risk concentrations on financial assets other than loans

Particulars					(₹ in crore)
	Government	Financial Services	Corporate	Others	Total
<b>As at March 31, 2023</b>					
Cash and cash equivalents	-	3,676.33	-	1.49	3,677.82
Bank balance other than cash and cash equivalents	-	118.38	-	-	118.38
Derivative financial instruments	-	660.04	-	-	660.04
Trade receivables	-	-	12.87	-	12.87
Investments	2,517.06	8.52	630.26	40.45	3,196.29
Other financial assets	9.04	726.55	5.16	13.89	754.64
<b>Total</b>	<b>2,526.10</b>	<b>5,189.82</b>	<b>648.29</b>	<b>55.83</b>	<b>8,420.04</b>
<b>As at March 31, 2022</b>					
Cash and cash equivalents	-	5,064.50	-	1.12	5,065.62
Bank balance other than cash and cash equivalents	-	150.47	-	-	150.47
Derivative financial instruments	-	242.25	-	-	242.25
Trade receivables	-	-	42.77	0.03	42.80
Investments	3,075.46	110.95	296.29	-	3,482.70
Other financial assets	7.44	645.85	5.44	15.18	673.91
<b>Total</b>	<b>3,082.90</b>	<b>6,214.02</b>	<b>344.50</b>	<b>16.33</b>	<b>9,657.75</b>

### Note 47.4: Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company monitors such changes and presents to the management on a regular basis. It undertakes scenario analysis as well as other techniques like earnings at risk to quantify the expected impact upon the change of market variables. The Board approved investment policy defines the overall exposure limits and specific limits pertaining to the exposure to a particular entity /counterparty as well as type of securities.

#### Note 47.4.1 Total market risk exposure

Particular			(₹ in crore)
	As at March 31, 2023	As at March 31, 2022	Primary risk sensitivity
	<b>Carrying amount</b>		
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3,677.82	5,065.62	-
Bank balance other than cash and cash equivalents	118.38	150.47	-
Derivative financial instruments	660.04	242.25	-
Trade receivables	12.87	42.80	-
Loans	57,839.79	55,335.94	Interest rate
Investments	3,196.29	3,482.70	Interest rate
Other financial assets	754.64	673.91	Interest rate
<b>Total</b>	<b>66,259.83</b>	<b>64,993.69</b>	
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Trade payables	30.25	16.29	-
Debt securities	3,994.09	6,201.97	Interest rate
Borrowings (other than debt securities)	31,174.70	27,715.84	Interest rate/ Currency risk
Deposits	17,214.24	17,605.14	Interest rate
Subordinated liabilities	1,238.35	1,438.18	Interest rate
Other financial liabilities	1,963.15	2,564.63	-
<b>Total</b>	<b>55,614.78</b>	<b>55,542.05</b>	

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### 47.4.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on interest rate sensitive assets and interest rate sensitive liabilities. The Company's policy is to monitor positions on a regular basis and hedging strategies are used to ensure positions are maintained within the established limits.

The following tables assesses the sensitivity of the assets and liabilities over the profit and loss with change in interest rates.

(₹ in crore)			
Areas	Financial year	Increase / (decrease) in basis points	Sensitivity of profit and (loss)
Loans	2022-23	100 bps / (100) bps	578.78 / (578.78)
	2021-22	100 bps / (100) bps	559.97 / (559.97)
Investments	2022-23	100 bps / (100) bps	4.19 / (1.38)
	2021-22	100 bps / (100) bps	9.26 / (4.78)
Other financial assets	2022-23	25 bps / (25) bps	68.22 / (68.22)
	2021-22	25 bps / (25) bps	74.20 / (74.20)
External Commercial Borrowing	2022-23	100 bps / (100) bps	(0.63) / 0.63
	2021-22	100 bps / (100) bps	(6.14) / 6.14
Debt securities, Borrowings (other than debt securities), Deposits and Subordinated liabilities	2022-23	100 bps / (100) bps	(319.93) / 319.93
	2021-22	100 bps / (100) bps	(296.53) / 296.53

### 47.4.3 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 arises majorly on account of foreign currency borrowings which are primarily in US dollar (\$). The Company manages its foreign currency risk by entering into cross currency swaps and forward contracts. When a derivative is entered into for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure.

Currently, the Company is exposed to currency risk by virtue of its ECBs. But, the Company has undertaken hedging and mitigated a major portion of such risk.

The following table assesses the sensitivity of the assets and liabilities over the profit and loss and other comprehensive income with change in currency rates.

(₹ in crore)			
Areas	Financial year	Increase / (decrease) in %	Sensitivity on profit and loss / other comprehensive income
External Commercial Borrowing	2022-23	10 % / (10) %	(0.32) / 0.32
	2021-22	10 % / (10) %	(9.68) / 9.68

### Note 47.4.4: Equity price risk:

The Company's investment in non-listed equity securities are accounted at cost in the financial statement net of impairment. The expected cash flow from these entities are regularly monitored to identify impairment indicators.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### Note 47.5: Liquidity risk and funding management

Liquidity risk is defined as the risk that the Company will encounter in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and investors in addition to its core deposit base, also adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a regular basis. The Company also keeps lines of credit and liquid investments that it can access to meet liquidity needs. The lines of credit are from various banks and institutions. The liquid investments are kept in liquid mutual funds, fixed deposits, liquid bonds, government securities etc., limits of which are defined as per investment policy based on the type of security, rating of entity and instrument. In accordance with the Company's policy, the

liquidity position is assessed under a variety of scenarios. The Company follows both stock and flow approaches to monitor and assess the liquidity position. Moreover, the Company keeps a track of the expected funds inflows and outflows along with the avenues of raising the funds. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Company has a Board approved Asset and Liability Management (ALM) policy. The policy has constituted an Asset and Liability Committee (ALCO) which meets at regular intervals and review the asset liability profile both at the particular time bucket level and cumulative level as well as the interest rate profile of the Company. The policy also defines the limits on such monitored items and these are further presented to the Board for information and further action, if any. Apart from the regulatory defined tools, the Company has voluntarily instituted various liquidity parameters that are presented to the ALCO and further to the Board. Moreover, the position of liquidity is presented to the Risk Management Committee of the Board.

#### Note 47.5.1: Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows (including interest) of the Company's financial liabilities.

Particulars	(₹ in crore)					
	As at March 31, 2023			As at March 31, 2022		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
<b>Financial liabilities</b>						
Trade payables	30.25	-	30.25	16.29	-	16.29
Debt securities	900.00	3,094.09	3,994.09	2,359.91	3,842.06	6,201.97
Borrowings (other than debt securities)	14,908.20	16,266.50	31,174.70	10,933.17	16,782.67	27,715.84
Deposits	5,138.66	12,075.58	17,214.24	5,796.65	11,808.49	17,605.14
Subordinated liabilities	499.00	739.35	1,238.35	199.98	1,238.20	1,438.18
Interest on borrowings (including debt securities / deposits / subordinated liabilities)	3,768.92	4,866.85	8,635.77	3,539.44	4,807.71	8,347.15
Other financial liabilities	1,490.61	206.36	1,696.97	1,978.84	232.03	2,210.87
<b>Total</b>	<b>26,735.64</b>	<b>37,248.73</b>	<b>63,984.37</b>	<b>24,824.28</b>	<b>38,711.16</b>	<b>63,535.44</b>

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments.

Particulars	(₹ in crore)		
	Within 12 Months	After 12 Months	Total
<b>As at March 31, 2023</b>			
Undrawn commitments relating to advances	2,618.62	1,696.80	4,315.42
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn sanction relating to borrowings	1,210.00	-	1,210.00
<b>As at March 31, 2022</b>			
Undrawn commitments relating to advances	1,884.25	2,030.01	3,914.26
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn sanction relating to borrowings	1,820.00	-	1,820.00

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

## NOTE 48: FAIR VALUE MEASUREMENT

The principles and techniques of fair valuation measurement of both financial and non-financial instruments are as follows:

### (a) Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

For determination of fair value, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

**Level 1:** Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

**Level 2:** Those where the inputs that are used for valuation are significant and are derived from directly

or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument.

**Level 3:** Those that include one or more unobservable input that is significant to the measurement as whole.

### (b) Valuation governance

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives and their valuations are subject to approvals by related functions of the Company.

### (c) Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

As at March 31, 2023

Particulars	(₹ in crore)			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a recurring basis</b>				
<b>Assets measured at fair value through profit or loss</b>				
Investments				
Mutual funds	8.52	-	-	8.52
Debt securities	-	457.67	-	457.67
Government securities	-	413.18	-	413.18
Derivative financial instruments				
Forward contracts and currency swaps	-	658.02	-	658.02
Interest rate swaps	-	63.02	-	63.02
<b>Total assets measured at fair value on a recurring basis (a)</b>	<b>8.52</b>	<b>1,591.89</b>	<b>-</b>	<b>1,600.41</b>
<b>Assets measured at fair value on a non recurring basis</b>				
Assets held for sale	-	-	-	-
<b>Total assets measured at fair value on a non recurring basis (b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total assets measured at fair value (a)+(b)</b>	<b>8.52</b>	<b>1,591.89</b>	<b>-</b>	<b>1,600.41</b>
<b>Liabilities measured at fair value through profit or loss</b>				
Derivative financial instruments				
Forward contracts and currency swaps	-	38.67	-	38.67
Margin money received against derivative financial instruments	-	22.33	-	22.33
<b>Total liabilities measured at fair value through profit or loss</b>	<b>-</b>	<b>61.00</b>	<b>-</b>	<b>61.00</b>



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

As at March 31, 2022

Particulars	(₹ in crore)			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a recurring basis</b>				
<b>Assets measured at fair value through profit or loss</b>				
Investments				
Mutual Funds	110.95	-	-	110.95
Debt securities	-	92.69	-	92.69
Government securities	-	1,044.83	-	1,044.83
Derivative financial instruments				
Forward contracts and currency swaps	-	332.88	-	332.88
<b>Total assets measured at fair value on a recurring basis (a)</b>	<b>110.95</b>	<b>1,470.40</b>	<b>-</b>	<b>1,581.35</b>
<b>Assets measured at fair value on a non-recurring basis</b>				
Assets held for sale	-	108.83	-	108.83
<b>Total assets measured at fair value on a non-recurring basis (b)</b>	<b>-</b>	<b>108.83</b>	<b>-</b>	<b>108.83</b>
<b>Total assets measured at fair value (a)+(b)</b>	<b>110.95</b>	<b>1,579.23</b>	<b>-</b>	<b>1,690.18</b>
<b>Liabilities measured at fair value through profit or loss</b>				
Derivative financial instruments				
Spot and forward contracts	-	50.08	-	50.08
Interest rate swaps	-	40.55	-	40.55
<b>Total liabilities measured at fair value through profit or loss</b>	<b>-</b>	<b>90.63</b>	<b>-</b>	<b>90.63</b>

## Valuation methodologies of financial instruments measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are recorded and measured at fair value in the Company's financial statements.

### 1. Mutual funds

Units held in mutual funds are valued based on their published Net asset value (NAV) and such instruments are classified under Level 1.

### 2. Debt securities

The Company's debt instruments are standard fixed rate securities, some with zero coupon feature. The Company uses market prices whenever available, or other observable inputs in discounted cash flow models to estimate the corresponding fair value. These Corporate bonds are generally Level 2 instruments.

### 3. Assets held for sale

Assets held for sale valuation are basis independent valuations by a specialist in valuing these type of assets. The best estimate of fair value is current prices in an active market for similar assets.

## 4. Derivative financial instruments

### Interest rate derivatives

For Interest rate derivatives Company has interest rate swaps and cross currency swaps. The valuation techniques are the mark to market positions with forward pricing on the swap models using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves like the OIS yield curve. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3.

### Foreign exchange contracts

Foreign exchange contracts include spot contracts, foreign exchange forward and swap contracts and over-the-counter foreign exchange options.

However, the Company has not entered into any foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. Company classifies these foreign exchange contracts as level 2.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

### (d) Fair Value of financial instruments not measured at fair value

As at March 31, 2023

Particulars	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
(₹ in crore)					
<b>Financial assets</b>					
<b>Financial assets measured at amortised cost:</b>					
Loans and advances to customers	57,839.79	-	57,832.27	-	57,832.27
Investment <sup>#</sup>					
Government Securities (at amortised cost) & Equity (at cost)	2,276.72	-	2,285.37	-	2,285.37
Security Receipt in ACRE 122 trust	40.45	-	-	119.00	119.00
<b>Total financial assets</b>	<b>60,156.96</b>	<b>-</b>	<b>60,117.64</b>	<b>119.00</b>	<b>60,236.64</b>
<b>Financial liabilities</b>					
<b>Financial liabilities measured at amortised cost:</b>					
Debt securities (including interest accrued)	4,098.77	-	4,087.55	-	4,087.55
Deposits (including interest accrued)	17,247.90	-	-	17,142.92	17,142.92
Subordinated liabilities (including interest accrued)	1,239.44	-	1,239.22	-	1,239.22
<b>Total financial liabilities</b>	<b>22,586.11</b>	<b>-</b>	<b>5,326.77</b>	<b>17,142.92</b>	<b>22,469.69</b>

As at March 31, 2022

Particulars	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
(₹ in crore)					
<b>Financial assets</b>					
<b>Financial assets measured at amortised cost:</b>					
Loans and advances to customers	55,335.94	-	55,395.27	-	55,395.27
Investment <sup>#</sup>					
Government Securities (at amortised cost) & Equity (at cost)	2,234.23	-	2,321.02	-	2,321.02
<b>Total financial assets</b>	<b>57,570.17</b>	<b>-</b>	<b>57,716.29</b>	<b>-</b>	<b>57,716.29</b>
<b>Financial liabilities</b>					
<b>Financial liabilities measured at amortised cost:</b>					
Debt securities (including interest accrued)	6,378.01	-	6,569.97	-	6,569.97
Deposits (including interest accrued)	17,687.05	-	-	17,831.27	17,831.27
Subordinated liabilities (including interest accrued)	1,439.27	-	1,493.54	-	1,493.54
<b>Total financial liabilities</b>	<b>25,504.33</b>	<b>-</b>	<b>8,063.51</b>	<b>17,831.27</b>	<b>25,894.78</b>

<sup>#</sup> fair value has been disclosed for those valued at amortised cost.





# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

## Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements.

### 1. Financial assets and liabilities (Short term)

Cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other financial assets, trade payables, commercial papers and other financial liabilities has been recognised at amortised cost in the financial statements.

In accordance with Ind AS 107.29(a), fair value is not required to be disclosed in relation to the financial instruments having short-term maturity (less than twelve months), where carrying amount (net of impairment) is a reasonable approximation of their fair value. Hence the fair value of cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other financial assets, trade payables, commercial papers and other financial liabilities has not been disclosed.

### 2. Financial assets

#### Loans and advances to customers

Substantial amount of the loans are based on floating rate of interest, carrying amount of which represents the fair value of these loans. Minus amount of loans are based on fixed to floating rate of interest, the fair values of these loans are computed by discounted cash flow models incorporating prevailing interest rate. The Company classifies these assets as Level 2.

#### Government debt securities

Government debt securities are financial instruments issued by sovereign governments and include both long-term bonds and short-term bills with fixed or floating rate interest payments. These instruments are generally liquid and traded in active markets resulting in a Level 1 classification.

When active market prices are not available, the Company uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2. The Company does not have Level 3 government securities where valuation inputs would be unobservable.

### 3. Financial liabilities

#### Debt securities and Subordinated liabilities

Debt securities and subordinated liabilities are generally liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Company uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2.

#### Deposits

The fair values of deposits are computed by discounted cash flow models that incorporates prevailing interest rate. The Company classifies these liabilities as Level 3.

Financial assets or liabilities other than those mentioned above resembles the value approximate to their fair value.

- (e) There have been no transfers among Level 1, Level 2 and Level 3, during the year ended March 31, 2023 and March 31, 2022.

#### NOTE 49: OTHER DISCLOSURES:

- (i) There is no income which is required to be recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (ii) The Company has not been declared willful defaulter by any Banks/Financial Institutions.
- (iii) The Company has not traded or invested in Crypto currency or Virtual currency during the year.
- (iv) 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 (45 of 1988) and the rules made thereunder.
- (v) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

- (vi) The Company has not received any funds from any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
- (vii) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and the Group has no CICs as part of the Group.
- (viii) The Company has not entered into Scheme of Arrangement in terms of section 230 to 237 of the Company Act, 2013.

(ix) Disclosure in relation to Struck off Companies:

(₹ in crore)				
Name of struck off Company/LLP	Nature of transactions with struck-off Company	Balance outstanding as at March 31, 2023	Balance outstanding as at March 31, 2022	Relationship with the Struck off company/LLP
A and B Fashions Private Limited	Interest credited on deposit received	0.15	0.14	Depositor
Payal Financial Services Private Limited	Professional services	-	-	Vendor
Akshda Well Wisher Advisory (OPC) Private Limited	Direct selling agent	-	-	Vendor
DNM Finserve Private Limited	Direct selling agent	-	-	Vendor

**Note 50:** Pursuant to the Board of Directors approval dated March 09, 2022 for issue of equity shares upto by way of Rights Issue ("Rights Issue") for an amount not exceeding ₹ 2500 crore, the Company had filed Letter of Offer on March 29, 2023. The issue opened for subscription on April 13, 2023 and closed on April 27, 2023. The rights issue was oversubscribed 1.21 times. The Board on May 4, 2023 approved the allotment of 9,06,81,828 fully paid-up equity shares at a price of ₹275 per equity share (including premium of ₹265 per equity share) aggregating to ₹2,493.76 crore to the eligible shareholders. The estimated issue expenses (contractual commitment) in relation to Right Issue is ₹46.70 crore.

## NOTE 51: AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules, 2015 from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015, applicable from April 1, 2023, as below:

- (i) Ind AS 1 – Material accounting policies - The amendments mainly related to shifting of disclosure of erstwhile "significant accounting policies" in the notes to the financial statements to material accounting policy information requiring companies to reframe their accounting policies to make them more "entity" specific. This amendment aligns with the "material" concept already required under International Financial Reporting Standards (IFRS). The Company does not expect the amendments to have any impact in the financial statements.

- (ii) Ind AS 8 – Definition of accounting estimates - The amendments specify definition of 'change in accounting estimate' replaced with the definition of 'accounting estimates'. The Company does not expect the amendments to have any impact in the financial statements.
- (iii) Ind AS 12 – The amendment clarifies that in cases of transactions where equal amounts of assets and liabilities are recognised on initial recognition, the initial recognition exemption does not apply. Also, If a company has not yet recognised deferred tax asset and deferred tax liability on right-of-use assets and lease liabilities or has recognised deferred tax asset or deferred tax liability on net basis, that company shall have to recognise deferred tax assets and deferred tax liabilities on gross basis based on the carrying amount of right-of-use assets and lease liabilities existing at the beginning of April 1, 2022. The Company does not expect the amendments to have any impact in its recognition of deferred tax assets and deferred tax liabilities in its financial statements.

The MCA vide its notification dated March 24, 2021 had introduced the concept of audit trails, applicable from April 1, 2023, by inserting proviso to rule 3(1) of the Companies (Accounts) Rules, 2014. It mentioned that every company which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023

**Note 52:** Previous year figures have been rearranged / regrouped wherever necessary to correspond with current year's classification disclosure.

In terms of our report of even date

**For T R Chadha & Co LLP**

Chartered Accountants  
FR No.: 006711N/N500028

**Neena Goel**

Partner  
M. No.: 057986

For **Singhi & Co.**

Chartered Accountants  
FR No.: 302049E

**Bimal Kumar Sipani**

Partner  
M. No.: 088926

Place: New Delhi  
Date: May 18, 2023

For and on behalf of the Board of Directors

**Girish Kousgi**

Managing Director & CEO  
DIN: 08524205

**Neeraj Vyas**

Director  
DIN: 07053788

**Vinay Gupta**

Chief Financial Officer  
ACA: 500609

**Sanjay Jain**

Company Secretary  
FCS: 002642