



8th May, 2023

To
BSE Limited
Phiroze Jeejeebhoy
Towers, 21st Floor, Dalal
Street, Mumbai –
400001

Sub: Annual Report

Dear Sir(s),

Pursuant to Regulation 53 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Annual Report for FY 2022-23, which includes the following:

- i. Notice of Annual General Meeting;
- ii. Directors Report;
- iii. Management Discussion & Analysis;
- iv. Audited Standalone Financial Statements and Auditors Report thereon;
- v. Audited Consolidated Financial Statements and Auditors Report thereon;

You are requested to take the above on record.

Thanking you,
Yours faithfully,

For SBFC Finance Limited
(Erstwhile SBFC Finance Private Limited)

Mr. Jay Mistry
Company Secretary & Compliance Officer
Encl: As above

SBFC Finance Limited
(Erstwhile SBFC Finance Private Limited)

Registered Office: Unit No. 103, 1st Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Village Chakala, Andheri (East) Mumbai - 400 059
T.: +91-22-67875300 • F: +91-22-67875334 • www.SBFC.com
CIN No: U67190MH2008PLC178270



SBFC Finance Limited

Annual Report 2022-23



NOTICE

NOTICE IS HEREBY GIVEN THAT THE SIXTEENTH (16TH) ANNUAL GENERAL MEETING ("AGM") OF THE MEMBERS OF **SBFC FINANCE LIMITED** (ERSTWHILE SBFC FINANCE PRIVATE LIMITED) WILL BE HELD ON **WEDNESDAY, 31ST MAY, 2023 AT 4:00 PM (IST)** THROUGH VIDEO CONFERENCING (VC) / OTHER AUDIO VISUAL MEANS (OAVM) TO TRANSACT THE FOLLOWING BUSINESS(ES). THE DEEMED VENUE OF THE MEETING SHALL BE AT UNIT NO. 103, 1ST FLOOR, C&B SQUARE, SANGAM COMPLEX, CTS NO. 95A, 127 ANDHERI KURLA ROAD, VILLAGE CHAKALA, ANDHERI (EAST), MUMBAI - 400059:

ORDINARY BUSINESS:

- 1. TO RECEIVE, CONSIDER AND ADOPT AUDITED STANDALONE AND CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31ST MARCH, 2023 AND THE REPORTS OF THE BOARD OF DIRECTORS AND THE AUDITORS THEREON.**
- 2. TO APPOINT A DIRECTOR IN PLACE OF MR. AMOL KRISHNA JAIN (DIN 00334710), WHO RETIRES BY ROTATION IN TERMS OF SECTION 152(6) OF THE COMPANIES ACT, 2013 AND BEING ELIGIBLE, OFFERS HIMSELF FOR RE-APPOINTMENT.**

"RESOLVED THAT Mr. Amol Krishna Jain (DIN 00334710), who retires by rotation at the 16th Annual General Meeting in accordance with Section 152(6) of the Companies Act, 2013 read with the Articles of Association of the Company and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

- 3. TO APPOINT A DIRECTOR IN PLACE OF MR. JOHN MESCALL (DIN 08385575), WHO RETIRES BY ROTATION IN TERMS OF SECTION 152(6) OF THE COMPANIES ACT, 2013 AND BEING ELIGIBLE, OFFERS HIMSELF FOR RE-APPOINTMENT.**

"RESOLVED THAT Mr. John Mescall (DIN 08385575), who retires by rotation at the 16th Annual General Meeting in accordance with Section 152(6) of the Companies Act, 2013 read with the Articles of Association of the Company and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

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

Sd/-
Jay Mistry
Company Secretary
Membership No. A34264

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Place: Mumbai

Date: 8th May, 2023

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NOTES:

- A. Pursuant to the General Circulars No.14/2020 dated 8th April, 2020, No.17/2020 dated 13th April, 2020, No.22/2020 dated 15th June, 2020, No.33/2020 dated 28th September, 2020, No.39/2020 dated 31st December, 2020, No. 10/2021 dated 23rd June, 2021, No. 20/2021 dated 8th December, 2021, No. 3/2022 dated 5th May, 2022 and No 11/2022 dated 28th December, 2022 and the relevant circulars issued by the Ministry of Corporate Affairs from time to time, the facility to appoint proxy to attend and cast vote for the members is not available for this Annual General Meeting (“AGM”). However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through Video Conference or Other Audio Visual Means (VC/OAVM) and participate thereat and cast their votes through e-voting.
- B. In view of the massive outbreak of the COVID-19 pandemic, social distancing is to be a prerequisite and pursuant to the General Circulars No.14/2020 dated 8th April, 2020, No.17/2020 dated 13th April, 2020, No.22/2020 dated 15th June, 2020, No.33/2020 dated 28th September, 2020, No.39/2020 dated 31st December, 2020, No. 10/2021 dated 23rd June, 2021, No 20/2021 dated 8th December, 2021, No 3/2022 dated 5th May, 2022 and No 11/2022 dated 28th December, 2022 and the relevant circulars issued by the Ministry of Corporate Affairs, from time to time, physical attendance of the members to the AGM venue is not required. Hence, Members have to attend and participate in the AGM through VC/OAVM.
- A. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
- B. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- C. The Members will be allowed to pose questions during the course of the Meeting. The queries can also be given in advance at companysecretary@sbfc.com.
- D. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send to the company a certified copy of relevant board resolution together with the specimen signature(s) of the representative(s) authorized under the said Board resolution to attend and vote on their behalf at the meeting.
- E. All documents referred to in the Notice calling the AGM and the Explanatory Statement are available on the website of the Company for inspection by the Member.
- F. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with Ministry of Corporate Affairs General Circulars No.14/2020 dated 8th April, 2020, No.17/2020 dated 13th April, 2020, No.22/2020 dated 15th June, 2020, No.33/2020 dated 28th September, 2020, No.39/2020 dated 31st December, 2020, No. 10/2021 dated 23rd June, 2021 and No. 20/2021 dated 8th December, 2021, No 3/2022 dated 5th May, 2022, No 10/2022 dated 28th December, 2022 and No 11/2022 dated 28th December, 2022 and the relevant circular(s) issued by MCA from time to time.

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INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER: (VENUE VOTING TO BE HELD ON 31ST MAY, 2023)

1. Members who are desirous to attend the AGM through VC/OAVM can apply at companysecretary@sbfc.com requesting for participation in the AGM, by giving their name as registered in the records of the Company, DPID/Client ID or Folio Number and the Registered email ID.
2. Members may send the above mentioned request at point no (1) latest by 30th May, 2023. In case of joint holding, the credentials of the first named holder shall be accepted. On successful registration with the company, the invitation to join the AGM will be sent to the Members on their registered email IDs latest by 30th May 2023.
3. Members may attend the AGM, by following the invitation link sent to their registered email ID. Members will be able to locate Meeting ID/ Password/ and JOIN MEETING tab. By Clicking on JOIN MEETING they will be redirected to Meeting Room via browser or by running Temporary Application. In order to join the Meeting, follow the step and provide the required details (mentioned above – Meeting Id/Password/Email Address) and Join the Meeting. Members are encouraged to join the Meeting through Laptops for better experience.
4. In case of Android/Iphone connection, Participants will be required to download and Install the appropriate application as given in the mail to them. Application may be downloaded from Google Play Store/ App Store.
5. Further Members will be required to allow Camera and use Internet audio settings as and when asked while setting up the meeting on Mobile App.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. The helpline number for joining the Meeting through Electronic Mode will be provided in the Meeting Invitation which will be sent to the eligible applicants.
8. Institutional Shareholders are encouraged to participate at the AGM through VC/OAVM and vote thereat.
10. The designated email address of SBFC Finance Limited is companysecretary@sbfc.com for the members to convey their votes, when a poll is required to be taken during the meeting on any resolution.
11. The helpline number for members who need assistance with the technical difficulties related to VC/OAVM is +91 9653135015.

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OTHER INFORMATION:

- (A) Only those shareholders of the Company who are holding shares either in physical form or in dematerialized form, as on the cut-off date (i.e. 30th May, 2023), shall be entitled to cast their vote through VC/OAVM at the AGM (by show of hands). Any person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
- (B) In case of voting (show of hands) through VC/OAVM at AGM will be considered final.
- (C) The Members holding equity shares in physical form are requested to intimate to the Registrar Transfer Agents (RTA), regarding change of address, if any, at the earliest, quoting their registered folio number. Change of address in respect of shares held in dematerialized form is required to be intimated to the concerned Depository Participant.
- (D) Members holding shares in more than one folio in identical order of names are requested to write to Registrar Transfer Agent enclosing their share certificates to enable them to consolidate the holdings in one folio to facilitate better service.
- (E) As per the MCA General Circular 17/2020 dated April 13, 2020, the Notice of the AGM has been sent through electronic mode to only those Members whose email IDs are registered with the Company/ Depository participant. Further, updation if any, will be provided on the website of the Company at www.sbfc.com.

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EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER:

Item No. 2:

The Company being a Public Limited Company, the provisions of Section 152(6) of the Companies Act, 2013 with respect to retirement of Directors by rotation at every Annual General Meeting ("AGM") are applicable to the Company. Further, Article 94 of the Articles of Association of the Company contains provision in relation to retirement of Directors by rotation at the AGM.

In accordance with Section 152(6) of the Companies Act, 2023, at every AGM, one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is neither three nor a multiple of three, then, the number nearest to one-third, shall retire from office.

Mr. Amol Krishna Jain was appointed as Director with effect from 09 May 2017 and is liable to retire by rotation in accordance with Section 152(6) of the Companies Act, 2013.

Details of Mr. Amol Krishna Jain (DIN 00334710) as required as per Secretarial Standard 2 (SS-2):

Sr. No.	Particulars	Details
1.	Name of the Director	Mr. Amol Krishna Jain
2.	Designation	Non-Executive Director
3.	Age	50 Years
4.	Qualifications	1. Post Graduate Diploma in Management - IIM Ahemdabad 2. B. Tech - IIT Bombay
5.	Terms and conditions of Appointment or re-appointment	Re-appointment as a Non-Executive Director of the Company liable to retire by rotation in accordance with the provisions of Section 152 of the Act.
6.	Details of remuneration sought to be paid	NIL
7.	Remuneration last drawn	Not Applicable
8.	Date of first appointment on the Board	9 th May, 2017
9.	Shareholding in the Company	Nil
10.	Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Nil
11.	The number of meetings of the Board attended during the year.	8/8
12.	Other Directorships, Membership/ Chairmanship of Committees of other Boards	<ul style="list-style-type: none">• SBFC Home Finance Private Limited• Sterling Addlife India Private Limited• Arcturos Healthcare Private Limited

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Following are the additional disclosures under section 102 of the Companies Act, 2013:

Particular	Remarks
i) To specify the nature of the concerned or interested financial or otherwise, of every director and the manager and of every other keymanagerial personnel (KMP) and relatives of the said persons.	NIL, other than interest of Mr. Amol Krishna Jain
ii) To specify any other information and facts that may enable the members to understand the meaning scope and implications of the items of business and to take a decision thereon.	As above
iii) Where any item of Special Business to be transacted at the meeting relates to or affects any other Company, the extent of shareholding interest in that other Company of every promoter director, manager and of every other key managerial personnel of the first mentioned company also to be set out in explanatory statement if such shareholding is not less than two percent of the paid-up share capital of that company.	Nil
iv) Where any document is referred to any Business to be transacted at the meeting, specification of time and place for inspection of such document.	Necessary documents are available for inspection of members at the Registered Office of the Company during normal business hours (9.00 am to 6.00 pm) on any working day, excluding Saturday and including the date of the Annual General Meeting.

The Board recommends the Resolution for approval of the members as set out at item No. 2 of the Notice an Ordinary Resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives, other than Mr. Amol Krishna Jain, is, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 1 of the Notice.

Item No. 3:

The company being a Public Limited Company, the provisions of Section 152(6) of the Companies Act, 2013 with respect to retirement of Directors by rotation at every Annual General Meeting ("AGM") are applicable to the Company. Further, Article 94 of the Articles of Association of the Company contains provision in relation to retirement of Directors by rotation at the AGM.

In accordance with Section 152(6) of the Companies Act, 2023 at every AGM, one-third of such of the



Directors for the time being as are liable to retire by rotation, or if their number is neither three nor a multiple of three, then, the number nearest to one-third, shall retire from office.

Mr. John Mescall was appointed as Director with effect from 29 May 2019 and is liable to retire by rotation in accordance with Section 152(6) of the Companies Act, 2013.

Details of Mr. John Mescall (DIN: 08385575) as required as per Secretarial Standard 2 (SS-2):

Sr. No.	Particulars	Details
1.	Name of the Director	Mr. John Mescall
2.	Designation	Nominee Director
3.	Age	43 Years
4.	Qualifications	1. CFA Level 1, 2. Institute of Chartered Accountant of Ireland-Qualified Chartered Accountant 3. University of Limerick – Honours degree in law and accounting
5.	Terms and conditions of Appointment or re-appointment	Re-appointment as a Non-Executive Director of the Company liable to retire by rotation in accordance with the provisions of Section 152 of the Act.
6.	Details of remuneration sought to be paid	NIL
7.	Remuneration last drawn	Not Applicable
8.	Date of first appointment on the Board	29 th May, 2019
9.	Shareholding in the Company	Nil
10.	Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Nil
11.	The number of meetings of the Board attended during the year.	8/8
12.	Other Directorships, Membership/ Chairmanship of Committees of other Boards	SBFC Home Finance Private Limited

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Following are the additional disclosures under section 102 of the Companies Act, 2013:

Particular	Remarks
i) To specify the nature of the concerned or interested financial or otherwise, of every director and the manager and of every other keymanagerial personnel (KMP) and relatives of the said persons.	NIL, other than that of Mr. John Mescall
ii) To specify any other information and facts that may enable the members to understand the meaning scope and implications of the items of business and to take a decision thereon.	As above
iii) Where any item of Special Business to be transacted at the meeting relates to or affects any other Company, the extent of shareholding interest in that other Company of every promoter director, managerand of every other key managerial personnel of the first mentioned company also to be set out in explanatory statement if such shareholding is not less than two percent of the paid-up share capital of that company.	Nil
iv) Where any document is referred to any Business to be transacted at the meeting, specification of time and place for inspection of such document.	Necessary documents are available for inspection of members at the Registered Office of the Company during normal business hours (9.00 am to 6.00 pm) on any working day, excluding Saturday and including the date of the Annual General Meeting.

The Board recommends the Resolution for approval of the members as set out at item No. 3 of the Notice an Ordinary Resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives, other than Mr. John Mescall, is, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 1 of the Notice.



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

Sd/-

Jay Mistry
Company Secretary
Membership No. A34264

Registered Office: Unit No. 103, 1st Floor,
C&B Square, Sangam Complex, Andheri Kurla Road,
Village Chakala, Andheri (East) Mumbai - 400 059

Place: Mumbai

Date: 08th May, 2023



ATTENDANCE SLIP

16th Annual General Meeting on Wednesday, 31st May, 2023 04:00 p.m. (IST) through video conferencing

Reg Folio No _____
DP ID _____

Client ID/Ben A/C _____
Number of Shares held _____

I certify that I am a registered shareholder of the Company and hereby record my presence at the 16th Annual General Meeting of the Company on Wednesday, 31st May, 2023 at 4:00 p.m. (IST) through video conferencing.

Members' Name in Block

Members' Signature

Note: Please fill this attendance slip and send to the registered mail ID before start of the meeting.

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PROXY FORM

Name of the member (s):	E-mail Id:
	No. of shares held
Registered address:	Folio No.
	DP ID*.
	Client ID*.

* Applicable for investors holding shares in electronic form.

I/We being the member(s) of the above named Company hereby appoint:

S.No.	Name	Address	Email address	
1				or failing him
2				or failing him
3				

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 16th Annual General Meeting of the Company to be held on Wednesday, 31st May, 2023 at 4:00 P.M at 103, 1st Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Chakala, Andheri (E), Mumbai-400059 and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my above Proxy to vote in the manner as indicated in the box below:

S.No.	Resolution	For	Against
1			
2			
3			

** It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

Signed this day of..... 2023

Signature of shareholder.....

Signature of Proxy holder(s) (1).....

Signature of Proxy holder(s) (2).....

Signature of Proxy holder(s) (3).....

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Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a member of the company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.
5. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 16th Annual General Meeting.
6. Please complete all details including details of member(s) in above box before submission.

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Management Discussion and Analysis

Global Economic Scenario:

Global Economy in Turmoil: The Impact of the Russian-Ukrainian Conflict

The global economy faced multiple challenges throughout FY2023. The world economy began to sense relief from the COVID-19 slowdown, but the Russian & Ukrainian conflict destabilized it. This led to a severe energy crisis in Europe, sharply increasing the cost of living and severely impacting overall economic activity. Developed and developing countries are majorly concerned about the cost-of-living turmoil. The world market witnessed a food shortage due to the conflict, leading to an increase in food prices. The impact of the crisis devastated low-income households, especially in low-income countries. Policymakers worldwide have been compelled to tighten monetary measures due to the widening inflation. Despite the federal reserve's 4.00% increase in interest rates, inflationary pressures do not seem to recede as quickly as hoped. After such massive rate hikes, the sharp appreciation of the USD against most other currencies has significantly added to domestic price pressures and further exacerbated the cost-of-living crisis for many emerging markets and developing economies. The sudden interest rate hikes and subsequent decline in bond prices proved catastrophic for the Silicon Valley Bank and Signature Bank, demonstrating that bigger is not always better. Their failure had a domino effect, causing a global meltdown in banking stocks and highlighting the importance of a more decentralized and resilient financial system.

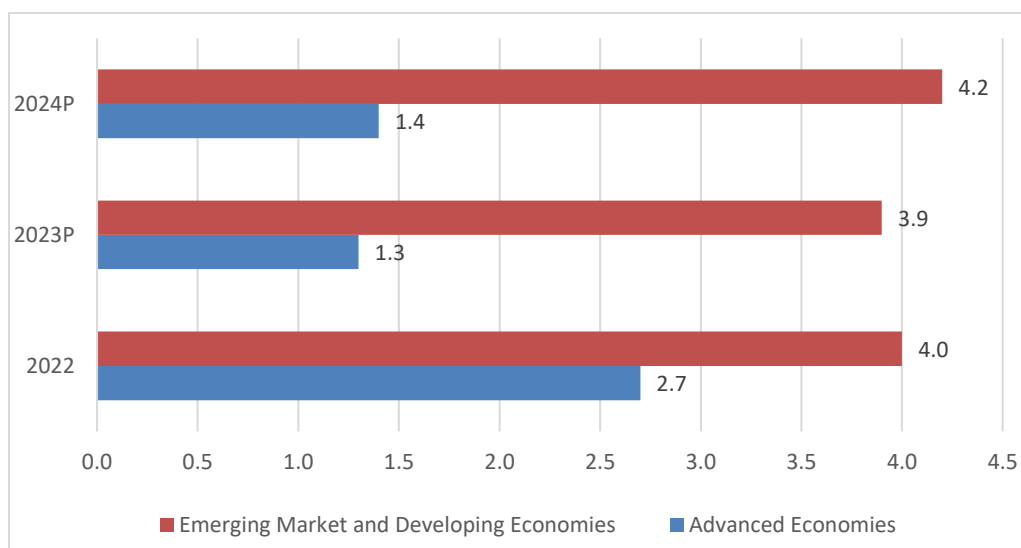
Bigger does not mean better. But better is how we get bigger. – Simon Sinek

Beyond the West: Opportunities in Emerging Markets

The global economy is perceived to be on the brink of a gradual recovery from the severe impact of the pandemic and Russia Ukraine conflict as we move closer to 2024. China's economy is displaying a robust rebound following the reopening. Supply-chain disruptions are being resolved, while distortions caused in energy and food markets due to the war are fading away. Moreover, most central banks have taken significant measures to tighten monetary policy. These measures are expected to result in inflation returning to its targeted levels.

According to the recent forecast by the IMF, global growth is expected to bottom out at 2.8 percent this year before rising modestly to 3.0 percent in 2024. Although more

slowly than initially anticipated, global inflation is expected to decrease from 8.7 percent in 2022 to 7.0 percent this year and 4.9 percent in 2024. Despite the turbulent times, emerging markets and developing economies are still expected to grow at higher rates than advanced economies. The slowdown appears to be concentrated in advanced economies, particularly in the euro area and the United Kingdom, where growth is expected to fall below 1.0 percent before gaining momentum again in 2024.



Source: IMF World Economic Outlook_April_2023

Rethinking External Dependencies: Prioritizing Domestic Solutions for Resilient Growth

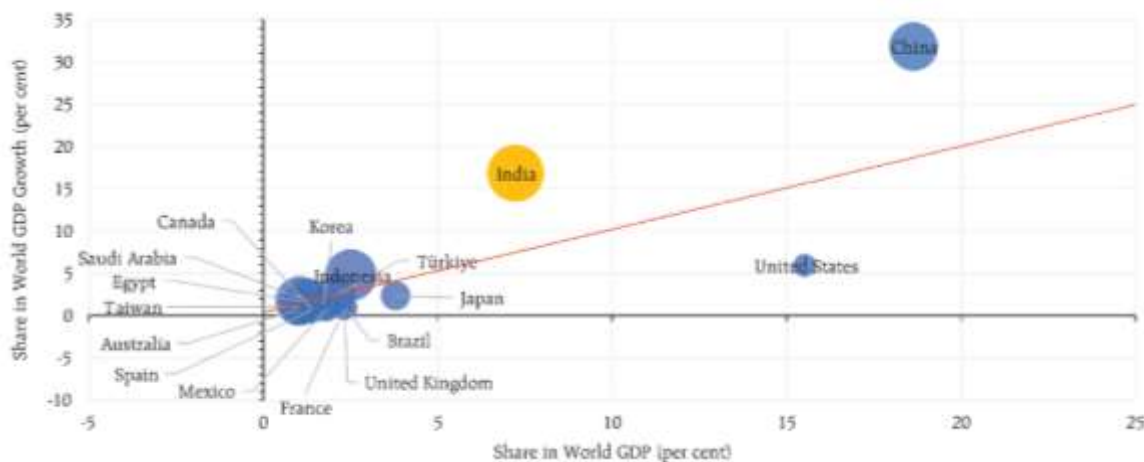
While the signs of recovery are becoming more evident, it is clear that in reaction to COVID-19, the Russian-Ukrainian conflict, and the effects of climate change, governments and global corporations are prioritizing security and resilience over the advantages of global value chains. The rise of ideological disparities and the green movement have prompted both governments and corporations to re-evaluate external dependencies, turning towards trusted partners and domestic solutions for more resilient growth models. This shift highlights the growing trend towards deglobalisation and the renewed importance of growth from within.

India Economic Overview:

India's GDP Outlook: Growth Amidst Global Uncertainty

Despite the volatile global economic conditions and India's growing participation in international affairs, it is unlikely for India to remain completely unaffected by global events. However, India has demonstrated remarkable resilience to these challenges due to its robust domestic demand. According to the International Monetary Fund, India's GDP is expected to grow to 5.9% in 2023 and 6.3% in 2024, the highest among developed and developing nations. The World Bank's GDP growth forecast also reflects a similarly optimistic outlook for India. Nevertheless, India must closely monitor global economic trends and develop effective strategies to navigate potential risks or uncertainties.

Contributors to World Growth in 2023

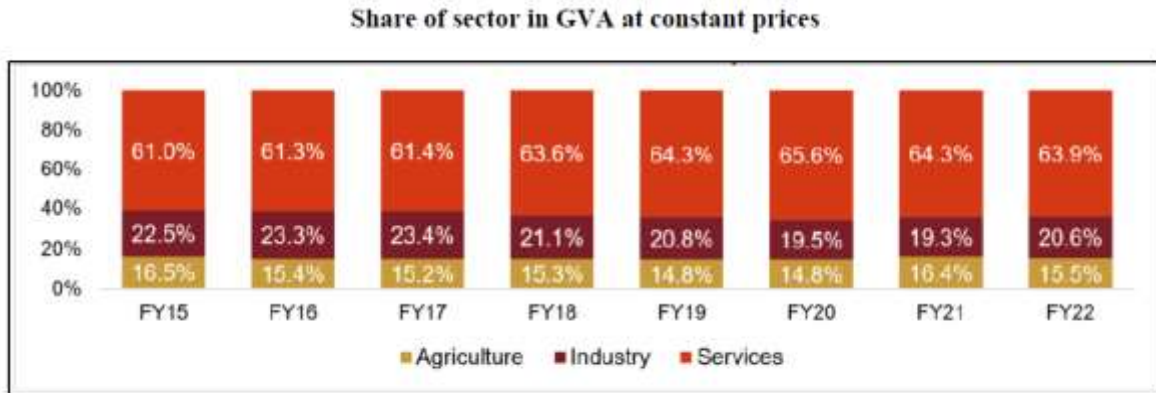


Source: RBI Bulletin 2023.

India's Unique Economic Story: On A Continuing Growth Trajectory

The Indian economic transformation narrative sets it apart from various developed economies, as it has seen a significant rise in the contribution of the services sector towards the overall output, unlike the traditional path of manufacturing and industry preceding services. The service sector has grown by around 7% from FY2018 to FY2020, increasing its contribution to 65.6% of the Gross Value Added (GVA) at constant prices in Fiscal 2020. After a contraction of 4.8% in Fiscal 2021, the overall GVA expanded by about 8.1% in Fiscal 2022.

Source: DRHP SBFC



Source: RBI; CRISIL MI&A

India's Retail and Commercial Lending: Leading the Way Amidst Pandemic Recovery

In terms of the credit-to-GDP ratio, India has a low credit penetration compared with other developing countries, such as China, indicating the potential that can be tapped. As of March 2022, India's total lending market size is 174.3 lakh crore, with a year-on-year growth of 11.1% over March 2021. Retail lending contributes 48.9%, commercial lending 49.5%, and microfinance contributes 1.6% to the total lending in India. Although the lending landscape in India faced unprecedented challenges in FY2021 due to the COVID pandemic and deadly second wave in Q1 FY2022, it witnessed a sharp recovery in the remaining part of FY2022.

Segmentation of Retail Lending in India. (Rs. In Thousand Crores)



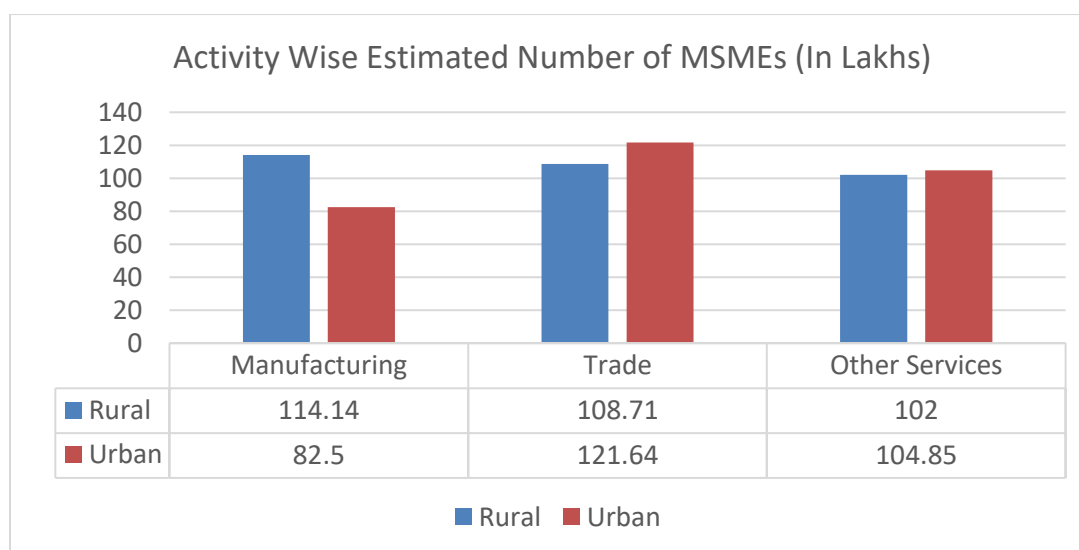
Source: CRIF Report: “How India Lends FY2022

As of March 2022, the portfolio outstanding (value) of Business Loans was 621.1 thousand Crore, showing a year-on-year growth of 12.2% by value and 11.1% by active loans (volume). Business Loans also witnessed a growth of 10% in originations (by value) from FY2021 to FY2022. Public Sector Banks, Private Banks, and NBFCs dominate the Business Loans market.

MSMEs: Catalysts for Entrepreneurship and Job Creation

The Small and Medium Enterprises (MSME) sector is a vital contributor to India's economic growth, accounting for almost one-third of the country's economy. MSMEs play a significant role in expanding entrepreneurial activities and producing various products and services to cater to domestic and global markets. They provide a considerable number of job opportunities at lower capital costs compared to large industries, and they help industrialize rural and backward areas, thereby reducing regional imbalances and promoting equitable national income and wealth distribution.

According to the National Sample Survey (NSS), around 633.88 lakh unincorporated non-agriculture MSMEs are engaged in various economic activities, excluding those registered under specific Factories Act, Companies Sections Act, and construction activities. The micro sector comprises over 99% of the estimated MSMEs, with 630.52 lakh estimated enterprises, while the small and medium sectors account for 0.52% and 0.01% of the total estimated MSMEs, respectively. Of the estimated MSMEs, 51.25% are in rural areas, while 48.75% are in urban areas.



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

As per the NSS 73rd round conducted during 2015-16, the MSME sector has been creating 11.10 crore jobs across the country, with 97% of total employment generated by the micro sector alone. The small enterprises sector, with 3.31 lakh estimated MSMEs, employs 2.88% of the entire

workforce, while the medium sector, with 0.05 lakh estimated MSMEs, employs 0.16% of the total employment in the MSME sector.

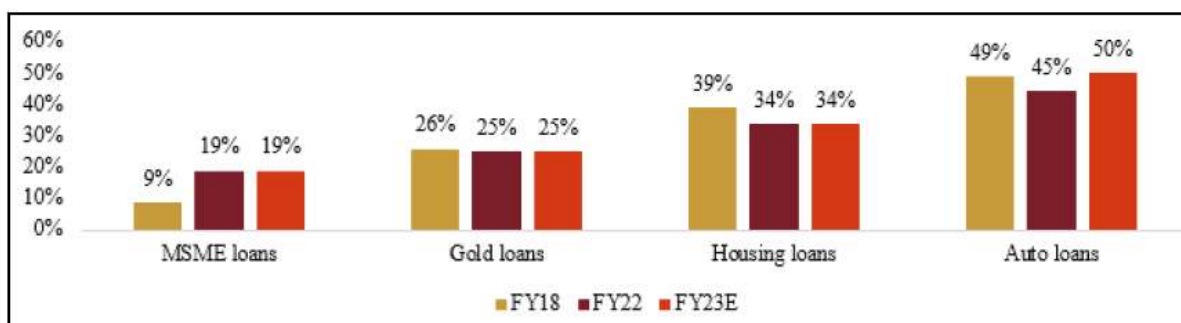
Industry Overview:

NBFCs: Navigating Funding Challenges and Driving Financial Inclusion

Non-Banking Financial Companies (NBFCs) disbursements gained momentum in Fiscal 2022 due to the rebound in GDP growth, but their assets increased by only 7.6%, which was lower than nominal GDP growth. The lack of access to funding in a timely and cost-effective manner remained a challenge for smaller and mid-sized NBFCs, and concerns over the impact of the COVID-19 pandemic on asset quality lingered. Despite these challenges, the industry is expected to see the emergence of newer NBFCs that cater to specific customer segments. CRISIL MI&A forecasts that NBFC credit will grow at a CAGR of 11%-12% between Fiscal 2023 to Fiscal 2025, with retail credit growing at a faster pace of 12%-13%. The report emphasizes that non-banking financial companies (NBFCs) have contributed to financial inclusion and broadened the formal financial services market by serving the underbanked and low-income customers. NBFCs have shown their ability to compete with banks by excelling in origination and broad outreach, providing better customer service, faster processing, digitalizing customer onboarding, offering customized products, having local expertise, and utilizing a unique credit appraisal methodology. The report also states that the reliance on bank funding and funding from other NBFCs and small finance banks is expected to remain high.

CRISIL MI&A has projected that non-banking financial companies (NBFCs) credit in India will grow 10-12% between FY2023 and FY2025, driven by the retail sector, including housing, gold, and auto segments. The growth is expected to be supported by a rapid economic revival and organic consolidation, with larger NBFCs gaining market share. The report also notes that NBFCs have shown remarkable resilience and gained importance in the financial sector ecosystem and are expected to remain a force to reckon with in the Indian credit landscape.

Market share of NBFCs in overall credit across select asset classes



Source: DRHP SBFC

Credit Gap in India's MSME Sector: An Opportunity

The BLinC Invest Report reveals that the MSME sector in India has a significant credit gap of ₹25 trillion, with less than 15% of the total credit demand of INR 69.3 trillion being catered to by formal sources. The report proposes business models to address this credit gap and identifies key opportunities in the sector. The report also notes that while quarterly MSME disbursements have increased 2X in the last two years, this is due to increased credit penetration rather than additional risk-taking by financial institutions. Private banks have been the primary lenders to the MSME sector, followed by NBFCs, and PSUs. NBFCs continue to be the ideal channel to further drive financial inclusion in Tier 3/4 towns and villages. The report suggests that the adoption of technology and value-added services for MSMEs could be a crucial enabler for the MSME lending segment in the future, as the sector has garnered approximately \$5.5 billion in funding from 2016-2021 and continues to be an attractive area for investors.

Liquidity and Credit Support for MSMEs in India

- A partial guarantee scheme of ₹450 billion has been announced for NBFCs to cover the concern of credit risk perception on mid and small-size non-banks.
- A unique liquidity scheme of ₹300 billion has been announced for NBFCs, HFCs, and MFIs.
- Banks and NBFCs are directed to offer up to 20% of their outstanding credit to MSMEs. With up to ₹250 million outstanding credits and ₹1 billion turnover, MSMEs are eligible for these loans under the ECLGS for MSMEs scheme.
- The Government is facilitating the provision of ₹200 billion as subordinate debt for stressed assets of MSMEs, along with ₹40 billion as partial credit guarantee support to banks for lending to MSMEs.
- The Government has committed to infusing ₹500 billion in equity of MSMEs having growth potential and viability and encouraging MSMEs to list on stock exchanges.

- The Government has asked public sector companies to pay all their due bills to small businesses within 45 days. This will help fintech companies provide more loans based on these transactions.
- The Indian Government will not allow foreign companies in government procurement tenders of value up to ₹2 billion to ease competition faced by MSMEs against foreign companies.
- Under the loan interest subvention scheme, the Indian Government has provided a 2% interest subvention for loans given under the Mudra-Shishu scheme, given mainly by NBFC-MFIs that benefit low-income group customers.
- A special credit facility of ₹50 billion has been announced for street vendors to facilitate easy access to credit to offset the adverse effect of the pandemic on their livelihoods.

Company Overview:

The Company was incorporated as 'MAPE Finserve Private Limited' in Mumbai, India, in January 2008. The name of the Company was later changed to 'Small Business Fincredit India Private Limited' and then to 'SBFC Finance Private Limited' for ease of reference. Recently, the Company was converted into a public limited company, and its name was changed to 'SBFC Finance Limited'. The registered office of the Company is in Mumbai, Maharashtra, India.

SBFC Finance Limited has corporate promoters known as the Clermont Group (which consists of SBFC Holdings Pte. Ltd. and Clermont Financial Pte. Ltd.) and the Arpwood Group (which consists of Arpwood Capital Private Limited, Arpwood Partners Investment Advisors LLP, and Eight45 Services LLP). The Promoters hold 833,525,282 Equity Shares, representing 92.92% of the pre-Offer issued, subscribed, and paid-up Equity Share capital of our Company.

Business Analysis:

MSME Financing: Our Core Strength:

We have a diversified pan-India presence, with an extensive network in our target customer segment. We have an expansive footprint in 16 Indian states and two union territories. Our geographically diverse distribution network, spread across the North, South, East and West zones, allows us to penetrate underbanked populations in tier II and tier III cities in India. Among MSME focussed NBFCs, we had the lowest proportion of AUM emanating from the largest state in our portfolio. As a result of our active management of state concentration, we have been able to maintain low levels of AUM concentration per state despite our growth over the years. Our disbursements across zones are also well-distributed, and we have reduced our concentration risk across industries and sectors, as demonstrated by the fact that no single industry, including the manufacturing sector, contributes more than 10% of our loan portfolio.

We primarily focus on small enterprise borrowers, whose monthly income is up to ₹ 0.15 million, with a demonstrable track record of servicing loans such as gold loans, loans for two-wheeler vehicles and have a CIBIL score above 700 at the time of origination. We source customers directly through our sales team and have adopted a direct sourcing model through branch-led local marketing efforts, repeat customers or through walk-ins, which has helped us maintain contact with our customers and establish strong relationships with them, high levels of customer satisfaction and increased loyalty. Our risk management and underwriting processes, including our extensive customer assessment methods and monitoring systems, have aided our healthy portfolio quality indicators such as low rates of Gross NPAs and Net NPAs of 2.43 % and 1.41% respectively as of 31st March 2023.

While our underwriting model contributes to suitable customers being onboarded, we have also created an onground collections infrastructure that is extensive, to ensure that we maintain a high asset quality. Our collections process is also technology-driven.

Gold Loans Adding Diversity

Under our Loan against Gold portfolio, borrowers can capitalise on their gold possessions by pledging these to us in lieu of a loan. Up to 75% of the gold item's value can be sanctioned as a loan. Since our Loans against Gold are all collateralized by gold jewellery, there are minimal documentary and credit assessment requirements, which also shorten our turnaround time and increases the ease with which our customers can do business with us. We have set up a dedicated 'Gold Genie' sales application, enabling gold loan disbursal at a customer's home. We strive to complete our gold loan transactions within a short time frame. We are able to process Loans against Gold within a short time frame as a result of our efficient technology support, skilled workforce and clear policies on internal processes. Although the duration for disbursement may vary due to the loan size and the number of items pledged, we have the ability to disburse loans within a few minutes from the time gold is tendered to the appraiser. Collections for our Loans against Gold occur on a monthly interest payment basis.

We operate our secured Loans against Gold portfolio in 16 states and two union territories across India as of March 31, 2023.. The Loan against Gold grew by 35% & continues to be our focus area with an AUM of Rs 864 Cr contributing 18% of total AUM of Rs 4943 Cr. Our Gross NPA ratios for Loans against Gold portfolio for the FY23 was 1.21% as compared to 1.71% for FY22.

Our Loan against Gold portfolio optimizes overall yield profile and provides additional growth levers. This portfolio also acts as an active hedge against the cyclicity in the Indian retail lending industry that may arise due to economic or other factors.

Asset under Management

The AUM of the company grew from Rs 3192cr as on fiscal year 2022 to Rs 4943cr for FY 23 thereby registering a growth of 55%.

Risk Management Framework

Risk management is integral to our business and as a lending institution, we face financial and non-financial risks. We have established a risk management and audit framework to identify, assess, monitor and manage various types of internal and external risks. We conduct regular training of our staff members with respect to risk related matters, as part of our risk management process.

Our sales, credit, collections and operations have been segregated at all levels, to ensure that there is no co-mingling of risks. We have recruited state-level senior leadership of these functions to ensure monitoring of these key risks on a continuous basis. In addition to this, our internal audit function uses data analytics and on-ground fact checking to create an extra level of oversight and control to the key risks of our business. Our risk management framework is primarily driven by our Board and its subcommittees, the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee and is overseen by our full-time Chief Risk Officer, who is responsible for establishing standards for risk assessment and testing, monitoring and performing testing of the risk controls, consolidating overall risk testing results and escalating any issues to senior management and / or the Risk Management Committee. The major types of risk we face in our businesses are market risk, interest rate risk, credit risk, liquidity risk operational risk, IT risk, reputation risk, cash management risk, collateral risk and legal risk. Our Company does not have any instrument denominated or traded in foreign currency. Hence, such risk does not affect our Company.

We have policies in place to address these risks, which are reviewed annually by senior management and approved by the Board of Directors.

Credit Risk

Credit risk is the risk of financial loss to our Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loan receivables from customers. We believe in segregation of functional responsibilities between credit underwriting/ approval, sourcing/ business, operations and debt management (which includes collection and recovery). Accordingly, credit functions are responsible for credit appraisal and approval and do not have business/profit targets. Business functions are responsible for sourcing/sales and revenue. Operations functions are responsible for disbursement after ensuring documentation and compliance/ fulfilment of terms and conditions of sanctions. The Risk Management Committee has laid down a credit policy detailing the policy norms, process and procedures to be adopted for credit appraisal and approval, including exposure limits, subject to RBI guidelines issued from time to time under which each new customer is analysed for creditworthiness before the loan is sanctioned.

In order to avoid excessive concentrations of risk, our Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio across industry segments, geography and loan sizes. Identified concentrations of credit risks are controlled and managed accordingly.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Interest Risk

Our company offers fixed rates only for short tenure products. Longer tenure products are linked to our Company's prime lending rate which is reviewed and revised based on the trend in cost of funds for the Company to ensure that interest rate risk is passed on to the customers.

Liquidity Risk:

Liquidity risk is the risk that our Company will encounter difficulty in meeting the obligations associated with the financial liabilities that are settled by delivering cash or another financial asset. Our Company has an asset-liability management approach approved by the Board and has constituted an Asset Liability Committee to oversee the liquidity risk management function of the company. Our Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our Company's reputation.

Our Company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planning funding requirements accordingly.

The composition of our Company's liability mix ensures healthy asset-liability maturity pattern and well diversified resource mix.

Operational Risk:

Our Company identifies various operational risks inherent to its business model. These cover risks of a loss resulting from inadequate or failed internal process, people and systems, or from external events. We have a dedicated operations function whose constant endeavour is to have robust process guidelines, controlled through system platforms and monitored through dashboards.

In addition, we may face cyber-security risks such as frauds, errors, hacking and system failures, which may expose us to data breaches, among other potential losses. We have an audit department to effectively identify, measure, report, monitor and control such operational risks. As a part of our risk management process, we have segregated functional responsibility, as we believe this is one of the key control process that needs to be adopted in managing the operational risks inherent in our business. Accordingly, gold valuation and branch operations are placed under the operations vertical headed by the Chief Operations Manager reporting to the CEO and the branch / sales managers are placed under the business vertical. Loan against Gold is primarily driven by the product programs duly approved by the Board and the branch has limited

control over the credit / product parameters. The delegation of authority for the approval of Loans against Gold vests in credit / business heads such as branch managers, chief valuers, area business managers, divisional heads, product heads and large ticket loans are approved by the Chief Business Officer, Head Credit or CEO depending on the amount, subject to the borrower level ceiling defined in our product program. Further, every item of gold jewellery pledged is appraised again by an independent valuer attached to the internal audit department. Controls like dual control over vault operations for cash and gold movement, CCTV surveillance, among others, have been put in place at branches.

Our Company has laid down policy and processes for monitoring of delinquent accounts and auctioning of gold for persistent defaulters.

Legal Risk:

Our Company has created a separate legal team to manage all legal matters relating to our Company. Further, there is a dedicated unit to drive effective legal process for collections, while external counsel is sought for critical agreements, contracts, among others. We also seek to address regulatory risks, which stem from our requirement to comply with evolving laws and other compliance requirements to which we are subject. We monitor compliance with the requirements of regulatory authorities

OPPORTUNITIES & THREATS:

Opportunities:

- 1) NBFCs have been penetrating deeper to underserved markets and providing capital access to remote and inaccessible markets and promoting financial inclusion. This offers a good growth opportunities to NBFCs.
- 2) Technology disruptions are enabling superior customer experience with speed, giving customers quick and reliable access to finance.
- 3) The Reserve Bank of India (RBI) has been promoting Co-origination model of lending and has revised the co-lending scheme to provide greater operational flexibility to lenders with an aim to improve credit flow to the underserved markets. This has facilitated banks and NBFCs to leverage their respective strengths and enhanced the flow of capital to these underserved markets.

Threats:

- 4) Stringent Regulatory Norms and unexpected regulatory changes may adversely impact the current products or services provided to the customers.
- 5) Global market slowdown alongside high inflation and increased interest rate can lead to both slowing down of growth and increased delinquencies.

FRAUD MONITORING AND CONTROL:

The Company has in place a whistle blower policy as fraud prevention measures. Frauds are investigated to identify the root cause and relevant corrective steps are taken to prevent recurrence. Fraud prevention committees at the senior management and board level also deliberate on material fraud events and initiate preventive action. The Internal audit carries out risk based audit program to detect frauds. Reports are submitted to the Board and senior management committees for monitoring.

Information Technology:

Technology is at the core of our operations and we have adopted a well-defined IT strategy since our inception. Our 'phygital' model leverages technology to identify opportunities, and coupled with our personal relationships with our customers, we are able to deliver products and services to our target customers. For example, our credit underwriting and risk management teams utilize technology to process loan applications and analyze credit risks, which also improves the customer experience due to better customer service and engagement and faster turnaround time as a result of faster decision making. We use IVR based tele-calling as part of customer engagement to provide better and effective customer experience. We will continue to make investments in upgrading our systems, including our data storage and backup systems, to improve our operational efficiency, customer service and decision making process while improving our business continuity and reducing the impact of internal and external risks

Technology adoption has positively impacted our business across the various functions of loan origination, underwriting, collections risk and audit. For instance, we:

- Have introduced 'Leviosa', a loan origination platform capable of on-boarding and disbursing loans. Leviosa can be accessed by teams remotely. It automates and manages the complete loan processing outflow of all retail asset products owing to its powerful back-end loan engine which helps in instant decision-making. It also allows for flexibility in changing decision-making parameters. These collectively allow Leviosa to automate credit underwriting, focusing on straight-through processing, enabling the credit team to underwrite applications through rule-based deviations and workflows based on customer profile;
- Have collection services aided by a mobile application 'Delta' and a web application 'Omega', which are collections applications providing a priority list of overdue customers to the collection team in realtime
- Continue to use a platform containing data of multiple portfolios in a single system, which allows for data migration from external to internal loan management systems, and enables other lenders to be onboarded seamlessly;
- Have a mobile application for SBFC customers to apply for new loans, manage existing loans, repay loans online;

- Have a co-origination module customized to on-board other lenders, with a mix of on-book and off-book components. This platform enables digital disbursal of loans under our co-origination agreement and provides API-driven interfaces between two diverse loan management systems; and
- Have set up a dedicated ‘Gold Genie’ sales application, enabling gold loan disbursal at a customer’s home.

Company’s IT framework is governed by RBI recommended security frame work. The operational processes are in place to monitor and manage effectiveness of the security initiatives taken by company. Training/educating human resources on various aspects of IT security continues to be part of this governance. The company also carried out IT audits to strengthen the governance on IT frameworks.

INTERNAL CONTROL SYSTEM & THEIR ADEQUACY AND COMPLIANCE:

The Company has a well-established system of internal control, compliance and internal audit, commensurate with its size and complexity of the business and considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (“the Guidance Note”) issued by the Institute of Chartered Accountants of India (“the ICAI”). Your Company has appropriate internal control systems for business processes with regards to efficiency of operations, financial reporting, compliance with applicable laws and regulations, among others and with the objective of safeguarding the Company’s assets, ensuring that transactions are properly recorded and authorised and providing significant assurance of the integrity, objectivity and reliability of financial information.

The Company continually upgrades internal control system by adding better process control, various audit trails. The internal control system is supplemented by extensive internal audits, The findings of Audit Team are discussed internally as well as in audit committee meetings. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT:

Your Company continues to have cordial relations with its employees. The Company ensures the health safety and well being of the employees of the Company who are central to the effective functioning of the Company. There was no material development in the human resource front during the financial year ended 31st March, 2023.

CAUTIONARY STATEMENT:

This report contains forward-looking statements extracted from reports of Government Authorities/ Bodies, Industry Associations etc. available on the public domain which may involve risks and uncertainties including, but not limited to, economic conditions, government

policies, dependence on certain businesses and other factors. Actual results, performance or achievements could differ materially from those expressed or implied in such forward-looking statements. This report should be read in conjunction with the financial statements included herein and the notes thereto. The Company does not undertake to update these statements.

ACKNOWLEDGEMENT:

The Directors wish to place on record their appreciation for the support extended by the Reserve Bank of India, other regulatory and Government Bodies, Company's Auditors, Customers, Bankers and Shareholders. Your directors take this opportunity to place on record their appreciation to all employees for their hard work, spirited efforts, dedication and loyalty to the Company which has helped the Company maintain its growth.

**On behalf of the Board of Directors of
SBFC Finance Limited**

Sd/-

Aseem Dhru

Managing Director & Chief Executive Officer

Place: Mumbai

Date: 27 April, 2023



SBFC FINANCE LIMITED (ERSTWHILE SBFC FINANCE
PRIVATE LIMITED)

Board Report

2022-23



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Board of Directors

Mr. Aseem Dhru

Managing Director and Chief Executive Officer

Mr. Neeraj Swaroop

Chairperson & Independent Director

Mr. Rajesh Mannalal Agrawal

Independent Director

Ms. Surekha Marandi

Independent Director

Mr. Amol Jain

Director

Mr. John Mescall

Nominee Director

Mr. Jonathan Tadeusz Tatur

Nominee Director

Mr. Arjun Sakhuja

Nominee Director

Corporate Information

Senior Executives of the Company

Mr. Aseem Dhru

Chief Executive Officer

Mr. Narayan Barasia

Chief Financial Officer

Mr. Mahesh Dayani

Chief Business Officer

Mr. Pankaj Poddar

Chief Risk Officer

Mr. VM Maneesh

Chief Operations Officer

Mr. Sai Prashant Menon

Chief Collection Officer

Mr. Sanket Agrawal

Chief Internal Auditor

Mr. Sumeet Ghai

Chief Human Resource Officer

Statutory Auditors

M/s. Suresh Surana & Associates LLP,
Chartered Accountants, (ICAI Firm
Registration Number 121750W/W-
100010)

Registered Office

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

Corporate Identification Number

U67190MH2008PLC178270

Registrar and Transfer Agent

KFin Technologies Limited

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

Debenture Trustee

IDBI Trusteeship Services Limited

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

Bankers

- State Bank of India
- Federal Bank Limited
- ICICI Bank Limited
- Kotak Mahindra Bank
- SIDBI
- HDFC Bank Limited
- AU Small Finance Bank
- IndusInd Bank Limited
- Axis Bank Limited
- Bajaj Finance Limited
- Utkarsh Small Finance Bank Limited
- DCB Bank India Limited
- Yes Bank Limited
- Karur Vysya Bank
- DBS Bank India Limited
- Indian Bank
- South Indian Bank Limited
- Mahindra & Mahindra Financial Services
- Nabkisan Finance Limited
- Aditya Birla Finance Limited
- RBL Bank Limited
- Canara Bank
- CSB Bank

Contact Information

- T. : +91-22-67875300
- F : +91-22-67875334
- www.sbfsc.com

Board Committees of the Company

Audit Committee

Ms. Surekha Marandi
Chairperson & Independent Director
Mr. Neeraj Swaroop
Member
Mr. John Mescall
Member

Nomination & Remuneration Committee

Mr. Rajesh Mannalal Agrawal
Chairperson & Independent Director
Mr. Neeraj Swaroop
Member
Mr. John Mescall
Member

Business Review & Monitoring (Executive) Committee

Mr. Neeraj Swaroop
Chairperson & Independent Director
Mr. Amol Jain
Member
Mr. John Mescall
Member
Mr. Aseem Dhru
Member

IT Strategy Committee

Mr. Neeraj Swaroop
Chairperson & Independent Director
Mr. Aseem Dhru
Member
Mr. John Mescall
Member
Mr. Amol Jain
Member
Mr. Ganesh Vaidya
Member

Corporate Social Responsibility Committee

Ms. Surekha Marandi
Chairperson & Independent Director
Mr. John Mescall
Member
Mr. Aseem Dhru
Member

Risk Management Committee

Mr. Neeraj Swaroop
Chairperson & Independent Director
Ms. Surekha Marandi
Member
Mr. Aseem Dhru
Member
Mr. John Mescall
Member
Mr. Amol Jain
Member
Mr. Mahesh Dayani
Member
Mr. Pankaj Poddar
Member
Mr. Narayan Barasia
Member
Mr. Sanket Agrawal
Member

Stakeholders Relationship Committee

Ms. Surekha Marandi
Chairperson & Independent Director
Mr. John Mescall
Member
Mr. Aseem Dhru
Member

Directors' Report

for the Financial Year 2022-2023

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

Your Directors have pleasure in presenting the Sixteenth Annual Report on the business and operations of your Company together with the audited standalone and consolidated financial statements for the Financial Year ("FY") ended 31 March 2023.

Financial Performance

The highlights of the standalone financial results are given below:

Particulars	(₹ in Million)	
	FY23	FY22
Total Income	7,403.61	5,307.02
Total Expenditure	5,389.15	4,440.06
Profit before Tax	2,014.46	866.96
Tax Expense	516.5	221.75
Profit after Tax	1,497.96	645.21
Amount brought forward from previous year	1,711.27	1,194.50
Amount available for appropriation	1,497.96	645.21
Appropriations:		
Transfer to Reserve Fund u/s 45IC of the RBI Act, 1934	299.59	128.44
Balance carried forward to Balance Sheet	2,909.64	1,711.27

Your Company posted total income and net profit of ₹ 7,403.61 Million and ₹ 1,497.96 Million respectively for the FY ended 31 March 2023, as against ₹ 5,307.02 Million and ₹ 645.21 Million respectively for the previous financial year ended 31 March 2022. The Company transferred an amount of ₹ 299.59 Million to Reserve Fund under section 45-IC of the RBI Act, 1934.

Dividend:

The Directors do not recommend payment of any dividend on the Equity Shares for the Financial year ended 31 March 2023 to conserve capital for future business expansion.

Share Capital:

The Company allotted 6,25,00,000 equity shares of face value of ₹ 10/- each at ₹ 40/- per share on 8 April 2022 on private placement basis.

Post allotment of Equity Shares as aforesaid, the issued and subscribed share capital of your Company stands increased to 89,70,23,682 equity shares of the face value of ₹ 10/- each as on 31 March 2023.

Equity:

Your Company had Total Equity of ₹ 17,273.28 Million and Goodwill of ₹ 2,603.92 Million as on 31 March 2023. Net of Goodwill, your Company had a Tangible Equity of ₹ 14,669.36 Million.

Funding Capacity:

Your Company had total borrowings of ₹ 33,824.22 Million as on 31 March 2023. Your Company also had collateralized borrowings (secured against a pool of loan assets) of ₹

3,634.10 Million.

Your Company follows a prudent borrowing policy as of 31 March 2023, it had a CRAR of 31.80% including Tier I CRAR of 31.61% and Tier II CRAR of 0.19%.

Employee Stock Options:

Employee wise details of options granted and Details of the Employees Stock Option Scheme as per Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014 as on 31 March 2023 are attached in **Annexure 4** of this Report.

Directors and Key Managerial Personnel

Appointment and Resignation of Directors:

The shareholders of the Company by resolution passed at Extra Ordinary Annual General Meeting ("EOGM") which was held on 23 September 2022, approved the appointment of Ms. Surekha Marandi (DIN: 06952573) as an Independent Non-Executive Director of the Company to hold office for a term of five (5) consecutive years commencing from 23 September 2022.

The Board approved re-appointment of Mr. Aseem Dhru (DIN: 01761455) as the Managing Director for a period of five years with effect from 28 September 2022 at its meeting on 21 May 2022 which was confirmed by the shareholders at the Extra Ordinary General Meeting held on 15 October 2022.

The Board approved the re-appointment of Mr. Neeraj Swaroop (DIN: 00061170) as an Independent Non-Executive Director of the Company for a term of five (5) years with effect from 21 November 2022 at its meeting on 21 May 2022 which was approved by the shareholders at the Annual General meeting held on 27 June 2022.

In accordance with the applicable provisions of Section 152 of the Act, Mr. Amol Krishna Jain (DIN:00334710), a non-executive director and Mr. John Mescall (DIN: 08385575), Nominee Director of the Company, retires by rotation at the forthcoming annual general meeting of the Company. Being eligible, Mr. Amol Krishna Jain and Mr. John Mescall has offered themselves for re-appointment as Directors. Brief particulars of Mr. Amol Krishna Jain and Mr. John Mescall as required under the Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India is being provided in the Notice convening the 16th Annual General Meeting of the Company.

Resignation of Directors

Mr. Robin Banerjee (DIN: 00008893) was appointed as an Independent Non- Executive Director of the Company with effect from 15 October 2022 and he resigned on 20 December 2022.

Mr. Rajeev Gupta (DIN: 00241501) ceased to be a Director of the Company consequent upon his resignation as such Director with effect from 18 July 2022. The Board has placed on record its deep appreciation for the valuable contribution made by Mr. Rajeev Gupta and services rendered by him during his tenure as a Director of the Company

Information on the state of affairs of the Company:

Information on the operational and financial performance, among others, is given in the Management Discussion and Analysis Report.

Review of Operations of the Company:

The total Assets under Finance increased from ₹ 30,293.11 Million as on 31 March 2022 to ₹ 44,526.92 Million on 31 March 2023. During the year, the Company has securitized its assets.

Related Party Transactions:

All the related party transaction(s) that were entered into during the financial year were on arm's length basis and in ordinary course of business. Pursuant to the provisions of Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, particulars of the contracts or arrangements with related parties referred to in section 188(1) in Form AOC-2 is annexed as **Annexure 5**.

Credit Rating:

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

RBI guidelines:

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

Statutory Auditors:

At the 15th Annual General Meeting of shareholders held on 27 June 2022, the shareholders approved the appointment of M/s Suresh Surana & Associates LLP, Chartered Accountants, Mumbai (Firm Registration No. 121750W/W-100010) as Statutory Auditor of the Company for the FY 23 and FY 24 based on the recommendation of the Board and

the Audit Committee. The Auditor's Report by Statutory Auditor for the FY23 does not contain any qualification, reservation and adverse remark.

Number of meetings of Board:

During the financial year ended 31 March 2023 the Board met 8 (eight) times. The details of the Board and various committee meetings are given in the Corporate Governance Report annexed as **Annexure 2**.

Audit Committee:

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

Declaration by Independent Directors of the Company:

The Company has received declaration under section 149(7) of the Companies Act, 2013 from Mr. Neeraj Swaroop, Mr. Rajesh Mannalal Agrawal and Ms. Surekha Marandi, Independent Directors.

Secretarial Auditors:

The Secretarial Audit Report as received from M/s. K Pratik & Associates in the prescribed Form No. MR - 3 is annexed to this Board's Report and marked as **Annexure - 6**. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

Directors' Responsibility Statement:

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed and that there are no material departures thereof;
- such accounting policies had been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the FY and of the profits of the Company for the FY23;
- proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts had been prepared on a going concern basis;
- internal financial controls to be followed by the company was laid down and such internal financial controls are adequate and were operating effectively. and
- proper systems had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Particulars of Loans, Guarantees or Investments:

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

Vigil Mechanism:

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

Information regarding the mechanism and channel for reporting concerns (including a third party reporting channel) are communicated to the relevant stakeholders. The Whistle Blower Policy is available on the website of the Company, www.sbfc.com.

Prevention of Sexual Harassment of Women at Workplace:

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

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

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

- a. The Company has no activity involving Conservation of Energy or Technological or Technology Absorption;
- b. The Company's Foreign Exchange Earning was Nil during the year under review. The Company's Foreign Exchange Outgo was Rs. 84,97,054/- during the FY under Report.

Corporate Governance Report:

The report on Corporate Governance for the Company is annexed as **Annexure 2** and forms an integral part of this Annual Report.

Risk Management:

The Company is exposed to different types of risks including interest rate risk, business risk, liquidity risk, operational risk, credit risk including credit concentration risk, reputation risk, technology risk and compliance risk. The Company has formed Risk Management Committee and has developed and implemented Risk Management Policy covering the risk mapping, trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitor both business and non-business risk.

Extract of Annual Return:

In accordance with the requirements under Section 92(3) and Section 134(3)(a) of the Act and the applicable rules, the annual return as on March 31, 2023 is available on the website of the Company www.sbfc.com

Details of subsidiary/ joint ventures/ associate companies:

During the year a wholly owned subsidiary of the Company - SBFC Home Finance Private Limited was incorporated on 6 December, 2022.

In terms of the provisions of Section 129(3) of the Companies Act, 2013, the Consolidated Financial Statements of the Company and its subsidiary, SBFC

Home Finance Private Limited is prepared and forms part of this Directors Report.

Corporate Social Responsibility (CSR):

The CSR report for the FY23 is annexed to this report as **Annexure 1**.

Deposits:

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

Status of the Company:

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

Internal financial controls

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

Statutory Disclosure:

- a. Pursuant to the provisions of the Act, no fraud was reported by auditors of the Company during FY23.
- b. The provisions of section 148 of the Act, are not applicable to the Company. Accordingly, there is no requirement of maintenance of cost records as specified under section 148(1) of the Act.
- c. No material changes and commitments occurred since the end of FY till the date of this Report, which may affect the financial position of the Company.
- d. There was no change in the nature of business of the Company.
- e. The Company has complied with the secretarial standards as applicable to the Company.
- f. There is no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year
- g. The details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof: Not applicable.

Performance evaluation of the Board:

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

The Nomination and Remuneration Committee ("NRC") has approved the criteria for performance evaluation, based

on which the evaluation sheet were circulated to the Board members for seeking feedback of the directors with regards to the performance of the Board, its Committee, and individual directors.

The directors sent their feedback on the evaluation sheet to Company Secretary. The performance evaluation was then noted and discussed by the NRC at its meeting held on 24 March 2023 and the Board at its meeting held on 27 April 2023.

In the opinion of the Board, the Independent Directors have the integrity, expertise and experience (including

the proficiency) to function effectively.

Acknowledgement

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

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

Sd/-

Aseem Dhru

Managing Director & CEO

DIN: 01761455

Address: B-12, 12th Floor, Ahuja Tower,
RajabhauAnant Desai Marg, Prabhadevi,
Mumbai – 400025

Place: Mumbai

Date: 27 April, 2023

Sd/-

Neeraj Swaroop

Independent Director & Chairperson

DIN: 00061170

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

ANNEXURE – 1

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

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs: Objective: The main objective of CSR policy is to make CSR a key business process for sustainable development of the society. SBFC will act as a good corporate citizen and aims at supplementing the role of Government in enhancing the welfare measures of the society. For detailed CSR Policy, kindly refer to www.sbfc.com.
2. The Composition of the CSR Committee: The CSR Committee is chaired by Ms. Surekha Marandi with members consisting of Mr. Aseem Dhru and Mr. John Mescall. The committee is responsible for formulating and monitoring the CSR policy and programs thereunder.
3. Provide The Web-Link Where Composition of CSR Committee, CSR Policy And CSR Projects Approved By The Board Are Disclosed On The Website Of The Company: <https://www.sbfc.com/faq>
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): N.A.
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Socialresponsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: N.A.
6. Average net profit of the company as per section 135(5): ₹ 82,85,18,498/-
7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 1,65,70,370/-
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
 (c) Amount required to be set off for the financial year, if any: N.A.
 (d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 1,65,70,370/-
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount (in ₹)	Date of transfer	Name of the Fund	Amount	Date of transfer
1,66,09,463	-	-	-	-	-

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135 (6) (in ₹)	Mode of Implementation Direct(Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1	Education of underprivileged children	Promoting Education	Yes	Maharashtra	Mumbai	Ongoing	38,60,800	38,60,800	--	Yes		--
2	National Apprentice Promotion Scheme ("NAPS")	Promoting Education (Skills Training)	Yes	Maharashtra	Mumbai	Ongoing	1,27,48,663	1,27,48,663	--	Yes		--
Total							1,66,09,463	1,66,09,463	--			

(c) Details of CSR amount spent against other than ongoing projects for the financial year: N.A.

Sr.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.	Amount spent for the project (in Rs).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
							Name	CSR registration number
-	-	-	-	-	-	-	-	-

(d) Amount spent in Administrative Overheads: N.A.

(e) Amount spent on Impact Assessment, if applicable: N.A.

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 1,66,09,463/-

(g) Excess amount for set off, if any:

Sr.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	1,65,70,370
(ii)	Total amount spent for the Financial Year	1,66,09,463
(iii)	Excess amount spent for the financial year [(ii)-(i)]	39,093
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

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

Preceding Sr. Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years (in
			Name of the Fund	Amount (in ₹)	Date of transfer.	
-	-	-	-	-	-	-
Total	-	-	-	-	-	-

- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).
- (a) Date of creation or acquisition of the capital asset(s). N.A.
- (b) Amount of CSR spent for creation or acquisition of capital asset. N.A.
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. N.A.
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). N.A.
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): N.A.
12. For & on behalf of Board of Directors of

SBFC Finance Limited
(Erstwhile SBFC Finance Private Limited)

Sd/-
Surekha Marandi
Chairperson of Committee & Independent Director
DIN: 06952573
Address: Flat No. 301, Wing A,
Neelsidhi Garden CHS, Takka,
Plot No. 417/418, Panvel,
Raigarh, Maharashtra, 410206

Sd/-
Aseem Dhru
Managing Director & CEO
DIN: 01761455
Address: 1104, Signia Isles, G Block,
Near Dhirubhai International School,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400051

Place: Mumbai
Date: 27 April 2023

Annexure – 2

Corporate Governance Report

1. Company's Philosophy on the Code of Governance

The Company has fair, transparent and ethical governance practices and it believes that good Corporate Governance is essential for achieving long-term corporate goals and to enhance stakeholders' value.

In this pursuit, the Company's Corporate Governance philosophy is to ensure fairness, transparency and integrity of the management, in order to protect the interests of all its stakeholders.

2. Board of Directors

Composition of the Board

The Company has an active, experienced and a well-informed Board. As on 31 March 2023, the Board comprised eight (8) directors, out of which four are Non- Executive Directors, three are Independent Directors and one Managing Director.

The Company currently has right mix of directors on the Board who possesses the requisite qualifications and Corporate Governance experience in general corporate management, finance, banking, marketing and other allied fields which enable them to contribute effectively to the Company in their capacity as directors of the Company.

Board Procedure

The agenda along with the detailed notes are circulated in advance to the Board members. The items in the agenda are backed by comprehensive background information to enable the Board to take appropriate

decisions and to discharge its responsibilities effectively. The Managing Director apprises the Board on the overall performance of the Company at every meeting. The Board periodically reviews the strategy, annual business plan and capital expenditure budgets and risk management, safety and environment matters.

It also reviews the compliance reports of the laws applicable to the Company, internal financial controls and financial reporting systems, minutes of the Board Meetings of the Company, adoption of annual results, major accounting provisions and minutes of the meetings of the Audit and other Committees of the Board.

The Company Secretary monitors the Board and Committee proceedings to ensure that terms of reference/ charters are adhered to, decisions are properly recorded in the minutes and actions on the decisions are tracked.

Meeting effectiveness is ensured through clear agenda, pre-circulation of material in advance, detailed presentations at the meetings. Additionally, based on the agenda, the Board/ Committee meetings are attended by members of the senior leadership as invitees, which bring in the requisite accountability and also provide developmental inputs.

During the FY23, 8 (Eight) board meetings were held on 21 May 2022, 03 August 2022, 14 October 2022, 03 November 2022, 04 November 2022, 14 November 2022, 13 February 2023 and 20 March 2023. The details of attendance at the Board Meetings and the previous annual general meeting of the Company are given below:

Sr. No.	Name of the Director	Category	Board Meetings		Whether present at the AGM held on 27 June 2022
			Held	Attended	
1	Mr. Aseem Dhru	Managing Director & CEO	8	8	Yes
2	Mr. Neeraj Swaroop	Independent Director	8	8	Yes
3	Mr. Rajesh Mannalal Agrawal	Independent Director	8	7	No
4	Ms. Surekha Marandi (w.e.f 23 September 2022)	Independent Director	8	6	No
5	Mr. Amol Jain	Director	8	8	Yes
6	Mr. Rajeev Gupta (upto 18 July 2022)	Director	8	1	No
7	Mr. John Mescall	Nominee Director	8	8	Yes
8	Mr. Jonathan Tadeusz Tatur	Nominee Director	8	6	Yes
9	Mr. Arjun Sakhuja	Nominee Director	8	8	Yes
10	Mr. Robin Banerjee*	Independent Director	8	3	No

* Appointed as an Independent Director on 15 October 2022 and ceased to be an Independent Director on 20 December 2022

Committees of the Board

The Board has constituted committees with specific terms of reference/ scope to focus effectively on issues and ensure expedient resolution of diverse matters. These are the Audit Committee, Nomination and Remuneration Committee, Business Review and Monitoring Committee (Executive Committee), Risk Management Committee, IT Strategy Committee, Corporate Social Responsibility Committee, IPO Committee and Stakeholders Relationship Committee.

The Board of Directors and the Committees also take decisions by circular resolutions which are noted by the Board/ respective Committees of the Board at their next meetings. The minutes of the meetings of all Committees of the Board are circulated to the Board of Directors, for their noting.

3. Audit Committee

The composition of the Audit Committee is in line with the provisions of Section 177 of the Companies Act, 2013. All the Members have the ability to read and understand financial statements and have relevant finance and/or audit experience. The Company Secretary acts as the Secretary to the Committee.

The composition of the Audit Committee is as under:

Sr. No.	Name of the Members	Designation
1	Ms. Surekha Marandi	Chairperson
2	Mr. Neeraj Swaroop	Member
3	Mr. John Mescall	Member

Recommendations of the audit committee which had not been accepted by board along with reasons therefore: NIL

The dates of Audit Committee meetings and the attendance of its members held during FY23 is given below:

Sr. No	Date of the meeting	No. of members present
1	21 May 2022	3
2	3 August 2022	3
3	3 November 2022	4
4	14 November 2022	4
5	13 February 2023	3
6	20 March 2023	3

The Audit Committee meets both with the Chief Internal Auditor and the statutory auditors to discuss key concerns.

During the FY, Surekha Marandi was appointed as the Chairperson of the Committee on 20 December, 2022 and John Mescall was appointed as a Member of the Committee on 16 October, 2022.

The Managing Director & CEO and Chief Financial Officer attend and participate at all the meetings of the Committee. The Chairman of the Audit Committee briefs the Board about the significant discussions at the

Audit Committee meetings. The minutes of each of the Audit Committee are placed in the next meeting of the Board.

The terms of reference of this Committee are in line with the regulatory requirements mandated in Companies Act, 2013 and Rules made thereunder and as amended from time to time. The scope of the Audit Committee includes discussion with auditors on periodical basis, recommendation of appointment, review & monitor the auditor's independence, performance and effectiveness of audit process, oversee vigil mechanism and internal audit control system of the Company.

4. Nomination and Remuneration Committee ("NRC")

Policy on appointment of Directors

The NRC reviews the disclosure made with regard to the Company's policy on directors' appointment and remuneration including criteria for determining qualification, positive attributes, independence and other matters as specified in Section 178(3) of the Companies Act, 2013, in the Directors' Report, in terms of Section 134 (1) (e) of the Companies Act, 2013.

The composition of the NRC is as under:

Sr. No.	Name of the Members	Designation
1	Mr. Rajesh Mannalal Agrawal	Chairman
2	Mr. Neeraj Swaroop	Member
3	Mr. John Mescall	Member

During the FY, Mr. Rajesh Mannalal Agrawal was appointed as the Chairman of the Committee and Mr. John Mescall was appointed as a Member of the Committee.

The purpose of the NRC is to oversee the selection of members of the Board based on criteria related to the specific requirement of expertise, independence and execution.

Further, the role of NRC is also to identify and select senior management personnel one level below the Board.

The dates of Nomination and Remuneration Committee meetings and the attendance of its Members held during FY23 are given below:

Sr. No.	Date of the meeting	No. of Members present
1	24 March 2023	3

The terms of reference of the NRC are in line with the regulatory requirements mandated in the Companies Act, 2013 and Rules made thereunder as amended from time to time. The scope of NRC includes identifying the persons to become directors of the Company, recommending the Board the appointment and removal of senior management and consider giving stock option to the employees in the form of equity shares of the Company.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its Managing Director & CEO.

5. Risk Management Committee (RMC)

Following meetings were held of RMC during the FY23.

Sr. No	Date of the meeting	No. of members present
1	3 August 2022	9
2	13 February 2023	7

The roles and responsibilities of the Committee are as per the charter adopted by the Board and includes monitoring and review of the risk management plan and reporting the same to the Board periodically as it may deem fit, in addition to any other terms as may be referred by the Board, from time to time.

RMC assists the Audit Committee and the Board of Directors in overseeing the Company's risk management processes and controls.

6. Corporate Social Responsibility Committee

The main objective of CSR committee is to make CSR a key business process for sustainable development of the society. The Board of SBFC may decide to undertake its CSR activities as recommended by the CSR Committee, through a registered trust or a registered society or a company established by the company or its holding or subsidiary or associate company pursuant to Section 135 of the Companies Act, 2013 and rules made thereunder.

The dates of Corporate Social Responsibility Committee meetings held and the attendance of its members during FY23 is given below:

Sr. No	Date of the meeting	No. of members present
1	03 August 2022	4
2	13 February 2023	3

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

Sd/-

Aseem Dhru

Managing Director & CEO

DIN: 01761455

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

Place: Mumbai

Date: 27 April 2023

7. Business Review and Monitoring (Executive Committee):

Following are the meetings held of Business Review & Monitoring Committee during the FY23

Sr. No	Date of the meeting	No. of members present
1	26 April 2022	4
2	21 May 2022	4
3	27 June 2022	4
4	21 July 2022	3
4	22 August 2022	4
5	22 September 2022	4
5	20 October 2022	4
6	14 November 2022	4
7	22 December 2022	4
9	19 January 2023	4
10	13 February 2023	4
11	23 March 2023	4

8. IT Strategy Committee:

Following are the meetings held of IT Strategy Committee during the FY23.

Sr. No	Date of the meeting	No. of members present
1	03 August 2022	4
2	13 February 2023	5

9. Stakeholders Relationship Committee

Following are the meetings held of the Stakeholder Relationship Committee during the FY 23.

Sr. No	Date of the meeting	No. of members present
1	24 March 2023	3

Sd/-

Neeraj Swaroop

Independent Director & Chairperson

DIN: 00061170

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

Annexure – 3

Rating assigned by Credit Rating agencies and migration of ratings during the FY

Name of Rating Agency	ICRA Limited	
Date of rating	Products	Rating assigned
3 October 2022	Non Convertible Debentures	[ICRA] A+/Stable
3 October 2022	Enhanced bank lines	[ICRA] A+/Stable

Name of Rating Agency	India Ratings & Research Pvt Ltd	
Date of rating	Products	Rating assigned
20 December 2021	Non Convertible Debentures	IND A+/Stable
20 December 2021	Bank loan	IND A+/Stable

Name of Rating Agency	CARE	
Date of rating	Products	Rating assigned
5 April 2023	Long Term Bank Facilities	CARE A+/Stable

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

Sd/-

Aseem Dhru

Managing Director & CEO

DIN: 01761455

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

Sd/-

Neeraj Swaroop

Independent Director & Chairperson

DIN: 00061170

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

Place: Mumbai

Date: 27 April 2023

Annexure – 4

Employee wise details of options granted and Details of the Employees Stock Option Scheme as per Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014 as on 31 March 2023 are available with the Company Secretary of the Company.

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

Sd/-
Aseem Dhru
Managing Director & CEO
DIN: 01761455

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

Place: Mumbai
Date: 27 April 2023

Sd/-
Neeraj Swaroop
Independent Director & Chairperson
DIN: 00061170

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

Annexure 5

Related Party Transactions

FORM NO. AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis – N.A.
 - a) Name(s) of the related party and nature of relationship
 - b) Nature of contracts/arrangements/transactions
 - c) Duration of the contracts/arrangements/transactions
 - d) Salient terms of the contracts or arrangements or transactions including the value, if any
 - e) Justification for entering into such contracts or arrangements or transactions
 - f) Date of approval by the Board
 - g) Amount paid as advances, if any:
 - h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188
2. Details of material contracts or arrangement or transactions at arm's length basis –
 - a) Name(s) of the related party and nature of relationship – SBFC Home Finance Private Limited ("SHFPL"), wholly owned subsidiary of the Company
 - b) Nature of contracts/arrangements/transactions – Investment in the equity shares of SHFPL
 - c) Duration of the contracts/arrangements/transactions – N.A.
 - d) Salient terms of the contracts or arrangements or transactions including the value, if any:
 - (i) Investment of ₹ 5,00,000 in the share capital of SHFPL by the Company
 - (ii) Preliminary expenses of ₹ 86,231 incurred by the Company on behalf of SHFPL
 - (iii) Professional expenses of ₹ 6,00,000 incurred by the Company on behalf of SHFPL
 - e) Date(s) of approval by the Board, if any: N.A.
 - f) Amount paid as advances, if any: N.A.

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

Sd/-

Aseem Dhru

Managing Director & CEO

DIN: 01761455

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

Sd/-

Neeraj Swaroop

Independent Director & Chairperson

DIN: 00061170

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

Place: Mumbai

Date: 27 April 2023

Annexure – 6

Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
SBFC FINANCE LIMITED
Mumbai.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SBFC FINANCE LIMITED** (hereinafter called the Company) during F.Y. 2022-2023. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company, which were made available for verification during the Audit process, for the financial year ended on March 31, 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) RBI Act, 1934 and rules and regulations made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) As confirmed by the management, there are no other laws specifically applicable to the business of the Company.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India, and
- ii. Listing Agreement, to the extent the provisions of the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and the SEBI (LODR) Regulations, 2015 which are applicable to listing of debt instruments.

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

Other statutes, Acts, laws, Rules, Regulations, Guidelines and Standards, etc. as applicable to the Company are given below:

- (i) Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
- (ii) Acts as prescribed under Direct Tax and Indirect Tax;
- (iii) Stamp Acts and Registration Acts;
- (iv) Acts prescribed under prevention and control of pollution;
- (v) Acts prescribed under environmental protection;
- (vi) Labour Welfare Act; and
- (vii) Local laws as applicable to the factory and office of the Company.

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. During the reporting period, the meetings (including committee meetings) were conducted through video conference complying with the provisions of Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

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

We further report that during the audit period the company has undertaken significant & material corporate events/ actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above and which are provided in **Annexure B** annexed to this report.

K PRATIK & ASSOCIATES
Practicing Company Secretaries

Place: Mumbai

Date: 25.04.2023

Sd/-
PRATIK HARSHAD KALSARIYA
Proprietor
M. No.: 33502
C. P. No.: 12368
UDIN: **A033502E000185907**

Note 1: *Unique Document Identification Number (UDIN) is generated for this certificate and same is reported to the Institute of Company Secretaries of India and the UDIN is issued in accordance with the applicable provisions of the ICSI Unique Document Identification Number (UDIN) Guidelines, 2019.*

Note 2: *This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.*

To,
The Members,
SBFC FINANCE LIMITED

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. The verification of records of the company was limited to the information / documents made available by the management of the Company and the report was made relying upon the information / documents made available by the Company.

K PRATIK & ASSOCIATES
Practicing Company Secretaries

Place: Mumbai
Date: 25.04.2023

Sd/-
PRATIK HARSHAD KALSARIYA
Proprietor
M. No.: 33502
C. P. No.: 12368
UDIN: A033502E000185907

List of material events of the Company occurred during the F.Y. 2022-23

During the reporting period, following significant & material corporate events/ actions had occurred which has a major bearing on the Company's affairs:

Sr. No.	Date of Event	Particulars
1.	04/05/2022	The Company in its Extra-Ordinary General Meeting (held through video conferencing) passed Special Resolution to: - Adopt new set of Articles of Association in substitution to existing Articles of Association of the Company.
2.	21/05/2022	The Board of Directors in their meeting passed resolution to re-appoint Mr. Aseem Dhru (DIN: 01761455), as a Managing Director of the Company, for a period of five years with effect from 28/09/2022.
3.	27/06/2022	The Company in its Annual General Meeting (held through video conferencing) passed Special Resolution to: - Re-appoint Mr. Neeraj Swaroop as an Independent Director for a second term of 5 years w.e.f. 21/11/2022.
4.	18/07/2022	The Board of Directors vide Circular Resolution passed resolution on 20/07/2022 to take on record resignation of Mr. Rajeev Gupta from directorship of the Company w.e.f. 18/07/2022.
5.	23/09/2022	The Company in its Extra-Ordinary General Meeting (held through video conferencing) passed Special Resolution to amend the Capital Clause of MOA of Company for reduction of Authorised Share Capital of the Company from Rs. 10,000,000,000.00 to Rs. 9,850,000,000.00 pursuant to Cancellation of unissued 1,50,00,000 Compulsory Convertible Preference Shares of Rs. 10 each which have not been taken or agreed to be taken by any person.
6.	23/09/2022	The Company in its Extra-Ordinary General Meeting (held through video conferencing) passed Special Resolution to: - Appoint Ms. Surekha Marandi as an Independent Director for a period of 5 years w.e.f. 23/09/2022; - Convert the Company from Private Limited Company to Public Limited Company; - Adopt new set of Articles of Association in substitution to the existing Articles of Association; - Amend the existing Name Clause of the Memorandum of Association of the Company, pursuant to conversion of the Company into Public Limited Company; and - Cancellation of unissued Compulsory Convertible Preference Share Capital and amendment to capital clause of the Memorandum of Association of the Company.
7.	14/10/2022	The Board of Directors in their meeting passed resolution to: - convert the 12,268,333 partly paid equity shares into fully paid equity shares; and - Approve Initial Public Offer and issuance of equity shares in the Initial Public Offer.
8.	15/10/2022	The Company in its Extra-Ordinary General Meeting (held through video conferencing) passed Special Resolution to: - Appoint Mr. Robin Banerjee as an Independent Director for a period of 5 years w.e.f. 15/10/2022; - Approve the Initial Public Offer and issuance of equity shares in the Initial Public Offer; - Adopt revised Employees Stock Option Plans; - Increase investment limits for Non- Resident Indians and Overseas Citizens of India; - Amend the Capital Clause of MOA of Company due to increase in Authorised Share Capital of the Company from Rs. 9,850,000,000.00 to Rs. 13,000,000,000.00; - Adopt New/Revised Articles of Association of the Company for compliance with the listing requirements of the Stock Exchanges where equity shares of the Company are proposed to be listed; - Amend Shareholders Agreement; and - Re-appointment of Mr. Aseem Dhru as Managing Director of the Company, for a period of five years with effect from 28/09/2022.
9.	14/11/2022	The Board of Directors in their meeting passed resolution to incorporate a Subsidiary in home finance business in India in the State of Maharashtra within the jurisdiction of Registrar of Companies, Mumbai.

10.	20/12/2022	The Board of Directors vide Circular Resolution passed resolution to take on record resignation of Mr. Robin Banerjee from independent directorship of the Company w.e.f. 20/12/2022.
11.	20/02/2023	The Company in its Extra-Ordinary General Meeting (held through video conferencing) passed Special Resolution to: <ul style="list-style-type: none"> - Approve SBFC Stock Option Policy 2023 – I; - Increase Borrowing Limit u/s 180(1)(c) of the Companies Act, 2013 upto Rs. 65,000,000,000/-; and - Create security interest by Company over the undertaking or substantially the whole of the Undertaking of the Company as required u/s 180(1)(a) of the Companies Act, 2013 upto Rs. 65,000,000,000/-.

K PRATIK & ASSOCIATES
Practicing Company Secretaries

Place: Mumbai

Date: 25.04.2023

Sd/-
PRATIK HARSHAD KALSARIYA
Proprietor
M. No.: 33502
C. P. No.: 12368
UDIN: **A033502E000185907**

INDEPENDENT AUDITORS' REPORT

To
The Members of
SBFC Finance Limited
(Erstwhile SBFC Finance Private Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)** ("the Company"), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the Standalone Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

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

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended 31 March 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our audit addressed the key audit matter
<p>1. Impairment of Financial Assets Management estimates impairment provision using Expected Credit loss model (ECL) for the loan exposure. Measurement of loan impairment involves application of significant judgement by the management. The most significant judgements are:</p> <ul style="list-style-type: none"> • Timely identification and classification of the impaired loans, and • Determination of probability of defaults (PD) and estimation of loss given defaults (LGD) based on the value of collaterals and relevant factors. <p>The estimation of Expected Credit Loss on financial instruments involves significant judgements and estimates. Following are points with increased level of audit focus:</p> <ul style="list-style-type: none"> • Classification of assets to stage 1, 2, or 3 using criteria in accordance with Ind AS 109; • Key assumptions in respect of the probability of default and loss given default (including taking industry comparatives) assessed by the Company including consideration of collateral values. • Use of judgement for identification and classification of loans as Stage 3 / NPAs applying quantitative as well as qualitative factors. The risk of identification of such assets as 	<p>Principal audit procedure performed:</p> <ul style="list-style-type: none"> • We examined Board Policy approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company. The parameters and assumptions used and their rationale and basis are clearly documented. • We evaluated the design and operating effectiveness of controls across the processes relevant to ECL, including the judgements and estimates. • These controls, among others, included controls over the allocation of assets into stages including management's monitoring of stage effectiveness, model monitoring including the need for post model adjustments, model validation, credit monitoring, multiple economic scenarios, individual provisions and recording of journal entries and disclosures. • We tested the completeness of loans and advances included in the Expected Credit Loss calculations as of 31 March 2023 by reconciling it with the balances as per loan balance register. • We tested assets in stage 1, 2 and 3 on sample basis to verify that they were allocated to the appropriate stage. For samples of exposure, we tested the

<p>Stage 3 / NPAs is affected by factors like stress and liquidity concerns of such assets.</p> <ul style="list-style-type: none"> The disclosures made in standalone financial statements for ECL especially in relation to judgements and estimates made by the Management in determination of the ECL. Refer note 48.1.2.1 to the standalone financial statements. 	<p>appropriateness of determining EAD, PD and LGD and performed test of details over calculation of impairment allowance for assessing completeness and accuracy of data.</p> <ul style="list-style-type: none"> For exposure determined to be individually impaired, we tested samples of loans and advances and examined management's estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations. We read the Company's policies for identification, classification and assessing compliance for Stage 3 / NPAs customers in line with the norms. We performed substantial audit procedure relating to identification and classification of Stage 3 / NPAs by the Company. We have checked on sample basis that the stage classification for the borrowers has been given in accordance with the Resolution Framework issued by Reserve Bank of India (the 'RBI') and the Board approved policy for ECL provisioning and stage classification with respect to such accounts. We assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 in relation to ECL especially in relation to judgements used in estimation of ECL provision.
<p>2. IT systems and controls</p> <p>Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, hence we identified IT systems and controls over financial reporting as a key audit matter for the Company.</p> <p>Automated accounting procedures and IT</p>	<p>Principal audit procedure performed:</p> <ul style="list-style-type: none"> We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls. We tested IT general controls (logical access, changes management and

<p>environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.</p>	<p>aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorized.</p> <ul style="list-style-type: none"> - We tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization. - In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.
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Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report and Shareholder's Information but does not include the standalone financial statements and our auditor's report thereon. The Reports are expected to be made available to us after the date of this auditors' report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 (Revised) 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the

standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to the standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity, and Statement of Cash Flows dealt with by this Report are in agreement with the books of account;

- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
- e) On the basis of written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023, from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial control over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors, including sitting fees paid to directors, during the year is in accordance with the provisions of Section 197 read with Schedule V of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its standalone financial statements (Refer Note 47 to the standalone financial statements);
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. (a) The management has represented to us that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The management has also represented to us, that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been received by the

Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.
- 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 to the Company with effect from April 1, 2023, 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.

For Suresh Surana & Associates LLP
Chartered Accountants
Firm's Reg. No.: 121750W / W-100010

Ramesh Gupta
Partner
Membership No. 102306
UDIN: 23102306BGWKSQ5943
Place: Mumbai
Dated: 27 April 2023

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date)

- I. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
- (a) (A)The Company has maintained proper records showing full particulars including quantitative details and situation of its Property, Plant and Equipment and relevant details of right of use assets.
(B) The Company has maintained proper records showing full particulars of its Intangible assets.
 - (b) The Company has a regular programme of physical verification of Property, Plant and Equipment in phased manner so as to cover all the asset over the period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain Property, Plant and Equipment have been physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The Company does not have any immovable properties. Accordingly, the provision of the clause 3(i)(c) of the Order is not applicable to the Company.
 - (d) In our opinion and according to information and explanation given to us, the Company has not revalued its Property, Plant and Equipment (including Right of Use Assets) and intangible assets during the year.
 - (e) According to information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- II.
- (a) The Company is in the business of providing loans and does not have any physical inventories. Accordingly, the provision of the clause 3(ii)(a) of the Order is not applicable to the Company.
 - (b) According to information and explanations given to us, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion and according to information and explanations given to us and the records examined by us, the quarterly returns or statements for the quarters ended June 2022, September 2022, December 2022 and March 2023 filed by the Company during the year with such banks or financial institutions are in agreement with unaudited books of account except for the instances mentioned in note no 51.3 to the standalone financial statements.

- III. During the year, the Company has made investments in and granted loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties. The Company has not provided any guarantee or security to any entity during the year. With respect to such investments and loans and advances:
- (a) The Company's principal business is to give loans. Accordingly, the provision of the clause 3(iii)(a) of the Order is not applicable to the Company.
 - (b) In our opinion and according to information and explanations given to us, the investments made and the terms and conditions of the grant of all the loans and advances in the nature of loans, during the year are, prima facie, not prejudicial to the Company's interest.
 - (c) The Company, being a Non-Banking Financial Company ('NBFC'), registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its borrowers as stipulated. In our opinion and according to the information and explanations given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and in cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer notes 36 and 55 to the financial statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where repayment of principal and interest have not been regular. According to the information and explanations made available to us, reasonable steps are taken by the Company for recovery thereof.
 - (d) The Company, being a NBFC, registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors and report total amount overdue including principal and/or payment of interest by its customers for more than 90 days. In cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer notes 36 and 55 to the financial statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations. According to the information and explanation made available to us, reasonable steps are taken by the Company for recovery thereof.

- (e) The Company's principal business is to give loans. Accordingly, the provision of the clause 3(iii)(e) of the Order is not applicable to the Company.
 - (f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Accordingly, the provision of the clause 3(iii)(f) is not applicable to the Company.
- IV. In opinion and according to the information and explanations given to us, the Company has not given loan to any director in accordance with the provisions of Section 185 of the Companies Act, 2013. The Company has not given any loans or guarantees and being a Non-banking financial company, its investments are exempted under Section 186(11) (b), hence the Company has complied with the provisions of Section 185 and 186 of the Act, as applicable.
- V. According to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits during the year and no order in this respect has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals in regard to the Company. Accordingly, the provision of the clause 3(v) of the Order is not applicable to the Company.
- VI. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company. Accordingly, the provision of the clause 3(vi) of the Order is not applicable to the Company.
- VII. According to the information and explanations given to us, in respect of statutory dues:
 - a. The Company has generally been regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, duty of customs, cess and any other statutory dues as applicable to the appropriate authorities.

There are no arrears of outstanding statutory dues as at the last day of the financial year for the period of more than six month from the date they became payable. No undisputed amounts payable in respect of aforesaid statutory dues were outstanding as on the last day of the financial year for a period of more than six months from the date they became payable.
 - b. There are no dues referred in sub clause(a) which have not been deposited with the appropriate authorities on account of any dispute as on 31 March 2023.
- VIII. According to the information and explanations given to us, no transactions relating to previously unrecorded income were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- IX. According to the information and explanations given to us, in respect of borrowings:
 - (a) The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

- (b) The Company has not been declared willful defaulter by any bank or financial institution or other lender.
 - (c) Term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment of the funds in debt mutual funds and short term fixed deposits pending application in respect of term loans raised towards the end of the year.
 - (d) On an overall examination of the standalone financial statements of the Company, no funds raised on short-term basis have been prima facie used for long-term purposes during the year by the Company.
 - (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary.
 - (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiary.
- X. (a) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provision of the clause 3(x)(a) of the Order is not applicable to the Company.
- (b) In our opinion and according to the information and explanations given to us, the Company has utilized funds raised by way of private placement for the purposes for which they were raised. The Company has complied with requirements of section 42 and 62 of the Companies Act 2013 in this regards.
- XI. (a) During the course of our examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- (c) As represented to us by the management, there were no whistle blower complaints received by the Company during the year.
- XII. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provision of the clause 3(xii) of the Order is not applicable to the Company.
- XIII. According to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements, etc. as required by the applicable accounting standards.
- XIV. (a) In our opinion, the Company has an adequate internal audit system commensurate with

the size and the nature of its business.

(b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto 31 March 2023.

- XV. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year. Accordingly, the provision of the clause 3(xv) of the Order is not applicable to the Company and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- XVI. (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and the Company has obtained the required registration.
(b) According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid CoR from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) According to the information and explanations given to us, the Company is not a Core Investment Company ('CIC') as defined under the Regulations by the Reserve Bank of India.

(d) According to the information and explanations given to us, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and Accordingly, the provision of the clause 3(xvi) of the Order is not applicable to the Company.
- XVII. According to the information and explanations given to us, the Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- XVIII. There has been no resignation of the auditor during the year and hence, there is no requirement to report under this clause.
- XIX. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- XX. (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act, in compliance with second proviso to sub section (5) of section 135 of the Act.
(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of the Act.
Accordingly, the provision of the clause 3(xx) of the Order is not applicable for the year to the Company.

For Suresh Surana & Associates LLP
Chartered Accountants
Firm's Reg. No.: 121750W / W-100010

Ramesh Gupta
Partner
Membership No. 102306
UDIN: 23102306BGWKSQ5943
Place: Mumbai
Dated: 27 April 2023

ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph 2(f) under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of SBFC Finance Limited (Erstwhile SBFC Finance Private Limited) (hereinafter referred to as "the Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls over financial reporting. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding

prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to further periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For Suresh Surana & Associates LLP
Chartered Accountants
Firm's Reg. No.: 121750W / W-100010

Ramesh Gupta
Partner
Membership No. 102306
UDIN: 23102306BGWKSQ5943
Place: Mumbai
Dated: 27 April 2023

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Standalone Balance Sheet as at 31 March 2023

(₹ In Million)

Particulars	Note No.	As at 31 March 2023	As at 31 March 2022
ASSETS			
I. Financial assets			
(a) Cash and cash equivalents	3	1,833.94	1,514.76
(b) Bank balances other than cash and cash equivalents	4	2,169.99	1,838.17
(c) Receivables			
(i) Trade receivables	5	108.29	82.68
(d) Loans	6	44,153.10	29,824.12
(e) Investments	7	6,066.42	8,481.13
(f) Other financial assets	8	39.67	34.17
Total Financial Assets		54,371.41	41,775.03
II. Non-Financial assets			
(a) Current tax assets (net)	9	-	341.92
(b) Property, plant and equipment	10	336.53	357.06
(c) Intangible assets under development	10	7.49	-
(d) Goodwill	10	2,603.92	2,603.92
(e) Other intangible assets	10	23.54	32.87
(f) Other non-financial assets	11	122.20	39.54
Total Non-Financial Assets		3,093.68	3,375.31
TOTAL ASSETS		57,465.09	45,150.34
LIABILITIES AND EQUITY			
LIABILITIES			
I. Financial Liabilities			
(a) Payables	12		
(A) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		2.96	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		89.24	80.73
(B) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		36.28	40.45
(b) Debt securities	13	454.03	454.03
(c) Borrowings (other than debt securities)	14	36,936.59	28,945.04
(d) Other financial liabilities	15	2,509.83	2,501.17
Total Financial Liabilities		40,028.93	32,021.42
II. Non-Financial Liabilities			
(a) Current tax liabilities (net)	16	0.53	-
(b) Provisions	17	1.32	2.47
(c) Deferred tax liabilities (net)	18	126.11	194.51
(d) Other non-financial liabilities	19	34.92	60.27
Total Non-Financial Liabilities		162.88	257.25
TOTAL LIABILITIES		40,191.81	32,278.67
EQUITY			
(a) Equity share capital	20	8,895.72	8,068.00
(b) Other equity	21	8,377.56	4,803.67
TOTAL EQUITY		17,273.28	12,871.67
TOTAL LIABILITIES AND EQUITY		57,465.09	45,150.34

Corporate Information and Significant Accounting Policies

1-2

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

For Suresh Surana & Associates LLP
Chartered Accountants
Firm's Registration No. 121750W/W-100010

For and on behalf of the Board of Directors of
SBFC Finance Limited
(Erstwhile SBFC Finance Private Limited)
CIN:U67190MH2008PLC178270

Ramesh Gupta
Partner
Membership No: 102306

Mr. Neeraj Swaroop
Chairperson
(DIN: 00061170)

Mr. Aseem Dhru
Managing Director & CEO
(DIN: 01761455)

Mr. Narayan Barasia
Chief Financial Officer

Mr. Jay Mistry
Company Secretary
(ACS: A34264)

Place: Mumbai
Date : 27 April 2023

Place: Mumbai
Date : 27 April 2023

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Standalone Statement of Profit and Loss for the year ended 31 March 2023
(₹ In Million)

Particulars	Note No.	For the year ended 31 March 2023	For the year ended 31 March 2022
(I) Revenue from operations			
Interest income	22	6,541.52	4,731.47
Fees and commission income	23	412.52	272.39
Net gain on fair value changes	24	119.76	157.22
Net gain on derecognition of financial instruments under amortised cost category	25	28.30	-
Other operating income	26	226.02	129.44
Total Revenue from operations		7,328.12	5,290.52
(II) Other income	27	75.49	16.50
(III) Total Income (I+II)		7,403.61	5,307.02
Expenses			
Finance costs	28	2,764.52	2,206.17
Net Loss on derecognition of financial instruments under amortised cost category	29	-	106.92
Impairment on financial instruments	30	320.56	360.88
Employee benefits expense	31	1,601.23	1,095.34
Depreciation and amortisation expense	10	127.14	117.81
Other expenses	32	575.70	552.94
(IV) Total expenses		5,389.15	4,440.06
(V) Profit before tax (III - IV)		2,014.46	866.96
Tax expense			
- Current tax	33	584.90	262.12
- Deferred tax charge/ (credit)	34	(68.40)	(40.37)
(VI) Total tax expense		516.50	221.75
(VII) Profit after tax (V-VI)		1,497.96	645.21
(VIII) Other comprehensive income	35		
(A) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit liability/ asset (net)		1.89	3.72
- Income tax relating to items that will not be reclassified to profit or loss		(0.48)	(0.94)
(B) Items that will be reclassified to profit or loss		-	-
Other Comprehensive Income		1.41	2.78
(IX) Total comprehensive income for the year (VII + VIII)		1,499.37	647.99
(X) Earnings per equity share (Face value ₹ 10/- per share)			
Basic (₹)	45	1.71	0.81
Diluted (₹)		1.62	0.79

Corporate Information and Significant Accounting Policies

1-2

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

For Suresh Surana & Associates LLP

Chartered Accountants

Firm's Registration No. 121750W/W-100010

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

CIN:U67190MH2008PLC178270

Ramesh Gupta

Partner

Membership No: 102306

Mr. Neeraj Swaroop

Chairperson

(DIN: 00061170)

Mr. Aseem Dhru

Managing Director & CEO

(DIN: 01761455)

Place: Mumbai

Date : 27 April 2023

Mr. Narayan Barasia

Chief Financial Officer

Place: Mumbai

Date : 27 April 2023

Mr. Jay Mistry

Company Secretary

(ACS: A34264)

Standalone Statement of Cash Flows for the year ended 31 March 2023

(₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Cash flow from Operating activities		
Profit before tax	2,014.46	866.96
Adjustments for:		
Depreciation and amortisation expenses	127.14	117.81
Interest income on loans	(5,952.92)	(3,825.40)
Interest income on investment in PTC	(416.28)	(835.61)
Interest income on investment in Government Securities	(26.62)	-
Interest income on fixed deposits	(145.70)	(70.46)
Fees and commission income	(412.52)	(272.39)
Finance costs on borrowings and debt securities	2,752.14	2,189.06
Finance costs on lease liability	11.66	16.81
Net gain on financial instruments at fair value through profit or loss	(119.76)	(157.22)
Net gain/ loss on derecognition of financial instruments under amortised cost	(28.30)	106.92
Impairment on financial instruments	320.56	360.88
Employee share based payment	89.32	29.60
Net gain on termination of lease liability	(4.55)	1.11
Loss on sale/ discard of Property, plant and equipment/ Intangible assets	7.70	3.35
Operational Cash Flows:		
Cash inflow from interest on loans	5,686.18	3,893.66
Cash inflow from interest on investment in PTC	432.84	870.43
Cash inflow from interest on investment in Government Securities	81.67	-
Cash inflow from interest on fixed deposits	133.02	131.87
Cash inflow from fees and commission income	474.49	40.83
Cash outflow towards finance cost on borrowings & debt securities	(2,730.76)	(2,234.37)
Operating Profit before working capital changes	2,293.77	1,233.84
Changes in working capital:		
Increase/ (Decrease) in payables	7.30	62.18
Increase/ (Decrease) in Other financial liabilities	48.84	288.47
Increase/ (Decrease) in Other non-financial liabilities	(25.35)	44.38
Increase/ (Decrease) in provision	0.74	3.00
(Increase)/ Decrease in trade receivables	(87.58)	178.55
(Increase)/ Decrease in loans and advances	(14,382.80)	(9,672.32)
(Increase)/ Decrease in other financial assets	20.64	46.88
(Increase)/ Decrease in other non-financial assets	297.54	12.32
Cash flows used in Operating activities	(11,826.90)	(7,802.70)
Income taxes refund/ (paid)	(622.65)	(413.74)
Net cash used in Operating activities	(12,449.55)	(8,216.44)
Cash flow from Investing activities		
Purchase of property, plant and equipment	(77.75)	(73.43)
Purchase of intangible assets (including intangible assets under development)	(7.65)	(23.65)
Proceeds from sale of property, plant and equipment	0.34	0.01
Investment in Subsidiary	(0.50)	-
Purchase of investments at fair value through profit and loss	(18,714.34)	(20,452.13)
Sale of investments at fair value through profit and loss	21,178.46	21,480.25
Redemption/ Sale of investment in PTC	2,807.02	5,455.63
Purchase of investment in Government Securities	(3,160.32)	-
Redemption/ Sale of investment in Government Securities	352.54	-
Placement of fixed deposits	(3,364.03)	(1,694.89)
Maturity/ Redemption of fixed deposits	3,044.89	1,826.37
Net cash generated from Investing activities	2,058.66	6,518.16
Cash flow from Financing activities		
Proceeds from issuance of equity share capital including securities premium	2,813.67	143.02
Share issue expenses	(1.23)	(0.02)
Proceeds from borrowings other than debt securities	17,115.74	8,930.00
Repayment of borrowings other than debt securities	(9,145.57)	(6,097.35)
Debt securities issued	-	430.00
Debt securities repaid	-	(1,500.00)
Principal repayment of lease liabilities	(60.88)	(58.52)
Interest paid on lease liabilities	(11.66)	(16.81)
Net cash (used in)/ generated from Financing activities	10,710.07	1,830.32

Net increase in cash and cash equivalents	319.18	132.04
Cash and cash equivalents at beginning of year (Refer Note 3)	1,514.76	1,382.72
Cash and cash equivalents at end of year (Refer Note 3)	1,833.94	1,514.76
Cash and cash equivalents at the end of the year comprises of:		
Cash in hand	67.31	75.26
Balance with banks		
- In current accounts	1,166.54	399.40
- In fixed deposit with original maturity of less than 3 months	600.09	1,040.10
TOTAL	1,833.94	1,514.76

Notes:

- 1 The above Cash Flows Statement has been prepared under the Indirect method set out in Indian Accounting Standard (Ind AS) 7 'Statement of Cash Flows'.
- 2 Figures in brackets indicate cash outflow.
- 3 Income taxes refund/ (paid) is treated as arising from operating activities and is not bifurcated between investing and financing activities.

Corporate Information and Significant Accounting Policies (Note 1-2)

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

For Suresh Surana & Associates LLP
Chartered Accountants
Firm's Registration No. 121750W/W-100010

For and on behalf of the Board of Directors of
SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
CIN:U67190MH2008PLC178270

Ramesh Gupta
Partner
Membership No: 102306

Mr. Neeraj Swaroop
Chairperson
(DIN: 00061170)

Mr. Aseem Dhru
Managing Director & CEO
(DIN: 01761455)

Mr. Narayan Barasia
Chief Financial Officer

Mr. Jay Mistry
Company Secretary
(ACS: A34264)

Place: Mumbai
Date : 27 April 2023

Place: Mumbai
Date : 27 April 2023

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Standalone Statement of changes in equity for the year ended 31 March 2023

Equity Share Capital (₹ In Million)

Particulars	Amount
Audited Balance as at 31 March 2021	7,966.74
Changes in equity share capital due to prior period errors	-
Restated Balance at the beginning of the previous reporting period	7,966.74
Changes in equity share capital during the current year	101.26
Balance as at 31 March 2022	8,068.00
Changes in equity share capital due to prior period errors	-
Restated Balance at the beginning of the previous reporting period	8,068.00
Changes in equity share capital during the current year	827.72
Balance as at 31 March 2023	8,895.72

Other Equity

(₹ In Million)

Particulars	Reserves and Surplus					Total
	Statutory Reserve	Securities Premium	Employee Share Option Outstanding	Retained Earnings	Remeasurement gain/ (loss) on defined benefit plans	
Audited Balance as at 31 March 2021	291.13	2,381.68	216.80	1,195.55	2.19	4,087.35
Changes in accounting policy/ prior period errors (Refer Note 61)	(0.09)	(2.17)	-	(1.05)	0.30	(3.01)
Restated Balance as at 1 April 2021	291.04	2,379.51	216.80	1,194.50	2.49	4,084.34
Profit for the year	-	-	-	645.21	-	645.21
Other comprehensive income for the year	-	-	-	-	2.78	2.78
Transfer to statutory reserves from retained earnings	128.44	-	-	(128.44)	-	-
Premium on Issue of share capital	-	52.71	-	-	-	52.71
Employee share based payment expenses	-	-	29.60	-	-	29.60
Adjustment on account of treasury shares held through ESOP trust	-	(10.95)	-	-	-	(10.95)
Exercise of stock options outstanding	-	32.51	(32.51)	-	-	-
Share issue expenses	-	(0.02)	-	-	-	(0.02)
Balance as at 31 March 2022	419.48	2,453.76	213.89	1,711.27	5.27	4,803.67
Changes in accounting policy/ prior period errors	-	-	-	-	-	-
Restated Balance as at 1 April 2022	419.48	2,453.76	213.89	1,711.27	5.27	4,803.67
Profit for the year	-	-	-	1,497.96	-	1,497.96
Other comprehensive income for the year	-	-	-	-	1.41	1.41
Adjustment during the year	-	-	-	-	0.48	0.48
Transfer to statutory reserves from retained earnings	299.59	-	-	(299.59)	-	-
Premium on Issue of share capital	-	1,984.89	-	-	-	1,984.89
Employee share based payment expenses	-	-	89.32	-	-	89.32
Adjustment on account of treasury shares held through ESOP trust	-	1.06	-	-	-	1.06
Exercise of stock options outstanding	-	1.70	(1.70)	-	-	-
Share issue expenses	-	(1.23)	-	-	-	(1.23)
Balance as at 31 March 2023	719.07	4,440.18	301.51	2,909.64	7.16	8,377.56

Corporate Information and Significant Accounting Policies (1-2)

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

For Suresh Surana & Associates LLP

Chartered Accountants

Firm's Registration No. 121750W/W-100010

For and on behalf of the Board of Directors of

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

CIN:U67190MH2008PLC178270

Ramesh Gupta

Partner

Membership No: 102306

Place: Mumbai

Date : 27 April 2023

Mr. Neeraj Swaroop

Chairperson

(DIN: 00061170)

Mr. Aseem Dhru

Managing Director & CEO

(DIN: 01761455)

Mr. Narayan Barasia

Chief Financial Officer

Place: Mumbai

Date : 27 April 2023

Mr. Jay Mistry

Company Secretary

(ACS: A34264)

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Corporate information and Significant Accounting Policies forming part of the Standalone financial statement

1. Corporate Information

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited) ('the Company') is a limited company incorporated in India under the Companies Act, 1956, having its registered office at First Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Chakala, Andheri (East), Mumbai- 400059, Maharashtra. The Company is registered with the Reserve Bank of India (RBI) as a "systemically important non-deposit taking" NBFC ND-SI.

The registration details are as follows:

Reserve Bank of India Registration no	: N-13.01913
Corporate Identity Number (CIN)	: U67190MH2008PLC178270

The Company has changed its name from 'SBFC Finance Private Limited' to 'SBFC Finance Limited' w.e.f September 30, 2022.

The Company is in the business of giving loans to Micro Enterprise secured by residential or commercial property. The Company also gives Loan against Gold, which offers the Company superior yields with almost liquid security assets. The Company also gives unsecured personal loans and unsecured business loans.

The standalone financial statement for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the board of directors on 27 April 2023.

2. Significant accounting policies

2.1 Basis of preparation

The standalone financial statement of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other accounting principles generally accepted in India mainly considering the Master Directions issued by the Reserve Bank of India ('RBI') as applicable to Non-Banking Finance Companies– NDSI. The standalone financial statement have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The preparation of standalone financial statement requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 2.15- Significant accounting judgements, estimates and assumptions.

The standalone financial statement are presented in Indian Rupees (₹) in Million and all values are rounded to the nearest Rupee in Ten Thousands, except when otherwise indicated.

2.2. Presentation of standalone financial statement

The standalone financial statement of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013, applicable to NBFCs as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

- i. The normal course of business
- ii. The event of default
- iii. The event of insolvency or bankruptcy of the Company and/ or its counterparties

2.3. Statement of compliance

The standalone financial statement have been prepared in accordance with the Indian Accounting Standards (Ind AS) on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below and the relevant provisions of the Act.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Corporate information and Significant Accounting Policies forming part of the Standalone financial statement

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

2.4. Financial instruments

(i) Classification of financial instruments

The Company classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets which are explained below:

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- ▶ How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- ▶ The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed
- ▶ How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- ▶ The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company classifies its financial liabilities at amortised costs.

(ii) Financial assets measured at amortised cost

These financial assets comprise bank balances, receivables, investments and other financial assets.

These are measured at amortised cost where they have:

- a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- b) are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost.

(iii) Items at fair value through profit or loss (FVTPL)

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Corporate information and Significant Accounting Policies forming part of the Standalone financial statement**

Items at fair value through profit or loss comprise:

- Investments (including equity shares) held for trading;
- Items specifically designated as FVTPL on initial recognition; and
- debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at FVTPL are initially recognised at fair value, with transaction costs recognised in the standalone statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the standalone statement of profit and loss as they arise.

(iv) Debt securities and other borrowed funds

After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

(v) Reclassification

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

(vi) Recognition and Derecognition of financial assets and liabilitiesRecognition:

- a) Loans and Advances are initially recognised when the Financial Instruments are transferred to the customers.
- b) Investments are initially recognised on the trade date.
- c) Debt securities, deposits and borrowings are initially recognised when funds reach the Company.
- d) Other Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument.

Derecognition of financial assets**a) Financial assets:**

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

The Company has transferred the financial asset if, the Company has transferred its contractual rights to receive cash flows from the financial asset.

A transfer only qualifies for derecognition if either:

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

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

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

b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Corporate information and Significant Accounting Policies forming part of the Standalone financial statement**

liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the standalone statement of profit and loss.

(vii) Impairment of financial assets**Overview of the ECL principles**

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all standard advances and advances up to 0-29 days default under this category. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Financial assets past due for 30-89 days are classified under this stage. Stage 2 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 3.

Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 days Past Due is considered as default for classifying a financial instrument as credit impaired. If an event warrants a provision higher than as mandated under ECL methodology, the Company may classify the financial asset in Stage 3 accordingly.

In line with Reserve Bank of India Master Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances and Clarifications dated 12 November 2021 borrower accounts shall be flagged as overdue as part of the day-end processes for the due date, irrespective of the time of running such processes. Similarly, classification of borrower accounts as Non-Performing Asset/ Stage 3 shall be done as part of day-end process for the relevant date i.e. more than 90 days overdue and NPA/ Stage 3 classification date shall be the calendar date for which the day end process is run. In other words, the date of Non-Performing Asset/ Stage 3 shall reflect the asset classification status of an account at the day-end of that calendar date.

The Company has carried out the requirement in line with Reserve Bank of India Clarification and accordingly, the change in accounting policy is effective financial year 2021-22 and impact on financials is disclosed in note 50. Upgradation of accounts classified as Stage 3/ Non-performing assets (NPA) - The Company upgrades loan accounts classified as Stage 3/

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Corporate information and Significant Accounting Policies forming part of the Standalone financial statement

NPA to “standard” asset category only if the entire arrears of interest, principal and other amount are paid by the borrower and there is no change in the accounting policy followed by the Company in this regard.

Credit-impaired financial assets:

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVTOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- a) Significant financial difficulty of the borrower or issuer;
- b) A breach of contract such as a default or past due event; or
- c) The disappearance of an active market for a security because of financial difficulties.

The mechanics of ECL:

The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company and the cash flows that the Company expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

- a) The Company has applied 12 months PD to Stage 1 Advances
- b) The Lifetime PD is computed using basic exponentiation technique after considering the residual maturity of the respective loan for Stage 2 Advances.
- c) PD of 100% is considered for Stage 3 Advances.

Exposure at Default (EAD) – EAD is taken as the gross exposure under a facility upon default of an obligor. The amortized principal and the interest accrued is considered as EAD for the purpose of ECL computation

Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Collateral Valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as the underlying asset financed, cash, securities, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models.

Collateral repossessed

In its normal course of business, the Company does not physically repossess properties or other assets in its retail portfolio, but engages its employees to recover funds, to settle outstanding debt. Any surplus funds are returned to the customers/ obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet. These repossessed assets which are intended to be realised by way of sale are considered as Stage 3 assets and the ECL allowance is determined based on the estimated net realisable value of the repossessed asset.

(viii) Write-offs

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the Statement of Profit and Loss.

(ix) Determination of fair value

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Corporate information and Significant Accounting Policies forming part of the Standalone financial statement

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments (as explained in Note 2.4) at fair value on each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

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

Level 2 financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments - Those that include one or more unobservable input that is significant to the measurement as whole.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Difference between transaction price and fair value at initial recognition

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is not recognised at the initial recognition stage.

2.5 Revenue from operations

(i) Interest Income

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Corporate information and Significant Accounting Policies forming part of the Standalone financial statement**

Interest income is recognised by applying (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL, taking into account the amount outstanding and the applicable interest rate. Interest income is recognised on non-performing assets at net of ECL.

The EIR is computed:

- a. As the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset
- b. By considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) in estimating the cash flows
- c. Including all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows are recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Delayed payment interest (penal interest) levied on customers for delay in repayments/ non-payment of contractual cashflows is recognised on realisation.

(ii) Dividend Income

Dividend income is recognised when the right to receive the payment is established.

(iii) Fees & Commission Income

Fees and commissions are recognised when the Company satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

Foreclosure charges are collected from loan customers for early payment/ closure of loan and are recognized on realization.

Initial money Deposit charges are collected from customers for document processing, which is non refundable in the nature and are recognized on realization basis

(iv) Net gain on Fair value changes

Any differences between the fair values of financial assets classified as FVTPL held by the Company on the balance sheet date is recognised as an unrealised gain/ loss. In cases there is a net gain in the aggregate, the same is recognised in “Net gains on fair value changes” under Revenue from operations and if there is a net loss the same is disclosed as “Net loss on fair value changes” under Expenses in the standalone statement of profit and loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain/ loss on fair value changes.

However, Net gain/ loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the standalone statement of profit and loss.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Corporate information and Significant Accounting Policies forming part of the Standalone financial statement****(v) Loan Processing Fees**

Processing fees on loans is collected towards processing of loan, this is amortised on EIR basis over the contractual life of the loan.

(vi) Other Operating Income

The Company recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established.

2.6 Expenses**(i) Finance costs**

Finance costs on borrowings is paid towards availing of loan, is amortised on EIR basis over the contractual life of loan. The EIR in case of a financial liability is computed

- a) As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
- b) By considering all the contractual terms of the financial instrument in estimating the cash flows
- c) Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows are recognised in interest expense with the corresponding adjustment to the carrying amount of the liability.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Retirement and other employee benefits*Short term employee benefit*

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ ex-gratia are recognised in the period in which the employee renders the related service.

*Post-employment employee benefits***a) Defined contribution schemes**

All the eligible employees of the Company who have opted to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined Benefit schemes

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Corporate information and Significant Accounting Policies forming part of the Standalone financial statement**

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Company fully contributes all ascertained liabilities to The Trustees – “SBFC Finance Private Limited employees group gratuity cash accumulation scheme”. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Company- Life Insurance Corporation of India.

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

Other employee benefits

Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the standalone statement of profit and loss.

The Company presents the Provision for compensated absences under provisions in the Balance Sheet.

Share-based payment arrangements

The stock options granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity. The employee stock option outstanding account is shown under Reserves and Surplus.

The Company has created an Employee Welfare Trust for providing share-based payment to its employees for (a) SBFC Stock Option Policy I 2018 and (b) SBFC Stock Option Policy 2021 – I policies. The Company uses the Trust as a vehicle for distributing shares to employees under the employee remuneration schemes for the above mentioned two policies. The Company allots shares to the Trustee of the Trust, for giving shares to employees. The Company treats Trust as its extension and shares held by the Trust are treated as treasury shares.

(iii) Leases:

Effective 1 April 2019 the company has adopted Ind AS 116- Leases and applied it to all lease contracts existing on 1 April 2019 using the modified retrospective approach under which the company recognised Lease Liabilities at the initial date of application. At the date of commencement of the lease, the Company has recognised a Lease Liability, except for leases with a term of 12 months or less (short-term leases) and low value leases.

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any option to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to termination of lease and the importance of the underlying to the Company's operation taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflect the current economic circumstances.

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The right-of-use assets is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any, and adjusted for any remeasurement of the lease liability.

The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the standalone statement of profit and loss.

The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and standalone statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in standalone statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lock in period of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

(iv) Other income and expenses

All Other income and expense are recognized in the period they occur.

(v) Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(vi) Taxes*Current Tax*

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity.

Goods and services tax/ service tax/ value added taxes paid on acquisition of assets or on incurring expenses:

Expenses and assets are recognised net of the goods and services tax/ service tax/ value added taxes paid, except:

- i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

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ii. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

2.8 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation

Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Act. The estimated useful lives are as prescribed by Schedule II of the Act. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income/ expense in the standalone statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

2.9 Intangible assets

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the standalone statement of profit and loss. Amortisation on assets acquired/ sold during the year is recognised on a pro-rata basis to the standalone statement of profit and loss from/ upto the date of acquisition/ sale.

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Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 5 years, unless it has a shorter useful life.

Intangible assets with indefinite useful life is tested for impairment at each reporting period.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the standalone statement of profit and loss when the asset is derecognised.

2.10 Provisions

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

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the standalone statement of profit and loss net of any reimbursement.

2.11 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statement.

2.12 Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- estimated amount of contracts remaining to be executed on capital account and not provided for;
- Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

2.13 Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

2.14 Segments

Based on "Management Approach" as defined by Ind AS 108, The Chief Operating Decision Maker (CODM) evaluates the "Operating Segments". Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company.

2.15 Significant accounting judgements, estimates and assumptions

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

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In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statement is included in the following notes:

2.15.1 Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

2.15.2 Effective Interest Rate (EIR) method

The Company's 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 behavioural 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 and penalty interest and charges).

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

2.15.3 Share-Based Payments

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Company measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield.

Further details used for estimating fair value for share-based payment transactions are disclosed in Note 41.

2.16 Operating Cycle

Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months.

2.17 Foreign Currency

Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Exchange differences arising on the settlement or translation of monetary items are recognised in Standalone Statement of profit or loss in the year in which they arise.

2.18 Government Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. The Company recognizes Government grants under Other Income in the Standalone Statement of Profit and Loss on a systematic basis over the years in which the Company recognizes as expenses the related costs for which the grants are intended to compensate or when performance obligations are met.

2.19 Recent Accounting Pronouncements

Ministry of Corporate Affairs ('MCA') notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 Mar 2023, MCA issued the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from 1 April 2023, as below:

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Ind AS 1 Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of financial statements. The Company does not expect the amendment to have any significant impact in its standalone financial statements.

Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a new definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The Company does not expect the amendment to have any significant impact in its standalone financial statements.

Ind AS 12 Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases. The amendments narrowed the scope of the recognition exemption in paragraph 15 and 24 of Ind AS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect the amendment to have any significant impact in its standalone financial statements.

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Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

3 Cash and cash equivalents (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Cash on hand	67.31	75.26
Balances with banks:		
- In current accounts	1,166.54	399.40
- In fixed deposit with original maturity of less than 3 months	600.00	1,040.00
- Interest accrued but not due	0.09	0.10
Total	1,833.94	1,514.76

- 3.1 Short-term deposits are made for varying periods of between one day to three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

4 Bank balances other than cash and cash equivalents (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Fixed deposit with banks		
- original maturity more than 3 months [Refer Note 4.1]	2,124.03	1,804.89
- Interest accrued but not due	45.96	33.28
Total	2,169.99	1,838.17

4.1 Details of fixed deposits under lien (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Credit enhancement in securitisation transactions	364.00	110.00
In connection with borrowings in the form of term loans from SBI	1,180.43	1,365.29
In connection with Investment in Pass Through Certificates	329.60	329.60
Total	1,874.03	1,804.89

5 Trade receivables (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Receivables considered good- Secured	-	-
Receivables considered good- Unsecured	85.41	64.49
Receivables which have significant increase in credit risk	-	-
Receivables credit impaired	-	-
Unbilled Trade receivables	22.88	18.19
	108.29	82.68
Less: Expected credit loss	-	-
Total	108.29	82.68

- 5.1 No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Further, no trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- 5.2 No expected credit loss provision is required due to the short term nature of these receivables.

5.3 Ageing of Trade receivables

Ageing of Trade receivables as on 31 March 2023: (₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables- considered good - Unsecured	22.88	-	16.13	69.28	-	-	-	108.29
Total	22.88	-	16.13	69.28	-	-	-	108.29

Ageing of Trade receivables as on 31 March 2022: (₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables- considered good - Unsecured	18.19	-	56.79	3.49	4.21	-	-	82.68
Total	18.19	-	56.79	3.49	4.21	-	-	82.68

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6 Loans		(₹ In Million)	
Particulars	As at 31 March 2023	As at 31 March 2022	
Measured at amortised cost			
Loan against Property	34,419.71	21,714.77	
Loan against Gold	8,969.45	6,510.05	
Unsecured loan	1,579.74	2,241.43	
Staff loans	18.54	20.62	
Total (A)– Gross	44,987.44	30,486.87	
Less: Expected credit loss	(834.34)	(662.75)	
Total (A)– Net	44,153.10	29,824.12	
(a) Secured by tangible assets [Refer Note 6.2]	43,392.32	28,224.82	
(b) Unsecured	1,595.12	2,262.05	
Total (B)– Gross	44,987.44	30,486.87	
Less: Expected credit loss	(834.34)	(662.75)	
Total (B)– Net	44,153.10	29,824.12	
Loans in India			
(i) Public sector	-	-	
(ii) Others	44,987.44	30,486.87	
Total (C)– Gross	44,987.44	30,486.87	
Less: Expected credit loss	(834.34)	(662.75)	
Total (C)– Net	44,153.10	29,824.12	

- 6.1** The Company's business model is to collect contractual cash flows, being the payment of Principal and Interest and accordingly the loans are measured at amortized cost.
- 6.2** Loans granted by the Company are secured or partly secured by one or a combination of the following securities:- Registered/ equitable mortgage of property, Hypothecation of assets including Gold.
- 6.3** Loans where fraud has been committed and reported for the year is Nil (31 March 2022: ₹ 18.57 Million) [Refer Note 53.13.7]
- 6.4** The Company has not provided any loans or advances to promoters, directors, KMPs and the related parties.
- 6.5** The Company has securitised certain term loans and managed servicing of such loan accounts. The carrying value of these assets have not been de-recognised in the books. Refer Note 49 for securitised term loans not derecognised in their entirety.
- 6.6** Unsecured Loans includes unsecured business loans which is guaranteed by Credit Guarantee Fund Trust for Micro and Small Enterprises amounting to ₹ 14.03 Million (31 March 2022: ₹ 82.40 Million)

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7 Investments		(₹ In Million)	
Particulars	As at 31 March 2023	As at 31 March 2022	
At fair value through profit or loss			
Investment in mutual funds- (Quoted)	739.62	3,083.18	
At cost			
Investment in equity instrument (Unquoted)			
Investment in Subsidiary			
50000 equity shares of ₹ 10 each in SBFC Home Finance Private Limited [Refer Note 7.1]	0.50	-	
At amortized cost			
Investment in Government Securities (Quoted) [Refer Note 7.2]	2,751.94	-	
Investment in Pass through certificates (PTC) [Refer Note 7.3 & 7.4]	2,574.36	5,397.95	
Total (A)	6,066.42	8,481.13	
(i) Investments outside India	-	-	
(ii) Investments in India	6,066.42	8,481.13	
Total (B)	6,066.42	8,481.13	
Less: Allowance for Impairment loss (C)	-	-	
Total – Net (D)= (A)-(C)	6,066.42	8,481.13	

- 7.1** On 6 December 2022, the Company has incorporated a wholly owned subsidiary, namely SBFC Home Finance Private Limited (“Subsidiary”), with Corporate Identification Number U65992MH2022PTC394642. The Subsidiary has made an application to the RBI for obtaining a Certificate of Registration to operate as a ‘Housing Finance Company’ on 29 March 2023. In order to meet the minimum net owned funds requirement of the Subsidiary under Paragraph 5.1 of the Master Directions – Non Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, the Company intends to subscribe to the equity share capital amounting to ₹ 200.00 million of the Subsidiary. Accordingly, pursuant to Board Resolution dated March 20, 2023, the Company has committed to subscribe to the equity share capital of the Subsidiary for an amount of ₹ 200.00 million. The subscription to the equity share capital of the Subsidiary is proposed to be funded from the Company’s internal accruals.
- 7.2** The Company has invested in Government Securities which are sovereign in nature. Hence, company has not provided for any impairment allowance on these investments.
- 7.3** During the year ended 31 March 2022, the Company had sold Investment in Pass Through Certificates amounting to ₹ 1,005.53 Million.
- 7.4** There is no impairment allowance for existing Investment in Pass Through Certificates considering the performance of the underlying loans and the risk cover.

8 Other financial assets		(₹ In Million)	
Particulars	As at 31 March 2023	As at 31 March 2022	
Unsecured, considered good			
Security deposits	34.67	29.73	
Receivables on sale of Investment in PTC [Refer Note 8.1]	3.99	2.53	
Receivable from trusts	-	1.91	
Other receivables	1.01	-	
Total	39.67	34.17	

- 8.1** With respect to Receivable on sale of Investment in PTC, Company has created an interest receivable strip, with corresponding credit to statement of profit and loss, which has been computed by discounting excess interest spread to present value.

9 Current tax assets (net)		(₹ In Million)	
Particulars	As at 31 March 2023	As at 31 March 2022	
Advance income tax	-	341.92	
[Net of provision for income tax Nil (31 March 2022: ₹ 686.28 Million)]			
Total	-	341.92	

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Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

10 Property, plant and equipment, Other intangible assets, Intangible assets under development, Goodwill

(₹ In Million)

Particulars	Property, plant and equipment							Other intangible assets			Intangible assets under development	Goodwill
	Computers	Furniture and fixtures	Office equipments	Motor car	Leasehold Improvements	Buildings Right-of-use (Refer Note 44.1)	Total	Computer Software	Trademark and Patent	Total	Computer Software	Goodwill (Refer Note 46)
Gross Block:												
As at 31 March 2021	35.32	199.28	38.58	2.91	-	297.74	573.83	32.43	0.69	33.12	3.33	2,603.92
Impact of restatments	-	-	-	-	-	(21.49)	(21.49)	-	-	-	-	-
As at 1 April 2021	35.32	199.28	38.58	2.91	-	276.25	552.34	32.43	0.69	33.12	3.33	2,603.92
Additions	29.18	30.07	14.18	-	-	19.30	92.73	23.65	-	23.65	-	-
Disposals	-	-	0.05	-	-	26.40	26.45	-	-	-	3.33	-
As at 31 March 2022	64.50	229.35	52.71	2.91	-	269.15	618.62	56.08	0.69	56.77	-	2,603.92
Additions	21.06	18.86	18.46	-	19.37	49.33	127.08	0.16	-	0.16	7.49	-
Disposals	0.21	14.95	0.50	-	0.24	112.12	128.02	-	-	-	-	-
As at 31 March 2023	85.35	233.26	70.67	2.91	19.13	206.36	617.68	56.24	0.69	56.93	7.49	2,603.92
Depreciation and Amortization:												
As at 31 March 2021	18.39	38.29	14.92	0.16	-	112.06	183.82	15.44	0.46	15.90	-	-
Impact of restatments	-	-	-	-	-	(21.48)	(21.48)	-	-	-	-	-
As at 1 April 2021	18.39	38.29	14.92	0.16	-	90.58	162.34	15.44	0.47	15.91	-	-
Additions	14.96	21.67	8.04	0.36	-	64.77	109.78	7.85	0.14	7.99	-	-
Disposals	-	-	0.02	-	-	10.56	10.56	-	-	-	-	-
As at 31 March 2022	33.35	59.96	22.94	0.52	-	144.79	261.56	23.29	0.61	23.90	-	-
Additions	19.58	23.30	11.12	0.36	1.39	61.91	117.66	9.41	0.08	9.49	-	-
Disposals	0.17	7.41	0.26	-	0.02	90.21	98.07	-	-	-	-	-
As at 31 March 2023	52.76	75.85	33.80	0.88	1.37	116.49	281.15	32.70	0.69	33.39	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Net Block:												
As at 31 March 2022	31.15	169.39	29.77	2.39	-	124.36	357.06	32.79	0.08	32.87	-	2,603.92
As at 31 March 2023	32.59	157.41	36.87	2.03	17.76	89.87	336.53	23.54	-	23.54	7.49	2,603.92

Note: There is no revaluation of Property, plant and equipment and other intangible assets during the year ended 31 March 2023 and 31 March 2022.

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Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

10.1 Intangible assets under development ageing schedule: (₹ In Million)

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
as on 31 March 2022					
Projects in progress	-	-	-	-	-
as on 31 March 2023					
Projects in progress	7.49	-	-	-	7.49

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

11 Other non-financial assets (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Prepaid expenses	107.38	19.62
Advance to creditors	10.93	13.82
Capital advances	3.89	6.10
Total	122.20	39.54

12 Payables
(A) Trade payables (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro enterprises and small enterprises	2.96	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	89.24	80.73
Total	92.20	80.73

- 12.1** The Company had requested its supplier to confirm the status so as to whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006 and is in the continuous process of obtaining such confirmation from its suppliers. The disclosure relating to unpaid amount as at the year end together with interest paid/ payable as required under the said Act have been given to the extent such parties could be identified on the basis of the information available with the Company regarding the status of the suppliers under MSMED Act, 2006.

Particulars	As at 31 March 2023	As at 31 March 2022
Principal amount due to suppliers under MSMED Act, as at the year end	2.76	-
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	0.01	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
Interest paid to suppliers under MSMED Act	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	0.19	-
Interest accrued and remaining unpaid at the end of year to suppliers under MSMED Act	0.20	-

The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act. This has been relied upon by the auditors.

Ageing of Trade payables as on 31 March 2023: (₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date				Total
			Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	2.73	-	0.20	0.03	-	-	2.96
(ii) Others	84.61	-	3.06	0.95	0.62	-	89.24
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	87.34	-	3.26	0.98	0.62	-	92.20

Ageing of Trade payables as on 31 March 2022: (₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date				Total
			Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	60.51	-	20.22	-	-	-	80.73
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	60.51	-	20.22	-	-	-	80.73

(B) Other payables (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	36.28	40.45
Total	36.28	40.45

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

13 Debt securities (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
At amortized cost		
Secured		
- Privately Placed redeemable Non Convertible Debentures		
Gross amount	454.03	454.03
Net amount	454.03	454.03
Total (A)	454.03	454.03
Debt securities in India	454.03	454.03
Debt securities outside India	-	-
Total (B)	454.03	454.03

13.1 No Non Convertible Debentures is guaranteed by directors and/ or others.

13.2 Terms of repayment of privately placed redeemable non convertible debentures:

(₹ In Million)

	As at 31 March 2023		As at 31 March 2022	
Tenure (from the date of Balance Sheet)	Rate of Interest	Amount	Rate of Interest	Amount
Due within 3 years	8.57%	430.00	8.57%	430.00
Total		430.00		430.00
Interest accrued		24.03		24.03
Effective interest rate adjustment		-		-
Net Amount		454.03		454.03

13.3 Details of Secured Redeemable Non Convertible Debentures: (₹ In Million)

Name of Securities	Number	Allotment Date	Redemption Date	As at 31 March 2023	As at 31 March 2022
8.57% Non Convertible Debentures- SERIES A	430	06-Aug-21	06-Aug-24	430.00	430.00

Face value of Non Convertible Debentures is ₹ 1.00 Million. These debentures are redeemable at the end of 36 months from the date of allotment. Payment of Interest is yearly and principal repayment at maturity.

13.4 The debentures are secured by way of first pari passu charge against the book debts, Investment in PTC and loan assets of the Company which are standard. Minimum security cover of 1.1 times is required to be maintained throughout the year.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

14 Borrowings (other than debt securities) (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
At amortized cost		
<u>Secured</u>		
Term loans		
<u>- Indian rupee loan from banks</u>		
Gross amount	29,135.41	27,260.79
Less: Effective interest rate adjustment	(120.49)	(124.79)
Net amount	29,014.92	27,136.00
<u>- Indian rupee loan from financial institutions</u>		
Gross amount	3,680.87	1,298.03
Less: Effective interest rate adjustment	(7.50)	(1.78)
Net amount	3,673.37	1,296.25
Working capital demand loan		
<u>- Indian rupee loan from banks</u>	602.53	-
Collateralized borrowings	3,645.77	512.79
Total (A)	36,936.59	28,945.04
Borrowings in India	36,936.59	28,945.04
Borrowings outside India	-	-
Total (B) to tally with (A)	36,936.59	28,945.04

- 14.1** a) Term loan from banks: These are secured by First Pari Passu charge by way of hypothecation of standard loan receivables of the Company, Investments in PTC and on all other book debts and current assets of the Company.
b) Term loan from financial institutions: These are secured by First Pari Passu charge by way of hypothecation of standard loan receivables of the Company, Investments in PTC and on all other book debts and current assets of the Company.
c) Working capital demand loan from banks: These are secured by First Pari Passu charge by way of hypothecation of standard loan receivables of the Company, Investments in PTC and on all other book debts and current assets of the Company.
d) Collateralized borrowings are secured against pool of Loan Assets. Refer Note 49 for more details.
- 14.2** No term loan and any other borrowing is guaranteed by directors and/ or others.
- 14.3** The Company has not defaulted in repayment of principal and interest during the year ended 31 March 2023 and year ended 31 March 2022.
- 14.4** The repayment of borrowings is done monthly and quarterly as per the sanctioned terms.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

As at 31 March 2023

(₹ In Million)

Terms of Repayment	Indian rupee loan from banks		Indian rupee loan from financial institutions		Collateralized Borrowings		Working Capital Demand Loan	
Tenure (from the date of Balance Sheet)	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount
Due within 3 years	8.00% - 10.95%	23,528.27	9.00% - 9.85%	3,445.83	8.05% - 9.80%	1,030.00	8.80%	600.00
Due within 3-5 years	8.00% - 10.95%	5,388.92	9.00% - 9.85%	226.66	8.05% - 9.80%	867.15		
Above 5 years	8.00% - 10.95%	204.54			8.05% - 9.80%	1,736.96		
Total		29,121.73		3,672.49		3,634.11		600.00
Interest Accrued		13.68		8.38		11.66		2.53
Effective interest rate adjustment		(120.49)		(7.50)		-		-
Net amount		29,014.92		3,673.37		3,645.77		602.53

As at 31 March 2022

(₹ In Million)

Terms of Repayment	Indian rupee loan from banks		Indian rupee loan from financial institutions		Collateralized Borrowings		Working Capital Demand Loan	
Tenure (from the date of Balance Sheet)	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount
Due within 3 years	6.76% - 8.91%	18,728.32	5.75% - 8.00%	1,293.48	8.30%	134.00		
Due within 3-5 years	6.76% - 8.91%	7,431.17			8.30%	99.17		
Above 5 years	6.76% - 8.91%	1,094.16			8.30%	277.88		
Total		27,253.65		1,293.48		511.05		
Interest accrued		7.14		4.55		1.74		
Effective interest rate adjustment		(124.79)		(1.78)		-		
Net amount		27,136.00		1,296.25		512.79		-

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

15	Other financial liabilities	(₹ In Million)	
	Particulars	As at 31 March 2023	As at 31 March 2022
	Employee benefits payable	157.03	112.90
	Lease liabilities [Refer Note 44.2]	100.90	141.08
	Book overdraft	1,880.21	1,671.18
	Payable on account of PTC pool	277.60	504.46
	Payable to trusts	2.44	-
	Other liabilities	91.65	71.55
	Total	2,509.83	2,501.17
16	Current tax liabilities (net)	(₹ In Million)	
	Particulars	As at 31 March 2023	As at 31 March 2022
	Income tax liability [net of Advance Income Tax & TDS Credit of ₹ 2,218.80 Million]	0.53	-
	Total	0.53	-
17	Provisions	(₹ In Million)	
	Particulars	As at 31 March 2023	As at 31 March 2022
	Provision for employee benefits Gratuity (funded) [Refer Note 40]	1.32	2.47
	Total	1.32	2.47
18	Deferred tax liabilities (net)	(₹ In Million)	
	Particulars	As at 31 March 2023	As at 31 March 2022
	Deferred tax liabilities		
	Depreciation	367.36	372.32
	Unamortized processing fees on term loan	32.21	31.85
	Income on sale of investment in PTC	1.00	-
	Investment in government securities measured at amortized cost	5.03	-
	Mark to market gain on mutual funds	0.31	20.04
	Total Deferred tax liabilities	405.91	424.21
	Deferred tax assets		
	Expected credit losses	175.72	164.63
	Transaction cost of Loan assets	100.22	59.33
	Impact on account of leases	3.86	5.74
	Total Deferred tax assets	279.80	229.70
	Deferred tax liabilities (net)	126.11	194.51
19	Other non-financial liabilities	(₹ In Million)	
	Particulars	As at 31 March 2023	As at 31 March 2022
	Statutory dues	34.92	60.27
	Total	34.92	60.27

20 Equity share capital

(₹ in Million)

Particulars	As at 31 March 2023		As at 31 March 2022	
	No of shares	Amount	No of shares	Amount
Authorized				
Equity Shares of ₹ 10 each	1,300,000,000	13,000.00	985,000,000	9,850.00
Compulsory Convertible Preference Shares of ₹ 10 each	-	-	15,000,000	150.00
	1,300,000,000	13,000.00	1,000,000,000	10,000.00
Issued, subscribed and fully paid-up (A)				
Equity Shares of ₹ 10 each, fully paid up	897,023,682	8,970.24	812,084,395	8,120.84
Equity Shares of ₹ 10 each, ₹ 2.50 paid up	-	-	7,350,000	18.38
Equity Shares of ₹ 10 each, ₹ 0.50 paid up	-	-	15,089,287	7.54
	897,023,682	8,970.24	834,523,682	8,146.76
Treasury shares held through ESOP trust (B)				
Equity Shares of ₹ 10 each, fully paid up	(7,452,000)	(74.52)	(7,875,500)	(78.76)
Equity shares [net of treasury shares] [A + B]	889,571,682	8,895.72	826,648,182	8,068.00

20.1 Reconciliation of number of shares outstanding at the beginning and end of the reporting period:

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of shares	₹ in Million	No. of shares	₹ in Million
Equity shares outstanding as at the beginning of the year	834,523,682	8,146.76	821,848,682	8,075.14
Add: Equity shares issued during the year	62,500,000	625.00	10,175,000	46.62
Add: Equity shares called up and paid up during the year	-	198.48	-	-
Add: Equity shares issued upon exercise of options under employee share option plan	-	-	2,500,000	25.00
Equity shares outstanding as at the end of the year	897,023,682	8,970.24	834,523,682	8,146.76

Reconciliation of number of treasury shares outstanding at the beginning and end of the reporting period:

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of shares	₹ in Million	No. of shares	₹ in Million
Equity shares outstanding as at the beginning of the year	7,875,500	78.76	10,840,000	108.40
Add: Equity shares issued during the year	-	-	2,825,000	28.25
Less: Equity shares transferred upon exercise of options under employee share option plan	(423,500)	(4.24)	(5,789,500)	(57.89)
Equity shares outstanding as at the end of the year	7,452,000	74.52	7,875,500	78.76

For details of shares reserved for issue under ESOP of the Company and shares exercised under ESOP, refer note 41.

20.2 Terms and rights attached to equity shares:

The Company has single class equity shares having a par value of ₹ 10 per equity share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders if any. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held. Upon show of hands, every Member present in person and holding any equity share capital therein, shall have one vote, in respect of such capital, on every resolution placed before the Company.

The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

20.3 Details of share held by the holding Company:

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of shares	% of Holding	No. of shares	% of Holding
SBFC Holdings PTE Ltd.	657,040,000	73.25%	600,040,000	71.90%

20.4 Details of shareholders holding more than five percent shares in the Company:

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of shares	% of Holding	No. of shares	% of Holding
SBFC Holdings PTE Ltd.	657,040,000	73.25%	600,040,000	71.90%
Arpwood Partners Investment Advisors LLP	122,217,177	13.62%	122,217,177	14.65%

20.5 Details of shareholding of Promoters of the Company:

Particulars	As at 31 March 2023			As at 31 March 2022		
	No. of shares	% of Holding	% of Change during the year	No. of shares	% of Holding	% of Change during the year
Arpwood Partners Investment Advisors LLP	122,217,177	13.62%	(1.03%)	122,217,177	14.65%	(1.28%)
Eight 45 Services LLP	24,272,805	2.71%	(0.20%)	24,272,805	2.91%	(0.25%)
SBFC Holdings Pte. Ltd	657,040,000	73.25%	1.35%	600,040,000	71.90%	(1.11%)
Arpwood Capital Private Limited	29,995,300	3.34%	(0.25%)	29,995,300	3.59%	(0.31%)

20.6 There are no bonus shares issued or shares bought back or shares issued for consideration other than cash by the Company during five years immediately preceding the balance sheet date.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

21 Other equity

(₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
<u>Statutory reserve u/s 45-IC of the RBI Act, 1934</u>		
Balance as at the beginning of the year	419.48	291.13
Add/ (Less): Changes in accounting policy/ prior period errors (Refer Note 61)	-	(0.09)
Restated Balance as at the beginning of the year	419.48	291.04
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	299.59	128.44
Balance as at the end of the year	719.07	419.48
<u>Securities premium</u>		
Balance as at the beginning of the year	2,453.76	2,381.68
Add/ (Less): Changes in accounting policy/ prior period errors (Refer Note 61)	-	(2.17)
Restated Balance as at the beginning of the year	2,453.76	2,379.51
Add: Transfer from employee share option outstanding pursuant to stock options exercised	1.70	32.51
Add: Premium on issue of share capital	1,875.00	52.71
Add: Premium on conversion of shares from partly paid up to fully paid up	109.89	-
Less: Share issue expenses	(1.23)	(0.02)
Add/ (Less): Loan to Employee Welfare Trust	1.06	(10.95)
Balance as at the end of the year	4,440.18	2,453.76
<u>Employee share option outstanding</u>		
Balance as at the beginning of the year	213.89	216.80
Add: Charge for the year	89.32	29.60
Less: Transferred to securities premium pursuant to stock options exercised	(1.70)	(32.51)
Balance as at the end of the year	301.51	213.89
<u>Retained Earnings</u>		
Surplus in Statement of Profit and Loss as at the beginning of the year	1,711.27	1,195.55
Add/ (Less): Changes in accounting policy/ prior period errors (Refer Note 61)	-	(1.05)
Restated Balance as at the beginning of the year	1,711.27	1,194.50
Add: Profit for the year	1,497.96	645.21
Less: Transfer to statutory reserve	(299.59)	(128.44)
Balance as at the end of the year	2,909.64	1,711.27
<u>Remeasurement gain/ (loss) on defined benefit plans</u>		
Balance as at the beginning of the year	5.27	2.19
Add/ (Less): Changes in accounting policy/ prior period errors (Refer Note 61)	-	0.30
Restated Balance as at the beginning of the year	5.27	2.49
Add: Other comprehensive income for the year	1.41	2.78
Add: Adjustment during the year	0.48	-
Less: Deletions during the year	-	-
Balance as at the end of the year	7.16	5.27
TOTAL	8,377.56	4,803.67

Statutory reserve u/s 45-IC of the RBI Act, 1934: As required by section 45-IC of the RBI Act 1934, the Company maintains a reserve fund and transfers there in a sum not less than twenty per cent of its net profit every year as disclosed in the statement of profit and loss and before any dividend is declared.

Employee share option outstanding: The Company has a share option scheme under which options to subscribe for the Company's shares have been granted to certain employees including key management personnel. The share-based payment reserve is used to recognize the value of equity-settled share-based payments provided to employees, as part of their remuneration.

Securities Premium Reserve: Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013. In case of equity settled share based payment transactions, the difference between fair value on grant date and nominal value share is accounted as securities premium.

Retained Earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to statutory reserve.

Remeasurement gain/ (loss) on defined benefit plans: It represents the gains/ (losses) arising on account of actuarial valuation of defined benefit obligation.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

22 Interest income (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
On Financial Assets measured at Amortized Cost:		
Interest on loans	5,952.92	3,825.40
Interest on deposits from banks	145.70	70.46
Interest on Government Securities	26.62	-
Interest on investment in Pass Through certificates (PTC)	416.28	835.61
Total	6,541.52	4,731.47

23 Fees and commission income (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Loan management services fee income	94.37	136.45
Other fee income [Refer Note 23.1]	318.15	135.94
Total	412.52	272.39

23.1 Fee Income includes Processing Fee on loan against Gold (not subject to EIR), Initial Money Deposit fees and Co-origination fees.

24 Net gain on fair value changes (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
On financial instruments designated at fair value through profit or loss:		
Mutual Funds		
(A) Total net gain on fair value changes	119.76	157.22
(B) Fair value changes:		
- Realized	118.52	100.39
- Unrealized	1.24	56.83
Total net gain on fair value changes	119.76	157.22

25 Net gain on derecognition of financial instruments under amortised cost category (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Income on remeasurement of investment in Pass through certificates (PTC)	28.30	-
Total	28.30	-

26 Other operating income (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Advertisement income	87.59	31.68
Other charges [Refer Note 26.1]	138.43	97.76
Total	226.02	129.44

26.1 Other charges includes Prepayment charges recovered from the customer amounting to ₹ 106.71 Million (31 March 2022: ₹ 57.37 Million)

27 Other income (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest on income tax refund	16.02	0.44
Gain on lease termination (net of losses)	4.30	1.67
Others [Refer Note 27.1]	55.17	14.39
Total	75.49	16.50

27.1 Others include excess amount received from customers, insurance refund, subsidy received from government and unwinding of lease deposit.

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Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

28 Finance costs (on financial liabilities measured at amortized cost) (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest on debt securities	36.85	148.06
Interest on borrowings	2,715.29	2,041.00
Interest on lease liabilities [Refer Note 44.2]	11.66	16.81
Other interest expenses	0.72	0.30
Total	2,764.52	2,206.17

29 Net loss on derecognition of financial instruments under amortised cost category (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Loss on sale to ARC	-	130.23
Income on Sale of Investment in Pass Through certificates (PTC)	-	(23.31)
Total	-	106.92

30 Impairment on financial instruments (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Impairment on loans*	169.89	1.62
Loans written off (net of recovery)	150.67	359.26
Total	320.56	360.88

*net of recovery from Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) Scheme ₹ 1.70 Million (31 March 2022 ₹ 8.64 Million)

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

31 Employee benefits expense (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries and bonus	1,409.93	995.51
Contribution to provident fund and other funds [Refer Note 40(a)]	75.66	48.26
Gratuity expenses [Refer Note 40(b)]	9.50	9.23
Employee share based payment expenses [Refer Note 41]	89.32	29.60
Staff training and welfare expenses	16.82	12.74
Total	1,601.23	1,095.34

32 Other expenses (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Travelling and conveyance	56.91	34.99
Printing and stationery	23.11	22.79
Communication Expenses	23.54	30.62
Business promotion expenses	17.08	53.41
Loss on sale/ discard of Property, plant and equipment/ Intangible assets	7.70	3.35
Repairs and maintenance	5.26	6.81
Office maintenance	93.56	86.62
Legal & professional expenses	141.08	114.95
Director sitting fees	6.20	4.50
Auditors' remuneration [Refer Note 32.1]	4.00	3.91
Corporate social responsibility expenditure [Refer Note 32.2]	16.61	20.35
Rent [Refer Note 44.4]	27.75	15.35
Rates and taxes	20.11	15.62
Electricity charges	18.81	13.27
Insurance charges	10.81	5.65
IT expenses	74.53	74.14
Balance written off	-	24.79
Bank charges	17.38	14.57
Seminar Expenses	4.89	-
Miscellaneous expenses	6.37	7.25
Total	575.70	552.94

Disclosures:

32.1 Payments to auditors (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Audit fees	3.57	3.30
Tax audit	0.22	0.18
Other tax matters and certification	0.19	0.34
Reimbursement of expenses	0.02	0.09
Total	4.00	3.91

Figures for year ended 31 March 2022 includes ₹ 0.94 Million to erstwhile Statutory Auditor.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Notes forming part of Standalone Financial Statements for the year ended 31 March 2023****32.2 Corporate Social Responsibility expenditure**

(₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
a) Amount required to be spent by the Company during the year	16.57	13.86
b) Amount of expenditure incurred	16.61	20.35
c) (Excess)/ shortfall at the end of the year	(0.04)	-
d) Total of previous years shortfall	-	6.49
e) Reason for shortfall	-	-

f) Nature of CSR activities:

- Apprenticeship under Apprenticeship Act, Promoting education among girl child (31 March 2023)
- Promoting education among girl child (31 March 2023, 31 March 2022)
- Promoting preventive health care, sanitation and making available safe drinking water (31 March 2022)
- Promoting livelihood enhancement projects as well as education and employment among children, women and the differently abled. (31 March 2022)

32.2.1 No amount has been spent by the Company for the construction/ acquisition of any new asset during the year ended 31 March 2023 and year ended 31 March 2022.

32.2.2 There have been no related party transactions during the year ended 31 March 2023 and 31 March 2022 in respect of CSR activities.

32.2.3 Section 198(4)(a) allows usual working charges to be deducted while computing the net profits for the purpose of section 198. The usual working charges can be interpreted as the expenditure incurred by the Company in the ordinary course of the business. Being an NBFC, the Company provides loans to various customers with or without collaterals. Given the fact that the Company is into the lending business, any credit losses incurred by the Company could be construed and 'usual working charges' i.e. credit losses are integral part of the lending business and should not be considered as capital in nature. Accordingly, Expected Credit Loss (ECL) provision has been treated as an allowable expenditure for the purpose of calculation of profits under section 198 of the Companies Act, 2013 for Corporate Social Responsibility.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

33 Income Taxes

33.1 Income Tax recognized in Statement of Profit and Loss **(₹ In Million)**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current tax		
In respect of the current year	584.90	262.12
Deferred tax		
In respect of the current year	(68.40)	(40.37)
Total Income tax expense recognized in the Statement of Profit and Loss	516.50	221.75

33.2 Reconciliation of income tax expense of the year:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all the profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate is as follows:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit before income tax expense	2,014.46	866.96
Income tax rate	25.168%	25.168%
Tax at statutory income tax rate	507.00	218.20
<u>Tax effect of amounts which are non deductible/ not taxable in calculating taxable income</u>		
CSR expense	4.18	5.11
Items on which deferred tax asset (net) was not created	5.32	(1.56)
Income tax expense	516.50	221.75

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

34 Deferred tax

The following table shows deferred tax recorded in the Balance sheet and changes recorded in the Income tax expense:

(₹ In Million)

Deferred tax liability (net)	As at 1 April 2022	Recognized in Statement of Profit and Loss	Recognized in OCI	As at 31 March 2023
Deferred tax liability on account of:				
Depreciation and amortization	372.32	(4.96)	-	367.36
Income on sale of investment in PTC	-	1.00	-	1.00
Investment in government securities measured at amortized cost	-	5.03	-	5.03
Fair value of investment in mutual funds	20.04	(19.73)	-	0.31
Unamortized borrowing cost	31.85	0.36	-	32.21
	424.21	(18.30)	-	405.91
Deferred tax asset on account of:				
Expected credit loss	164.63	11.09	-	175.72
Transaction cost on Loan assets	59.33	40.89	-	100.22
Impact on account of leases	5.74	(1.88)	-	3.86
	229.70	50.10	-	279.80
Deferred tax liability (net) and credit for the year	194.51	(68.40)	-	126.11

(₹ In Million)

Deferred tax liability (net)	As at 1 April 2021	Recognized in Statement of Profit and Loss	Recognized in OCI	As at 31 March 2022
Deferred tax liability on account of:				
Depreciation and amortization	373.04	(0.72)	-	372.32
Fair value of investment in mutual funds	9.41	10.63	-	20.04
Unamortized borrowing cost	36.09	(4.24)	-	31.85
	418.54	5.67	-	424.21
Deferred tax asset on account of:				
Expected credit loss	145.80	18.85	-	164.63
Restatement adjustments	0.44	(0.44)	-	-
Transaction cost on Loan assets	32.08	27.25	-	59.33
Impact on account of leases	5.36	0.38	-	5.74
	183.68	46.04	-	229.70
Deferred tax liability (net) and credit for the year	234.86	(40.37)	-	194.51

35 Other comprehensive income

(₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit liability/asset (net)	1.89	3.72
Income tax relating to these items	(0.48)	(0.94)
Other comprehensive income for the year (Net of tax)	1.41	2.78

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Standalone Financial Statements for the year ended 31 March 2023
36 Expected Credit Loss
36.1 Loan against Property
36.1.1 Credit quality of assets
(₹ In Million)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade*								
Performing								
High grade	32,453.00	-	-	32,453.00	19,874.06	-	-	19,874.06
Medium grade	-	1,033.73	-	1,033.73	-	1,170.96	-	1,170.96
Non-performing								
Individually impaired	-	-	936.14	936.14	-	-	669.75	669.75
Total #	32,453.00	1,033.73	936.14	34,422.87	19,874.06	1,170.96	669.75	21,714.77

36.1.2 An analysis of changes in the gross carrying amount and the corresponding Expected Credit Loss allowances in relation to lending is as follows:
(₹ In Million)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	19,874.06	1,170.96	669.75	21,714.77	12,082.44	826.22	498.94	13,407.60
New assets originated/Assets derecognized/ repaid (excluding write offs/ recovery)	13,061.96	(149.45)	(158.65)	12,753.86	8,781.60	(111.38)	(225.28)	8,444.94
Transfers to Stage 1	115.79	(62.78)	(53.01)	-	80.91	(40.86)	(40.05)	-
Transfers to Stage 2	(260.12)	297.50	(37.38)	-	(748.42)	754.71	(6.29)	-
Transfers to Stage 3	(329.18)	(207.35)	536.53	-	(291.04)	(229.23)	520.27	-
Amounts written off (net of recovery)	(9.51)	(15.15)	(21.10)	(45.76)	(31.43)	(28.50)	(77.84)	(137.77)
Gross carrying amount closing balance #	32,453.00	1,033.73	936.14	34,422.87	19,874.06	1,170.96	669.75	21,714.77

Gross carrying amount includes staff loan of ₹ 3.16 Million

36.1.3 Reconciliation of Expected Credit Loss (ECL) balance is given below:
(₹ In Million)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	132.42	145.29	214.15	491.86	82.35	71.38	168.30	322.03
New assets originated/Assets derecognized/ repaid (excluding write offs/ recovery)	188.92	26.49	(6.90)	208.51	225.98	63.77	(8.60)	281.15
Transfers to Stage 1	0.76	(0.38)	(0.38)	-	0.89	(0.25)	(0.64)	-
Transfers to Stage 2	(3.84)	8.48	(4.64)	-	(88.42)	88.74	(0.32)	-
Transfers to Stage 3	(105.71)	(66.82)	172.53	-	(87.29)	(69.83)	157.12	-
Amounts written off (net of recovery)	(0.81)	(11.50)	(24.94)	(37.25)	(1.09)	(8.52)	(101.71)	(111.32)
ECL allowance - closing balance	211.74	101.56	349.82	663.12	132.42	145.29	214.15	491.86

*Internal rating grades are classified on below basis

Grade	Classification Basis	Stage
High grade	0-29 DPD	Stage 1
Medium grade	30-89 DPD	Stage 2
Individually impaired	>=90 DPD & Daily NPA	Stage 3

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

36.2 Loan against Gold
36.2.1 Credit quality of assets

(₹ In Million)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade*								
Performing								
High grade	8,376.57	-	-	8,376.57	5,929.16	-	-	5,929.16
Medium grade	-	478.66	-	478.66	-	466.88	-	466.88
Non-performing								
Individually impaired	-	-	114.22	114.22	-	-	114.01	114.01
Total	8,376.57	478.66	114.22	8,969.45	5,929.16	466.88	114.01	6,510.05

36.2.2 An analysis of changes in the gross carrying amount and the corresponding Expected Credit Loss allowances in relation to lending is as follows:

(₹ In Million)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	5,929.16	466.88	114.01	6,510.05	4,295.25	1,376.06	89.29	5,760.60
New assets originated/Assets derecognized/ repaid (excluding write offs/ recovery)	2,647.39	(167.28)	16.88	2,496.99	1,715.09	(951.19)	(11.06)	752.84
Transfers to Stage 1	0.07	(0.07)	-	-	0.02	(0.02)	-	-
Transfers to Stage 2	(180.64)	181.00	(0.36)	-	(52.40)	52.44	(0.04)	-
Transfers to Stage 3	(19.23)	(0.64)	19.87	-	(25.98)	(10.10)	36.08	-
Amounts written off (net of recovery)	(0.18)	(1.23)	(36.18)	(37.59)	(2.82)	(0.31)	(0.26)	(3.39)
Gross carrying amount closing balance	8,376.57	478.66	114.22	8,969.45	5,929.16	466.88	114.01	6,510.05

36.2.3 Reconciliation of Expected Credit Loss (ECL) balance is given below:

(₹ In Million)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	11.94	1.50	52.95	66.39	9.02	3.13	33.22	45.37
New assets originated/Assets derecognized/ repaid (excluding write offs/ recovery)	27.39	0.44	0.71	28.54	15.36	3.18	2.69	21.23
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(1.08)	1.08	-	-	(0.47)	0.47	-	-
Transfers to Stage 3	(2.67)	(0.06)	2.73	-	(11.95)	(5.28)	17.23	-
Amounts written off (net of recovery)	(0.33)	(0.42)	(38.06)	(38.81)	(0.02)	-	(0.19)	(0.21)
ECL allowance - closing balance	35.25	2.54	18.33	56.12	11.94	1.50	52.95	66.39

*Internal rating grades are classified on below basis

Grade	Classification Basis	Stage
High grade	0-29 DPD	Stage 1
Medium grade	30-89 DPD	Stage 2
Individually impaired	>=90 DPD & Daily NPA	Stage 3

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

36.3 Unsecured loan

36.3.1 Credit quality of assets

(₹ In Million)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade*								
Performing								
High grade	1,402.08	-	-	1,402.08	2,090.17	-	-	2,090.17
Medium grade	-	86.80	-	86.80	-	69.87	-	69.87
Non-performing								
Individually impaired	-	-	106.24	106.24	-	-	102.01	102.01
Total #	1,402.08	86.80	106.24	1,595.12	2,090.17	69.87	102.01	2,262.05

36.3.2 An analysis of changes in the gross carrying amount and the corresponding Expected Credit Loss allowances in relation to lending is as follows:

(₹ In Million)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	2,090.17	69.87	102.01	2,262.05	1,932.42	123.44	130.37	2,186.23
New assets originated/Assets derecognized/ repaid (excluding write offs/ recovery)	(543.16)	(27.32)	(29.13)	(599.61)	318.20	(10.22)	(14.06)	293.92
Transfers to Stage 1	11.78	(6.82)	(4.96)	-	8.78	(6.59)	(2.19)	-
Transfers to Stage 2	(70.15)	72.56	(2.41)	-	(45.20)	46.78	(1.58)	-
Transfers to Stage 3	(76.05)	(14.84)	90.89	-	(60.72)	(16.06)	76.78	-
Amounts written off (net of recovery)	(10.51)	(6.65)	(50.16)	(67.32)	(63.31)	(67.48)	(87.31)	(218.10)
Gross carrying amount closing balance #	1,402.08	86.80	106.24	1,595.12	2,090.17	69.87	102.01	2,262.05

Gross carrying amount includes staff loan of ₹ 15.38 Million (31 March 2022 : ₹ 20.62 Million)

36.3.3 Reconciliation of Expected Credit Loss (ECL) balance is given below:

(₹ In Million)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	29.92	6.45	68.13	104.50	26.21	12.89	53.44	92.54
New assets originated/Assets derecognized/ repaid (excluding write offs/ recovery)	57.85	9.25	(7.59)	59.51	43.72	7.71	10.44	61.87
Transfers to Stage 1	0.16	(0.09)	(0.07)	-	0.11	(0.09)	(0.02)	-
Transfers to Stage 2	(6.06)	6.34	(0.28)	-	(3.73)	3.86	(0.13)	-
Transfers to Stage 3	(60.96)	(12.65)	73.61	-	(35.56)	(10.28)	45.84	-
Amounts written off (net of recovery)	(0.54)	(1.19)	(47.18)	(48.91)	(0.83)	(7.64)	(41.44)	(49.91)
ECL allowance - closing balance	20.37	8.11	86.62	115.10	29.92	6.45	68.13	104.50

***Internal rating grades are classified on below basis**

Grade	Classification Basis	Stage
High grade	0-29 DPD	Stage 1
Medium grade	30-89 DPD	Stage 2
Individually impaired	>=90 DPD & Daily NPA	Stage 3

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

37 Change in liabilities arising from financing activities

(₹ In Million)

Particulars	As at 1 April 2022	Cash Flow (Principal Component)	Cash Flow (Interest Component)	Interest Expenses	Amortization of Transaction Costs	Other Non-Cash Changes	As at 31 March 2023
Debt securities	454.03	-	(36.85)	36.85	-	-	454.03
Lease liabilities	141.08	(60.88)	(11.66)	11.66	-	20.70	100.90
Borrowings (other than debt securities)	28,945.04	7,970.17	(2,752.18)	2,715.29	58.27	-	36,936.59
Total liabilities from financing activities	29,540.15	7,909.29	(2,800.69)	2,763.80	58.27	20.70	37,491.52

(₹ In Million)

Particulars	As at 1 April 2021	Cash Flow (Principal Component)	Cash Flow (Interest Component)	Interest Expenses	Amortization of Transaction Costs	Other Non-Cash Changes	As at 31 March 2022
Debt securities	1,584.47	(1,070.00)	(208.50)	148.06	-	-	454.03
Lease liabilities	195.46	(58.52)	(16.81)	16.81	-	4.14	141.08
Borrowings (other than debt securities)	26,097.27	2,832.65	(2,078.68)	2,041.00	52.80	-	28,945.04
Total liabilities from financing activities	27,877.20	1,704.13	(2,303.99)	2,205.87	52.80	4.14	29,540.15

38 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled. They have been classified to mature and/or be repaid within 12 months or after 12 months. With regard to loans and advances to customers, the Company uses the same basis of expected repayment as used for estimating the Effective Interest Rate (EIR).

(₹ In Million)

PARTICULARS	As at 31 March 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial Assets						
Cash and cash equivalents	1,833.94	-	1,833.94	1,514.76	-	1,514.76
Bank Balance other than (a) above	2,169.99	-	2,169.99	1,703.71	134.46	1,838.17
Trade receivables	108.29	-	108.29	82.68	-	82.68
Loans	11,326.93	32,826.17	44,153.10	8,423.82	21,400.30	29,824.12
Investments	1,794.06	4,272.36	6,066.42	5,986.47	2,494.66	8,481.13
Other financial asset	3.99	35.68	39.67	7.59	26.58	34.17
Non-Financial assets						
Current tax assets (net)	-	-	-	-	341.92	341.92
Property, plant and equipment	-	336.53	336.53	-	357.06	357.06
Intangible assets under development	-	7.49	7.49	-	-	-
Goodwill	-	2,603.92	2,603.92	-	2,603.92	2,603.92
Other intangible assets	-	23.54	23.54	-	32.87	32.87
Other non-financial assets	118.31	3.89	122.20	33.44	6.10	39.54
Total Assets	17,355.51	40,109.58	57,465.09	17,752.47	27,397.87	45,150.34
LIABILITIES						
Financial Liabilities						
Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	2.96	-	2.96	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small	89.24		89.24	80.73	-	80.73
Other payables						
(ii) total outstanding dues of creditors other than micro enterprises and small	36.28	-	36.28	40.45	-	40.45
Debt securities	24.03	430.00	454.03	-	454.03	454.03
Borrowings (other than debt securities)	11,252.01	25,684.58	36,936.59	7,064.54	21,880.50	28,945.04
Other financial liabilities	2,454.62	55.21	2,509.83	2,415.62	85.55	2,501.17
Non-Financial Liabilities						
Current tax liabilities (net)	0.53		0.53	-	-	-
Provisions	1.32	-	1.32	2.47	-	2.47
Deferred tax liabilities (net)	-	126.11	126.11	-	194.51	194.51
Other non-financial liabilities	34.92	-	34.92	60.27	-	60.27
Total liabilities	13,895.91	26,295.90	40,191.81	9,664.08	22,614.59	32,278.67
Net	3,459.60	13,813.68	17,273.28	8,088.39	4,783.28	12,871.67

Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value. The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. Capital Management Policy, objectives and processes are under constant review by the Board. For details of Capital to Risk Assets Ratio (CRAR) [Refer Note 53.1]

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

39 Fair value measurements

Financial instruments by category

(₹ In Million)

Particulars	As at 31 March 2023			As at 31 March 2022		
	Fair value through Profit or Loss	Amortized cost	Total	Fair value through Profit or Loss	Amortized cost	Total
<u>Financial Assets</u>						
Investments						
- Mutual funds	739.62	-	739.62	3,083.18	-	3,083.18
- Pass-through certificates	-	2,574.36	2,574.36	-	5,397.95	5,397.95
- Government Securities	-	2,751.94	2,751.94	-	-	-
Trade receivables	-	108.29	108.29	-	82.68	82.68
Loans	-	44,153.10	44,153.10	-	29,824.12	29,824.12
Cash and cash equivalents	-	1,833.94	1,833.94	-	1,514.76	1,514.76
Bank Balances other than cash and cash equivalents	-	2,169.99	2,169.99	-	1,838.17	1,838.17
Other financial assets	-	39.67	39.67	-	34.17	34.17
Total Financial Assets	739.62	53,631.29	54,370.91	3,083.18	38,691.85	41,775.03
<u>Financial Liabilities</u>						
Borrowings (other than debt securities)	-	36,936.59	36,936.59	-	28,945.04	28,945.04
Debt securities	-	454.03	454.03	-	454.03	454.03
Trade payables	-	92.20	92.20	-	80.73	80.73
Other payables	-	36.28	36.28	-	40.45	40.45
Other financial liabilities	-	2,509.83	2,509.83	-	2,501.17	2,501.17
Total Financial Liabilities	-	40,028.93	40,028.93	-	32,021.42	32,021.42

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Standalone Financial Statements for the year ended 31 March 2023
39.1 Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ In Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Note No.	Carrying Amount	Level 1	Level 2	Level 3	Total
As at 31 March 2023						
Financial assets						
<i>Financial Investments at Fair Value Through Profit or Loss</i>						
Mutual funds	7	739.62	739.62	-	-	739.62
<i>Financial Assets at Amortized Cost</i>						
Investment in Pass-through Certificates	7	2,574.36	-	-	2,574.36	2,574.36
Investment in Government Securities	7	2,751.94	2,759.61	-	-	2,759.61
Cash and cash equivalents	3	1,833.94	1,833.94	-	-	1,833.94
Bank Balances other than cash and cash equivalents	4	2,169.99	2,169.99	-	-	2,169.99
Trade receivables	5	108.29	-	-	108.29	108.29
Loans	6	44,153.10	-	-	45,276.69	45,276.69
Other financial assets	8	39.67	-	-	39.67	39.67
Total financial assets		54,370.91	7,503.16	-	47,999.01	55,502.17
Financial liabilities						
<i>Financial Liabilities at Amortized Cost</i>						
Trade payables	12	92.20	-	-	92.20	92.20
Other payables	12	36.28	-	-	36.28	36.28
Other financial liabilities	15	2,509.83	-	-	2,509.83	2,509.83
Debt securities	13	454.03	-	-	454.03	454.03
Borrowings (other than debt securities)	14	36,936.59	-	-	36,936.59	36,936.59
Total financial liabilities		40,028.93	-	-	40,028.93	40,028.93

(₹ In Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Note No.	Carrying Amount	Level 1	Level 2	Level 3	Total
As at 31 March 2022						
Financial assets						
<i>Financial Investments at Fair Value Through Profit or Loss</i>						
Mutual funds	7	3,083.18	3,083.18	-	-	3,083.18
<i>Financial Assets at Amortized Cost</i>						
Investment in Pass-through Certificates	7	5,397.95	-	-	5,397.95	5,397.95
Investment in Government Securities	7	-	-	-	-	-
Cash and cash equivalents	3	1,514.76	1,514.76	-	-	1,514.76
Bank Balances other than cash and cash equivalents	4	1,838.17	1,838.17	-	-	1,838.17
Trade receivables	5	82.68	-	-	82.68	82.68
Loans	6	29,824.12	-	-	30,593.75	30,593.75
Other financial assets	8	34.17	-	-	34.17	34.17
Total financial assets		41,775.03	6,436.11	-	36,108.55	42,544.66
Financial liabilities						
<i>Financial Liabilities at Amortized Cost</i>						
Trade payables	12	80.73	-	-	80.73	80.73
Other payables	12	40.45	-	-	40.45	40.45
Other financial liabilities	15	2,501.17	-	-	2,501.17	2,501.17
Debt securities	13	454.03	-	-	454.03	454.03
Borrowings (other than debt securities)	14	28,945.04	-	-	28,945.04	28,945.04
Total financial liabilities		32,021.42	-	-	32,021.42	32,021.42

39.2 Valuation technique used to determine fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (adjusted/unadjusted) for identical assets. This category consists of quoted mutual fund units and government securities.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets, measured using inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e.; as prices) or indirectly (i.e.; derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets measured using inputs that are not based on observable market data. Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This category includes investment in Pass-through Certificates.

There has been no transfer between level 1, level 2 and level 3 for the year ended 31 March 2023 and 31 March 2022.

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair value of Loan approximates the carrying amount.

For financial assets and liabilities measured at fair value, the carrying amounts approximates the fair values.

40 Employee Benefits

(a) Defined Contribution plans

Provident Fund

The Company makes Provident Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the Employee Provident Fund Organization (Government).

The Company recognized expense as contribution to provident fund amounting to ₹ 67.01 Million (31 March 2022: ₹ 41.34 Million) in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(b) Defined benefit plans

Gratuity Fund

Characteristics of defined benefit plan

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to SBFC Finance Private Limited employees group gratuity cash accumulation scheme.

Risks associated with defined benefit plan

Gratuity is a defined benefit plan and Company is exposed to the following risks:

A. Actuarial Risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B. Investment Risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C. Liquidity Risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/ retire from the Company there can be strain on the cashflows.

D. Market Risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/ government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E. Legislative Risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

During the year ended 31 March 2023 and 31 March 2022, there were no plan amendments, curtailments and settlements.

The Life Insurance Corporation is managing the Gratuity Plan and the contributions to it is done as guided by rule 103 of Income Tax Rules, 1962.

Other Post Retirement Benefit Plan

The details of the Company's post-retirement benefit plans for its employees including whole-time directors are given below which is as certified by the actuary and relied upon by the auditors.

(c) Code on Social Security

The Indian parliament has approved Code on Social Security, 2020 ("the Code") which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13 November 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

(₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Change in the Benefit Obligations:		
Liability at the beginning of the year	24.59	20.14
Current service cost	9.66	9.40
Interest cost	1.61	1.28
Benefits paid	(2.15)	(1.92)
Actuarial gains - due to change in financials assumptions	(1.23)	(0.31)
Actuarial gains - due to change in demographic assumptions	-	(3.05)
Actuarial losses - due to experience adjustments	(1.22)	(0.95)
Liability at the end of the year	31.26	24.59
Fair value of plan assets:		
Fair value of plan assets at the beginning of the year	22.12	17.89
Interest income	1.77	1.45
Expected return on plan assets	(0.56)	(0.59)
Contributions	8.76	5.29
Benefits paid	(2.15)	(1.92)
Fair value of plan assets at the end of the year	29.94	22.12
Actual return on plan assets:		
Expected return on plan assets	-	-
Actuarial loss on plan assets	-	-
Actual return on plan assets	(0.56)	(0.59)
Reconciliation of the Liability Recognized in the Balance Sheet:		
Opening net Liability/ (Asset)	2.47	2.25
Transfer in obligation		
Expense recognized in Profit and Loss	9.50	9.23
Expense recognized in Other Comprehensive Income	(1.89)	(3.72)
Contribution by the Company	(8.76)	(5.29)
Benefits paid by the Company / Insurance Companies		
Amount recognized in the Balance Sheet under "Liabilities- Provisions" as on 31 March 2023: ₹ 1.32 Million (31 March 2022: ₹ 2.47 Million) [Refer Note 17]	1.32	2.47

(₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Expense Recognized in the Statement of Profit and Loss:		
Current service cost	9.66	9.40
Interest cost (net)	(0.16)	(0.17)
Expense recognized in the Statement of Profit and Loss	9.50	9.23

(₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Expense Recognized in the Statement of Other Comprehensive Income:		
Due to change in financial assumptions	(1.23)	(0.31)
Due to change in demographic assumptions	-	(3.05)
Due to experience adjustments	(1.22)	(0.95)
Return on plan assets, excluding interest income	0.56	0.59
Net (Income)/ Expense for the year recognized in Statement of Other Comprehensive Income	(1.89)	(3.72)

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

Amount Recognized in the Balance Sheet:

(₹ In Million)		
Particulars	31 March 2023	31 March 2022
Liability at the end of the year	31.26	24.59
Fair Value of Plan Assets at the end of the year	29.94	22.12
Amount recognized in the Balance Sheet	1.32	2.47
Experience Adjustment :		
On Plan Liabilities	-	-
On Plan Assets	-	-
Estimated contribution for next year	1.32	2.47

Investment Pattern:

% Invested		
Particulars	31 March 2023	31 March 2022
Policy of Insurance	100%	100%
Total	100%	100%

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at 31 March 2023: 7.35% (31 March 2022: 6.70%)

Principal Assumptions:

(% p.a.)		
Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Discount rate	7.35%	6.70%
Return on plan assets	7.35%	6.70%
Salary escalation	7.50%	7.50%
<u>Withdrawal Rate (as per age band)</u>		
25 & Below	20.00%	20.00%
25 to 35	20.00%	20.00%
35 to 45	20.00%	20.00%
45 to 55	10.00%	10.00%
55 & Above	5.00%	5.00%

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

Sensitivity Analysis:

(₹ In Million)		
Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Projected Benefit Obligation on Current Assumptions		
Delta Effect of +0.50% Change in Rate of Discounting	30.37	23.84
Delta Effect of -0.50% Change in Rate of Discounting	32.21	25.40
Delta Effect of +0.50% Change in Rate of Salary Growth	32.03	25.19
Delta Effect of -0.50% Change in Rate of Salary Growth	30.55	24.02
Delta Effect of +10% Change in Withdrawal Rate	30.70	23.97
Delta Effect of -10% Change in Withdrawal Rate	31.85	25.25

The sensitivity analysis have been performed by varying a single parameter while keeping all other parameters unchanged.

The sensitivity analysis presented above fails to focus on the inter-relationship between underlying parameters. Hence the results may vary if two or more variables are changed simultaneously.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

Maturity Analysis of the Benefit Payments from the Fund:

(₹ In Million)		
Projected Benefits Payable in Future Years From the Date of Reporting	For the year ended 31 March 2023	For the year ended 31 March 2022
1 st Following Year	3.27	1.23
2 nd Following Year	3.56	2.61
3 rd Following Year	3.50	2.89
4 th Following Year	3.69	3.85
5 th Following Year	4.14	2.96
Sum of Years 6 to 10	17.59	12.35

41 Employee Stock Option

In accordance with resolution approved by the shareholders, the Company has reserved shares, for issue to employees through ESOP Scheme. On the approval of Nomination and Remuneration Committee (NRC), each ESOP scheme is issued. The NRC has approved below stock option schemes. Under the term of the schemes, the Company may issue stock options to employees and directors of the Company, each of which is convertible into one equity share.

Employee Stock Option Plans

A summary of the general terms of grants under stock options plans are as under: -

Particulars	SBFC Stock Option Policy I 2018	SBFC Stock Option Policy II 2018		SBFC STOCK OPTION POLICY 2021 - I		SBFC STOCK OPTION POLICY 2021 - II		SBFC STOCK OPTION POLICY 2021 - III SPECIAL		SBFC STOCK OPTION POLICY 2021 - IV		SBFC STOCK OPTION POLICY 2021 - V		SBFC STOCK OPTION POLICY 2023 - I	
Number of options under the Plan	10,840,000	40,560,000		3,000,000		6,375,000		2,975,000		14,291,666		10,500,000		5,730,000	
Exercise Price	12.50	12.50		19.00		40.00		40.00		21.45		40.00		60.00	
Fair Value of options as at Grant Date (in ₹)	(Refer fair value table below)	4.58		6.60		11-Jan-22 : 2.60 , 21-Apr-22 : 13.27, 19-Nov-22: 13.36		11-Jan-22 : 3.80 , 21-Apr-22 : 16.40, 19-Nov-22:: 16.33		7.60		3.80		11.85	
Maximum Term of Options Granted	Refer Note 41.1	Refer Note 41.3		Refer Note 41.1		Refer Note 41.2		Refer Note 41.2		Refer Note 41.2		Refer Note 41.2		Refer Note 41.1	
Method of Settlement	Equity settled	Equity settled		Equity settled		Equity settled		Equity settled		Equity settled		Equity settled		Equity settled	
Grant Date	1 Oct 18 to 26 May 21	01-Oct-18		30-Oct-21		11-Jan-22, 21-Apr-22 & 19-Nov-22		11-Jan-22, 21-Apr-22 & 19-Nov-22		23-Dec-21		23-Dec-21		24-Feb-23	
Vesting requirements (No of months from Grant Date & Vesting schedule)	(Refer vesting schedule below)	Months	Vesting Schedule	Months	Vesting Schedule	Months	Vesting Schedule	Months	Vesting Schedule	Months	Vesting Schedule	Months	Vesting Schedule	Months	Vesting Schedule
		12	50%	12	25.0%	12	25.00%	24	25.00%	24	25.00%	24	25.00%	12	25.00%
		24	25%	15	5.0%	15	6.25%	27	6.25%	27	9.38%	27	9.38%	15	6.25%
		30	25%	18	5.0%	18	6.25%	30	6.25%	30	9.38%	30	9.38%	18	6.25%
				21	7.5%	21	6.25%	33	6.25%	33	9.38%	33	9.38%	21	6.25%
				24	7.5%	24	6.25%	36	6.25%	36	9.38%	36	9.38%	24	6.25%
				27	10.0%	27	6.25%	39	6.25%	39	9.38%	39	9.38%	27	6.25%
				30	10.0%	30	6.25%	42	6.25%	42	9.38%	42	9.38%	30	6.25%
				33	15.0%	33	6.25%	45	6.25%	45	9.38%	45	9.38%	33	6.25%
				36	15.0%	36	6.25%	48	6.25%	48	9.38%	48	9.38%	36	6.25%
						39	6.25%		6.25%					39	6.25%
						42	6.25%		6.25%					42	6.25%
						45	6.25%		6.25%					45	6.25%
						48	6.25%		6.25%					48	6.25%

Fair value as at Grant Date for SBFC Stock Option Policy I 2018:

Grant Date	01-Oct-18	01-Oct-18	24-Dec-18	24-Dec-18	15-Mar-19	29-May-19	15-Feb-20	30-Mar-20	23-Dec-20	26-May-21
Fair Value of options as at Grant Date	3.61	3.55	3.31	3.24	3.13	4.07	4.30	4.52	3.95	8.90

Vesting schedule for SBFC Stock Option Policy I 2018:

Grant Date	01-Oct-18	01-Oct-18	24-Dec-18	24-Dec-18	15-Mar-19	29-May-19	15-Feb-20	30-Mar-20	23-Dec-20	26-May-21
12 months	17.5%	25.0%	17.5%	25.0%	25.0%	25.0%	17.5%	25.0%	25.0%	25.0%
15 months	7.5%	5.0%	7.5%	5.0%	5.0%	5.0%	7.5%	5.0%	5.0%	5.0%
18 months	7.5%	5.0%	7.5%	5.0%	5.0%	5.0%	7.5%	5.0%	5.0%	5.0%
21 months	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
24 months	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
27 months	7.5%	10.0%	7.5%	10.0%	10.0%	10.0%	7.5%	10.0%	10.0%	10.0%
30 months	7.5%	10.0%	7.5%	10.0%	10.0%	10.0%	7.5%	10.0%	10.0%	10.0%
33 months	7.5%	15.0%	7.5%	15.0%	15.0%	15.0%	7.5%	15.0%	15.0%	15.0%
36 months	10.0%	15.0%	10.0%	15.0%	15.0%	15.0%	10.0%	15.0%	15.0%	15.0%
39 months	10.0%	-	10.0%	0.0%	0.0%	0.0%	10.0%	-	-	-
42 months	10.0%	-	10.0%	0.0%	0.0%	0.0%	10.0%	-	-	-

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

- 41.1 If Vesting prior to IPO then upto 6 months from date of IPO, If Vesting after IPO then upto 6 months from date of Vesting
41.2 If Vesting prior to IPO then within 12 (Twelve) months from the date of the IPO, If Vesting after IPO then within 12 (Twelve) months from the date of the vesting
41.3 If Vesting prior to IPO then 24 months from date of IPO, If Vesting after IPO then 6 months from date of Vesting,

41.4 **Method used for accounting for shared based payment plan:**
The Company uses fair value to account for the compensation cost of stock options to employees of the Company.

41.5 **Fair value methodology:**
The fair value of options have been estimated on the dates of each grant using the Black-Scholes model. The shares of Company are not listed on any stock exchange. Accordingly, the Company had considered the volatility of the Company’s stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model for the stock options granted by the Company are:

Particulars	SBFC Stock Option Policy I 2018	SBFC Stock Option Policy II 2018	SBFC STOCK OPTION POLICY 2021 - I	SBFC STOCK OPTION POLICY 2021 - II	SBFC STOCK OPTION POLICY 2021 - III	SBFC STOCK OPTION POLICY 2021 - IV	SBFC STOCK OPTION POLICY 2021 - V	SBFC STOCK OPTION POLICY 2023 - I
Dividend yield	(Refer table below)	-	-	-	-	-	-	-
Expected volatility		20.00%	49.18%	46.39%	47.29%	48.77%	48.77%	54.92%
Risk free interest rate		8.00%	4.55%	5.25%	5.67%	5.07%	5.07%	7.42%
Expected life of the option		5 years	3 years 6 months	5 years	6 years	5 years	5 years	4 years 6 months

Fair value methodology for SBFC Stock Option Policy I 2018:

Grant Date	01-Oct-18	01-Oct-18	24-Dec-18	24-Dec-18	15-Mar-19	29-May-19	15-Feb-20	30-Mar-20	23-Dec-20	26-May-21
Dividend yield	-	-	-	-	-	-	-	-	-	-
Expected volatility	20.00%	20.00%	20.00%	20.00%	20.00%	36.45%	37.43%	43.92%	49.24%	52.61%
Risk free interest rate	8%	7.87%	7.08%	7.07%	7.06%	6.34%	5.43%	5.11%	4.33%	4.50%
Expected life of the option	4 years	3 years 6 months	4 years	3 years 6 months	3 years 6 months	3 years 6 months	4 years	3 years 6 months	3 years 9 months	3 years 6 months

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Standalone Financial Statements for the year ended 31 March 2023
41.6 Option Movement during the year ended 31 March 2023

Particulars	Small Business Fincredit Stock Option Policy I 2018	Small Business Fincredit Stock Option Policy II 2018	SBFC STOCK OPTION POLICY 2021 - I	SBFC STOCK OPTION POLICY 2021 - II	SBFC STOCK OPTION POLICY 2021 - III - Special Grant	SBFC STOCK OPTION POLICY 2021 - IV	SBFC STOCK OPTION POLICY 2021 - V	SBFC STOCK OPTION POLICY 2023 - I	Weighted average exercise price (₹)
Exercise Price per Share	12.50	12.50	19.00	40.00	40.00	21.45	40.00	60.00	
No. of options outstanding at 01 April 2022	4,852,500	38,060,000	2,930,000	5,651,000	2,776,000	14,291,666	10,500,000	-	20.94
Options granted during the year	-	-	-	1,414,000	559,000	-	-	5,730,000	54.88
Options exercised during the year	(423,500)	-	-	-	-	-	-	-	12.50
Options forfeited/ lapsed during the year	(141,500)	-	(167,000)	(939,750)	(409,500)	-	-	-	35.54
Number of options outstanding at 31 March 2023	4,287,500	38,060,000	2,763,000	6,125,250	2,925,500	14,291,666	10,500,000	5,730,000	23.79

Option Movement during the year ended 31 March 2022

Particulars	SBFC Stock Option Policy I 2018	SBFC Stock Option Policy II 2018	SBFC STOCK OPTION POLICY 2021 - I	SBFC STOCK OPTION POLICY 2021 - II	SBFC STOCK OPTION POLICY 2021 - III - Special Grant	SBFC STOCK OPTION POLICY 2021 - IV	SBFC STOCK OPTION POLICY 2021 - V	Weighted average exercise price (₹)
Exercise Price per Share	12.50	12.50	19.00	40.00	40.00	21.45	40.00	
No. of options outstanding at 01 April 2021	10,650,500	40,560,000	-	-	-	-	-	12.50
Options granted during the year	200,000	-	3,000,000	6,055,000	2,975,000	14,291,666	10,500,000	30.99
Options exercised during the year	(5,789,500)	(2,500,000)	-	-	-	-	-	12.50
Options forfeited/ lapsed during the year	(208,500)	-	(70,000)	(404,000)	(199,000)	-	-	31.83
Number of options outstanding at 31 March 2022	4,852,500	38,060,000	2,930,000	5,651,000	2,776,000	14,291,666	10,500,000	20.94

41.7 The following table summarizes information about stock option plans:-

Policy Name	Exercise Price (₹)	Year ended		Year ended	
		31 Mar 23		31 March 2022	
		Numbers	Weighted Average Remaining Life (Months)*	Numbers	Weighted Average Remaining Life (Months)*
SBFC Stock Option Policy I 2018	12.50	4,287,500	4.33	4,852,500	7.82
SBFC Stock Option Policy II 2018	12.50	38,060,000	-	38,060,000	-
SBFC STOCK OPTION POLICY 2021 - I	19.00	2,763,000	7.99	2,930,000	10.81
SBFC STOCK OPTION POLICY 2021 - II	40.00	6,125,250	11.47	5,651,000	13.12
SBFC STOCK OPTION POLICY 2021 - III	40.00	2,925,500	12.00	2,776,000	13.12
SBFC STOCK OPTION POLICY 2021 - IV	21.45	14,291,666	11.39	14,291,666	16.28
SBFC STOCK OPTION POLICY 2021 - V	40.00	10,500,000	11.39	10,500,000	16.28
SBFC STOCK OPTION POLICY 2023 - I	60.00	5,730,000	13.96	-	-

Notes:-

*Weighted Average Remaining life represents the life for vesting. Exercise period life is in addition to the vesting life.

Since the Company is Debt listed entity, weighted average share price at date of exercise is not available.

During the year 2018-19 & 2021-22, the Company has provided loan to the Employee welfare trust for purchase of shares issued by the Company. These shares will be vested to the employee and will be settled through issue of own equity instrument.

The charge under employee benefit expense for the year ended 31 March 2023 amounted to ₹ 89.32 Million (31 March 2022: ₹ 29.60 Million)

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Notes forming part of Standalone Financial Statements for the year ended 31 March 2023****42 Segment Information**

The Company operates mainly in the business segment of fund based financing activity. All other activities revolve around the main business. Further, all activities are carried out within India. As such, there are no separate reportable segments as per the provisions of Ind AS 108 on 'Operating Segments'.

43 Related party disclosures**(a) Compensation of key management personnel of the Company**

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company includes the members of the Board of Directors which include independent directors (and its sub-committees) and Executive Committee to be key management personnel for the purposes of Ind AS 24 Related Party Disclosures.

(b) Key management personnel of the Company:

Sr No	Name of Key Management Personnel	Designation
1	Mr. Aseem Dhru	Managing Director, Chief Executive Officer & Ultimate Beneficiary Owner*
2	Mr. Rajeev Gupta	Director (upto 18 July 2022)
3	Mr. Amol Krishna Jain	Director
4	Mr. Narayan Barasia	Chief Financial Officer
5	Mr. Jay Mistry	Company Secretary (w.e.f. 5 June 2021)
6	Mrs. Swati Amey Morajkar	Company Secretary (upto 3 May 2021)
7	Mr. John Mescall	Nominee Director
8	Mr. Jonathan Tadeusz Tatur	Nominee Director
9	Mr. Arjun Sakhuja	Nominee Director
10	Mr. Neeraj Swaroop	Independent Director
11	Mr. Rajesh Mannalal Agrawal	Independent Director
12	Mr. Robin Banerjee	Independent Director (w.e.f. 15 October 2022 upto 20 December 2022)
13	Ms. Surekha Marandi	Independent Director (w.e.f. 23 September 2022)

(c) Related parties where control exists:

1	Holding Company	SBFC Holdings Pte. Limited
2	Subsidiary Company	SBFC Home Finance Private Limited (w.e.f. 06 December 2022)
3	Entities in which KMP Exercise Significant Influence	Arpwood Partners Investment Advisors LLP Arpwood Capital Private Limited Arpwood Consultants LLP Eight45 Services LLP
4	Post-employment benefit plan	SBFC Finance Private Limited Employees GGCA Scheme
5	Controlled Employee Welfare trust	SBFC Employee Welfare Trust

* There is no Individual Ultimate Beneficiary Owner u/s 90 of Companies Act, 2013 hence MD & CEO has been identified as Ultimate Individual Beneficial Owner as per Rule 9 of the Prevention of Money Laundering Rules, 2005, being the senior managing official.

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Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

(d) **Related party transactions** (₹ In Million)

Particulars	31-Mar-23	31-Mar-22
Key Management Personnel		
Sitting Fees:		
Mr. Neeraj Swaroop	3.20	2.90
Mr. Amitabh Mohanty	-	-
Mr. Rajesh Mannalal Agrawal	1.10	1.60
Mr. Robin Banerjee	0.50	-
Ms. Surekha Marandi	1.40	-
Remuneration to KMPs:		
Mr. Aseem Dhru	65.26	33.65
Mr. Narayan Barasia	22.28	20.38
Mr. Jay Mistry	2.32	1.48
Mrs. Swati Amey Morajkar	-	0.08
Employee Share Based Payment:		
Mr. Aseem Dhru	29.15	7.99
Mr. Narayan Barasia	6.52	3.27
Mr. Jay Mistry	0.07	0.02
ESOP Exercise through ESOP trust:		
Mr. Narayan Barasia	2.13	14.00
Issue of Equity Share Capital/ Conversion of partly paid to fully paid up equity share:		
Mr. Narayan Barasia	8.45	2.82
Mr. Aseem Dhru	219.67	22.52
Controlled Employee Welfare trust		
Loan given:		
Trustee of Employee welfare Trust	-	53.68
Loan repaid:		
Trustee of Employee welfare Trust	5.29	72.37
Post-employment benefit plan		
Gratuity:		
SBFC Finance Private Limited Employees GGCA Scheme	8.76	5.29
Holding Company		
Issue of Equity Share Capital:		
SBFC Holdings Pte Limited	2,000.00	-
Subsidiary Company		
Investment In Equity Share Capital:		
SBFC Home Finance Private Limited	0.50	-
Reimbursement of Expenses:		
SBFC Home Finance Private Limited	0.69	-

Related party balances (₹ In Million)

Particulars	As at 31-Mar-23	As at 31-Mar-22
Loan given		
Trustee of Employee welfare trust	111.51	116.81
Other Receivables		
SBFC Home Finance Private Limited	0.69	-

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

44 Leases

44.1 The changes in the carrying value of right of use assets are as follows:

(₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Balance as at beginning of the year	124.36	185.68
Impact of restatements	-	(0.01)
Addition during the year	49.33	19.30
Deletion/ Termination during the year	(112.12)	(26.40)
Depreciation charge for the year	(61.91)	(64.77)
Depreciation on deletion/ termination	90.21	10.56
Balance as at end of the year	89.87	124.36

44.2 The following is the movement in lease liabilities:

(₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Balance as at beginning of the year	141.08	195.46
Addition during the year	47.17	16.08
Deletion/ Termination during the year	(26.47)	(11.94)
Finance cost accrued during the year	11.66	16.81
Payment made during the year	(72.54)	(75.33)
Balance as at end of the year	100.90	141.08

44.3 Contractual maturities of lease liabilities on an undiscounted basis:

Maturity Profile of Lease liabilities:

(₹ In Million)

Lease Liabilities	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
31-Mar-23	54.37	46.19	16.80	2.12	119.48
31-Mar-22	67.58	58.45	31.68	6.18	163.89

44.4 Impact of Ind AS 116 in the Statement of Profit and Loss:

- (i) Rental expense recorded for short-term leases for the year ended 31 March 2023 was ₹ 27.75 Million (31 March 2022: ₹ 15.35 Million)
- (ii) The aggregate depreciation on Right to use assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss.
- (iii) The aggregate interest on Lease liabilities has been included under Finance costs in the Statement of Profit and Loss.

45 In accordance with Ind AS 33- Earnings per Share, the computation of earnings per

Particulars			For the year ended 31 March 2023	For the year ended 31 March 2022
Net Profit after tax as per Statement of Profit and Loss	(A)	₹ in Million	1,497.96	645.21
Weighted average number of equity shares for calculating Basic EPS	(B)	Nos.	877,743,681	798,106,200
Add: Equity shares for no consideration arising on grant of stock options under ESOP		Nos.	48,197,462	18,239,878
Weighted average number of equity shares for calculating Diluted EPS	(C)	Nos.	925,941,143	816,346,078
Basic earnings per equity share (in ₹) (Face value of ₹ 10 per share)	(A)/(B)	₹ per share	1.71	0.81
Diluted earnings per equity share (in ₹) (Face value of ₹ 10 per share)	(A)/(C)	₹ per share	1.62	0.79

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Notes forming part of Standalone Financial Statements for the year ended 31 March 2023**

- 46** The Company believes that no impairment of assets arises for the below mentioned periods as per the recommendations of Ind AS 36 "Impairment of Assets".
The Company has carried impairment testing by discounting the projected future cash flows and has enough head room against the carrying amount of ₹ 2,603.92 Million Considering the head room that the Company has, there is no need for impairment. Therefore, there is no Impairment of Goodwill in the books as on 31 March 2023 and 31 March 2022.

47 **Contingent Liabilities and other commitments to the extent not provided for:**

Particulars	(₹ In Million)	
	As on 31 March 2023	As on 31 March 2022
(a) Contingent liabilities		
Claims against the Company not acknowledged as Debts	6.36	10.47
(b) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	12.01	0.20
Commitments related to loans sanctioned but undrawn	-	-
Other Commitments	-	-

- 47.1** The Company's pending litigations comprise of claims against the Company by the customers and proceedings pending with other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in the financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

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Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

48.1.1 Risk Disclosures

The Company's risk is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk, interest rate risk and price risk.

It is the Company's policy to ensure that a robust risk awareness is embedded in its organizational risk culture.

48.1.2 Credit risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties.

48.1.2.1 Impairment assessment

48.1.2.1.1 Exposure at Default

EAD is taken as the gross exposure under a facility upon default of an obligor. The amortized principal and the interest accrued is considered as EAD for the purpose of ECL computation.

The advances have been bifurcated into following three stages:

Stage 1 – Advances with low credit risk and where there is no significant increase in credit risk. Hence, the advances up to 0-29 days are classified as Stage 1

Stage 2 – Advances with significant increase in credit risk. Hence the advances up to 30 to 89 days are classified as Stage 2

Stage 3 (including DNPA) – Advances that have defaulted / Credit impaired advances. Hence the advances with 90 days past due including DNPA are classified as Stage 3

48.1.2.1.2 Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or lifetime ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers an exposure to have significant increase in credit risk if contractual payments are more than 30 days past due and when the accounts have been restructured under the RBI 'Resolution Framework - 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses' Guidelines.

48.1.2.1.3 Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. These assets continue to be classified as Stage 3 till the entire overdues are received.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- a) Significant financial difficulty of the borrower or issuer;
- b) A breach of contract such as a default or past due event;
- c) The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise.

48.1.2.1.4 PD estimation process

The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

Probability of Default computation :-

- a) The Company has applied 12 months PD to Stage 1 Advances
- b) The Lifetime PD is computed using basic exponentiation technique after considering the residual maturity of the respective loan.
- c) PD of 100% is considered for Stage 3 assets.

In cases where data for estimation of PD is not available, the Company has used industry benchmarks for computation of PD.

48.1.2.1.5 Loss given default

The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that would be expected to receive, including from realization of any prime/ collateral security. For LGD computation, the rates used from the foundation internal rating based approach and dynamic loan loss provisioning model is also taken into account. In cases where data for estimation of LGD is not available, the Company has used industry benchmarks.

48.1.2.2 Analysis of risk concentration - Refer Note 53.13.3

48.1.2.3 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Company has Guidelines in place covering the acceptability and valuation of each type of collateral. The Company also adheres to the RBI guidelines in respect of maintenance of adequate Loan to Value Ratios.

The main types of collateral for loans are Registered / equitable mortgage of property, Hypothecation of assets including Gold.

Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement.

In case of defaults by customers, where the Company is unable to recover the dues, the Company through a legal process enforces the security and recover the dues.

48.1.2.4 Payment of Ex-gratia benefit

The Government of India, Ministry of Finance, vide its notification dated 23 October 2020, had announced COVID-19 Relief scheme for grant of ex-gratia payment of difference between compound interest and simple interest ("differential amount") for six months to borrowers in specified loan accounts ("the Scheme"), as per the eligibility criteria and other aspects specified therein and irrespective of whether RBI moratorium was availed or not. During the year ended 31 March 2021, the Company has charged differential amount of ₹ 33.21 Million from 28,965 customers out of which ₹ 28.87 Million was credited to 21,216 customers to their individual accounts and balance not credited as on 31 March 2021 ₹ 4.34 Million of 7,749 individual customers where loan has been closed and the amount was parked under Trade Payables in the Financial Statements. During the year ended 31 March 2022, ₹ 4.34 Million has been credited/ adjusted to respective customer accounts.

48.1.2.5 Interest on Interest

In accordance with the instructions in the Circular RBI/2021-22/17 DOR.STR.REC.4/21.04.046/2021-22 dated 7 April 2021, the Company shall refund/ adjust "interest on interest" to all borrowers during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount of such 'interest on interest' has been finalized by the Indian Banks Association (IBA) in consultation with other industry participants/ bodies on 19 April 2021. The Company has adjusted ₹ 1.90 Million pertaining to 235 individual customers in the Financial Statements as at 31 March 2021 and had subsequently credited the amount to individual customer accounts in financial year 2021-22.

48.1.3 Liquidity risk and funding management

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

Liquidity risk is managed in accordance with our Asset Liability Management Policy. This policy is framed as per the current regulatory guidelines and is approved by the Board of Directors. The Asset Liability Management Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Company also maintains LCR in accordance with RBI guidelines and board approved Liquidity risk framework. The Asset Liability Committee (ALCO) of the Company formulates and reviews strategies, LCR and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

Analysis of financial assets and liabilities by remaining contractual maturities is provided in **Note 38**

Maturity Profile of financial liabilities:

The table below summarises the maturity profile of the Company's financial liabilities on discounted basis

(₹ In Million)

31 March 2023	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
Trade Payables	92.20	-	-	-	92.20
Other Payables	36.28	-	-	-	36.28
Debt securities	24.03	430.00	-	-	454.03
Borrowings other than debt securities	10,900.99	16,576.85	5,608.20	204.78	33,290.82
Collateralized borrowings	350.98	690.68	867.15	1,736.96	3,645.77
Other financial liabilities*	2,408.93	-	-	-	2,408.93
Total	13,813.41	17,697.53	6,475.35	1,941.74	39,928.03

(₹ In Million)

31 March 2022	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
Trade Payables	80.73	-	-	-	80.73
Other Payables	40.45	-	-	-	40.45
Debt securities	24.03	430.00	-	-	454.03
Borrowings other than debt securities	7,022.99	12,901.70	7,414.16	1,093.40	28,432.25
Collateralized borrowings	41.55	94.20	99.17	277.87	512.79
Other financial liabilities*	2,360.09	-	-	-	2,360.09
Total	9,569.84	13,425.90	7,513.33	1,371.27	31,880.34

* Excluding lease liabilities. Refer note 44.3 for Contractual maturities of lease liabilities on an undiscounted basis.

48.1.4 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The core business of the Company is providing loan against property, loan against gold and personal loans. The Company borrows through various financial instruments to finance its core lending activity. These activities expose the Company to interest rate risk.

Interest rate risk is measured through earnings at risk from an earnings perspective and through duration of equity from an economic value perspective. Further, exposure to fluctuations in interest rates is also measured by way of gap analysis, providing a static view of the maturity and re-pricing characteristic of Balance sheet positions. An interest rate sensitivity gap report is prepared by classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to contracted/ behavioural maturities or anticipated re-pricing date. The difference in the amount of rate sensitive assets and rate sensitive liabilities maturing or being re-priced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. The interest rate risk is monitored on a quarterly basis.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being considered as constant) of the Company's statement of profit and loss and equity.

(₹ In Million)

For the year ended	Hypothetical Increase / (decrease) in basis points	Impact in profit or loss		Impact in equity	
for the year ended 31 March 2023					
Borrowings (₹)	25/ (25)	(74.92)	74.92	(56.06)	56.06
	50/ (50)	(149.83)	149.83	(112.12)	112.12
Loans (₹)	25/ (25)	6.76	(6.76)	5.06	(5.06)
	50/ (50)	13.53	(13.53)	10.12	(10.12)
Investments in PTC (₹)	25/ (25)	9.54	(9.54)	7.14	(7.14)
	50/ (50)	19.08	(19.08)	14.28	(14.28)
for the year ended 31 March 2022					
Borrowings (₹)	25/ (25)	(63.78)	63.78	(47.73)	47.73
	50/ (50)	(127.55)	127.55	(95.45)	95.45
Loans (₹)	25/ (25)	39.39	(39.39)	29.48	(29.48)
	50/ (50)	78.78	(78.78)	58.95	(58.95)
Investments in PTC (₹)	25/ (25)	19.43	(19.43)	14.54	(14.54)
	50/ (50)	38.86	(38.86)	29.08	(29.08)

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Notes forming part of Standalone Financial Statements for the year ended 31 March 2023****48.1.5 Foreign Currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company is mainly exposed to changes in USD. The below table demonstrates the sensitivity to a 5% increase or decrease in the respective foreign currency rates against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency vendor payments.

As of balance sheet date, Company's net foreign currency exposure expressed in INR that is not hedged is ₹ 10.91 million (31 March 2022 - Nil)

(₹ In Million)					
Foreign Currency	Hypothetical Increase / (decrease) by %	Impact in profit or loss		Impact in equity	
for the year ended 31 March 2023					
Currency Sensitivity - USD	5/ (5)	(0.55)	0.55	(0.41)	0.41
for the year ended 31 March 2022					
Currency Sensitivity - USD	5/ (5)	-	-	-	-

49 Transferred financial assets that are not derecognized in their entirety

The Company has entered into securitization arrangements to transfer the part of its portfolio of Loan against property and Gold Loans. The terms of the arrangement included over collateralization of the assets of the Company through lien on Fixed deposits. Since the Company had retained significant risk in the transfer of the portfolio, the asset is retained in the books. Consequently, the amount received as sale consideration is shown as Collateralized borrowings in the financial statements.

(₹ In Million)		
Securitisations	As at 31 March 2023	As at 31 March 2022
Carrying amount of transferred assets measured at amortised cost	3,927.76	595.15
Carrying amount of associated liabilities	3,645.77	512.79
Fair value of assets	3,964.58	598.63
Fair value of associated liabilities	3,645.77	512.79

50.1 Disclosures required under the RBI Resolution Framework - 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses dated 05 May 2021 with reference to disclosures stated under Format-B prescribed in the Resolution Framework – 1.0.

(₹ In Million)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of Sep- 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half year	Of (A) amount written off during the half year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 31 March 2023
Personal Loans #	50.74	0.54	0.16	5.94	44.84
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	50.74	0.54	0.16	5.94	44.84

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

This represents Salaried customers.

(₹ In Million)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of Mar- 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half year	Of (A) amount written off during the half year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 30 Sep 2022
Personal Loans #	70.64	7.56	1.94	17.87	50.74
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	70.64	7.56	1.94	17.87	50.74

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

This represents Salaried customers.

(₹ In Million)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 30 September 2021 (A)	Of (A), aggregate debt that slipped into NPA during the half year	Of (A) amount written off during the half year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 31 March 2022
Personal Loans #	92.30	13.53	18.85	1.52	70.64
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	92.30	13.53	18.85	1.52	70.64

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

This represents Salaried customers.

Pursuant to the RBI circular dated 12 November 2021 - "Prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) pertaining to Advances - Clarifications", the Company changed its NPA definition to comply with the norms/ changes for regulatory reporting, as applicable. This has resulted in classification of loans amounting to ₹ 60.53 Million as additional non-performing assets (Stage 3) as at 31 March 2022. However, the said change does not have a material impact on the financial results for the quarter/ year ended 31 March 2022. On 15 February 2022, the RBI allowed deferment pertaining to the upgradation of Non Performing accounts till 30 September 2022. However, the Company has not opted for such deferment and continues to align Stage 3 definition to revised NPA definition.

Disclosures pursuant to RBI Notification - RBI/2020-21/16 DOR.No.BP.BC/3/21.04,048/2020-21 dated 6 August 2020

Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan (₹ in Million)	(C) Of (B) aggregate amount of debt that was converted into, other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan (₹ in Million)
Personal Loans	285	53.78	-	-	3.82
Corporate persons*	-	-	-	-	-
of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	285	53.78	-	-	3.82

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

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50.2 Disclosures pursuant to RBI Notification - RBI/2020-21/16 DOR.No.BP.BC/4/21.04,048/2020-21 dated 6 August 2020 (for restructuring of accounts of Micro, Small and medium Enterprises (MSME) sector - Restructuring of Advances having exposure less than or equal to ₹ 25

Type of Borrower	(A)	(B)
	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan (₹ in Million)
MSMEs	476	460.7

51 Following are the additional disclosures required as per Schedule III to the Companies Act, 2013 vide Notification dated March 24, 2021:

51.1 Relationship with Struck off Companies:

To the best of the abilities, the Company has not identified any relationship with Company except mentioned below which has been struck off by the respective Registrar of Companies and such information is available vide public notice (Form No. STK-7) u/s 248 of the Act.

(₹ In Million)

Sr No	Name of Struck off Company	Nature of transaction	As at 31 March 23	As at 31 March 22	Relationship with the struck off Company, if any, to be disclosed
1	Sri Lakshmi Sai Telecom Constructions Private Limited	Loan given	13.28	13.77	Borrower
2	Fulgent Interior Private Limited	Loan given	1.40	1.53	Borrower
3	S S Institute of Technical Studies Private Limited	Loan given	2.44	-	Borrower
4	Bhatia Forex Private Limited	Loan given	-	14.96	Borrower

51.2 Registration of charges or satisfaction with Registrar of Companies (ROC):

Brief Description of Charge	Location of Registrar	Period by which charge had to be satisfied	Reason for delay
Registration of charge of Aditya Birla Finance Limited as per Registration letter dated 21 November 2022 in relation to Registration of charge for loan facility aggregating to ₹ 40000.00 Million	ROC- Mumbai	30 days	The Form CHG-1 has been filed with an inadvertent delay.
Registration of charge of Axis Bank as per Registration letter dated 11 November 2022 in relation to Registration of charge for loan facility aggregating to ₹ 40000.00 Million	ROC- Mumbai	30 days	The Form CHG-1 has been filed with an inadvertent delay.
Registration of charge of Yes Bank as per Registration letter dated 12 November 2022 in relation to Registration of charge for loan facility aggregating to ₹ 40000.00 Million	ROC- Mumbai	30 days	The Form CHG-1 has been filed with an inadvertent delay.
Registration of charge of Mahindra & Mahindra Financial Services Limited as per Registration letter dated 16 November 2022 in relation to Registration of charge for loan facility aggregating to ₹ 40000.00 Million	ROC- Mumbai	30 days	The Form CHG-1 has been filed with an inadvertent delay.
Registration of charge of NABKISAN Finance Limited as per Registration letter dated 17 November 2022 in relation to Registration of charge for loan facility aggregating to ₹ 40000.00 Million	ROC- Mumbai	30 days	The Form CHG-1 has been filed with an inadvertent delay.
Satisfaction of charge of SIDBI as per satisfaction letter dated 09 November 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 1130.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of Federal Bank as per satisfaction letter dated 19 January 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 500.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of Federal Bank as per satisfaction letter dated 19 January 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 500.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of Federal Bank as per satisfaction letter dated 19 January 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 500.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of Bajaj Finance Limited as per satisfaction letter dated 22 January 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 300.00	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of Indusind Bank as per satisfaction letter dated 23 March 2022 in relation to satisfaction of charge for loan facility aggregating to ₹ 550.00 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.
Satisfaction of charge of ICICI Bank as per satisfaction letter dated 26 March 2021 in relation to satisfaction of charge for loan facility aggregating to ₹ 767.29 Million	ROC- Mumbai	30 days	The Form CHG-4 has been filed with an inadvertent delay.

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Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

- 51.3** The Company has borrowings from banks and financial institutions on the basis of security of current assets and the quarterly returns filed by the Company with the banks and financial institutions are in accordance with the unaudited books of accounts of the Company for the respective quarters, except for the following:

(₹ In Million)

Quarter ended	Nature of current Assets/ Liabilities where differences were observed	Amount as per books of accounts	Amount disclosed as per quarterly return/ statement	Difference	Reasons for material variance
June-2022	Loan against Property Receivable	25,082.36	25,088.75	(6.39)	Refer Note-1
	Loan against Gold Receivable	7,309.62	7,309.48	0.14	Refer Note-1
	Unsecured Loan Receivable	2,253.20	2,256.23	(3.03)	Refer Note-1
	Non Performing Receivables	989.58	994.77	(5.19)	Refer Note-2
September-2022	Non Performing Receivables	953.56	975.19	(21.63)	Refer Note-2
December -2022	Non Performing Receivables	1,100.69	1,104.27	(3.58)	Refer Note-2
March-2023	Loan against Property Receivable	34,801.37	34,801.14	0.23	Refer Note-3
	Loan against Gold Receivable	8,969.45	8,985.90	(16.45)	Refer Note-3
	Unsecured Loan Receivable	1,614.84	1,614.76	0.08	Refer Note-3
	Investment in PTC	2,574.36	2,574.24	0.12	Refer Note-3
	Non Performing Receivables	1,163.39	1,182.37	(18.98)	Refer Note-2

Notes:

- Note-1 The amount disclosed as per quarterly returns/ statements reconciles with principal and interest receivable balance without adjustment of provision.
- Note-2 Higher interest receivable on NPA reduced from total assets in returns/ statements submitted to bank.
- Note-3 Provisional quarterly statement have been submitted to lenders. The Company is in process of submission of updated quarterly statement.

- 51.4** The Company has taken borrowings from banks and financial institutions and utilised them for the specific purpose for which they were taken as at the Balance sheet date. Unutilised funds as at 31 March 2023 are held by the Company in the form of debt mutual funds and short term fixed deposits till the time the utilisation is made subsequently.

51.5 Details of Benami Property held:

No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder, as at 31 March 2023 and 31 March 2022.

51.6 Wilful Defaulter:

The Company is not a declared wilful defaulter by any bank or financial Institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the year ended 31 March 2023 and 31 March 2022.

51.7 Compliance with number of layers of companies:

The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

51.8 Undisclosed Income:

There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended 31 March 2023 and 31 March 2022, in the tax assessments under the Income Tax Act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of account during the year ended 31 March 2023 and 31 March 2022.

51.9 Details of Crypto Currency or Virtual Currency:

The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended 31 March 2023 and 31 March 2022.

51.10 Title Deeds of Immovable Properties not held in the name of the Company:

The Company does not hold any immovable property as on 31 March 2023 and 31 March 2022. All the lease agreements are duly executed in favour of the Company for properties where the Company is the lessee.

51.11 Revaluation of Property, plant and equipment and Intangible assets

There is no revaluation of Property, plant and equipment and other intangible assets during the year ended 31 March 2023 and 31 March 2022.

51.12 Utilisation of Borrowed funds and share premium:

As a part of normal lending business, the Company grants loans and advances on the basis of security/ guarantee provided by the Borrower/ co-borrower and makes investments. These transactions are part of Company's normal non-banking finance business, which is conducted ensuring adherence to all regulatory requirements.

- 51.13** (a) Other than the transactions described above, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).
- (b) The Company has also not received any fund from any parties (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

51.14 Analytical Ratios

	31-Mar-23	31-Mar-22
Capital to Risk Weighted Assets Ratio	31.90%	26.21%
Tier I Capital	31.71%	25.90%
Tier II Capital	0.19%	0.31%

	% variance (31-Mar-23 v/s 31-Mar-22)	Remarks	% variance (31-Mar-22 v/s 31-Mar-21)	Remarks
Capital to Risk Weighted Assets Ratio	21.71%	Increase in CRAR due to Equity Infusion	(0.15%)	N.A.
Tier I Capital	22.43%	Increase in CRAR due to Equity Infusion	1.09%	N.A.
Tier II Capital	(38.71%)	Fixed Deposit Encumbered against Collateralised Borrowings	(50.79%)	Reversal of COVID-19 management overlay provision

52 Disclosure of Restructured Accounts as per Appendix 4 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(₹ In Million)

Sl No.	Other than SME and CDR Debt Restructuring Mechanism		31-Mar-23					31-Mar-22				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details											
1	Restructured Accounts as on beginning of the year	No. of borrowers Amount outstanding Provision thereon	1,084 962.41 144.57	244 215.20 66.95	- - -	- - -	1,328 1,177.61 211.52	755 494.32 73.35	6 20.16 5.96	- - -	- - -	761 514.48 79.31
2	Fresh restructuring/ repayments during the year	No. of borrowers Amount outstanding Provision thereon	(149) (186.20) (29.36)	(37) (69.88) (4.71)	- - -	- - -	(186) (256.08) (34.07)	837 752.39 122.69	- - -	- - -	- - -	837 752.39 122.69
3	Upgradations to restructured standard category during the year	No. of borrowers Amount outstanding Provision thereon	35 27.37 4.08	(35) (31.54) (9.59)	- - -	- - -	- (4.17) (5.51)	3 1.97 0.29	(3) (1.99) (0.75)	- - -	- - -	- (0.02) (0.46)
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers Amount outstanding Provision thereon	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
5	Downgradations of restructured accounts during the FY	No. of borrowers Amount outstanding Provision thereon	(174) (146.93) (21.99)	174 150.70 48.52	- - -	- - -	- 3.77 26.53	(511) (286.27) (51.76)	511 290.64 78.19	- - -	- - -	- 4.37 26.43
6	Write-offs of restructured accounts during the FY	No. of borrowers Amount outstanding Provision thereon	(4) (0.78) (0.12)	(33) (4.16) (2.15)	- - -	- - -	(37) (4.94) (2.27)	- - -	(270) (93.61) (16.45)	- - -	- - -	(270) (93.61) (16.45)
7	Restructured Accounts as on end of the year	No. of borrowers Amount outstanding Provision thereon	792 655.87 97.18	313 260.32 99.02	- - -	- - -	1,105 916.19 196.20	1,084 962.41 144.57	244 215.20 66.95	- - -	- - -	1,328 1,177.61 211.52

Note:

- Since the disclosure of restructured advance account pertains to section "Others", the section "Under CDR Mechanism" and "Under SME Debt Restructuring Mechanism" as per format prescribed in the guidelines are not included above.
- Provision has been considered as per ECL.

(₹ in Million Except %)

53	Disclosure as required in terms of Annexure XVI of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended			
53.1	Disclosure on CRAR	As at 31 March 2023		As at 31 March 2022
	Particulars			
	(i) CRAR (%) (ii) CRAR - Tier I Capital (%) (iii) CRAR - Tier II Capital (%) (iv) Amount of subordinated debt raised as Tier-II capital (v) Amount raised by issue of Perpetual Debt Instruments	31.90% 31.71% 0.19% - -		26.21% 25.90% 0.31% - -
53.2	Investments			
	Value of Investments			
	(i) Gross Value of Investments			
	(a) In India	6,066.42		8,481.13
	(b) Outside India	-		-
	(ii) Provisions for Depreciation			
	(a) In India	-		-
	(b) Outside India	-		-
	(iii) Net Value of Investments			
	(a) In India	6,066.42		8,481.13
	(b) Outside India	-		-
	Movement of provisions held towards depreciation on investments			
	(i) Opening balance	-		-
	(ii) Add : Provisions made during the year	-		-
	(iii) Less : Write-off / write-back of excess provisions during the year	-		-
	(v) Closing balance	-		-
53.3	Derivatives	As at 31 March 2023		As at 31 March 2022
53.3.1	Forward Rate Agreement / Interest Rate Swap			
	(i) The notional principal of swap agreements	-		-
	(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-		-
	(iii) Collateral required by the NBFC upon entering into swaps	-		-
	(iv) Concentration of credit risk arising from the swaps	-		-
	(v) The fair value of the swap book	-		-
53.3.2	Exchange Traded Interest Rate (IR) Derivatives	As at 31 March 2023		As at 31 March 2022
	(i) Notional principal amount of exchange traded IR derivatives undertaken during the year	-		-
	(ii) Notional principal amount of exchange traded IR derivatives o/s as at end of the year	-		-
	(iii) Notional principal amount of exchange traded IR derivatives o/s and not "highly effective"	-		-
	(iv) Mark-to-market value of exchange traded IR derivatives o/s and not "highly effective"	-		-
53.3.3	Disclosures on Risk Exposure in Derivatives			
	Qualitative Disclosures	-		-
	Not applicable as there are no derivatives	-		-
	Quantitative Disclosures	As at 31 March 2023 Currency Derivatives Interest Rate Derivatives		As at 31 March 2022 Currency Derivatives Interest Rate Derivatives
	(i) Derivatives (Notional Principal Amount)			
	For Hedging	-		-
	(ii) Marked to Market Positions			
	a) Asset (+)	-		-
	b) Liability (-)	-		-
	(iii) Credit Exposure	-		-
	(iv) Unhedged Exposures (Refer Note 48.1.5)	10.91		-

(₹ In Million)

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

53.4 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

(₹ In Million)

	1 to 7 days	8 to 14 days	15 to 30/ 31 days	Over 1 month and upto 2 months	Over 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
as on 31 March 2023:											
Advances	1,044.84	142.82	279.32	586.56	1,026.14	2,351.91	5,895.34	4,650.75	5,425.75	22,749.67	44,153.10
Investment	-	838.13	-	83.70	83.69	256.09	532.45	1,519.92	-	2,752.44	6,066.42
Borrowings	59.65	92.85	135.60	588.86	2,316.14	2,647.85	5,435.09	17,697.51	6,475.89	1,941.18	37,390.62
as on 31 March 2022:											
Advances	610.13	143.61	519.42	812.04	1,241.03	1,793.22	3,308.89	3,898.03	4,014.81	13,482.94	29,824.12
Investment	3,083.18	313.57	-	283.07	285.57	873.15	1,147.93	2,494.66	-	-	8,481.13
Borrowings	64.19	208.93	34.25	310.00	1,374.06	2,031.21	3,065.93	13,425.89	7,513.33	1,371.28	29,399.07

Note: Maturity pattern of assets and liability has been compiled by management on contractual payment basis and relied upon by the auditors.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

		(₹ in Million Except %)	
53.5	Exposures	As at 31 March 2023	As at 31 March 2022
53.5.1	Exposure to Real Estate Sector		
	Direct Exposure:		
	(i) Residential Mortgages		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	30,369.75	18,782.68
	(ii) Commercial Real Estate		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	4,053.12	2,929.65
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a. Residential		-
	b. Commercial Real Estate		-
	Indirect Exposure:		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	2,574.36	5,397.95
53.5.2	Exposures to Capital Market		
	Particulars	As at 31 March 2023	As at 31 March 2022
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii)	Advances against shares/ bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/ convertible debentures/ units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows/ issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered) Total Exposure to Capital Market	-	-
53.5.3	Details of financing of parent Company products		
	The Company does not finance parent Company products		
53.5.4	Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC		(₹ In Million)
	Single borrower limit exceeded during the year	Name of the Company	Outstanding Loans and Advances
	The Company has not exceeded Single Borrower Limit (SGL) / Group Borrower Limit (GBL) during the year 31 March 2023 (31 March 2022: Nil)	-	-

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Notes forming part of Standalone Financial Statements for the year ended 31 March 2023****53.5.5 Unsecured Advances**

Gross carrying amount of Unsecured Loans as on 31 March 2023 is ₹ 1,595.12 Million (31 March 2022: ₹ 2,262.05 Million).

53.6 Registration obtained from other financial sector regulators

The Company has not engaged into any business activity which are governed by other financial sector regulator. Hence, no registration was obtained.

53.7 Disclosure of Penalties imposed by RBI and other regulators

There is no instance of penalty or stricture imposed on the Company by RBI or any other regulatory on matter during the current or previous year.

53.8 Related Party Transaction

Refer Note 43 for details in relation to Related party transactions.

53.9 Ratings assigned by credit rating agencies and migration of ratings during the year ended:

Facility	31-Mar-23		31-Mar-22	
	ICRA	IndiaRatings	ICRA	IndiaRatings
Bank Loan & Non - Convertible Debentures Rating	[ICRA]A+(Stable)	Ind A+/- Stable	[ICRA]A(positive)	Ind A+/- Stable

53.10 Remuneration to Directors

Refer Note 43 (d) for details in relation to remuneration to Directors.

53.11 Net profit or loss for the period, prior period items and changes in accounting policies

Refer Note 61 for details.

53.12 Revenue Recognition (Refer Note 2.5)

There is no transaction in which the Revenue recognition has been postponed or pending the resolution of significant uncertainty

53.13 Indian Accounting Standard 110 -Consolidated Financial Statements (CFS)

On December 6, 2022, the Company has incorporated a wholly owned subsidiary in the name of – SBFC Home Finance Private Limited having Corporate Identification Number U65992MH2022PTC394642. The consolidated financial statements are separately presented.

53.14 Additional disclosures**53.14.1 Provisions and Contingencies**

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

		(₹ In Million)	
Particulars		31 March 2023	31 March 2022
(a)	Provisions for depreciation on Investment	-	-
(b)	Provision towards NPA*	118.69	81.12
(c)	Provision made towards income tax	584.90	262.12
(d)	Other provisions and Contingencies	-	-
(e)	Provision for gratuity	9.50	9.23
(f)	Provision for leave encashment	-	-
(g)	Provision for depreciation	127.14	117.81
(h)	Provision for standard assets	52.90	(70.86)

*excluding recovery form Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) Scheme Rs.1.70 Million (31 March 2022 Rs.8.64)

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Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

53.14.2 Draw Down from Reserves

The Company has not drawn down any reserves during the current or previous year.

53.14.3 Concentration of Deposits, Advances, Exposures and NPAs

(a) Concentration of Deposits (for deposit taking NBFCs)

(₹ in Million Except %)

Particulars

31 March 2023 31 March 2022

Total Deposits of twenty largest depositors

- -

Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC

- -

Note: The Company is not a deposit taking NBFC and has not obtained any deposits from public

(b) Concentration of Advances

(₹ in Million Except %)

Particulars

31 March 2023 31 March 2022

Total Advances to twenty largest borrowers

300.44 350.32

Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC

0.67% 1.15%

(c) Concentration of Exposures

(₹ in Million Except %)

Particulars

31 March 2023 31 March 2022

Total Exposure to twenty largest borrowers/ customers

300.44 350.32

Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the NBFC on borrowers/ customers

0.67% 1.15%

(d) Concentration of NPAs

(₹ in Million Except %)

Particulars

31 March 2023 31 March 2022

Total Exposure to top four NPA accounts

57.92 70.22

(e) Sector wise NPAs

Percentage of NPAs to Total Advances in that sector

Sector

31 March 2023 31 March 2022

1 Agriculture & allied activities

- -

2 MSME

1.85% 3.37%

3 Corporate borrowers

- -

4 Services

2.81% 3.04%

5 Unsecured personal loans

6.66% 4.51%

6 Auto loans

- 100.00%

7 Other loans

1.27% 1.76%

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

		(₹ in Million Except %)	
		31 March 2023	31 March 2022
(f)	Movement of NPAs		
	Particulars		
	Net NPAs to Net Advances (%)	1.59%	1.83%
	Movement of NPAs (Gross)		
(a)	Opening balance	886.62	718.60
(b)	Additions during the year	664.17	633.98
(c)	Reductions during the year	(394.19)	(465.96)
(d)	Closing balance	1,156.60	886.62
	Movement of Net NPAs		
(a)	Opening balance	550.54	463.64
(b)	Additions during the year	414.59	399.81
(c)	Reductions during the year	(263.30)	(312.91)
(d)	Closing balance	701.83	550.54
	Movement of provisions for NPAs (excluding provisions on standard assets)		
(a)	Opening balance	336.08	254.96
(b)	Provisions made during the year	249.58	234.17
(c)	Write-off/ write-back of excess provisions	(130.89)	(153.05)
(d)	Closing balance	454.77	336.08

53.14.4 Overseas Assets

The Company does not have any overseas assets.

53.14.5 Off Balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company does not have SPVs sponsored (which are required to be consolidated as per accounting norms)

53.14.6 Customer Complaints

		As at 31 March 2023	As at 31 March 2022
(a)	No. of complaints pending at the beginning of the year	-	-
(b)	No. of complaints received during the year	162	60
(c)	No. of complaints redressed during the year	160	60
(d)	No. of complaints pending at the end of the year*	2	-

*Subsequently redressed

53.14.7 Disclosure of Frauds reported during the year vide DNBS.PD.CC NO.256/03.10.042/2011-12 Dated 2 March 2012

Instances of fraud reported upto 31 March 2023:

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount write off
Fraud committed by employees	4	45.17	4.67	2.55

During the year ended 31 March 2022, four instances of fraud on the Company where gold loan related misappropriations/ cash embezzlements have been reported to RBI aggregating to ₹ 45.17 Million. Out of which fraud aggregating to ₹ 26.60 Million was identified in FY 2020-21 and reported to RBI on 12 April 2021. The Company has taken insurance cover for such losses and has filed insurance claims in this regard. Further, the Company is in the process of recovering these amounts by taking legal actions, where applicable.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

54 Disclosure pursuant to Reserve Bank of India notification RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 updated as on 29 December 2022 pertaining to gold loans.

(₹ In Million)		
Particulars	31-Mar-23	31-Mar-22
No of loan Accounts*	1,713	7,565
Outstanding Loan Amount	98.67	581.73
Sale Consideration	111.57	652.75

*There is no sister concern participation in any of the above accounts.

55 Disclosure of provisions required under IRACP and impairment allowances made under Ind AS 109 as per Appendix to RBI Circular: DOR (NBFC).CC.PD.No. 109/22.10.106/2019-20 dated 13 March 2020

(₹ In Million)						
Asset Classification as per RBI Norms as at 31 March 2023 (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS (3)	Loss Allowances (Provisions) as required under Ind (4)	Net Carrying Amount (5)=(3)-(4)	Provisions required as per IRACP norms (6)	Difference between Ind AS 109 provisions and (7) = (4)-(6)
Performing Assets						
Standard	Stage 1	42,231.65	267.36	41,964.29	171.01	96.35
	Stage 2	1,599.19	112.21	1,486.98	39.90	72.31
Subtotal		43,830.84	379.57	43,451.27	210.91	168.66
Non-Performing Assets (NPA)						
Substandard	Stage 3	881.40	314.03	567.37	95.47	218.56
Doubtful						
up to 1 year	Stage 3	210.52	104.35	106.17	44.92	59.43
1 to 3 years	Stage 3	61.54	35.11	26.43	16.43	18.68
More than 3 years	Stage 3	3.14	1.28	1.86	1.28	-
Subtotal for doubtful		1,156.60	454.77	701.83	158.10	296.67
Loss	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal for NPA		1,156.60	454.77	701.83	158.10	296.67
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	42,231.65	267.36	41,964.29	171.01	96.35
	Stage 2	1,599.19	112.21	1,486.98	39.90	72.31
	Stage 3	1,156.60	454.77	701.83	158.10	296.67
	Total (refer below note)	44,987.44	834.34	44,153.10	369.01	465.33

Notes:

In respect of loans granted by the Company:

- the schedule of repayment of principal and payment of interest has been duly stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per repayment schedules except for 22,645 cases having loan outstanding balance at year end aggregating to ₹ 3,761.51 Million wherein the repayments of principal and interest are not regular; and
- the total amount overdue for more than 90 days as at the balance sheet date are ₹ 1,163.30 Million (Principal amount ₹ 1,081.65 Million and Interest amount ₹ 81.65 Million) for 7,635 cases.

Necessary steps are being taken by the Company for recovery thereof

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

(₹ In Million)

Asset Classification as per RBI Norms as at 31 March 2022	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	27,892.96	173.85	27,719.11	112.47	61.38
	Stage 2	1,707.29	152.82	1,554.47	55.68	97.14
Subtotal		29,600.25	326.67	29,273.58	168.15	158.52
Non-Performing Assets (NPA)						
Substandard	Stage 3	737.58	242.94	494.64	85.62	157.32
Doubtful						
up to 1 year	Stage 3	70.91	37.00	33.91	24.29	12.71
1 to 3 years	Stage 3	38.04	16.05	21.99	11.45	4.60
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		108.95	53.05	55.90	35.74	17.31
Loss	Stage 1	0.43	0.43	-	0.43	-
	Stage 2	0.42	0.42	-	0.42	-
	Stage 3	39.24	39.24	-	39.24	-
Subtotal for NPA		886.62	336.08	550.54	161.45	174.63
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms.	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	27,893.39	174.28	27,719.11	112.90	61.38
	Stage 2	1,707.71	153.24	1,554.47	56.10	97.14
	Stage 3	885.77	335.23	550.54	160.60	174.63
	Total (refer below note)	30,486.87	662.75	29,824.12	329.60	333.15

Notes:

In respect of loans granted by the Company:

- the schedule of repayment of principal and payment of interest has been duly stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per repayment schedules except for 18,724 cases having loan outstanding balance at year end aggregating to ₹ 3,635.09 Million wherein the repayments of principal and interest are not regular, and
- the total amount overdue for more than 90 days as at the balance sheet date are ₹ 889.93 Million (Principal amount ₹ 828.94 Million and Interest amount ₹ 60.99 Million) for 3,688 cases.

Necessary steps are being taken by the Company for recovery thereof

56 Disclosure on Liquidity Coverage Ratio

As per RBI guidelines no DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 Dated November 04, 2019, NBFCs assets with more than Rs. 5000 cr, required to maintain Liquidity Coverage Ratio (LCR) as mentioned therein.

As on 31st October 2022, our Company has crossed Rs 5000 Cr assets mark and adopted to start complying with the monitoring and tracking of Liquidity Coverage Ratio (LCR) as part of Liquidity Risk Management framework from 25th November 2022 onwards as per RBI guidelines. The objective of this policy is to create an institutional mechanism to compute, review and monitor periodically all the elements of the liquidity, develop suitable Liquidity Risk Management Framework, identify potential risks, take suitable decisions and mitigate such risks.

As per RBI guidelines to ensure strong liquidity, NBFCs shall maintain an adequate level of unencumbered High Quality Liquid Assets (HQLA) that can be converted into cash to meet its liquidity needs for a 30 day calendar time horizon under a significantly severe liquidity stress scenario.

The Company follows the criteria laid down by RBI for calculation of Liquidity coverage Ratio (LCR) which is represented by the ratio "Stock of HQLA" divided by "Total Net Cash Outflows over the next 30 calendar days". Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow). However, total cash inflows will be subjected to an aggregate cap of 75% of total expected cash outflows. In other words, total net cash outflows over the next 30 days = Stressed Outflows - Min (stressed inflows; 75% of stressed outflows).

Company for purpose of computing cash outflows, have considered:

1. Secured wholesale funding i.e., all the contractual debt repayments,
2. Liquidity needs (e.g., collateral calls) related to financing transactions, derivatives and other contracts where 'downgrade triggers' up to and including a 3-notch downgrade,
3. Currently undrawn committed credit and liquidity facilities,
4. Any other contractual outflows not captured elsewhere in the template i.e., operational expenditure

Cash Inflows comprises of:

1. All other assets i.e., expected receipt from all performing loans,
2. Lines of credit – Credit or liquidity facilities or other contingent funding facilities that the NBFC holds at other institutions for its own purpose (Facilities which are sanctioned but not yet disbursed)

HQLA is considered as per RBI guidelines.

The Company exceeds the regulatory requirement of LCR which mandated maintaining 60% of expected net cash outflows for next 30 days in a stressed scenario in high quality liquid assets (HQLA) by December 2022; which has to be increased to 100% by December 2024 in a phased manner. During quarter ended December 2022 and March 23 the Company maintained a LCR of 71% and 65%, well in excess of the RBI's stipulated norm of 60%.

Appendix I - Liquidity Coverage Ratio as on Quarter ended 31 December 22 and 31 March 23 (Average for the period from 25-Nov-2022 to 31-Dec-22, 01-Jan-2023 to 31-Mar-2023)

(₹ In Million)					
Sr. No.	LCR Disclosue	Q4 FY 2023		Q3 FY 2023	
		Total Unweighted Value (average) ¹	Total Weighted Value (average) ²	Total Unweighted Value (average) ¹	Total Weighted Value (average) ²
High Quality Liquid Assets					
1	High Quality Liquid Assets	2,197.56	2,197.56	4,480.79	4,480.79
	Total HQLA	2,197.56	2,197.56	4,480.79	4,480.79
Cash Outflows					
2	Deposits (for deposit taking companies)	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-
4	Secured wholesale funding	1,160.37	1,334.42	1,395.87	1,605.25
5	Additional requirements, of which	2,667.65	3,067.80	4,871.69	5,602.45
(i)	Outflows related to derivative exposures and other collateral requirements	1,258.45	1,447.21	3,741.42	4,302.63
(ii)	Outflows related to loss of funding on debt products	-	-	-	-
(iii)	Credit and liquidity facilities	1,409.21	1,620.59	1,130.27	1,299.82
6	Other contractual funding obligations	171.49	197.21	162.18	186.51
7	Other contingent funding obligations	-	-	-	-
8	TOTAL CASH OUTFLOWS	3,999.51	4,599.44	6,429.74	7,394.21
Cash Inflows					
9	Secured lending	-	-	-	-
10	Inflows from fully performing exposures	1,538.22	1,153.66	1,256.21	942.16
11	Other cash inflows	81.67	61.25	189.19	141.89
12	TOTAL CASH INFLOWS	1,619.89	1,214.91	1,445.40	1,084.05
13	TOTAL HQLA		2,197.56		4,480.79
14	TOTAL NET CASH OUTFLOWS		3,384.52		6,310.16
15	LIQUIDITY COVERAGE RATIO (%)		64.93%		71.01%

¹ Unweighted values must be calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

² Weighted values must be calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
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57 Additional Disclosure under Scale Based Regulations for NBFCs - Middle Layer

		(₹ In Million)	
Section I		As at	As at
57.1 Exposures		31 March 2023	31 March 2022
57.1.1 Exposure to Real Estate Sector			
(i) Direct Exposure:			
(a) Residential Mortgages			
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits		30,369.75	18,782.68
(b) Commercial Real Estate			
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits		4,053.12	2,929.65
(c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -			
a. Residential		-	-
b. Commercial Real Estate		-	-
(ii) Indirect Exposure:			
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies		2,574.36	5,397.95
Total exposure to Real estate sector		36,997.23	27,110.28

57.1.2 Exposures to Capital Market		As at	As at
Particulars		31 March 2023	31 March 2022
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii)	Bridge loans to companies against expected equity flows / issues	-	-
(viii)	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix)	Financing to stockbrokers for margin trading	-	-
(x)	All exposures to Alternative	-	-
	(i) Category I	-	-
	(ii) Category II	-	-
	(iii) Category III	-	-
Total exposure to capital market		-	-

57.1.3 Sectoral Exposure

Sr. No.	Sectors	31 March 2023			31 March 2022		
		Total Exposure (₹ in Million)	Gross NPAs (₹ in Million)	Percentage of Gross NPAs to total exposure in the sector	Total Exposure (₹ in Million)	Gross NPAs (₹ in Million)	Percentage of Gross NPAs to total exposure in the sector
1	Agriculture & allied activities	-	-	-	-	-	-
2	Industry	3,322.18	61.41	1.85%	2,145.00	72.26	3.37%
	2.1 Micro and Small	3,299.84	61.41	1.86%	2,097.71	71.37	3.40%
	2.2 Medium	22.34	-	-	47.29	0.89	1.88%
	2.3 Large	-	-	-	-	-	-
3	Services	31,100.69	874.73	2.81%	19,567.29	595.01	3.04%
	3.1 Tourism, Hotel and Restaurants	1,074.92	17.49	1.63%	571.51	5.59	0.98%
	3.2 Professional Services	988.30	10.90	1.10%	617.05	6.33	1.03%
	3.3 Retail Trade	16,404.34	463.91	2.83%	9,818.73	301.62	3.07%
	3.4 Other Services	12,633.13	382.43	3.03%	8,560.00	281.47	3.29%
4	Unsecured personal loans	1,595.12	106.24	6.66%	2,262.05	102.01	4.51%
5	Auto loans	-	-	-	2.48	2.48	100.00%
6	Other loans - Loan against Gold	8,969.45	114.22	1.27%	6,510.05	114.86	1.76%

Exposure to specific sub-sector/industry is less than 10 per cent of Tier I Capital, such exposures are clubbed and disclosed as "Others" within that sector.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Notes forming part of Standalone Financial Statements for the year ended 31 March 2023**

		(₹ in Million)	
57.1.4	Intra Group Exposure	As at	As at
		31 March 2023	31 March 2022
	(i) Total amount of Intra group exposure	1.19	-
	(ii) Total amount of top 20 intra-group exposures	1.19	-
	(iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/ customers	0.003%	-

57.1.5 Unhedged foreign currency exposure

As of balance sheet date, Company's net foreign currency exposure expressed in INR that is not hedged is ₹ 10.91 million (31 March 2022 - Nil)

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

57.2 Related Party Disclosure

(₹ in Million)

Related Party	Parent (as per ownership or control)		Subsidiaries		Directors		Key Management Personnel		Controlled Employee Welfare trust		Others*		Total	
Items	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	0.69	-	-	-	-	-	111.51	116.81	-	-	112.20	116.81
(Maximum o/s during the year)	-	-	(0.69)	-	-	-	-	-	(116.81)	(135.5)	-	-	-	-
Investments	-	-	0.50	-	-	-	-	-	-	-	-	-	0.50	-
Purchase of fixed/ other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of fixed/ other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of Equity Share Capital/ Conversion of partly paid to fully paid up equity share	2,000.00	-	-	-	219.67	22.52	8.45	2.82	-	-	-	-	2,228.12	25.34
Remuneration	-	-	-	-	65.26	33.65	24.60	21.94	-	-	-	-	89.86	55.59
ESOP Exercise through ESOP trust	-	-	-	-	-	-	2.13	14.00	-	-	-	-	2.13	14.00
Loan given	-	-	-	-	-	-	-	-	-	53.68	-	-	-	53.68
Loan repaid	-	-	-	-	-	-	-	-	5.29	72.37	-	-	5.29	72.37
Others*	-	-	0.69	-	6.20	4.50	35.74	11.28	-	-	8.76	5.29	51.39	21.07

* Others include total for the items which are not more than 5 per cent of total related party transactions.

Note: There are no transactions with Relatives of KMP/ Directors and the Company does not have any Associates/ Joint Ventures.

57.3 Disclosure of complaints

1) Summary information on complaints received by the Company from customers and from the Offices of Ombudsman

Sr. No.	Particulars	As at 31 March 2023	As at 31 March 2022
1	Complaints received by the Company from its customers	-	-
2	No. of complaints pending at the beginning of the year	162	60
3	No. of complaints received during the year	160	60
3.1	No. of complaints disposed during the year	-	-
4	of which, number of complaints rejected by the Company	2	-
	No. of complaints pending at the end of the year*		
	*Subsequently redressed		

Currently, the Company is not included under The Reserve Bank - Integrated Ombudsman Scheme, 2021

2) Top five grounds of complaints received by the NBFCs from customers

As at 31 March 2023

Sr. No.	Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
	(1)	(2)	(3)	(4)	(5)	(6)
1	Loans and advances	-	78	105%	2	-
2	Foreclosure	-	64	814%	-	-
3	Others	-	20	33%	-	-

As at 31 March 2022

Sr. No.	Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
	(1)	(2)	(3)	(4)	(5)	(6)
1	Loans and advances	-	38	(60%)	-	-
2	Foreclosure	-	7	(68%)	-	-
3	Others	-	15	(12%)	-	-

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Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

57.4 Section II

Disclosure w.r.t. Corporate Governance in accordance with the requirement of SEBI (LODR) Regulations, 2015

57.4.1 Composition of Board

Sr. No.	Name of Director	Director since	Capacity	DIN	No. of Board Meetings		No. of other directorships **	Remuneration (in Millions)			No. of shares held in and convertible instruments held in the Company*
					Held	Attended		Salary & other compensation	Sitting fee	Commission	
1.	Mr. Aseem Dhru	28-09-17	Managing Director & Chief Executive Officer	01761455	8	8	2	94.41	-	-	15,918,167
2.	Mr. Neeraj Swaroop	21-11-17	Independent Director	00061170	8	8	3	-	3.20	-	-
3.	Mr. Rajesh Mannalal Agrawal	11-11-20	Independent Director	00302467	8	7	2	-	1.10	-	-
4.	Mr. Amol Krishna Jain	09-05-17	Director	00334710	8	8	3	-	-	-	-
5.	Mr. John Mescall	29-05-19	Nominee Director	08385575	8	8	1	-	-	-	-
6.	Mr. Jonathan Tadeusz Tatur	17-12-19	Nominee Director	08639243	8	6	2	-	-	-	-
7.	Mr. Arjun Sakhuja	05-02-20	Nominee Director	08669224	8	8	0	-	-	-	-
8.	Ms. Surekha Marandi	23-09-22	Independent Director	06952573	8	6	2	-	1.40	-	-

* The Company does not have convertible instruments.

** No. of other directorships includes directorships held in public limited company, private limited company, section 8 companies but exclude foreign companies and high value debt listed entities.

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57.4.2 Details of change in composition of the Board

(i) During year ended 31 March 2023

Sr. No.	Name of the Director	Capacity	Nature of change	Effective Date
1.	Rajeev Gupta	Director	Resignation	18-07-22
2.	Surekha Marandi	Independent Director	Appointment	23-09-22
3.	Robin Banerjee	Independent Director	Appointment	15-10-22
4.	Robin Banerjee	Independent Director	Resignation #	20-12-22

Voluntary resignation due to personal reasons

(ii) During year ended 31 March 2022

Sr. No.	Name of the Director	Capacity	Nature of change	Effective Date
No Change				

There are no relationship amongst the directors.

57.4.3 Committees of the Board and their composition

The terms of reference of the Committees are in line with the regulatory requirements mandated in Companies Act, 2013 and Rules made thereunder and as amended from time to time.

A AUDIT COMMITTEE

Sr. No.	Name of Director	Member of Committee since	Capacity	Number of meetings of the		No. of shares held in the Company
				Held	Attended	
1.	Surekha Marandi	16-10-22	Chairperson & Independent Director	6	4	-
2.	Neeraj Swaroop	20-03-18	Member	6	6	-
3.	John Mescall	16-10-22	Member	6	4	-

B NOMINATION & REMUNERATION COMMITTEE

Sr. No.	Name of Director	Member of Committee since	Capacity	Number of meetings of the		No. of shares held in the Company
				Held	Attended	
1.	Rajesh Mannalal Agrawal	16-10-22	Chairperson & Independent Director	1	1	-
2.	John Mescall	29-05-19	Member	1	1	-
3.	Neeraj Swaroop	20-03-18	Member	1	1	-

C RISK MANAGEMENT COMMITTEE

Sr. No.	Name of Director	Member of Committee since	Capacity	Number of meetings of the		No. of shares held in the Company
				Held	Attended	
1.	Neeraj Swaroop	20-03-18	Chairperson & Independent Director	2	2	-
2.	Surekha Marandi	16-10-22	Member	2	1	-
3.	Aseem Dhru	20-03-18	Member	2	2	15,918,167
4.	John Mescall	29-05-19	Member	2	2	-
5.	Amol Jain	20-03-18	Member	2	2	-
6.	Mahesh Dayani	20-03-18	Member	2	2	5,150,166
7.	Pankaj Poddar	20-03-18	Member	2	2	3,435,300
8.	Narayan Barasia	20-03-19	Member	2	1	1,815,000
9.	Sanket Agrawal	16-10-22	Member	2	0	90,000

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D IT STRATEGY COMMITTEE

Sr. No.	Name of Director	Member of Committee since	Capacity	Number of meetings of the		No. of shares held in the Company
				Held	Attended	
1.	Neeraj Swaroop	20-03-18	Chairperson & Independent Director	2	2	-
2.	John Mescall	29-05-19	Member	2	2	-
3.	Aseem Dhru	20-03-18	Member	2	2	15,918,167
4.	Amol Jain	29-05-19	Member	2	2	-
5.	Ganesh Vaidya	16-10-22	Member	2	1	-

E CORPORATE SOCIAL & RESPONSIBILITY COMMITTEE

Sr. No.	Name of Director	Member of Committee since	Capacity	Number of meetings of the		No. of shares held in the Company
				Held	Attended	
1.	Surekha Marandi	16-10-22	Chairperson & Independent Director	2	1	-
2.	Aseem Dhru	15-03-19	Member	2	2	15,918,167
3.	John Mescall	29-05-19	Member	2	2	-

F STAKEHOLDERS RELATIONSHIP COMMITTEE

Sr. No.	Name of Director	Member of Committee since	Capacity	Number of meetings of the		No. of shares held in NBFC
				Held	Attended	
1.	Surekha Marandi	16-10-22	Chairperson & Independent Director	1	1	-
2.	Aseem Dhru	16-10-22	Member	1	1	15,918,167
3.	John Mescall	16-10-22	Member	1	1	-

57.4.4 Details of General Body Meetings during the year

Sr. No.	Type of Meeting	Date and Place	Special Resolutions passed
1.	Annual General Meeting	Date: 27/06/2022 Place: Mumbai (Video Conferencing)	Re-appointment of Mr. Neeraj Swaroop (DIN: 00061170) as an Independent Director on the Board of the Company.
2.	Extra Ordinary General Meeting	Date: 04/05/2022 Place: Mumbai (Video Conferencing)	Adoption of Revised Articles of Association of the Company
3.	Extra Ordinary General Meeting	Date: 23/09/2022 Place: Mumbai (Video Conferencing)	1. Appointment of Surekha Marandi (DIN: 06952573) as an independent director 2. Conversion of company into Public Limited Company 3. Adoption of new set of Articles of Association 4. Alteration of name clause in the Memorandum of Association 5. Amendment to capital clause of the Memorandum of Association of the company and cancellation of unissued compulsory convertible preference share capital of the company
4.	Extra Ordinary General Meeting	Date: 15/10/2022 Place: Mumbai (Video Conferencing)	1. Appointment of Robin Banerjee (DIN: 00008893) as an independent director 2. Approval of the initial public offer and the issuance of equity shares in the initial public offer 3. Adoption of the revised employees stock option plan(s) (a) SBFC Stock Option Policy I 2018 (Previously SMALL BUSINESS FINCREDIT STOCK OPTION POLICY I 2018) (b) SBFC Stock Option Policy II 2018 (Previously SMALL BUSINESS FINCREDIT STOCK OPTION POLICY II (c) SBFC Stock Option Policy 2021 - I (d) SBFC Stock Option Policy 2021 - II (e) SBFC Stock Option Policy 2021 - III - Special Grant (f) SBFC Stock Option Policy 2021 - IV (g) SBFC Stock Option Policy 2021 - V

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Notes forming part of Standalone Financial Statements for the year ended 31 March 2023**

			4. Increase in investment limits for non-resident Indians and overseas citizens of India 5. Increase in authorized capital and consequent alteration in clause v of memorandum of association 6. Adoption of new/revised articles of association of the company for compliance with the listing requirements of the stock exchanges 7. Amendment to the restated shareholders agreement 8. Re-appointment of Mr. Aseem Dhru (DIN: 01761455) as Managing Director w.e.f 28/09/2022
5.	Extra Ordinary General Meeting	Date: 20/02/2023 Place: Mumbai (Video Conferencing)	1. Approval of SBFC Stock Option Policy 2023 – I 2. Consideration and approval for increase in borrowing limits upto Rs. 6,500 Crores under Section 180(1)(c) of the Companies Act, 2013. 3. Consideration and approval for creation of security interests by the company over the undertaking or substantially the whole of the undertaking of the company upto Rs. 6,500 Crores

57.4.5 Details of non compliance with requirements of the Companies Act, 2013

During the year, the Company has generally complied with the provisions of the Act, Old Act, Rules, Regulations, Guidelines, Standards under the Companies Act, 2013 and the rules made thereunder.

57.4.6 No penalties or stricture are imposed on the Company by Reserve Bank or any other statutory authority.

57.4.7 There are no instances of breach of covenant of loan availed or debt securities issued.

57.4.8 Divergence in Asset Classification and Provisioning

Below two conditions are not satisfied hence the details of diversions are not required to be disclosed:

- a) No additional provisions have been assessed by RBI exceeding 5 percent of the reported profits before tax and impairment loss on financial instruments for the year ended 31 March 2023 and 31 March 2022.
- b) RBI has not identified additional GNPA's exceeding 5 percent of reported GNPA's for the year ended 31 March 2023 and 31 March 2022.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

58 Disclosures to be made in Notes to Accounts by originators as per RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 dated September 24, 2021 (Updated as on December 05, 2022)

(₹ In Million)

Sl. No.	Particulars	As on 31 March 2023	As on 31 March 2022
1	No of SPEs holding assets for securitisation transactions originated by the originator (only the SPVs relating to outstanding securitization exposures to be reported here)	5	1
2	Total amount of securitised assets as per books of the SPEs*	3,911.04	611.24
3	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	• First loss	-	-
	• Others	429.46	110.01
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	• First loss	-	-
	• Others	-	-
	ii) Exposure to third party securitisations		
	• First loss	-	-
	• Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	• First loss	364.00	110.00
	• Others	-	-
	ii) Exposure to third party securitisations		
	• First loss	-	-
	• Others	-	-
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	Nil	Nil
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc. Services Provided		
	Post Securitization Assets Servicing- Servicing agent		
		No of Transaction	Value of Facility**
		5	3,911.04
		No of Transaction	Value of Facility**
		1	611.24
7	Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.	Credit Enhancement	Credit Enhancement
	(a) Opening Balance	110.00	10.00%
	(b) Cumulative Amount paid During the year	254.00	5.39%
	(c) Cumulative Repayment received during the year	-	-
	(d) Amount reduce due to pool Maturity	-	(66.84) (10.00%)
	(e) Outstanding amount	364.00	6.26%
8	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc***		
	Loan against Property	2.26%	2.15%
	Loan against Gold	1.31%	NA
9	Amount and number of additional/ top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	Nil	Nil
10	Investor complaints	Nil	Nil

* The figures have been considered as per payout reports received from the SPEs and the Company is in process of obtaining the same duly certified by SPE's auditors.

** Value of facility is outstanding amount of the facility on the reporting date.

*** Default rate % is calculated on the basis of reporting date NPA on Gross advance.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Notes forming part of Standalone Financial Statements for the year ended 31 March 2023**

- 59 Balances of certain trade receivables, advances given and trade payables are subject to confirmation/ reconciliation, if any. The management does not expect any material difference affecting the financial statements on such reconciliation/ adjustments.
- 60 The Board of Directors of the Company and its Shareholders have approved a resolution towards listing of equity shares through an Initial Public Offer ("IPO") and accordingly had filed the Draft Red Herring Prospectus with the Securities and Exchange Board of India ("SEBI") on 5 November 2022 ("Previous DRHP"). Pursuant to review of the Previous DRHP and by way of its letter no SEBI/HO/CFD/RAC DIL-1/P/OW/2023/7683/1 dated February 22, 2023, SEBI had returned the Previous DRHP. Subsequently, on 21 March 2023, the Company has re-submitted a further updated DRHP with SEBI, post necessary modifications, applicable corporate actions and receipt of all necessary regulatory and other applicable approvals in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

61 Changes in accounting policy/ prior period errors

The Company has filed the Draft Red Herring Prospectus with the Securities and Exchange Board of India ("SEBI") on 5 November 2022 and subsequently on 21 March 2023 for this purpose the Company has made following restatements which has also been considered in preparing these standalone financial statements.

Adjustments to other equity		(₹ in Million)
Audited Balance of Other Equity as at 31 March 2021		4087.35
Reduction in Securities premium due to share issue expenses		(2.17)
Tax impact in Remeasurement gain/ (loss) on defined benefit asset/ liability (net)		(0.14)
Adjustments on account of loan cancellations, rent expenses, depreciation, share issue expenses and tax impacts routed through statement of profit and loss		(0.70)
Restated Balance of Other Equity as at 1 April 2021		4084.34

Statement of Impact of adjustments on statement of profit and loss		(₹ in Million)
Total comprehensive income as per audited financial statements for the year ended 31 March 2022		644.98
Impact of loan cancellation		1.82
Share issue expenses		0.02
Tax expenses		1.17
Total comprehensive income restated for the year ended 31 March 2022		647.99

62 Previous Year Figures

Previous year's figures have been regrouped and reclassified wherever necessary to conform to current year classification/ presentation.

For Suresh Surana & Associates LLP

Chartered Accountants

Firm's Registration No. 121750W/W-100010

For and on behalf of the Board of Directors of

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

CIN:U67190MH2008PLC178270

Ramesh Gupta

Partner

Membership No: 102306

Mr. Neeraj Swaroop

Chairperson

(DIN: 00061170)

Mr. Aseem Dhru

Managing Director & CEO

(DIN: 01761455)

Place: Mumbai

Date : 27 April 2023

Mr. Narayan Barasia

Chief Financial Officer

Place: Mumbai

Date : 27 April 2023

Mr. Jay Mistry

Company Secretary

(ACS: A34264)

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Standalone Financial Statements for the year ended 31 March 2023

Schedule to the Balance Sheet under Annex IV of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Liabilities Side

Loans and advances availed by the non banking financial company inclusive of interest accrued thereon but not paid: (₹ In Million)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
a) Debentures:				
Secured	454.03	-	454.03	-
Unsecured	-	-	-	-
(other than falling within the meaning of public deposits)				
b) Deferred Credits	-	-	-	-
c) Term Loans	32,688.29	-	28,432.25	-
d) Inter Corporate loans and borrowings	-	-	-	-
e) Commercial Paper	-	-	-	-
f) Public Deposits	-	-	-	-
g) Other Loans	602.53	-		
Collateralized Borrowings	3,645.77	-	512.79	-
Total	37,390.62	-	29,399.07	-

Assets Side

Breakup of Loans and Advances including bills receivables (other than those included in (3) below): (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
	Amount Outstanding	Amount Outstanding
a) Secured	42,673.08	27,666.59
b) Unsecured	1,480.02	2,157.53

Breakup of Leased Assets and stock on hire and other assets counting towards asset financing activities: (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
	Amount Outstanding	Amount Outstanding
i) Lease assets including lease rentals under sundry debtors:		
a) Financial Lease	-	-
b) Operating Lease	-	-
ii) Stock on hire including hire charges under sundry debtors:		
a) Assets on hire	-	-
b) Repossessed Assets	-	-
iii) Other loans counting towards asset financing activities		
a) Loans where assets have been repossessed	-	-
b) Loans other than (a) above	-	-

Breakup of Investments:

(₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
	Amount Outstanding	Amount Outstanding
Current Investments:		
1. Quoted:		
i) Shares: (a) Equity	-	-
(b) Preference	-	-
ii) Debentures and Bonds	-	-
iii) Units of mutual funds	-	-
iv) Government Securities	-	-
v) Others (please specify)	-	-
2. Unquoted:		
i) Shares: (a) Equity	-	-
(b) Preference	-	-
ii) Debentures and Bonds	-	-
iii) Units of mutual funds	739.62	3,083.18
iv) Government Securities	-	-
v) Others	-	-
Investment in Pass Through certificates (PTC)	1,054.44	2,903.29
Long Term investments:		
1. Quoted:		
i) Shares: (a) Equity	-	-
(b) Preference	-	-
ii) Debentures and Bonds	-	-
iii) Units of mutual funds	-	-
iv) Government Securities	2,751.94	-
v) Others (please specify)	-	-
2. Unquoted:		
i) Shares: (a) Equity	0.50	-
(b) Preference	-	-
ii) Debentures and Bonds	-	-
iii) Units of mutual funds	-	-
iv) Government Securities	-	-
v) Others	-	-
Investment in Pass Through certificates (PTC)	1,519.92	2,494.66

Borrower groupwise classification of assets financed as in (2) and (3) above:

(₹ In Million)

Category	As at 31 March 2023			As at 31 March 2022		
	Amount net of Provisions			Amount net of Provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
a) Subsidiaries	-	-	-	-	-	-
b) Companies in the same group	-	-	-	-	-	-
c) Other related parties	-	-	-	-	-	-
2. Other than related parties	42,673.08	1,480.02	44,153.10	27,666.59	2,157.53	29,824.12
Total	42,673.08	1,480.02	44,153.10	27,666.59	2,157.53	29,824.12

Investor groupwise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(₹ In Million)

Category	As at 31 March 2023		As at 31 March 2022	
	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties				
a) Subsidiaries	-	-	-	-
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2. Other than related parties	3,314.48	3,314.48	8,481.13	8,481.13
Total	3,314.48	3,314.48	8,481.13	8,481.13

Other information:

(₹ In Million)

Particulars	As at 31 March 2023 Amount	As at 31 March 2022 Amount
i) Gross Non Performing Assets		
a) Related Parties	-	-
b) Other than related parties	1,156.60	886.62
ii) Net Non Performing Assets		
a) Related Parties	-	-
b) Other than related parties	701.83	550.54
iii) Assets acquired in satisfaction of debt	-	-

For and on behalf of the Board of Directors of

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

CIN:U67190MH2008PLC178270

Mr. Neeraj Swaroop

Chairperson

(DIN: 00061170)

Mr. Aseem Dhru

Managing Director & CEO

(DIN: 01761455)

Mr. Narayan Barasia

Chief Financial Officer

Mr. Jay Mistry

Company Secretary

(ACS: A34264)

Place: Mumbai

Date : 27 April 2023

INDEPENDENT AUDITORS' REPORT

**To,
The Members of
SBFC Finance Limited
(Erstwhile SBFC Finance Private Limited)**

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of SBFC Finance Limited (Erstwhile SBFC Finance Private Limited) ("the Holding Company") and its subsidiary (together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2023, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements including a summary of 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 Standard prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules 2015, as amended ("Ind AS") and the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2023, their consolidated profit, their consolidated total comprehensive income, the 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 ("SA"s) specified under section 143(10) of the Act . Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with *the* Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matters	How our audit addressed the key audit matter
<p>Impairment of Financial Assets</p> <p>Management estimates impairment provision using Expected Credit loss model (ECL) for the loan exposure. Measurement of loan impairment involves application of significant judgement by the management. The most significant judgements are:</p> <ul style="list-style-type: none"> • Timely identification and classification of the impaired loans, and • Determination of probability of defaults (PD) and estimation of loss given defaults (LGD) based on the value of collaterals and relevant factors. <p>The estimation of Expected Credit Loss on financial instruments involves significant judgements and estimates. Following are points with increased level of audit focus:</p> <ul style="list-style-type: none"> • Classification of assets to stage 1, 2, or 3 using criteria in accordance with Ind AS 109; • Key assumptions in respect of the probability of default and loss given default (including taking industry comparatives) assessed by the Company including consideration of collateral values. • Use of judgement for identification 	<p>Principal audit procedure performed:</p> <ul style="list-style-type: none"> • We examined Board Policy approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company. The parameters and assumptions used and their rationale and basis are clearly documented. • We evaluated the design and operating effectiveness of controls across the processes relevant to ECL, including the judgements and estimates. • These controls, among others, included controls over the allocation of assets into stages including management's monitoring of stage effectiveness, model monitoring including the need for post model adjustments, model validation, credit monitoring, multiple economic scenarios, individual provisions and recording of journal entries and disclosures. • We tested the completeness of loans and advances included in the Expected Credit Loss calculations as of 31 March 2023 by reconciling it with the balances as per loan balance register. • We tested assets in stage 1, 2 and 3 on sample basis to verify that they were

<p>and classification of loans as Stage 3 / NPAs applying quantitative as well as qualitative factors. The risk of identification of such assets as Stage 3 / NPAs is affected by factors like stress and liquidity concerns of such assets.</p> <ul style="list-style-type: none"> The disclosures made in consolidated financial statements for ECL especially in relation to judgements and estimates made by the Management in determination of the ECL. Refer note 48.1.2.1 to the consolidated financial statements. 	<p>allocated to the appropriate stage. For samples of exposure, we tested the appropriateness of determining EAD, PD and LGD and performed test of details over calculation of impairment allowance for assessing completeness and accuracy of data.</p> <ul style="list-style-type: none"> For exposure determined to be individually impaired, we tested samples of loans and advances and examined management's estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations. We read the Company's policies for identification, classification and assessing compliance for Stage 3 / NPAs customers in line with the norms. We performed substantial audit procedure relating to identification and classification of Stage 3 / NPAs by the Company. We have checked on sample basis that the stage classification for the borrowers has been given in accordance with the Resolution Framework issued by Reserve Bank of India (the 'RBI') and the Board approved policy for ECL provisioning and stage classification with respect to such accounts. We assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 in relation to ECL especially in relation to judgements used in estimation of ECL provision.
<p>1. IT systems and controls</p> <p>Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, hence we identified IT systems and controls over financial reporting as a key audit matter for the Company.</p> <p>Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access</p>	<p>Principal audit procedure performed:</p> <ul style="list-style-type: none"> We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls. We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for

to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.	<p>access to systems were reviewed and authorized.</p> <ul style="list-style-type: none"> - We tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization. - In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.
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Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report and Shareholder's Information but does not include the consolidated financial statements and our auditor's report thereon. The Reports are expected to be made available to us after the date of this auditors' report..

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's Responsibility for the audit of the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the Indian Accounting Standards (Ind AS) and other accounting principles generally accepted in India.

The respective Board of Directors of the companies included in the Group is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group is responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility for the audit of Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiary which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

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

Other Matters

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs. 0.70 Millions, as at 31 March 2023, total revenues of Rs. Nil, total loss before tax of Rs. 0.80 Millions, total net loss after tax of Rs. 0.60 Millions, and total net cash inflows amounting to Rs. 0.50 Millions, for the period from 6 December 2022 to 31 March 2023, as considered in the consolidated financial statements.

This financial statements has been audited by other auditor whose reports has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" with respect to the Holding Company. Further, as the Subsidiary Company fulfills the conditions of paragraph 9A of the notification No. GSR 464(E) dated 5 June 2015 as amended, reporting under Section 143(3)(i) of the Act with respect to the adequacy of internal financial controls over financial reporting of the Subsidiary Company and operating effectiveness of such controls is not applicable for the year.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors, including sitting fees paid to directors, during the year is in accordance with the provisions of Section 197 read with Schedule V of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The Group has disclosed the impact of the pending litigations as at 31 March 2023 on its financial position in its consolidated financial statements (Refer note 47 to the consolidated financial statements);
- (ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group;
- (iv) a) The respective Managements of the Holding Company and its subsidiary, whose financial statements have been audited under the Act, have represented to us and other auditors of the subsidiary that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or its subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The respective Managements of the Holding Company and its subsidiary, whose financial statements have been audited under the Act, have represented to us and other auditors of subsidiary that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Holding Company or its subsidiary from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances and the reports of the auditors of its subsidiaries, whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (v) The Group has not declared or paid any dividend during the year and has not proposed final dividend for the year.
- (vi) 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 to the Group with effect from April 1, 2023, 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. 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, according to the information and explanations given to us, and based on the CARO reports issued by us for the Holding Company

and its subsidiary included in the consolidated financial statements of the Holding Company, we report that there are no qualifications or adverse remarks in these CARO reports.

For Suresh Surana & Associates LLP
Chartered Accountants
Firm's Reg. No.: 121750W / W-100010

Ramesh Gupta
Partner
Membership No. 102306
UDIN: 23102306BGWKSP2991

Place: Mumbai
Date: 27 April, 2023

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph 1(f) under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the SBFC Finance Limited (Erstwhile SBFC Finance Private Limited) ("the Holding Company") as of and for the year ended 31 March 2023, we have audited the internal financial controls over financial reporting with reference to the financial statements of the Holding Company as of that date.

Management's Responsibility for Internal Financial Controls

The Holding Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Holding Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls over financial reporting. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to further periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2023, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note.

For Suresh Surana & Associates LLP
Chartered Accountants
Firm's Reg. No.: 121750W / W-100010

Ramesh Gupta
Partner
Membership No. 102306
UDIN: 23102306BGWKSP2991

Place: Mumbai
Date: 27 April, 2023

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Consolidated Balance Sheet as at 31 March 2023

(₹ In Million)

Particulars	Note No.	As at 31 March 2023	As at 31 March 2022
ASSETS			
I. Financial assets			
(a) Cash and cash equivalents	3	1,834.44	1,514.76
(b) Bank balances other than cash and cash equivalents	4	2,169.99	1,838.17
(c) Receivables			
(i) Trade receivables	5	108.29	82.68
(d) Loans	6	44,153.10	29,824.12
(e) Investments	7	6,065.92	8,481.13
(f) Other financial assets	8	38.98	34.17
Total Financial Assets		54,370.72	41,775.03
II. Non-Financial assets			
(a) Current tax assets (net)	9	-	341.92
(b) Property, plant and equipment	10	336.53	357.06
(c) Intangible assets under development	10	7.49	-
(d) Goodwill	10	2,603.92	2,603.92
(e) Other intangible assets	10	23.54	32.87
(f) Other non-financial assets	11	122.20	39.54
Total Non-Financial Assets		3,093.68	3,375.31
TOTAL ASSETS		57,464.40	45,150.34
LIABILITIES AND EQUITY			
LIABILITIES			
I. Financial Liabilities			
(a) Payables	12		
(A) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		2.96	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		89.34	80.73
(B) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		36.28	40.45
(b) Debt securities	13	454.03	454.03
(c) Borrowings (other than debt securities)	14	36,936.59	28,945.04
(d) Other financial liabilities	15	2,509.83	2,501.17
Total Financial Liabilities		40,029.03	32,021.42
II. Non-Financial Liabilities			
(a) Current tax liabilities (net)	16	0.53	-
(b) Provisions	17	1.32	2.47
(c) Deferred tax liabilities (net)	18	125.91	194.51
(d) Other non-financial liabilities	19	34.93	60.27
Total Non-Financial Liabilities		162.69	257.25
TOTAL LIABILITIES		40,191.72	32,278.67
EQUITY			
(a) Equity share capital	20	8,895.72	8,068.00
(b) Other equity	21	8,376.96	4,803.67
(c) Non Controlling Interest		-	-
TOTAL EQUITY		17,272.68	12,871.67
TOTAL LIABILITIES AND EQUITY		57,464.40	45,150.34

Corporate Information and Significant Accounting Policies

1-2

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

As per our report of even date attached

For Suresh Surana & Associates LLP
Chartered Accountants
Firm's Registration No. 121750W/W-100010

For and on behalf of the Board of Directors of
SBFC Finance Limited
(Erstwhile SBFC Finance Private Limited)
CIN:U67190MH2008PLC178270

Ramesh Gupta
Partner
Membership No: 102306

Mr. Neeraj Swaroop
Chairperson
(DIN: 00061170)

Mr. Aseem Dhru
Managing Director & CEO
(DIN: 01761455)

Mr. Narayan Barasia
Chief Financial Officer

Mr. Jay Mistry
Company Secretary
(ACS: A34264)

Place: Mumbai
Date : 27 April 2023

Place: Mumbai
Date : 27 April 2023

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Consolidated Statement of Profit and Loss for the year ended 31 March 2023
(₹ In Million)

Particulars	Note No.	For the year ended 31 March 2023	For the year ended 31 March 2022
(I) Revenue from operations			
Interest income	22	6,541.52	4,731.47
Fees and commission income	23	412.52	272.39
Net gain on fair value changes	24	119.76	157.22
Net gain on derecognition of financial instruments under amortised cost category	25	28.30	-
Other operating income	26	226.02	129.44
Total Revenue from operations		7,328.12	5,290.52
(II) Other income	27	75.49	16.50
(III) Total Income (I+II)		7,403.61	5,307.02
Expenses			
Finance costs	28	2,764.52	2,206.17
Net Loss on derecognition of financial instruments under amortised cost category	29	-	106.92
Impairment on financial instruments	30	320.56	360.88
Employee benefits expense	31	1,601.23	1,095.34
Depreciation and amortisation expense	10	127.14	117.81
Other expenses	32	576.50	552.94
(IV) Total expenses		5,389.95	4,440.06
(V) Profit before tax (III - IV)		2,013.66	866.96
Tax expense			
- Current tax	33	584.90	262.12
- Deferred tax charge/ (credit)	34	(68.60)	(40.37)
(VI) Total tax expense		516.30	221.75
(VII) Profit after tax (V-VI)		1,497.36	645.21
(VIII) Other comprehensive income	35		
(A) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit liability/asset (net)		1.89	3.72
- Income tax relating to items that will not be reclassified to profit or loss		(0.48)	(0.94)
(B) Items that will be reclassified to profit or loss		-	-
Other Comprehensive Income		1.41	2.78
(IX) Total comprehensive income for the year (VII + VIII)		1,498.77	647.99
Profit for the year attributable to:		1,497.36	645.21
Owners of the Company		1,497.36	645.21
Non-controlling interest		-	-
Other Comprehensive Income attributable to:		1.41	2.78
Owners of the Company		1.41	2.78
Non-controlling interest		-	-
Total Comprehensive Income attributable to:		1,498.77	647.99
Owners of the Company		1,498.77	647.99
Non-controlling interest		-	-
(X) Earnings per equity share (Face value ₹ 10/- per share)			
Basic (₹)	45	1.71	0.81
Diluted (₹)		1.62	0.79

Corporate Information and Significant Accounting Policies

1-2

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

As per our report of even date attached

For Suresh Surana & Associates LLP

Chartered Accountants

Firm's Registration No. 121750W/W-100010

For and on behalf of the Board of Directors of

SBFC Finance Limited
(Erstwhile SBFC Finance Private Limited)

CIN:U67190MH2008PLC178270

Ramesh Gupta

Partner

Membership No: 102306

Mr. Neeraj Swaroop

Chairperson

(DIN: 00061170)

Mr. Aseem Dhru

Managing Director & CEO

(DIN: 01761455)

Place: Mumbai

Date : 27 April 2023

Mr. Narayan Barasia

Chief Financial Officer

Place: Mumbai

Date : 27 April 2023

Mr. Jay Mistry

Company Secretary

(ACS: A34264)

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Consolidated Statement of Cash Flows for the year ended 31 March 2023
(₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Cash flow from Operating activities		
Profit before tax	2,013.66	866.96
Adjustments for:		
Depreciation and amortisation expenses	127.14	117.81
Interest income on loans	(5,952.92)	(3,825.40)
Interest income on investment in PTC	(416.28)	(835.61)
Interest income on investment in Government Securities	(26.62)	-
Interest income on fixed deposits	(145.70)	(70.46)
Fees and commission income	(412.52)	(272.39)
Finance costs on borrowings and debt securities	2,752.14	2,189.06
Finance costs on lease liability	11.66	16.81
Net gain on financial instruments at fair value through profit or loss	(119.76)	(157.22)
Net gain/ loss on derecognition of financial instruments under amortised cost	(28.30)	106.92
Impairment on financial instruments	320.56	360.88
Employee share based payment	89.32	29.60
Net gain on termination of lease liability	(4.55)	1.11
Loss on sale/ discard of Property, plant and equipment/ Intangible	7.70	3.35
Operational Cash Flows:		
Cash inflow from interest on loans	5,686.18	3,893.66
Cash inflow from interest on investment in PTC	432.84	870.43
Cash inflow from interest on investment in Government Securities	81.67	-
Cash inflow from interest on fixed deposits	133.02	131.87
Cash inflow from fees and commission income	474.49	40.83
Cash outflow towards finance cost on borrowings & debt securities	(2,730.76)	(2,234.37)
Operating Profit before working capital changes	2,292.97	1,233.84
Changes in working capital:		
Increase/ (Decrease) in payables	7.40	62.18
Increase/ (Decrease) in Other financial liabilities	48.84	288.47
Increase/ (Decrease) in Other non-financial liabilities	(25.34)	44.38
Increase/ (Decrease) in provision	0.74	3.00
(Increase)/ Decrease in trade receivables	(87.58)	178.55
(Increase)/ Decrease in loans and advances	(14,382.80)	(9,672.32)
(Increase)/ Decrease in other financial assets	21.33	46.88
(Increase)/ Decrease in other non-financial assets	297.54	12.32
Cash flows used in Operating activities	(11,826.90)	(7,802.70)
Income taxes refund/ (paid)	(622.65)	(413.74)
Net cash used in Operating activities	(12,449.55)	(8,216.44)
Cash flow from Investing activities		
Purchase of property, plant and equipment	(77.75)	(73.43)
Purchase of intangible assets (including intangible assets under development)	(7.65)	(23.65)
Proceeds from sale of property, plant and equipment	0.34	0.01
Purchase of investments at fair value through profit and loss	(18,714.34)	(20,452.13)
Sale of investments at fair value through profit and loss	21,178.46	21,480.25
Redemption/ Sale of investment in PTC	2,807.02	5,455.63
Purchase of investment in Government Securities	(3,160.32)	-
Redemption/ Sale of investment in Government Securities	352.54	-
Placement of fixed deposits	(3,364.03)	(1,694.89)
Maturity/ Redemption of fixed deposits	3,044.89	1,826.37
Net cash generated from Investing activities	2,059.16	6,518.16

Cash flow from Financing activities		
Proceeds from issuance of equity share capital including securities premium	2,813.67	143.02
Share issue expenses	(1.23)	(0.02)
Proceeds from borrowings other than debt securities	17,115.74	8,930.00
Repayment of borrowings other than debt securities	(9,145.57)	(6,097.35)
Debt securities issued	-	430.00
Debt securities repaid	-	(1,500.00)
Principal repayment of lease liabilities	(60.88)	(58.52)
Interest paid on lease liabilities	(11.66)	(16.81)
Net cash generated from Financing activities	10,710.07	1,830.32
Net increase in cash and cash equivalents	319.68	132.04
Cash and cash equivalents at beginning of year (Refer Note 3)	1,514.76	1,382.72
Cash and cash equivalents at end of year (Refer Note 3)	1,834.44	1,514.76

Cash and cash equivalents at the end of the year comprises of:		
Cash in hand	67.31	75.26
Balance with banks		
- In current accounts	1,167.04	399.40
- In fixed deposit with original maturity of less than 3 months	600.09	1,040.10
TOTAL	1,834.44	1,514.76

Notes:

- 1 The above Consolidated Statement of Cash Flows has been prepared under the Indirect method set out in Indian Accounting Standard (Ind AS) 7 'Statement of Cash Flows'.
- 2 Figures in brackets indicate cash outflow.
- 3 Income taxes refund/ (paid) is treated as arising from operating activities and is not bifurcated between investing and financing activities.

Corporate Information and Significant Accounting Policies (Note 1-2)

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

As per our report of even date attached

For Suresh Surana & Associates LLP

Chartered Accountants

Firm's Registration No. 121750W/W-100010

For and on behalf of the Board of Directors of

SBFC Finance Limited

(Erstwhile SBFC Finance Private Limited)

CIN:U67190MH2008PLC178270

Ramesh Gupta

Partner

Membership No: 102306

Mr. Neeraj Swaroop

Chairperson

(DIN: 00061170)

Mr. Aseem Dhru

Managing Director & CEO

(DIN: 01761455)

Mr. Narayan Barasia

Chief Financial Officer

Mr. Jay Mistry

Company Secretary

(ACS: A34264)

Place: Mumbai

Date : 27 April 2023

Place: Mumbai

Date : 27 April 2023

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Consolidated Statement of changes in equity for the year ended 31 March 2023

Equity Share Capital (₹ In Million)	
Particulars	Amount
Audited Balance as at 31 March 2021	7,966.74
Changes in equity share capital due to prior period errors	-
Restated Balance at the beginning of the previous reporting period	7,966.74
Changes in equity share capital during the current year	101.26
Balance as at 31 March 2022	8,068.00
Changes in equity share capital due to prior period errors	-
Restated Balance at the beginning of the previous reporting period	8,068.00
Changes in equity share capital during the current year	827.72
Balance as at 31 March 2023	8,895.72

Other Equity (₹ In Million)							
Particulars	Statutory Reserve	Securities Premium	Reserves and Surplus			Non Controlling Interest	Total
			Employee Share Option Outstanding	Retained Earnings	Remeasurement gain/(loss) on defined benefit plans		
Audited Balance as at 31 March 2021	291.13	2,381.68	216.80	1,195.55	2.19	-	4,087.35
Changes in accounting policy/ prior period errors (Refer Note 54)	(0.09)	(2.17)	-	(1.05)	0.30	-	(3.01)
Restated Balance as at 1 April 2021	291.04	2,379.51	216.80	1,194.50	2.49	-	4,084.34
Profit for the year	-	-	-	645.21	-	-	645.21
Other comprehensive income for the year	-	-	-	-	2.78	-	2.78
Transfer to statutory reserves from retained earnings	128.44	-	-	(128.44)	-	-	-
Premium on Issue of share capital	-	52.71	-	-	-	-	52.71
Employee share based payment expenses	-	-	29.60	-	-	-	29.60
Adjustment on account of treasury shares held through ESOP trust	-	(10.95)	-	-	-	-	(10.95)
Exercise of stock options outstanding	-	32.51	(32.51)	-	-	-	-
Share issue expenses	-	(0.02)	-	-	-	-	(0.02)
Balance as at 31 March 2022	419.48	2,453.76	213.89	1,711.27	5.27	-	4,803.67
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	-
Restated Balance as at 1 April 2022	419.48	2,453.76	213.89	1,711.27	5.27	-	4,803.67
Profit for the year	-	-	-	1,497.36	-	-	1,497.36
Other comprehensive income for the year	-	-	-	-	1.41	-	1.41
Adjustment during the year	-	-	-	-	0.48	-	0.48
Transfer to statutory reserves from retained earnings	299.59	-	-	(299.59)	-	-	-
Premium on Issue of share capital	-	1,984.89	-	-	-	-	1,984.89
Employee share based payment expenses	-	-	89.32	-	-	-	89.32
Adjustment on account of treasury shares held through ESOP trust	-	1.06	-	-	-	-	1.06
Exercise of stock options outstanding	-	1.70	(1.70)	-	-	-	-
Share issue expenses	-	(1.23)	-	-	-	-	(1.23)
Balance as at 31 March 2023	719.07	4,440.18	301.51	2,909.04	7.16	-	8,376.96

Corporate Information and Significant Accounting Policies (1-2)

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

As per our report of even date attached

For Suresh Surana & Associates LLP

Chartered Accountants

Firm's Registration No. 121750W/W-100010

For and on behalf of the Board of Directors of

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Ramesh Gupta

Partner

Membership No: 102306

Place: Mumbai

Date : 27 April 2023

Mr. Neeraj Swaroop

Chairperson

(DIN: 00061170)

Mr. Narayan Barasia

Chief Financial Officer

Place: Mumbai

Date : 27 April 2023

Mr. Aseem Dhru

Managing Director & CEO

(DIN: 01761455)

Mr. Jay Mistry

Company Secretary

(ACS: A34264)

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Corporate information and Significant Accounting Policies forming part of the Consolidated financial statements

1. Corporate Information

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited) ('the Parent Company') is a limited company incorporated in India under the Companies Act, 1956, having its registered office at First Floor, C&B Square, Sangam Complex, Andheri Kurla Road, Chakala, Andheri (East), Mumbai- 400059, Maharashtra. The Parent Company is registered with the Reserve Bank of India (RBI) as a "systemically important non-deposit taking" NBFC ND-SI.

The registration details are as follows:

Reserve Bank of India Registration no : N-13.01913
Corporate Identity Number (CIN) : U67190MH2008PLC178270

On December 6, 2022, the Parent Company has incorporated a wholly owned subsidiary with Corporate Identity Number (CIN) U65992MH2022PTC394642 in the name of – SBFC Home Finance Private Limited ('the Subsidiary Company'). The Subsidiary has filed an application for registration as housing finance company with the Reserve Bank of India on 29th March 2023.

The Parent Company has changed its name from 'SBFC Finance Private Limited' to 'SBFC Finance Limited' w.e.f September 30, 2022.

The Parent Company together with its subsidiary, hereinafter, collectively referred to as the 'Group'.

The Parent Company is in the business of giving loans to Micro Enterprise secured by residential or commercial property. The Parent Company also give loan against gold, which offers superior yields with almost liquid security assets. The Parent Company also gives unsecured personal loans and unsecured business loans.

The consolidated financial statements for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the board of directors on 27 April 2023.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other accounting principles. The consolidated financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The consolidated financial statements are presented in Indian Rupees (₹) in Million and all values are rounded to the nearest Rupee in Ten Thousand, except when otherwise indicated.

2.2 Principles of Consolidation

- i. The consolidated financial statements incorporate the standalone financial statements of the Parent Company and its subsidiary (from the date control is gained), being the entity that it controls. Control is evidenced where the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity's returns. The standalone financial statements of subsidiary is prepared for the same reporting year as the parent company. Where necessary, adjustments is made to the standalone financial statements of subsidiary to align the accounting policies in line with accounting policies of the Parent Company.

Subsidiary has been consolidated by combining like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary. Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Corporate information and Significant Accounting Policies forming part of the Consolidated financial statements**

financial statements.

Non-controlling interests (NCI):

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parents of the Group and to the non-controlling interest, even if this results in the non-controlling interests have a deficit balance. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Parent loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

- ii. The consolidated financial statements of the Parent Company includes standalone financial statements of its subsidiary, consolidated in accordance with Ind AS 110 'Consolidated financial statements'.

2.3 Presentation of consolidated financial statements

The consolidated financial statements of the Group are presented as per Schedule III (Division III) of the Companies Act, 2013, applicable to NBFCs as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

- i. The normal course of business
- ii. The event of default
- iii. The event of insolvency or bankruptcy of the Group and/ or its counterparties

2.4 Statement of compliance

These Consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (IND AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013 (the "Act") (as amended), other relevant provisions of the Act, guidelines issued by the Reserve Bank of India as applicable to an NBFCs and other accounting principles generally accepted in India. Any application guidance / clarifications / directions issued by RBI or other regulators are implemented as and when they are issued / applicable, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. Accounting policies have been consistently applied except where a newly issued Ind AS is initially adopted or a revision to an existing Ind AS required a change in the accounting policy hitherto in use. The financial statements were authorised for issue by the Board of Directors (BOD) on April 27, 2023.

2.5 Financial instruments**(i) Classification of financial instruments**

The Group classifies its financial assets into the following measurement categories:

- 1. Financial assets to be measured at amortised cost
- 2. Financial assets to be measured at fair value through other comprehensive income
- 3. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Group's business model for managing financial assets which are explained below:

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

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The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- ▶ How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- ▶ The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed
- ▶ How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- ▶ The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process, the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group classifies its financial liabilities at amortised costs.

(ii) Financial assets measured at amortised cost

These financial assets comprise bank balances, receivables, investments and other financial assets.

These are measured at amortised cost where they have:

- a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- b) are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost.

(iii) Items at fair value through profit or loss (FVTPL)

Items at fair value through profit or loss comprise:

- Investments (including equity shares) held for trading;
- Items specifically designated as FVTPL on initial recognition; and
- debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at FVTPL are initially recognised at fair value, with transaction costs recognised in the consolidated statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the consolidated statement of profit and loss as they arise.

(iv) Debt securities and other borrowed funds

After initial measurement, debt issued, and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

(v) Reclassification

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If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Group's financial assets. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

(vi) Recognition and Derecognition of financial assets and liabilities**Recognition:**

- a) Loans and Advances are initially recognised when the Financial Instruments are transferred to the customers.
- b) Investments are initially recognised on the trade date.
- c) Debt securities, deposits and borrowings are initially recognised when funds reach the Group.
- d) Other Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument.

Derecognition of financial assets**a) Financial assets:**

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

The Group has transferred the financial asset if, the Group has transferred its contractual rights to receive cash flows from the financial asset.

A transfer only qualifies for derecognition if either:

- i. The Group has transferred substantially all the risks and rewards of the asset, or
- ii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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

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

b) Financial liabilities

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

(vii) Impairment of financial assets**Overview of the ECL principles**

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with financial guarantee contracts, in this section all referred to as 'financial instruments. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

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Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

Based on the above, the Group categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all standard advances and advances up to 0-29 days default under this category. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Financial assets past due for 30-89 days are classified under this stage. Stage 2 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 3.

Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 days Past Due is considered as default for classifying a financial instrument as credit impaired. If an event warrants a provision higher than as mandated under ECL methodology, the Group may classify the financial asset in Stage 3 accordingly.

In line with Reserve Bank of India Master Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances and Clarifications dated 12 November 2021 borrower accounts shall be flagged as overdue as part of the day-end processes for the due date, irrespective of the time of running such processes. Similarly, classification of borrower accounts as Non-Performing Asset/ Stage 3 shall be done as part of day-end process for the relevant date i.e. more than 90 days overdue and NPA/ Stage 3 classification date shall be the calendar date for which the day end process is run. In other words, the date of Non-Performing Asset/ Stage 3 shall reflect the asset classification status of an account at the day-end of that calendar date.

The Parent Company has carried out the requirement in line with Reserve Bank of India Clarification and accordingly, the change in accounting policy is effective financial year 2021-22 and impact on financials is disclosed in note 49. Upgradation of accounts classified as Stage 3/ Non-performing assets (NPA) – The Group upgrades loan accounts classified as Stage 3/ NPA to “standard” asset category only if the entire arrears of interest, principal and other amount are paid by the borrower and there is no change in the accounting policy followed by the Group in this regard.

Credit-impaired financial assets:

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVTOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- a) Significant financial difficulty of the borrower or issuer;
- b) A breach of contract such as a default or past due event; or
- c) The disappearance of an active market for a security because of financial difficulties.

The mechanics of ECL:

The Group calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Group and the cash flows that the Group expects to receive.

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The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) – The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

- a) The Group has applied 12 months PD to Stage 1 Advances
- b) The Lifetime PD is computed using basic exponentiation technique after considering the residual maturity of the respective loan for Stage 2 Advances.
- c) PD of 100% is considered for Stage 3 Advances.

Exposure at Default (EAD) – EAD is taken as the gross exposure under a facility upon default of an obligor. The amortized principal and the interest accrued is considered as EAD for the purpose of ECL computation

Loss Given Default (LGD) – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Collateral Valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as the underlying asset financed, cash, securities, etc. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Group uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models.

Collateral repossessed

In its normal course of business, the Group does not physically repossess properties or other assets in its retail portfolio, but engages its employees to recover funds, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet. These repossessed assets which are intended to be realised by way of sale are considered as Stage 3 assets and the ECL allowance is determined based on the estimated net realisable value of the repossessed asset.

(viii) Write-offs

The Group reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the Consolidated Statement of Profit and Loss.

(ix) Determination of fair value

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Group measures certain categories of financial instruments (as explained in Note 2.5) at fair value on each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

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

Level 2 financial instruments – Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

Level 3 financial instruments – Those that include one or more unobservable input that is significant to the measurement as whole.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Difference between transaction price and fair value at initial recognition

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is not recognised at the initial recognition stage.

2.6 Revenue from operations

(i) Interest Income

Interest income is recognised by applying (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL, taking into account the amount outstanding and the applicable interest rate. Interest income is recognised on non-performing assets at net of ECL.

The EIR is computed:

- a. As the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset
- b. By considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) in estimating the cash flows
- c. Including all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows are recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Delayed payment interest (penal interest) levied on customers for delay in repayments/ non-payment of contractual cashflows is recognised on realisation.

(ii) Dividend Income

Dividend income is recognised when the right to receive the payment is established.

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(iii) Fees & Commission Income

Fees and commissions are recognised when the Group satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Foreclosure charges are collected from loan customers for early payment/ closure of loan and are recognized on realization.

Initial money Deposit charges are collected from customers for document processing, which is non refundable in the nature and are recognized on realization basis

(iv) Net gain on Fair value changes

Any differences between the fair values of financial assets classified as FVTPL held by the Group on the balance sheet date is recognised as an unrealised gain/ loss. In cases there is a net gain in the aggregate, the same is recognised in “Net gains on fair value changes” under Revenue from operations and if there is a net loss the same is disclosed as “Net loss on fair value changes” under Expenses in the Consolidated Statement of Profit and Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain/ loss on fair value changes.

However, Net gain/ loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Consolidated Statement of Profit and Loss.

(v) Loan Processing Fees

Processing fees on loans is collected towards processing of loan, this is amortised on EIR basis over the contractual life of the loan.

(vi) Other Operating Income

The Group recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established.

2.7 Expenses

(i) Finance costs

Finance costs on borrowings is paid towards availing of loan, is amortised on EIR basis over the contractual life of loan.

The EIR in case of a financial liability is computed

- As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
- By considering all the contractual terms of the financial instrument in estimating the cash flows
- Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

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Any subsequent changes in the estimation of the future cash flows are recognised in interest expense with the corresponding adjustment to the carrying amount of the liability.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

(ii) Retirement and other employee benefits*Short term employee benefit*

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ ex-gratia are recognised in the period in which the employee renders the related service.

*Post-employment employee benefits***a) Share contribution schemes**

All the eligible employees of the Group who have opted to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the parent company contribute monthly at a stipulated rate. The Group has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined Benefit schemes

The Group provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Group fully contributes all ascertained liabilities to The Trustees – “SBFC Finance Private Limited employees group gratuity cash accumulation scheme”. Trustees administer contributions made to the trust and contributions are invested in a scheme of insurance with the IRDA approved Insurance Group- Life Insurance Corporation of India.

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

Other employee benefits

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Group's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the consolidated Statement of Profit and Loss.

The Group presents the Provision for compensated absences under provisions in the Balance Sheet.

Share-based payment arrangements

The stock options granted to employees pursuant to the Group's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity. The employee stock option outstanding account is shown under Reserves and Surplus.

The Parent Company has created an Employee Welfare Trust for providing share-based payment to its employees for (a) SBFC Stock Option Policy I 2018 and (b) SBFC Stock Option Policy 2021 – I policies. The Group uses the Trust as a vehicle for distributing shares to employees under the employee remuneration schemes for the above mentioned two policies. The Group allots shares to the Trustee of the Trust, for giving shares to employees. The Group treats Trust as its extension and shares held by the Trust are treated as treasury shares.

(iii) Leases:

Effective 1 April 2019 the Parent Company has adopted Ind AS 116- Leases and applied it to all lease contracts existing on 1 April 2019 using the modified retrospective approach under which the Group recognised Lease Liabilities at the initial date of application. At the date of commencement of the lease, the Group has recognised a Lease Liability, except for leases with a term of 12 months or less (short-term leases) and low value leases.

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate. The Group makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any option to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to termination of lease and the importance of the underlying to the Group's operation taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflect the current economic circumstances.

The right-of-use assets is subsequently measured at cost less accumulated depreciation, accumulated impairment losses, if any, and adjusted for any remeasurement of the lease liability.

The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the consolidated statement of profit and loss.

The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and consolidated statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in consolidated statement of profit and loss.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lock in period of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

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All Other income and expense are recognized in the period they occur.

(v) Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(vi) Taxes*Current Tax*

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same tax authority on the same taxable entity.

Goods and services tax/ service tax/ value added taxes paid on acquisition of assets or on incurring expenses:

Expenses and assets are recognised net of the goods and services tax/ service tax/ value added taxes paid, except:

- i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

2.9 Property, plant and equipment

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Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation

Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Act. The estimated useful lives are as prescribed by Schedule II of the Act. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income/ expense in the consolidated statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

2.10 Intangible assets

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the consolidated statement of profit and loss. Amortisation on assets acquired/ sold during the year is recognised on a pro-rata basis to the consolidated Statement of Profit and Loss from/ upto the date of acquisition/ sale.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 5 years, unless it has a shorter useful life.

Intangible assets with indefinite useful life is tested for impairment at each reporting period.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the consolidated Statement of Profit and Loss when the asset is derecognised.

2.11 Provisions

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

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When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the consolidated Statement of Profit and Loss net of any reimbursement.

2.12 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

2.13 Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- estimated amount of contracts remaining to be executed on capital account and not provided for;
- Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

2.14 Earnings Per Share

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

2.15 Segments

Based on "Management Approach" as defined by Ind AS 108, The Chief Operating Decision Maker (CODM) evaluates the "Operating Segments". Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group.

2.16 Significant accounting judgements, estimates and assumptions

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

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are included in the following notes:

2.16.1 Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Corporate information and Significant Accounting Policies forming part of the Consolidated financial statements****2.16.2 Effective Interest Rate (EIR) method**

The Group's 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 behavioural 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 and penalty interest and charges).

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

2.16.3 Share-Based Payments

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Group measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield.

Further details used for estimating fair value for share-based payment transactions are disclosed in Note 40.

2.17 Operating Cycle

Based on the nature of products/ activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months.

2.18 Foreign CurrencyForeign currency transactions:

Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Exchange differences arising on the settlement or translation of monetary items are recognised in Consolidated Statement of profit or loss in the year in which they arise.

2.19 Government Grants

Government grants are not recognized until there is reasonable assurance that the Parent Company will comply with the conditions attached to them and that the grants will be received. The Parent Company recognizes Government grants under Other Income in the Statement of Profit and Loss on a systematic basis over the years in which the Parent Company recognizes as expenses the related costs for which the grants are intended to compensate or when performance obligations are met.

2.19 Recent Accounting Pronouncements

Ministry of Corporate Affairs ('MCA') notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 Mar 2023, MCA issued the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from 1 April 2023, as below:

Ind AS 1 Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of financial statements. The Group does not expect the amendment to have any significant impact in its consolidated financial statements.

Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a new definition of accounting estimates. Under the new definition,

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accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The Group does not expect the amendment to have any significant impact in its consolidated financial statements.

Ind AS 12 Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases. The amendments narrowed the scope of the recognition exemption in paragraph 15 and 24 of Ind AS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group does not expect the amendment to have any significant impact in its consolidated financial statements.

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Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023
3 Cash and cash equivalents (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Cash on hand	67.31	75.26
Balances with banks:		
- In current accounts	1,167.04	399.40
- In fixed deposit with original maturity of less than 3 months	600.00	1,040.00
- Interest accrued but not due	0.09	0.10
Total	1,834.44	1,514.76

3.1 Short-term deposits are made for varying periods of between one day to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

4 Bank balances other than cash and cash equivalents (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Fixed deposit with banks		
- original maturity more than 3 months [Refer Note 4.1]	2,124.03	1,804.89
- Interest accrued but not due	45.96	33.28
Total	2,169.99	1,838.17

4.1 Details of fixed deposits under lien (₹ In Million)

Details of fixed deposits under lien	As at 31 March 2023	As at 31 March 2022
Credit enhancement in securitisation transactions	364.00	110.00
In connection with borrowings in the form of term loans from SBI	1,180.43	1,365.29
In connection with Investment in Pass Through Certificates	329.60	329.60
Total	1,874.03	1,804.89

5 Trade receivables (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Receivables considered good- Secured	-	-
Receivables considered good- Unsecured	85.41	64.49
Receivables which have significant increase in credit risk	-	-
Receivables credit impaired	-	-
Unbilled Trade receivables	22.88	18.19
	108.29	82.68
Less: Expected credit loss	-	-
Total	108.29	82.68

5.1 No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Further, no trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

5.2 No expected credit loss provision is required due to the short term nature of these receivables.

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Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023

5.3 Ageing of Trade receivables

Ageing of Trade receivables as on 31 March 2023:

(₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables- considered good - Unsecured	22.88	-	16.13	69.28	-	-	-	108.29
Total	22.88	-	16.13	69.28	-	-	-	108.29

Ageing of Trade receivables as on 31 March 2022:

(₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables- considered good - Unsecured	18.19	-	56.79	3.49	4.21	-	-	82.68
Total	18.19	-	56.79	3.49	4.21	-	-	82.68

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023
6 Loans

(₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Measured at amortised cost		
Loan against Property	34,419.71	21,714.77
Loan against Gold	8,969.45	6,510.05
Unsecured loan	1,579.74	2,241.43
Staff loans	18.54	20.62
Total (A)– Gross	44,987.44	30,486.87
Less: Expected credit loss	(834.34)	(662.75)
Total (A)– Net	44,153.10	29,824.12
(a) Secured by tangible assets [Refer Note 6.2]	43,392.32	28,224.82
(b) Unsecured	1,595.12	2,262.05
Total (B)– Gross	44,987.44	30,486.87
Less: Expected credit loss	(834.34)	(662.75)
Total (B)– Net	44,153.10	29,824.12
Loans in India		
(i) Public sector	-	-
(ii) Others	44,987.44	30,486.87
Total (C)– Gross	44,987.44	30,486.87
Less: Expected credit loss	(834.34)	(662.75)
Total (C)– Net	44,153.10	29,824.12

- 6.1** The Parent Company's business model is to collect contractual cash flows, being the payment of Principal and Interest and accordingly the loans are measured at amortized cost.
- 6.2** Loans granted by the Parent Company are secured or partly secured by one or a combination of the following securities:- Registered/ equitable mortgage of property, Hypothecation of assets including Gold.
- 6.3** Loans where fraud has been committed/ reported for the year is Nil (31 March 2022: ₹ 18.57 Million)
- 6.4** The Group has not provided any loans or advances to promoters, directors, KMPs and the related parties.
- 6.5** The Parent Company has securitised certain term loans and managed servicing of such loan accounts. The carrying value of these assets have not been de-recognised in the books. Refer Note 49 for securitised term loans not derecognised in their entirety.
- 6.6** Unsecured Loans includes unsecured business loans which is guaranteed by Credit Guarantee Fund Trust for Micro and Small Enterprises amounting to ₹ 14.03 Million (31 March 2022: ₹ 82.40 Million)

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023****7 Investments** (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
At fair value through profit or loss		
Investment in mutual funds- (Quoted)	739.62	3,083.18
At amortized cost		
Investment in Government Securities (Quoted) [Refer Note 7.1]	2,751.94	-
Investment in Pass through certificates (PTC) [Refer Note 7.2 & 7.3]	2,574.36	5,397.95
Total (A)	6,065.92	8,481.13
(i) Investments outside India	-	-
(ii) Investments in India	6,065.92	8,481.13
Total (B)	6,065.92	8,481.13
Less: Allowance for Impairment loss (C)	-	-
Total – Net (D)= (A)-(C)	6,065.92	8,481.13

7.1 The Parent Company has invested in Government Securities which are sovereign in nature. Hence, the parent company has not provided for any impairment allowance on these investments.

7.2 During the year ended 31 March 2022, the Parent Company had sold Investment in Pass Through Certificates amounting to ₹ 1,005.53 Million.

7.3 There is no impairment allowance for existing Investment in Pass Through Certificates considering the performance of the underlying loans and the risk cover.

8 Other financial assets (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Unsecured, considered good		
Security deposits	34.67	29.73
Receivables on sale of Investment in PTC [Refer Note 8.1]	3.99	2.53
Receivable from trusts	-	1.91
Other receivables	0.32	-
Total	38.98	34.17

8.1 With respect to Receivable on sale of Investment in PTC, Parent Company has created an interest receivable strip, with corresponding credit to statement of profit and loss, which has been computed by discounting excess interest spread to present value.

9 Current tax assets (net) (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Advance income tax [Net of provision for income tax Nil (31 March 2022: ₹ 686.28 Million)]	-	341.92
Total	-	341.92

10 Property, plant and equipment, Other intangible assets, Intangible assets under development, Goodwill

(₹ In Million)

Particulars	Property, plant and equipment							Other intangible assets			Intangible assets under development	Goodwill
	Computers	Furniture and fixtures	Office equipments	Motor car	Leasehold Improvements	Buildings Right-of-use (Refer Note 44.1)	Total	Computer Software	Trademark and Patent	Total	Computer Software	Goodwill (Refer Note 46)
Gross Block:												
As at 31 March 2021	35.32	199.28	38.58	2.91	-	297.74	573.83	32.43	0.69	33.12	3.33	2,603.92
Impact of restatments	-	-	-	-	-	(21.49)	(21.49)	-	-	-	-	-
As at 1 April 2021	35.32	199.28	38.58	2.91	-	276.25	552.34	32.43	0.69	33.12	3.33	2,603.92
Additions	29.18	30.07	14.18	-	-	19.30	92.73	23.65	-	23.65	-	-
Disposals	-	-	0.05	-	-	26.40	26.45	-	-	-	3.33	-
As at 31 March 2022	64.50	229.35	52.71	2.91	-	269.15	618.62	56.08	0.69	56.77	-	2,603.92
Additions	21.06	18.86	18.46	-	19.37	49.33	127.08	0.16	-	0.16	7.49	-
Disposals	0.21	14.95	0.50	-	0.24	112.12	128.02	-	-	-	-	-
As at 31 March 2023	85.35	233.26	70.67	2.91	19.13	206.36	617.68	56.24	0.69	56.93	7.49	2,603.92
Depreciation and Amortization:												
As at 31 March 2021	18.39	38.29	14.92	0.16	-	112.06	183.82	15.44	0.47	15.91	-	-
Impact of restatments	-	-	-	-	-	(21.48)	(21.48)	-	-	-	-	-
As at 1 April 2021	18.39	38.29	14.92	0.16	-	90.58	162.34	15.44	0.47	15.91	-	-
Additions	14.96	21.67	8.04	0.36	-	64.77	109.78	7.85	0.14	7.99	-	-
Disposals	-	-	0.02	-	-	10.56	10.56	-	-	-	-	-
As at 31 March 2022	33.35	59.96	22.94	0.52	-	144.79	261.56	23.29	0.61	23.90	-	-
Additions	19.58	23.30	11.12	0.36	1.39	61.91	117.66	9.41	0.08	9.49	-	-
Disposals	0.17	7.41	0.26	-	0.02	90.21	98.07	-	-	-	-	-
As at 31 March 2023	52.76	75.85	33.80	0.88	1.37	116.49	281.15	32.70	0.69	33.39	-	-
Net Block:												
As at 31 March 2022	31.15	169.39	29.77	2.39	-	124.36	357.06	32.79	0.08	32.87	-	2,603.92
As at 31 March 2023	32.59	157.41	36.87	2.03	17.76	89.87	336.53	23.54	-	23.54	7.49	2,603.92

Note: There is no revaluation of Property, plant and equipment and other intangible assets during the year ended 31 March 2023 and 31 March 2022.

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Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023

10.1 Intangible assets under development ageing schedule:

(₹ In Million)

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 31 March 2022					
Projects in progress	-	-	-	-	-
As at 31 March 2023					
Projects in progress	7.49	-	-	-	7.49

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Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023
11 Other non-financial assets (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Prepaid expenses	107.38	19.62
Advance to creditors	10.93	13.82
Capital advances	3.89	6.10
Total	122.20	39.54

12 Payables
(A) Trade payables (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro enterprises and small enterprises	2.96	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	89.34	80.73
Total	92.30	80.73

Ageing of Trade payables as on 31 March 2023:

(₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date			
			Less than 1 Year	2-3 Years	More than 3 Years	Total
(i) MSME	2.73	-	0.20	-	-	2.96
(ii) Others	84.71	-	3.06	0.62	-	89.34
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	87.44	-	3.26	0.62	-	92.30

Ageing of Trade payables as on 31 March 2022:

(₹ In Million)

Particulars	Unbilled	Not due for payment	Outstanding for following periods from transaction date			
			Less than 1 Year	2-3 Years	More than 3 Years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	60.51	-	20.22	-	-	80.73
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	60.51	-	20.22	-	-	80.73

(B) Other payables (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	36.28	40.45
Total	36.28	40.45

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Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023

13 Debt securities (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
At amortized cost		
Secured		
- Privately Placed redeemable Non Convertible Debentures		
Gross amount	454.03	454.03
Net amount	454.03	454.03
Total (A)	454.03	454.03
Debt securities in India	454.03	454.03
Debt securities outside India	-	-
Total (B)	454.03	454.03

13.1 No Non Convertible Debentures is guaranteed by directors and/ or others.

13.2 Terms of repayment of privately placed redeemable non convertible debentures:

(₹ In Million)

	As at 31 March 2023		As at 31 March 2022	
Tenure (from the date of Balance Sheet)	Rate of Interest	Amount	Rate of Interest	Amount
Due within 3 years	8.57%	430.00	8.57%	430.00
Total		430.00		430.00
Interest accrued		24.03		24.03
Effective interest rate adjustment		-		-
Net Amount		454.03		454.03

13.3 Details of Secured Redeemable Non Convertible Debentures: (₹ In Million)

Name of Securities	Number	Allotment Date	Redemption Date	As at 31 March 2023	As at 31 March 2022
8.57% Non Convertible Debentures- SERIES A	430	06-Aug-21	06-Aug-24	430.00	430.00

Face value of Non Convertible Debentures is ₹ 1.00 Million. These debentures are redeemable at the end of 36 months from the date of allotment. Payment of Interest is yearly and principal repayment at maturity.

13.4 The debentures are secured by way of first pari passu charge against the book debts, Investment in PTC and loan assets of the Parent Company which are standard. Minimum security cover of 1.1 times is required to be maintained throughout the year.

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Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023

14 Borrowings (other than debt securities)		(₹ In Million)	
Particulars	As at 31 March 2023	As at 31 March 2022	
At amortized cost			
<u>Secured</u>			
Term loans			
- Indian rupee loan from banks			
Gross amount	29,135.41	27,260.79	
Less: Effective interest rate adjustment	(120.49)	(124.79)	
Net amount	29,014.92	27,136.00	
- Indian rupee loan from financial institutions			
Gross amount	3,680.87	1,298.03	
Less: Effective interest rate adjustment	(7.50)	(1.78)	
Net amount	3,673.37	1,296.25	
Working capital demand loan			
- Indian rupee loan from banks	602.53	-	
Collateralized borrowings	3,645.77	512.79	
Total (A)	36,936.59	28,945.04	
Borrowings in India	36,936.59	28,945.04	
Borrowings outside India	-	-	
Total (B) to tally with (A)	36,936.59	28,945.04	

- 14.1 a) Term loan from banks: These are secured by First Pari Passu charge by way of hypothecation of standard loan receivables of the Company, Investments in PTC and on all other book debts and current assets of the Company.
- b) Term loan from financial institutions: These are secured by First Pari Passu charge by way of hypothecation of standard loan receivables of the Company, Investments in PTC and on all other book debts and current assets of the Company.
- c) Working capital demand loan from banks: These are secured by First Pari Passu charge by way of hypothecation of standard loan receivables of the Company, Investments in PTC and on all other book debts and current assets of the Company.
- d) Collateralized borrowings are secured against pool of Loan Assets. Refer Note 49 for more details.
- 14.2 No term loan and any other borrowing is guaranteed by directors and/ or others.
- 14.3 The Parent Company has not defaulted in repayment of principal and interest during the year ended 31 March 2023 and year ended 31 March 2022.
- 14.4 The repayment of borrowings is done monthly and quarterly as per the sanctioned terms.

As at 31 March 2023		(₹ In Million)						
Terms of Repayment	Indian rupee loan from banks		Indian rupee loan from financial institutions		Collateralized Borrowings		Working Capital Demand Loan	
Tenure (from the date of Balance Sheet)	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount
Due within 3 years	8.00% - 10.95%	23,528.27	9.00% - 9.85%	3,445.83	8.05% - 9.80%	1,030.00	8.80%	600.00
Due within 3-5 years	8.00% - 10.95%	5,388.92	9.00% - 9.85%	226.66	8.05% - 9.80%	867.15		
Above 5 years	8.00% - 10.95%	204.54			8.05% - 9.80%	1,736.96		
Total		29,121.73		3,672.49		3,634.11		600.00
Interest Accrued		13.68		8.38		11.66		2.53
Effective interest rate adjustment		(120.49)		(7.50)		-		-
Net amount		29,014.92		3,673.37		3,645.77		602.53

As at 31 March 2022

(₹ In Million)

Terms of Repayment	Indian rupee loan from banks		Indian rupee loan from financial institutions		Collateralized Borrowings		Working Capital Demand Loan	
Tenure (from the date of Balance Sheet)	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount	Rate of Interest	Amount
Due within 3 years	6.76% - 8.91%	18,728.32	5.75% - 8.00%	1,293.48	8.30%	134.00		
Due within 3-5 years	6.76% - 8.91%	7,431.17			8.30%	99.17		
Above 5 years	6.76% - 8.91%	1,094.16			8.30%	277.88		
Total		27,253.65		1,293.48		511.05		
Interest accrued		7.14		4.55		1.74		
Effective interest rate adjustment		(124.79)		(1.78)		-		
Net amount		27,136.00		1,296.25		512.79		

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023
15 Other financial liabilities (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Employee benefits payable	157.03	112.90
Lease liabilities [Refer Note 44.2]	100.90	141.08
Book overdraft	1,880.21	1,671.18
Payable on account of PTC pool	277.60	504.46
Payable to trusts	2.44	-
Other liabilities	91.65	71.55
Total	2,509.83	2,501.17

16 Current tax liabilities (net) (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Income tax liability [net of Advance Income Tax & TDS credit of ₹ 2,218.80 Million]	0.53	-
Total	0.53	-

17 Provisions (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for employee benefits Gratuity (funded) [Refer Note 40]	1.32	2.47
Total	1.32	2.47

18 Deferred tax liabilities (net) (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred tax liabilities		
Depreciation	367.36	372.32
Unamortized processing fees on term loan	32.21	31.85
Income on sale of investment in PTC	1.00	-
Investment in government securities measured at amortized cost	5.03	-
Mark to market gain on mutual funds	0.31	20.04
Total Deferred tax liabilities	405.91	424.21
Deferred tax assets		
Expected credit losses	175.72	164.63
Provision for expenses	0.20	-
Transaction cost of Loan assets	100.22	59.33
Impact on account of leases	3.86	5.74
Total Deferred tax assets	280.00	229.70
Deferred tax liabilities (net)	125.91	194.51

19 Other non-financial liabilities (₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
Statutory dues	34.93	60.27
Total	34.93	60.27

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023

20 Equity share capital		(₹ in Million)		
Particulars	As at 31 March 2023		As at 31 March 2022	
	No of shares	Amount	No of shares	Amount
Authorized				
Equity Shares of ₹ 10 each	1,30,00,00,000	13,000.00	98,50,00,000	9,850.00
Compulsory Convertible Preference Shares of ₹ 10 each	-	-	1,50,00,000	150.00
	1,30,00,00,000	13,000.00	1,00,00,00,000	10,000.00
Issued, subscribed and fully paid-up (A)				
Equity Shares of ₹ 10 each, fully paid up	89,70,23,682	8,970.24	81,20,84,395	8,120.84
Equity Shares of ₹ 10 each, ₹ 2.50 paid up	-	-	73,50,000	18.38
Equity Shares of ₹ 10 each, ₹ 0.50 paid up	-	-	1,50,89,287	7.54
	89,70,23,682	8,970.24	83,45,23,682	8,146.76
Treasury shares held through ESOP trust (B)				
Equity Shares of ₹ 10 each, fully paid up	(74,52,000)	(74.52)	(78,75,500)	(78.76)
Equity shares [net of treasury shares] [A + B]	88,95,71,682	8,895.72	82,66,48,182	8,068.00

20.1 Reconciliation of number of shares outstanding at the beginning and end of the reporting period:

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of shares	₹ in Million	No. of shares	₹ in Million
Equity shares outstanding as at the beginning of the year	83,45,23,682	8,146.76	82,18,48,682	8,075.14
Add: Equity shares issued during the year	6,25,00,000	625.00	1,01,75,000	46.62
Add: Equity shares called up and paid up during the year	-	198.48	-	-
Add: Equity shares issued upon exercise of options under employee share option plan	-	-	25,00,000	25.00
Equity shares outstanding as at the end of the year	89,70,23,682	8,970.24	83,45,23,682	8,146.76

Reconciliation of number of treasury shares outstanding at the beginning and end of the reporting period:

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of shares	₹ in Million	No. of shares	₹ in Million
Equity shares outstanding as at the beginning of the year	78,75,500	78.76	1,08,40,000	108.40
Add: Equity shares issued during the year	-	-	28,25,000	28.25
Less: Equity shares transferred upon exercise of options under employee share option plan	(4,23,500)	(4.24)	(57,89,500)	(57.89)
Equity shares outstanding as at the end of the year	74,52,000	74.52	78,75,500	78.76

For details of shares reserved for issue under ESOP of the Parent Company and shares exercised under ESOP, refer note 41.

20.2 Terms and rights attached to equity shares:

The Parent Company has single class equity shares having a par value of ₹ 10 per equity share. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders if any. In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive the residual assets of the Parent Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held. Upon show of hands, every Member present in person and holding any equity share capital therein, shall have one vote, in respect of such capital, on every resolution placed before the Parent Company.

The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023

20.3 Details of share held by the holding Company:

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of shares	% of Holding	No. of shares	% of Holding
SBFC Holdings PTE Ltd.	65,70,40,000	73.25%	60,00,40,000	71.90%

20.4 Details of shareholders holding more than five percent shares in the Company:

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of shares	% of Holding	No. of shares	% of Holding
SBFC Holdings PTE Ltd.	65,70,40,000	73.25%	60,00,40,000	71.90%
Arpwood Partners Investment Advisors LLP	12,22,17,177	13.62%	12,22,17,177	14.65%

20.5 Details of shareholding of Promoters of the Company:

Particulars	As at 31 March 2023			As at 31 March 2022		
	No. of shares	% of Holding	% of Change during the year	No. of shares	% of Holding	% of Change during the year
Arpwood Partners Investment Advisors LLP	12,22,17,177	13.62%	(1.03%)	12,22,17,177	14.65%	(1.28%)
Eight 45 Services LLP	2,42,72,805	2.71%	(0.20%)	2,42,72,805	2.91%	(0.25%)
SBFC Holdings Pte. Ltd	65,70,40,000	73.25%	1.35%	60,00,40,000	71.90%	(1.11%)
Arpwood Capital Private Limited	2,99,95,300	3.34%	(0.25%)	2,99,95,300	3.5900%	(0.31%)

20.6 There are no bonus shares issued or shares bought back or shares issued for consideration other than cash by the Parent Company during five years immediately preceding the balance sheet date.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023
21 Other equity

(₹ In Million)

Particulars	As at 31 March 2023	As at 31 March 2022
<u>Statutory reserve u/s 45-IC of the RBI Act, 1934</u>		
Balance as at the beginning of the year	419.48	291.13
Add/ (Less): Changes in accounting policy/ prior period errors (Refer Note 54)	-	(0.09)
Restated Balance as at the beginning of the year	419.48	291.04
Add: Amount transferred from surplus balance in the Statement of Profit and Loss	299.59	128.44
Balance as at the end of the year	719.07	419.48
<u>Securities premium</u>		
Balance as at the beginning of the year	2,453.76	2,381.68
Add/ (Less): Changes in accounting policy/ prior period errors (Refer Note 54)	-	(2.17)
Restated Balance as at the beginning of the year	2,453.76	2,379.51
Add: Transfer from employee share option outstanding pursuant to stock options exercised	1.70	32.51
Add: Premium on issue of share capital	1,875.00	52.71
Add: Premium on conversion of shares from partly paid up to fully paid up	109.89	-
Less: Share issue expenses	(1.23)	(0.02)
Add/ (Less): Loan to Employee Welfare Trust	1.06	(10.95)
Balance as at the end of the year	4,440.18	2,453.76
<u>Employee share option outstanding</u>		
Balance as at the beginning of the year	213.89	216.80
Add: Charge for the year	89.32	29.60
Less: Transferred to securities premium pursuant to stock options exercised	(1.70)	(32.51)
Balance as at the end of the year	301.51	213.89
<u>Retained Earnings</u>		
Surplus in Statement of Profit and Loss as at the beginning of the year	1,711.27	1,195.55
Add/ (Less): Changes in accounting policy/ prior period errors (Refer Note 54)	-	(1.05)
Restated Balance as at the beginning of the year	1,711.27	1,194.50
Add: Profit for the year	1,497.36	645.21
Less: Transfer to statutory reserve	(299.59)	(128.44)
Balance as at the end of the year	2,909.04	1,711.27
<u>Remeasurement gain/ (loss) on defined benefit plans</u>		
Balance as at the beginning of the year	5.27	2.19
Add/ (Less): Changes in accounting policy/ prior period errors (Refer Note 54)	-	0.30
Restated Balance as at the beginning of the year	5.27	2.49
Add: Other comprehensive income for the year	1.41	2.78
Add: Adjustment during the year	0.48	-
Less: Deletions during the year	-	-
Balance as at the end of the year	7.16	5.27
TOTAL	8,376.96	4,803.67

Statutory reserve u/s 45-IC of the RBI Act, 1934: As required by section 45-IC of the RBI Act 1934, the Parent Company maintains a reserve fund and transfers there in a sum not less than twenty per cent of its net profit every year as disclosed in the statement of profit and loss and before any dividend is declared.

Employee share option outstanding: The Parent Company has a share option scheme under which options to subscribe for the Parent Company's shares have been granted to certain employees including key management personnel. The share-based payment reserve is used to recognize the value of equity-settled share-based payments provided to employees, as part of their remuneration.

Securities Premium Reserve: Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013. In case of equity settled share based payment transactions, the difference between fair value on grant date and nominal value share is accounted as securities premium.

Retained Earnings: Retained earnings are the profits that the Group has earned till date, less any transfers to statutory reserve.

Remeasurement gain/ (loss) on defined benefit plans: It represents the gains/ (losses) arising on account of actuarial valuation of defined benefit obligation.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023
22 Interest income (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
On Financial Assets measured at Amortized Cost:		
Interest on loans	5,952.92	3,825.40
Interest on deposits from banks	145.70	70.46
Interest on Government Securities	26.62	-
Interest on investment in Pass Through certificates (PTC)	416.28	835.61
Total	6,541.52	4,731.47

23 Fees and commission income (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Loan management services fee income	94.37	136.45
Other fee income [Refer Note 23.1]	318.15	135.94
Total	412.52	272.39

23.1 Fee Income includes Processing Fee on loan against Gold (not subject to EIR), Initial Money Deposit fees and Co-origination fees.

24 Net gain on fair value changes (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
On financial instruments designated at fair value through profit or loss:		
Mutual Funds		
(A) Total net gain on fair value changes	119.76	157.22
(B) Fair value changes:		
- Realized	118.52	100.39
- Unrealized	1.24	56.83
Total net gain on fair value changes	119.76	157.22

25 Net gain on derecognition of financial instruments under amortised cost category (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Income on remeasurement of investment in Pass through certificates (PTC)	28.30	-
Total	28.30	-

26 Other operating income (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Advertisement income	87.59	31.68
Other charges [Refer Note 26.1]	138.43	97.76
Total	226.02	129.44

26.1 Other charges includes Prepayment charges recovered from the customer amounting to ₹ 106.71 Million (31 March 2022: ₹ 57.37 Million)

27 Other income (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest on income tax refund	16.02	0.44
Gain on lease termination (net of losses)	4.30	1.67
Others [Refer Note 27.1]	55.17	14.39
Total	75.49	16.50

27.1 Others include excess amount received from customers, insurance refund, subsidy received from government and unwinding of lease deposit.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023****28 Finance costs (on financial liabilities measured at amortized cost) (₹ In Million)**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest on debt securities	36.85	148.06
Interest on borrowings	2,715.29	2,041.00
Interest on lease liabilities [Refer Note 44.2]	11.66	16.81
Other interest expenses	0.72	0.30
Total	2,764.52	2,206.17

29 Net loss on derecognition of financial instruments under amortised cost category (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Loss on sale to ARC	-	130.23
Income on Sale of Investment in Pass Through certificates (PTC)	-	(23.31)
Total	-	106.92

30 Impairment on financial instruments (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Impairment on loans*	169.89	1.62
Loans written off (net of recovery)	150.67	359.26
Total	320.56	360.88

*net of recovery from Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) Scheme ₹ 1.70 Million (31 March 2022: ₹ 8.64 Million)

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023****31 Employee benefits expense** (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries and bonus	1,409.93	995.51
Contribution to provident fund and other funds [Refer Note 40(a)]	75.66	48.26
Gratuity expenses [Refer Note 40(b)]	9.50	9.23
Employee share based payment expenses [Refer Note 41]	89.32	29.60
Staff training and welfare expenses	16.82	12.74
Total	1,601.23	1,095.34

32 Other expenses (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Travelling and conveyance	56.91	34.99
Printing and stationery	23.11	22.79
Communication Expenses	23.54	30.62
Business promotion expenses	17.08	53.41
Loss on sale/ discard of Property, plant and equipment/ Intangible assets	7.70	3.35
Repairs and maintenance	5.26	6.81
Office maintenance	93.56	86.62
Legal & professional expenses	141.77	114.95
Director sitting fees	6.20	4.50
Auditors' remuneration	4.11	3.91
Corporate social responsibility expenditure	16.61	20.35
Rent [Refer Note 44.4]	27.75	15.35
Rates and taxes	20.11	15.62
Electricity charges	18.81	13.27
Insurance charges	10.81	5.65
IT expenses	74.53	74.14
Balance written off	-	24.79
Bank charges	17.38	14.57
Seminar Expenses	4.89	-
Miscellaneous expenses	6.37	7.25
Total	576.50	552.94

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023

33 Income Taxes

33.1 Income Tax recognized in Statement of Profit and Loss (₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current tax		
In respect of the current year	584.90	262.12
Deferred tax		
In respect of the current year	(68.60)	(40.37)
Total Income tax expense recognized in the Statement of Profit and Loss	516.30	221.75

33.2 Reconciliation of income tax expense of the year:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all the profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate is as follows:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit before income tax expense	2,013.66	866.96
Income tax rate	25.168%	25.168%
Tax at statutory income tax rate	506.80	218.20
<u>Tax effect of amounts which are non deductible/ not taxable in calculating taxable income</u>		
CSR expense	4.18	5.11
Items on which deferred tax asset (net) was not created	5.32	(1.56)
Income tax expense	516.30	221.75

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023
34 Deferred tax

The following table shows deferred tax recorded in the Balance sheet and changes recorded in the Income tax expense:

(₹ In Million)

Deferred tax liability (net)	As at 1 April 2022	Recognized in Statement of Profit and Loss	Recognized in OCI	As at 31 March 2023
Deferred tax liability on account of:				
Depreciation and amortization	372.32	(4.96)	-	367.36
Income on sale of investment in PTC	-	1.00	-	1.00
Investment in government securities measured at amortized cost	-	5.03	-	5.03
Fair value of investment in mutual funds	20.04	(19.73)	-	0.31
Unamortized borrowing cost	31.85	0.36	-	32.21
	424.21	(18.30)	-	405.91
Deferred tax asset on account of:				
Expected credit loss	164.63	11.09	-	175.72
Provision for expenses	-	0.20	-	0.20
Transaction cost on Loan assets	59.33	40.89	-	100.22
Impact on account of leases	5.74	(1.88)	-	3.86
	229.70	50.30	-	280.00
Deferred tax liability (net) and credit for the year	194.51	(68.60)	-	125.91

(₹ In Million)

Deferred tax liability (net)	As at 1 April 2021	Recognized in Statement of Profit and Loss	Recognized in OCI	As at 31 March 2022
Deferred tax liability on account of:				
Depreciation and amortization	373.04	(0.72)	-	372.32
Fair value of investment in mutual funds	9.41	10.63	-	20.04
Unamortized borrowing cost	36.09	(4.24)	-	31.85
	418.54	5.67	-	424.21
Deferred tax asset on account of:				
Expected credit loss	145.80	18.85	-	164.63
Restatement adjustments	0.44	(0.44)	-	-
Transaction cost on Loan assets	32.08	27.25	-	59.33
Impact on account of leases	5.36	0.38	-	5.74
	183.68	46.04	-	229.70
Deferred tax liability (net) and credit for the year	234.86	(40.37)	-	194.51

35 Other comprehensive income

(₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit liability/asset (net)	1.89	3.72
Income tax relating to these items	(0.48)	(0.94)
Other comprehensive income for the year (Net of tax)	1.41	2.78

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023

36 Expected Credit Loss

36.1 Loan against Property

36.1.1 Credit quality of assets

(₹ In Million)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade*								
Performing								
High grade	32,453.00	-	-	32,453.00	19,874.06	-	-	19,874.06
Medium grade	-	1,033.73	-	1,033.73	-	1,170.96	-	1,170.96
Non-performing								
Individually impaired	-	-	936.14	936.14	-	-	669.75	669.75
Total #	32,453.00	1,033.73	936.14	34,422.87	19,874.06	1,170.96	669.75	21,714.77

36.1.2 An analysis of changes in the gross carrying amount and the corresponding Expected Credit Loss allowances in relation to lending is as follows:

(₹ In Million)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	19,874.06	1,170.96	669.75	21,714.77	12,082.44	826.22	498.94	13,407.60
New assets originated/Assets derecognized/ repaid (excluding write offs/ recovery)	13,061.96	(149.45)	(158.65)	12,753.86	8,781.60	(111.38)	(225.28)	8,444.94
Transfers to Stage 1	115.79	(62.78)	(53.01)	-	80.91	(40.86)	(40.05)	-
Transfers to Stage 2	(260.12)	297.50	(37.38)	-	(748.42)	754.71	(6.29)	-
Transfers to Stage 3	(329.18)	(207.35)	536.53	-	(291.04)	(229.23)	520.27	-
Amounts written off (net of recovery)	(9.51)	(15.15)	(21.10)	(45.76)	(31.43)	(28.50)	(77.84)	(137.77)
Gross carrying amount closing balance #	32,453.00	1,033.73	936.14	34,422.87	19,874.06	1,170.96	669.75	21,714.77

Gross carrying amount includes staff loan of ₹ 3.16 Million

36.1.3 Reconciliation of Expected Credit Loss (ECL) balance is given below:

(₹ In Million)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	132.42	145.29	214.15	491.86	82.35	71.38	168.30	322.03
New assets originated/Assets derecognized/ repaid (excluding write offs/ recovery)	188.92	26.49	(6.90)	208.51	225.98	63.77	(8.60)	281.15
Transfers to Stage 1	0.76	(0.38)	(0.38)	-	0.89	(0.25)	(0.64)	-
Transfers to Stage 2	(3.84)	8.48	(4.64)	-	(88.42)	88.74	(0.32)	-
Transfers to Stage 3	(105.71)	(66.82)	172.53	-	(87.29)	(69.83)	157.12	-
Amounts written off (net of recovery)	(0.81)	(11.50)	(24.94)	(37.25)	(1.09)	(8.52)	(101.71)	(111.32)
ECL allowance - closing balance	211.74	101.56	349.82	663.12	132.42	145.29	214.15	491.86

*Internal rating grades are classified on below basis

Grade	Classification Basis	Stage
High grade	0-29 DPD	Stage 1
Medium grade	30-89 DPD	Stage 2
Individually impaired	>=90 DPD & Daily NPA	Stage 3

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023
36.2 Loan against Gold
36.2.1 Credit quality of assets
(₹ In Million)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade*								
Performing								
High grade	8,376.57	-	-	8,376.57	5,929.16	-	-	5,929.16
Medium grade	-	478.66	-	478.66	-	466.88	-	466.88
Non-performing								
Individually impaired	-	-	114.22	114.22	-	-	114.01	114.01
Total	8,376.57	478.66	114.22	8,969.45	5,929.16	466.88	114.01	6,510.05

36.2.2 An analysis of changes in the gross carrying amount and the corresponding Expected Credit Loss allowances in relation to lending is as follows:
(₹ In Million)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	5,929.16	466.88	114.01	6,510.05	4,295.25	1,376.06	89.29	5,760.60
New assets originated/Assets derecognized/ repaid (excluding write offs/ recovery)	2,647.39	(167.28)	16.88	2,496.99	1,715.09	(951.19)	(11.06)	752.84
Transfers to Stage 1	0.07	(0.07)	-	-	0.02	(0.02)	-	-
Transfers to Stage 2	(180.64)	181.00	(0.36)	-	(52.40)	52.44	(0.04)	-
Transfers to Stage 3	(19.23)	(0.64)	19.87	-	(25.98)	(10.10)	36.08	-
Amounts written off (net of recovery)	(0.18)	(1.23)	(36.18)	(37.59)	(2.82)	(0.31)	(0.26)	(3.39)
Gross carrying amount closing balance	8,376.57	478.66	114.22	8,969.45	5,929.16	466.88	114.01	6,510.05

36.2.3 Reconciliation of Expected Credit Loss (ECL) balance is given below:
(₹ In Million)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	11.94	1.50	52.95	66.39	9.02	3.13	33.22	45.37
New assets originated/Assets derecognized/ repaid (excluding write offs/ recovery)	27.39	0.44	0.71	28.54	15.36	3.18	2.69	21.23
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(1.08)	1.08	-	-	(0.47)	0.47	-	-
Transfers to Stage 3	(2.67)	(0.06)	2.73	-	(11.95)	(5.28)	17.23	-
Amounts written off (net of recovery)	(0.33)	(0.42)	(38.06)	(38.81)	(0.02)	-	(0.19)	(0.21)
ECL allowance - closing balance	35.25	2.54	18.33	56.12	11.94	1.50	52.95	66.39

***Internal rating grades are classified on below basis**

Grade	Classification Basis	Stage
High grade	0-29 DPD	Stage 1
Medium grade	30-89 DPD	Stage 2
Individually impaired	>=90 DPD & Daily NPA	Stage 3

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023
36.3 Unsecured loan
36.3.1 Credit quality of assets
(₹ In Million)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade*								
Performing								
High grade	1,402.08	-	-	1,402.08	2,090.17	-	-	2,090.17
Medium grade	-	86.80	-	86.80	-	69.87	-	69.87
Non-performing								
Individually impaired	-	-	106.24	106.24	-	-	102.01	102.01
Total #	1,402.08	86.80	106.24	1,595.12	2,090.17	69.87	102.01	2,262.05

36.3.2 An analysis of changes in the gross carrying amount and the corresponding Expected Credit Loss allowances in relation to lending is as follows:
(₹ In Million)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	2,090.17	69.87	102.01	2,262.05	1,932.42	123.44	130.37	2,186.23
New assets originated/Assets derecognized/ repaid (excluding write offs/ recovery)	(543.16)	(27.32)	(29.13)	(599.61)	318.20	(10.22)	(14.06)	293.92
Transfers to Stage 1	11.78	(6.82)	(4.96)	-	8.78	(6.59)	(2.19)	-
Transfers to Stage 2	(70.15)	72.56	(2.41)	-	(45.20)	46.78	(1.58)	-
Transfers to Stage 3	(76.05)	(14.84)	90.89	-	(60.72)	(16.06)	76.78	-
Amounts written off (net of recovery)	(10.51)	(6.65)	(50.16)	(67.32)	(63.31)	(67.48)	(87.31)	(218.10)
Gross carrying amount closing balance #	1,402.08	86.80	106.24	1,595.12	2,090.17	69.87	102.01	2,262.05

Gross carrying amount includes staff loan of ₹ 15.38 Million (31 March 2022 : ₹ 20.62 Million)

36.3.3 Reconciliation of Expected Credit Loss (ECL) balance is given below:
(₹ In Million)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	29.92	6.45	68.13	104.50	26.21	12.89	53.44	92.54
New assets originated/Assets derecognized/ repaid (excluding write offs/ recovery)	57.85	9.25	(7.59)	59.51	43.72	7.71	10.44	61.87
Transfers to Stage 1	0.16	(0.09)	(0.07)	-	0.11	(0.09)	(0.02)	-
Transfers to Stage 2	(6.06)	6.34	(0.28)	-	(3.73)	3.86	(0.13)	-
Transfers to Stage 3	(60.96)	(12.65)	73.61	-	(35.56)	(10.28)	45.84	-
Amounts written off (net of recovery)	(0.54)	(1.19)	(47.18)	(48.91)	(0.83)	(7.64)	(41.44)	(49.91)
ECL allowance - closing balance	20.37	8.11	86.62	115.10	29.92	6.45	68.13	104.50

***Internal rating grades are classified on below basis**

Grade	Classification Basis	Stage
High grade	0-29 DPD	Stage 1
Medium grade	30-89 DPD	Stage 2
Individually impaired	>=90 DPD & Daily NPA	Stage 3

Notes:
For the year ended 31 March 2023

In respect of loans granted by the Company:

- the schedule of repayment of principal and payment of interest has been duly stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per repayment schedules except for 22,645 cases having loan outstanding balance at year end aggregating to ₹ 3,761.51 Million wherein the repayments of principal and interest are not regular; and
- the total amount overdue for more than 90 days as at the balance sheet date are ₹ 1,163.30 Million (Principal amount ₹ 1,081.65 Million and Interest amount ₹ 81.65 Million) for 7,635 cases.

Necessary steps are being taken by the Company for recovery thereof

For the year ended 31 March 2022

In respect of loans granted by the Company:

- the schedule of repayment of principal and payment of interest has been duly stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per repayment schedules except for 18,724 cases having loan outstanding balance at year end aggregating to ₹ 3,635.09 Million wherein the repayments of principal and interest are not regular, and
- the total amount overdue for more than 90 days as at the balance sheet date are ₹ 889.93 Million (Principal amount ₹ 828.94 Million and Interest amount ₹ 60.99 Million) for 3,688 cases.

Necessary steps are being taken by the Company for recovery thereof

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023

37 Change in liabilities arising from financing activities

(₹ In Million)

Particulars	As at 1 April 2022	Cash Flow (Principal Component)	Cash Flow (Interest Component)	Interest Expenses	Amortization of Transaction Costs	Other Non-Cash Changes	As at 31 March 2023
Debt securities	454.03	-	(36.85)	36.85	-	-	454.03
Lease liabilities	141.08	(60.88)	(11.66)	11.66	-	20.70	100.90
Borrowings (other than debt securities)	28,945.04	7,970.17	(2,752.18)	2,715.29	58.27	-	36,936.59
Total liabilities from financing activities	29,540.15	7,909.29	(2,800.69)	2,763.80	58.27	20.70	37,491.52

(₹ In Million)

Particulars	As at 1 April 2021	Cash Flow (Principal Component)	Cash Flow (Interest Component)	Interest Expenses	Amortization of Transaction Costs	Other Non-Cash Changes	As at 31 March 2022
Debt securities	1,584.47	(1,070.00)	(208.50)	148.06	-	-	454.03
Lease liabilities	195.46	(58.52)	(16.81)	16.81	-	4.14	141.08
Borrowings (other than debt securities)	26,097.27	2,832.65	(2,078.68)	2,041.00	52.80	-	28,945.04
Total liabilities from financing activities	27,877.20	1,704.13	(2,303.99)	2,205.87	52.80	4.14	29,540.15

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023
38 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled. They have been classified to mature and/or be repaid within 12 months or after 12 months. With regard to loans and advances to customers, the Group uses the same basis of expected repayment as used for estimating the Effective Interest Rate (EIR).

(₹ In Million)

PARTICULARS	As at 31 March 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial Assets						
Cash and cash equivalents	1,834.44	-	1,834.44	1,514.76	-	1,514.76
Bank Balance other than (a) above	2,169.99	-	2,169.99	1,703.71	134.46	1,838.17
Trade receivables	108.29	-	108.29	82.68	-	82.68
Loans	11,326.93	32,826.17	44,153.10	8,423.82	21,400.30	29,824.12
Investments	4,546.01	1,519.91	6,065.92	5,986.47	2,494.66	8,481.13
Other financial asset	3.99	34.99	38.98	7.59	26.58	34.17
Non-Financial assets						
Current tax assets (net)	-	-	-	-	341.92	341.92
Property, plant and equipment	-	336.53	336.53	-	357.06	357.06
Intangible assets under development	-	7.49	7.49	-	-	-
Goodwill	-	2,603.92	2,603.92	-	2,603.92	2,603.92
Other intangible assets	-	23.54	23.54	-	32.87	32.87
Other non-financial assets	118.31	3.89	122.20	33.44	6.10	39.54
Total Assets	20,107.96	37,356.44	57,464.40	17,752.47	27,397.87	45,150.34
LIABILITIES						
Financial Liabilities						
Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	2.96	-	2.96	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	89.34		89.34	80.73	-	80.73
Other payables						
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	36.28	-	36.28	40.45	-	40.45
Debt securities	24.03	430.00	454.03	-	454.03	454.03
Borrowings (other than debt securities)	11,251.97	25,684.62	36,936.59	7,064.54	21,880.50	28,945.04
Other financial liabilities	2,454.62	55.21	2,509.83	2,415.62	85.55	2,501.17
Non-Financial Liabilities						
Current tax liabilities (net)	0.53		0.53	-	-	-
Provisions	1.32	-	1.32	2.47	-	2.47
Deferred tax liabilities (net)	-	125.91	125.91	-	194.51	194.51
Other non-financial liabilities	34.93	-	34.93	60.27	-	60.27
Total liabilities	13,895.98	26,295.74	40,191.72	9,664.08	22,614.59	32,278.67
Net	6,211.98	11,060.70	17,272.68	8,088.39	4,783.28	12,871.67

Capital Management

The primary objectives of the Group's capital management policy are to ensure that the group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value. The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. Capital Management Policy, objectives and processes are under constant review by the Board.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023
39 Fair value measurements
Financial instruments by category

(₹ In Million)

Particulars	As at 31 March 2023			As at 31 March 2022		
	Fair value through Profit or Loss	Amortized cost	Total	Fair value through Profit or Loss	Amortized cost	Total
<u>Financial Assets</u>						
Investments						
- Mutual funds	739.62	-	739.62	3,083.18	-	3,083.18
- Pass-through certificates	-	2,574.36	2,574.36	-	5,397.95	5,397.95
- Government securities	-	2,751.94	2,751.94	-	-	-
Trade receivables	-	108.29	108.29	-	82.68	82.68
Loans	-	44,153.10	44,153.10	-	29,824.12	29,824.12
Cash and cash equivalents	-	1,834.44	1,834.44	-	1,514.76	1,514.76
Bank Balances other than cash and cash equivalents	-	2,169.99	2,169.99	-	1,838.17	1,838.17
Other financial assets	-	38.98	38.98	-	34.17	34.17
Total Financial Assets	739.62	53,631.10	54,370.72	3,083.18	38,691.85	41,775.03
<u>Financial Liabilities</u>						
Borrowings (other than debt securities)	-	36,936.59	36,936.59	-	28,945.04	28,945.04
Debt securities	-	454.03	454.03	-	454.03	454.03
Trade payables	-	92.30	92.30	-	80.73	80.73
Other payables	-	36.28	36.28	-	40.45	40.45
Other financial liabilities	-	2,509.83	2,509.83	-	2,501.17	2,501.17
Total Financial Liabilities	-	40,029.03	40,029.03	-	32,021.42	32,021.42

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023
39.1 Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ In Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Note No.	Carrying Amount	Level 1	Level 2	Level 3	Total
As at 31 March 2023						
Financial assets						
<i>Financial Investments at Fair Value</i>						
Through Profit or Loss						
Mutual funds	7	739.62	739.62	-	-	739.62
<i>Financial Assets at Amortized Cost</i>						
Investment in Pass-through Certificates	7	2,574.36	-	-	2,574.36	2,574.36
Investment in Government Securities	7	2,751.94	2,759.61	-	-	2,759.61
Cash and cash equivalents	3	1,834.44	1,834.44	-	-	1,834.44
Bank Balances other than cash and cash equivalents	4	2,169.99	2,169.99	-	-	2,169.99
Trade receivables	5	108.29	-	-	108.29	108.29
Loans	6	44,153.10	-	-	45,276.69	45,276.69
Other financial assets	8	38.98	-	-	38.98	38.98
Total financial assets		54,370.72	7,503.66	-	47,998.32	55,501.98
Financial liabilities						
<i>Financial Liabilities at Amortized Cost</i>						
Trade payables	12	92.30	-	-	92.30	92.30
Other payables	12	36.28	-	-	36.28	36.28
Other financial liabilities	15	2,509.83	-	-	2,509.83	2,509.83
Debt securities	13	454.03	-	-	454.03	454.03
Borrowings (other than debt securities)	14	36,936.59	-	-	36,936.59	36,936.59
Total financial liabilities		40,029.03	-	-	40,029.03	40,029.03

(₹ In Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Note No.	Carrying Amount	Level 1	Level 2	Level 3	Total
As at 31 March 2022						
Financial assets						
<i>Financial Investments at Fair Value</i>						
Through Profit or Loss						
Mutual funds	7	3,083.18	3,083.18	-	-	3,083.18
<i>Financial Assets at Amortized Cost</i>						
Investment in Pass-through Certificates	7	5,397.95	-	-	5,397.95	5,397.95
Investment in Government Securities	7	-	-	-	-	-
Cash and cash equivalents	3	1,514.76	1,514.76	-	-	1,514.76
Bank Balances other than cash and cash equivalents	4	1,838.17	1,838.17	-	-	1,838.17
Trade receivables	5	82.68	-	-	82.68	82.68
Loans	6	29,824.12	-	-	30,593.75	30,593.75
Other financial assets	8	34.17	-	-	34.17	34.17
Total financial assets		41,775.03	6,436.11	-	36,108.55	42,544.66
Financial liabilities						
<i>Financial Liabilities at Amortized Cost</i>						
Trade payables	12	80.73	-	-	80.73	80.73
Other payables	12	40.45	-	-	40.45	40.45
Other financial liabilities	15	2,501.17	-	-	2,501.17	2,501.17
Debt securities	13	454.03	-	-	454.03	454.03
Borrowings (other than debt securities)	14	28,945.04	-	-	28,945.04	28,945.04
Total financial liabilities		32,021.42	-	-	32,021.42	32,021.42

39.2 Valuation technique used to determine fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (adjusted/unadjusted) for identical assets. This category consists of quoted mutual fund units and government securities.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets, measured using inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e.; as prices) or indirectly (i.e.; derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets measured using inputs that are not based on observable market data. Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This category includes investment in Pass-through Certificates.

There has been no transfer between level 1, level 2 and level 3 for the year ended 31 March 2023 and 31 March 2022.

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair value of Loan approximates the carrying amount.

For financial assets and liabilities measured at fair value, the carrying amounts approximates the fair values.

40 Employee Benefits

(a) Defined Contribution plans

Provident Fund

The Parent Company makes Provident Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Parent Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions as specified under the law are paid to the Employee Provident Fund Organization (Government).

The Parent Company recognized expense as contribution to provident fund amounting to ₹ 67.01 Million (31 March 2022: ₹ 41.34 Million) in the statement of profit and loss. The contributions payable to these plans by the Parent Company are at rates specified in the rules of the schemes.

(b) Defined benefit plans

Gratuity Fund

Characteristics of defined benefit plan

The Parent Company has a defined benefit gratuity plan in India (funded). The Parent Company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to SBFC Finance Private Limited employees group gratuity cash accumulation scheme.

Risks associated with defined benefit plan

Gratuity is a defined benefit plan and Parent Company is exposed to the following risks:

A. Actuarial Risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B. Investment Risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C. Liquidity Risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/ retire from the Parent Company there can be strain on the cashflows.

D. Market Risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/ government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E. Legislative Risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

During the year ended 31 March 2023 and 31 March 2022, there were no plan amendments, curtailments and settlements.

The Life Insurance Corporation is managing the Gratuity Plan and the contributions to it is done as guided by rule 103 of Income Tax Rules, 1962.

Other Post Retirement Benefit Plan

The details of the Parent Company's post-retirement benefit plans for its employees including whole-time directors are given below which is as certified by the actuary and relied upon by the auditors.

(c) Code on Social Security

The Indian parliament has approved Code on Social Security, 2020 ("the Code") which would impact the contributions by the Group towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13 November 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Group will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023

(₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Change in the Benefit Obligations:		
Liability at the beginning of the year	24.59	20.14
Current service cost	9.66	9.40
Interest cost	1.61	1.28
Benefits paid	(2.15)	(1.92)
Actuarial gains - due to change in financial assumptions	(1.23)	(0.31)
Actuarial gains - due to change in demographic assumptions	-	(3.05)
Actuarial losses - due to experience adjustments	(1.22)	(0.95)
Liability at the end of the year	31.26	24.59
Fair value of plan assets:		
Fair value of plan assets at the beginning of the year	22.12	17.89
Interest income	1.77	1.45
Expected return on plan assets	(0.56)	(0.59)
Contributions	8.76	5.29
Benefits paid	(2.15)	(1.92)
Fair value of plan assets at the end of the year	29.94	22.12
Actual return on plan assets:		
Expected return on plan assets	-	-
Actuarial loss on plan assets	-	-
Actual return on plan assets	(0.56)	(0.59)
Reconciliation of the Liability Recognized in the Balance Sheet:		
Opening net Liability/ (Asset)	2.47	2.25
Transfer in obligation		
Expense recognized in Profit and Loss	9.50	9.23
Expense recognized in Other Comprehensive Income	(1.89)	(3.72)
Contribution by the Company	(8.76)	(5.29)
Benefits paid by the Company / Insurance Companies		
Amount recognized in the Balance Sheet under "Liabilities- Provisions" as on 31 March 2023: ₹ 1.32 Million (31 March 2022: ₹ 2.47 Million) [Refer Note 17]	1.32	2.47

(₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Expense Recognized in the Statement of Profit and Loss:		
Current service cost	9.66	9.40
Interest cost (net)	(0.16)	(0.17)
Expense recognized in the Statement of Profit and Loss	9.50	9.23

(₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Expense Recognized in the Statement of Other Comprehensive Income:		
Due to change in financial assumptions	(1.23)	(0.31)
Due to change in demographic assumptions	-	(3.05)
Due to experience adjustments	(1.22)	(0.95)
Return on plan assets, excluding interest income	0.56	0.59
Net (Income)/ Expense for the year recognized in Statement of Other Comprehensive Income	(1.89)	(3.72)

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023
Amount Recognized in the Balance Sheet:

(₹ In Million)

Particulars	31 March 2023	31 March 2022
Liability at the end of the year	31.26	24.59
Fair Value of Plan Assets at the end of the year	29.94	22.12
Amount recognized in the Balance Sheet	1.32	2.47
Experience Adjustment :		
On Plan Liabilities	-	-
On Plan Assets	-	-
Estimated contribution for next year	1.32	2.47

Investment Pattern:

% Invested

Particulars	31 March 2023	31 March 2022
Policy of Insurance	100%	100%
Total	100%	100%

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at 31 March 2023: 7.35% (31 March 2022: 6.70%)

Principal Assumptions:

(% p.a.)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Discount rate	7.35%	6.70%
Return on plan assets	7.35%	6.70%
Salary escalation	7.50%	7.50%
Withdrawal Rate (as per age band)		
25 & Below	20.00%	20.00%
25 to 35	20.00%	20.00%
35 to 45	20.00%	20.00%
45 to 55	10.00%	10.00%
55 & Above	5.00%	5.00%

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

Sensitivity Analysis:

(₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Projected Benefit Obligation on Current Assumptions		
Delta Effect of +0.50% Change in Rate of Discounting	30.37	23.84
Delta Effect of -0.50% Change in Rate of Discounting	32.21	25.40
Delta Effect of +0.50% Change in Rate of Salary Growth	32.03	25.19
Delta Effect of -0.50% Change in Rate of Salary Growth	30.55	24.02
Delta Effect of +10% Change in Withdrawal Rate	30.70	23.97
Delta Effect of -10% Change in Withdrawal Rate	31.85	25.25

The sensitivity analysis have been performed by varying a single parameter while keeping all other parameters unchanged.

The sensitivity analysis presented above fails to focus on the inter-relationship between underlying parameters. Hence the results may vary if two or more variables are changed simultaneously.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

Maturity Analysis of the Benefit Payments from the Fund:

(₹ In Million)

Projected Benefits Payable in Future Years From the Date of Reporting	For the year ended 31 March 2023	For the year ended 31 March 2022
1 st Following Year	3.27	1.23
2 nd Following Year	3.56	2.61
3 rd Following Year	3.50	2.89
4 th Following Year	3.69	3.85
5 th Following Year	4.14	2.96
Sum of Years 6 to 10	17.59	12.35

41 Employee Stock Option

In accordance with resolution approved by the shareholders, the Parent Company has reserved shares, for issue to employees through ESOP Scheme. On the approval of Nomination and Remuneration Committee (NRC), each ESOP scheme is issued. The NRC has approved below stock option schemes. Under the term of the schemes, the Parent Company may issue stock options to employees and directors of the Parent Company, each of which is convertible into one equity share.

Employee Stock Option Plans

A summary of the general terms of grants under stock options plans are as under: -

Particulars	SBFC Stock Option Policy I 2018	SBFC Stock Option Policy II 2018		SBFC STOCK OPTION POLICY 2021 - I		SBFC STOCK OPTION POLICY 2021 - II		SBFC STOCK OPTION POLICY 2021 - III SPECIAL		SBFC STOCK OPTION POLICY 2021 - IV		SBFC STOCK OPTION POLICY 2021 - V		SBFC STOCK OPTION POLICY 2023 - I	
Number of options under the Plan	1,08,40,000	4,05,60,000		30,00,000		63,75,000		29,75,000		1,42,91,666		1,05,00,000		57,30,000	
Exercise Price	12.50	12.50		19.00		40.00		40.00		21.45		40.00		60.00	
Fair Value of options as at Grant Date (in ₹)	(Refer fair value table below)	4.58		6.60		11-Jan-22 : 2.60 , 21-Apr-22 : 13.27, 19-Nov-22: 13.36		11-Jan-22 : 3.80 , 21-Apr-22 : 16.40, 19-Nov-22:: 16.33		7.60		3.80		11.85	
Maximum Term of Options Granted	Refer Note 41.1	Refer Note 41.3		Refer Note 41.1		Refer Note 41.2		Refer Note 41.2		Refer Note 41.2		Refer Note 41.2		Refer Note 41.1	
Method of Settlement	Equity settled	Equity settled		Equity settled		Equity settled		Equity settled		Equity settled		Equity settled		Equity settled	
Grant Date	1 Oct 18 to 26 May 21	01-Oct-18		30-Oct-21		11-Jan-22, 21-Apr-22 & 19-Nov-22		11-Jan-22, 21-Apr-22 & 19-Nov-22		23-Dec-21		23-Dec-21		24-Feb-23	
Vesting requirements (No of months from Grant Date & Vesting schedule)	(Refer vesting schedule below)	Months	Vesting Schedule	Months	Vesting Schedule	Months	Vesting Schedule	Months	Vesting Schedule	Months	Vesting Schedule	Months	Vesting Schedule	Months	Vesting Schedule
		12	50%	12	25.0%	12	25.00%	24	25.00%	24	25.00%	24	25.00%	12	25.00%
		24	25%	15	5.0%	15	6.25%	27	6.25%	27	9.38%	27	9.38%	15	6.25%
		30	25%	18	5.0%	18	6.25%	30	6.25%	30	9.38%	30	9.38%	18	6.25%
				21	7.5%	21	6.25%	33	6.25%	33	9.38%	33	9.38%	21	6.25%
				24	7.5%	24	6.25%	36	6.25%	36	9.38%	36	9.38%	24	6.25%
				27	10.0%	27	6.25%	39	6.25%	39	9.38%	39	9.38%	27	6.25%
				30	10.0%	30	6.25%	42	6.25%	42	9.38%	42	9.38%	30	6.25%
				33	15.0%	33	6.25%	45	6.25%	45	9.38%	45	9.38%	33	6.25%
				36	15.0%	36	6.25%	48	6.25%	48	9.38%	48	9.38%	36	6.25%
						39	6.25%	51	6.25%					39	6.25%
						42	6.25%	54	6.25%					42	6.25%
						45	6.25%	57	6.25%					45	6.25%
						48	6.25%	60	6.25%					48	6.25%

Fair value as at Grant Date for SBFC Stock Option Policy I 2018:

Grant Date	01-Oct-18	01-Oct-18	24-Dec-18	24-Dec-18	15-Mar-19	29-May-19	15-Feb-20	30-Mar-20	23-Dec-20	26-May-21
Fair Value of options as at Grant Date	3.61	3.55	3.31	3.24	3.13	4.07	4.30	4.52	3.95	8.90

Vesting schedule for SBFC Stock Option Policy I 2018:

Grant Date	01-Oct-18	01-Oct-18	24-Dec-18	24-Dec-18	15-Mar-19	29-May-19	15-Feb-20	30-Mar-20	23-Dec-20	26-May-21
12 months	17.5%	25.0%	17.5%	25.0%	25.0%	25.0%	17.5%	25.0%	25.0%	25.0%
15 months	7.5%	5.0%	7.5%	5.0%	5.0%	5.0%	7.5%	5.0%	5.0%	5.0%
18 months	7.5%	5.0%	7.5%	5.0%	5.0%	5.0%	7.5%	5.0%	5.0%	5.0%
21 months	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
24 months	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
27 months	7.5%	10.0%	7.5%	10.0%	10.0%	10.0%	7.5%	10.0%	10.0%	10.0%
30 months	7.5%	10.0%	7.5%	10.0%	10.0%	10.0%	7.5%	10.0%	10.0%	10.0%
33 months	7.5%	15.0%	7.5%	15.0%	15.0%	15.0%	7.5%	15.0%	15.0%	15.0%
36 months	10.0%	15.0%	10.0%	15.0%	15.0%	15.0%	10.0%	15.0%	15.0%	15.0%
39 months	10.0%	-	10.0%	0.0%	0.0%	0.0%	10.0%	-	-	-
42 months	10.0%	-	10.0%	0.0%	0.0%	0.0%	10.0%	-	-	-

41.1 If Vesting prior to IPO then upto 6 months from date of IPO, If Vesting after IPO then upto 6 months from date of Vesting

41.2 If Vesting prior to IPO then within 12 (Twelve) months from the date of the IPO, If Vesting after IPO then within 12 (Twelve) months from the date of the vesting

41.3 If Vesting prior to IPO then 24 months from date of IPO, If Vesting after IPO then 6 months from date of Vesting.

41.4 Method used for accounting for shared based payment plan:
The Parent Company uses fair value to account for the compensation cost of stock options to employees of the Parent Company.

41.5 Fair value methodology:
The fair value of options have been estimated on the dates of each grant using the Black-Scholes model. The shares of Parent Company are not listed on any stock exchange. Accordingly, the Parent Company had considered the volatility of the Parent Company's stock price based on historical volatility of similar listed enterprises. The various assumptions considered in the pricing model for the stock options granted by the Parent Company are:

Particulars	SBFC Stock Option Policy I 2018	SBFC Stock Option Policy II 2018	SBFC STOCK OPTION POLICY 2021 - I	SBFC STOCK OPTION POLICY 2021 - II	SBFC STOCK OPTION POLICY 2021 - III	SBFC STOCK OPTION POLICY 2021 - IV	SBFC STOCK OPTION POLICY 2021 - V	SBFC STOCK OPTION POLICY 2023 - I
Dividend yield		-	-	-	-	-	-	-
Expected volatility	(Refer table below)	20.00%	49.18%	46.39%	47.29%	48.77%	48.77%	54.92%
Risk free interest rate		8.00%	4.55%	5.25%	5.67%	5.07%	5.07%	7.42%
Expected life of the option		5 years	3 years 6 months	5 years	6 years	5 years	5 years	4 years 6 months

Fair value methodology for SBFC Stock Option Policy I 2018:

Grant Date	01-Oct-18	01-Oct-18	24-Dec-18	24-Dec-18	15-Mar-19	29-May-19	15-Feb-20	30-Mar-20	23-Dec-20	26-May-21
Dividend yield	-	-	-	-	-	-	-	-	-	-
Expected volatility	20.00%	20.00%	20.00%	20.00%	20.00%	36.45%	37.43%	43.92%	49.24%	52.61%
Risk free interest rate	8%	7.87%	7.08%	7.07%	7.06%	6.34%	5.43%	5.11%	4.33%	4.50%
Expected life of the option	4 years	3 years 6 months	4 years	3 years 6 months	3 years 6 months	3 years 6 months	4 years	3 years 6 months	3 years 9 months	3 years 6 months

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023

41.6 Option Movement during the year ended 31 March 2023

Particulars	Small Business Fincredit Stock Option Policy I 2018	Small Business Fincredit Stock Option Policy II 2018	SBFC STOCK OPTION POLICY 2021 - I	SBFC STOCK OPTION POLICY 2021 - II	SBFC STOCK OPTION POLICY 2021 - III - Special	SBFC STOCK OPTION POLICY 2021 - IV	SBFC STOCK OPTION POLICY 2021 - V	SBFC STOCK OPTION POLICY 2023 - I	Weighted average exercise price (₹)
Exercise Price per Share	12.50	12.50	19.00	40.00	40.00	21.45	40.00	60.00	
No. of options outstanding at 01 April 2022	48,52,500	3,80,60,000	29,30,000	56,51,000	27,76,000	1,42,91,666	1,05,00,000	-	20.94
Options granted during the year	-	-	-	14,14,000	5,59,000	-	-	57,30,000	54.88
Options exercised during the year	(4,23,500)	-	-	-	-	-	-	-	12.50
Options forfeited/ lapsed during the year	(1,41,500)	-	(1,67,000)	(9,39,750)	(4,09,500)	-	-	-	35.54
Number of options outstanding at 31 March 2023	42,87,500	3,80,60,000	27,63,000	61,25,250	29,25,500	1,42,91,666	1,05,00,000	57,30,000	23.79

Option Movement during the year ended 31 March 2022

Particulars	SBFC Stock Option Policy I 2018	SBFC Stock Option Policy II 2018	SBFC STOCK OPTION POLICY 2021 - I	SBFC STOCK OPTION POLICY 2021 - II	SBFC STOCK OPTION POLICY 2021 - III - Special	SBFC STOCK OPTION POLICY 2021 - IV	SBFC STOCK OPTION POLICY 2021 - V	Weighted average exercise price (₹)
Exercise Price per Share	12.50	12.50	19.00	40.00	40.00	21.45	40.00	
No. of options outstanding at 01 April 2021	1,06,50,500	4,05,60,000	-	-	-	-	-	12.50
Options granted during the year	2,00,000	-	30,00,000	60,55,000	29,75,000	1,42,91,666	1,05,00,000	30.99
Options exercised during the year	(57,89,500)	(25,00,000)	-	-	-	-	-	12.50
Options forfeited/ lapsed during the year	(2,08,500)	-	(70,000)	(4,04,000)	(1,99,000)	-	-	31.83
Number of options outstanding at 31 March 2022	48,52,500	3,80,60,000	29,30,000	56,51,000	27,76,000	1,42,91,666	1,05,00,000	20.94

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023

41.7 The following table summarizes information about stock option plans:-

Policy Name	Exercise Price (₹)	Year ended		Year ended	
		31 Mar 23		31 March 2022	
		Numbers	Weighted Average Remaining Life (Months)*	Numbers	Weighted Average Remaining Life (Months)*
SBFC Stock Option Policy I 2018	12.50	42,87,500	4.33	48,52,500	7.82
SBFC Stock Option Policy II 2018	12.50	3,80,60,000	-	3,80,60,000	-
SBFC STOCK OPTION POLICY 2021 - I	19.00	27,63,000	7.99	29,30,000	10.81
SBFC STOCK OPTION POLICY 2021 - II	40.00	61,25,250	11.47	56,51,000	13.12
SBFC STOCK OPTION POLICY 2021 - III	40.00	29,25,500	12.00	27,76,000	13.12
SBFC STOCK OPTION POLICY 2021 - IV	21.45	1,42,91,666	11.39	1,42,91,666	16.28
SBFC STOCK OPTION POLICY 2021 - V	40.00	1,05,00,000	11.39	1,05,00,000	16.28
SBFC STOCK OPTION POLICY 2023 - I	60.00	57,30,000	13.96	-	-

Notes:-

*Weighted Average Remaining life represents the life for vesting. Exercise period life is in addition to the vesting life.

Since the Company is Debt listed entity, weighted average share price at date of exercise is not available.

During the year 2018-19 & 2021-22, the Parent Company has provided loan to the Employee welfare trust for purchase of shares issued by the Parent Company. These shares will be vested to the employee and will be settled through issue of own equity instrument.

The charge under employee benefit expense for the year ended 31 March 2023 amounted to ₹ 89.32 Million (31 March 2022: ₹ 29.60 Million)

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023****42 Segment Information**

The Group operates mainly in the business segment of fund based financing activity. All other activities revolve around the main business. Further, all activities are carried out within India. As such, there are no separate reportable segments as per the provisions of Ind AS 108 on 'Operating Segments'.

43 Related party disclosures**(a) Compensation of key management personnel of the Group:**

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company includes the members of the Board of Directors which include independent directors (and its sub-committees) and Executive Committee to be key management personnel for the purposes of Ind AS 24 Related Party Disclosures.

(b) Key management personnel of the Group:

Sr No	Name of Key Management Personnel	Designation
1	Mr. Aseem Dhru	Managing Director, Chief Executive Officer & Ultimate Beneficiary Owner*
2	Mr. Rajeev Gupta	Director (upto 18 July 2022)
3	Mr. Amol Krishna Jain	Director
4	Mr. Narayan Barasia	Chief Financial Officer
5	Mr. Jay Mistry	Company Secretary (w.e.f. 5 June 2021)
6	Mrs. Swati Amey Morajkar	Company Secretary (upto 3 May 2021)
7	Mr. John Mescall	Nominee Director
8	Mr. Jonathan Tadeusz Tatur	Nominee Director
9	Mr. Arjun Sakhuja	Nominee Director
10	Mr. Neeraj Swaroop	Independent Director
11	Mr. Rajesh Mannalal Agrawal	Independent Director
12	Mr. Robin Banerjee	Independent Director (w.e.f. 15 October 2022 upto 20 December 2022)
13	Ms. Surekha Marandi	Independent Director (w.e.f. 23 September 2022)

(c) Related parties where control exists:

1	Holding Company	SBFC Holdings Pte. Limited
2	Entities in which KMP Exercise Significant Influence	Arpwood Partners Investment Advisors LLP Arpwood Capital Private Limited Arpwood Consultants LLP Eight45 Services LLP
3	Post-employment benefit plan	SBFC Finance Private Limited Employees GGCA Scheme
4	Controlled Employee Welfare trust	SBFC Employee Welfare Trust

* There is no Individual Ultimate Beneficiary Owner u/s 90 of Companies Act, 2013 hence MD & CEO has been identified as Ultimate Individual Beneficial Owner as per Rule 9 of the Prevention of Money Laundering Rules, 2005, being the senior managing

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023
(d) Related party transactions (₹ In Million)

Particulars	31-Mar-23	31-Mar-22
Key Management Personnel		
Sitting Fees:		
Mr. Neeraj Swaroop	3.20	2.90
Mr. Rajesh Mannalal Agrawal	1.10	1.60
Mr. Robin Banerjee	0.50	-
Ms. Surekha Marandi	1.40	-
Remuneration to KMPs:		
Mr. Aseem Dhru	65.26	33.65
Mr. Narayan Barasia	22.28	20.38
Mr. Jay Mistry	2.32	1.48
Mrs. Swati Amey Morajkar	-	0.08
Employee Share Based Payment :		
Mr. Aseem Dhru	29.15	7.99
Mr. Narayan Barasia	6.52	3.27
Mr. Jay Mistry	0.07	0.02
ESOP Exercise through ESOP trust :		
Mr. Narayan Barasia	2.13	14.00
Issue of Equity Share Capital/ / Conversion of partly paid to fully paid up equity share		
Mr. Narayan Barasia	8.45	2.82
Mr. Aseem Dhru	219.67	22.52
Controlled Employee Welfare trust		
Loan given:		
Trustee of Employee welfare Trust	-	53.68
Loan repaid:		
Trustee of Employee welfare Trust	5.29	72.37
Post-employment benefit plan		
Gratuity:		
SBFC Finance Private Limited Employees GGCA Scheme	8.76	5.29
Holding Company		
Issue of Equity Share Capital:		
SBFC Holdings Pte Limited	2,000.00	-

Related party balances (₹ In Million)

Particulars	As at	As at
	31-Mar-23	31-Mar-22
<u>Loan given</u>		
Trustee of Employee welfare trust	111.51	116.81

Following are the details of the balances eliminated during the year ended 31 March 2023:

Particulars	As at	As at
	31-Mar-23	31-Mar-22
<u>Other Receivables</u>		
SBFC Home Finance Private Limited	0.69	-

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023

44 Leases

44.1 The changes in the carrying value of right of use assets are as follows:

(₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Balance as at beginning of the year	124.36	185.68
Impact of restatements	-	(0.01)
Addition during the year	49.33	19.30
Deletion/ Termination during the year	(112.12)	(26.40)
Depreciation charge for the year	(61.91)	(64.77)
Depreciation on deletion/ termination	90.21	10.56
Balance as at end of the year	89.87	124.36

44.2 The following is the movement in lease liabilities:

(₹ In Million)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Balance as at beginning of the year	141.08	195.46
Addition during the year	47.17	16.08
Deletion/ Termination during the year	(26.47)	(11.94)
Finance cost accrued during the year	11.66	16.81
Payment made during the year	(72.54)	(75.33)
Balance as at end of the year	100.90	141.08

44.3 Contractual maturities of lease liabilities on an undiscounted basis:

Maturity Profile of Lease liabilities:

(₹ In Million)

Lease Liabilities	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
31-Mar-23	54.37	46.19	16.80	2.12	119.48
31-Mar-22	67.58	58.45	31.68	6.18	163.89

44.4 Impact of Ind AS 116 in the Statement of Profit and Loss:

- Rental expense recorded for short-term leases for the year ended 31 March 2023 was ₹ 27.75 Million (31 March 2022: ₹ 15.35 Million)
- The aggregate depreciation on Right to use assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss.
- The aggregate interest on Lease liabilities has been included under Finance costs in the Statement of Profit and Loss.

45 In accordance with Ind AS 33- Earnings per Share, the computation of earnings

Particulars			For the year ended 31 March 2023	For the year ended 31 March 2022
Net Profit after tax as per Statement of Profit and Loss	(A)	₹ in Million	1,497.36	645.21
Weighted average number of equity shares for calculating Basic EPS	(B)	Nos.	87,77,43,681	79,81,06,200
Add: Equity shares for no consideration arising on grant of stock options under ESOP		Nos.	4,81,97,462	1,82,39,878
Weighted average number of equity shares for calculating Diluted EPS	(C)	Nos.	92,59,41,143	81,63,46,078
Basic earnings per equity share (in ₹) (Face value of ₹ 10 per share)	(A)/(B)	₹ per share	1.71	0.81
Diluted earnings per equity share (in ₹) (Face value of ₹ 10 per share)	(A)/(C)	₹ per share	1.62	0.79

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023**

- 46** The Group believes that no impairment of assets arises for the below mentioned periods as per the recommendations of Ind AS 36 "Impairment of Assets".
The Group has carried impairment testing by discounting the projected future cash flows and has enough head room against the carrying amount of ₹ 2,603.92 Million Considering the head room that the Group has, there is no need for impairment. Therefore, there is no Impairment of Goodwill in the books as on 31 March 2023 and 31 March 2022

47 **Contingent Liabilities and other commitments to the extent not provided for:**

(₹ In Million)		
Particulars	As on 31 March 2023	As on 31 March 2022
(a) Contingent liabilities		
Claims against the Group not acknowledged as Debts	6.36	10.47
(b) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	12.01	0.20
Commitments related to loans sanctioned but undrawn	-	-
Other Commitments	-	-

- 47.1** The Group's pending litigations comprise of claims against the Group by the customers and proceedings pending with other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in the financial statements. The Group does not expect the outcome of these proceedings to have a

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023

48.1.1 Risk Disclosures

The Group's risk is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk, interest rate risk and price risk.

It is the Group's policy to ensure that a robust risk awareness is embedded in its organizational risk culture.

48.1.2 Credit risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties.

48.1.2.1 Impairment assessment

48.1.2.1.1 Exposure at Default

EAD is taken as the gross exposure under a facility upon default of an obligor. The amortized principal and the interest accrued is considered as EAD for the purpose of ECL computation.

The advances have been bifurcated into following three stages:

Stage 1 – Advances with low credit risk and where there is no significant increase in credit risk. Hence, the advances up to 0-29 days are classified as Stage 1

Stage 2 – Advances with significant increase in credit risk. Hence the advances up to 30 to 89 days are classified as Stage 2

Stage 3 (including DNPA) – Advances that have defaulted / Credit impaired advances. Hence the advances with 90 days past due including DNPA are classified as Stage 3

48.1.2.1.2 Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or lifetime ECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have significant increase in credit risk if contractual payments are more than 30 days past due and when the accounts have been restructured under the RBI 'Resolution Framework - 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses' Guidelines.

48.1.2.1.3 Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. These assets continue to be classified as Stage 3 till the entire overdues are received.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- a) Significant financial difficulty of the borrower or issuer;
- b) A breach of contract such as a default or past due event;
- c) The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise.

48.1.2.1.4 PD estimation process

The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

Probability of Default computation :-

- a) The Company has applied 12 months PD to Stage 1 Advances
- b) The Lifetime PD is computed using basic exponentiation technique after considering the residual maturity of the respective loan.
- c) PD of 100% is considered for Stage 3 assets.

In cases where data for estimation of PD is not available, the Group has used industry benchmarks for computation of PD.

48.1.2.1.5 Loss given default

The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that would be expected to receive, including from realization of any prime/ collateral security. For LGD computation, the rates used from the foundation internal rating based approach and dynamic loan loss provisioning model is also taken into account. In cases where data for estimation of LGD is not available, the Group has used industry benchmarks.

48.1.2.2 Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Group has Guidelines in place covering the acceptability and valuation of each type of collateral. The Group also adheres to the RBI guidelines in respect of maintenance of adequate Loan to Value Ratios.

The main types of collateral for loans are Registered / equitable mortgage of property, Hypothecation of assets including Gold.

Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement.

In case of defaults by customers, where the Group is unable to recover the dues, the Group through a legal process enforces the security and recover the dues.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023

48.1.2.3 Payment of Ex-gratia benefit

The Government of India, Ministry of Finance, vide its notification dated 23 October 2020, had announced COVID-19 Relief scheme for grant of ex-gratia payment of difference between compound interest and simple interest ("differential amount") for six months to borrowers in specified loan accounts ("the Scheme"), as per the eligibility criteria and other aspects specified therein and irrespective of whether RBI moratorium was availed or not. During the year ended 31 March 2021, the Parent Company has charged differential amount of ₹ 33.21 Million from 28,965 customers out of which ₹ 28.87 Million was credited to 21,216 customers to their individual accounts and balance not credited as on 31 March 2021 ₹ 4.34 Million of 7,749 individual customers where loan has been closed and the amount was parked under Trade Payables in the Financial Statements. During the year ended 31 March 2022, ₹ 4.34 Million has been credited/ adjusted to respective customer accounts.

48.1.2.4 Interest on Interest

In accordance with the instructions in the Circular RBI/2021-22/17 DOR.STR.REC.4/21.04.046/2021-22 dated 7 April 2021, the Parent Company shall refund/ adjust "interest on interest" to all borrowers during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount of such 'interest on interest' has been finalized by the Indian Banks Association (IBA) in consultation with other industry participants/ bodies on 19 April 2021. The Parent Company has adjusted ₹ 1.90 Million pertaining to 235 individual customers in the Financial Statements as at 31 March 2021 and had subsequently credited the amount to individual customer accounts in financial year 2021-22.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023

48.1.3 Liquidity risk and funding management

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group 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 Group on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

Liquidity risk is managed in accordance with our Asset Liability Management Policy. This policy is framed as per the current regulatory guidelines and is approved by the Board of Directors. The Asset Liability Management Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Company also maintains LCR in accordance with RBI guidelines and board approved Liquidity risk framework. The Asset Liability Committee (ALCO) of the Company formulates and reviews strategies, LCR and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

Analysis of financial assets and liabilities by remaining contractual maturities is provided in **Note 38**

Maturity Profile of financial liabilities:

The table below summarises the maturity profile of the Company's financial liabilities on discounted basis

(₹ In Million)

31 March 2023	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
Trade Payables	92.30	-	-	-	92.30
Other Payables	36.28	-	-	-	36.28
Debt securities	24.03	430.00	-	-	454.03
Borrowings other than debt securities	10,900.99	16,576.85	5,608.20	204.78	33,290.82
Borrowings under securitization	350.98	690.68	867.15	1,736.96	3,645.77
Other financial liabilities*	2,408.93	-	-	-	2,408.93
Total	13,813.51	17,697.53	6,475.35	1,941.74	39,928.13

(₹ In Million)

31 March 2022	Less than 1 year	1 year to 3 years	3 years to 5 years	5 years and above	Total
Trade Payables	80.73	-	-	-	80.73
Other Payables	40.45	-	-	-	40.45
Debt securities	24.03	430.00	-	-	454.03
Borrowings other than debt securities	7,022.99	12,901.70	7,414.16	1,093.40	28,432.25
Borrowings under securitization	41.55	94.20	99.17	277.87	512.79
Other financial liabilities*	2,360.09	-	-	-	2,360.09
Total	9,569.84	13,425.90	7,513.33	1,371.27	31,880.34

* Excluding lease liabilities. Refer note 44.3 for Contractual maturities of lease liabilities on an undiscounted basis.

48.1.4 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The core business of the group is providing loan against property, loan against gold and personal loans. The group borrows through various financial instruments to finance its core lending activity. These activities expose the group to interest rate risk.

Interest rate risk is measured through earnings at risk from an earnings perspective and through duration of equity from an economic value perspective. Further, exposure to fluctuations in interest rates is also measured by way of gap analysis, providing a static view of the maturity and re-pricing characteristic of Balance sheet positions. An interest rate sensitivity gap report is prepared by classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to contracted/ behavioural maturities or anticipated re-pricing date. The difference in the amount of rate sensitive assets and rate sensitive liabilities maturing or being re-priced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. The interest rate risk is monitored on a quarterly basis.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being considered as constant) of the Group's statement of profit and loss and equity.

(₹ In Million)

(₹ in million)					
For the year ended	Hypothetical Increase / (decrease) in basis points	Impact in profit or loss		Impact in equity	
for the year ended 31 March 2023					
Borrowings (₹)	25/ (25)	(74.92)	74.92	(56.06)	56.06
	50/ (50)	(149.83)	149.83	(112.12)	112.12
Loans (₹)	25/ (25)	6.76	(6.76)	5.06	(5.06)
	50/ (50)	13.53	(13.53)	10.12	(10.12)
Investments in PTC (₹)	25/ (25)	9.54	(9.54)	7.14	(7.14)
	50/ (50)	19.08	(19.08)	14.28	(14.28)
for the year ended 31 March 2022					
Borrowings (₹)	25/ (25)	(63.78)	63.78	(47.73)	47.73
	50/ (50)	(127.55)	127.55	(95.45)	95.45
Loans (₹)	25/ (25)	39.39	(39.39)	29.48	(29.48)
	50/ (50)	78.78	(78.78)	58.95	(58.95)
Investments in PTC (₹)	25/ (25)	19.43	(19.43)	14.54	(14.54)
	50/ (50)	38.86	(38.86)	29.08	(29.08)

48.1.5 Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company is mainly exposed to changes in USD. The below table demonstrates the sensitivity to a 5% increase or decrease in the respective foreign currency rates against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency vendor payments.

As of balance sheet date, Company's net foreign currency exposure expressed in INR that is not hedged is ₹ 10.91 million (31 March 2022 - Nil)

(₹ In Million)

(€ in million)					
Foreign Currency	Hypothetical Increase / (decrease) by %	Impact in profit or loss		Impact in equity	
for the year ended 31 March 2023					
Currency Sensitivity - USD	5/ (5)	(0.55)	0.55	(0.55)	0.55
for the year ended 31 March 2022					
Currency Sensitivity - USD	5/ (5)	-	-	-	-

49 Transferred financial assets that are not derecognized in their entirety

The Group has entered into securitization arrangements to transfer the part of its portfolio of Loan against property and Gold Loans. The terms of the arrangement included over collateralization of the assets of the Group through lien on Fixed deposits. Since the group had retained significant risk in the transfer of the portfolio, the asset is retained in the books. Consequently, the amount received as sale consideration is shown as Collateralized borrowings in the financial statements.

(₹ In Million)

Securitisations	As at 31 March 2023	As at 31 March 2022
Carrying amount of transferred assets measured at amortised cost	3,927.76	595.15
Carrying amount of associated liabilities	3,645.77	512.79
Fair value of assets	3,964.58	598.63
Fair value of associated liabilities	3,645.77	512.79

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)**Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023**

50 Following are the additional disclosures required as per Schedule III to the Companies Act, 2013 vide Notification dated March 24, 2021:

50.1 Relationship with Struck off Companies:

To the best of the abilities, the Company has not identified any relationship with Company except mentioned below which has been struck off by the respective Registrar of Companies and such information is available vide public notice (Form No. STK-7) u/s 248 of the Act.

(₹ In Million)

Sr No	Name of Struck off Company	Nature of transaction	As at 31 March 23	As at 31 March 22	Relationship with the struck off Company, if any, to be disclosed
1	Sri Lakshmi Sai Telecom Constructions Private Limited	Loan given	13.28	13.77	Borrower
2	Fulgent Interior Private Limited	Loan given	1.40	1.53	Borrower
3	S S Institute of Technical Studies Private Limited	Loan given	2.44		Borrower
4	Bhatia Forex Private Limited	Loan given	-	14.96	Borrower

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)
Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023

- 50.2** The Parent Company has borrowings from banks and financial institutions on the basis of security of current assets and the quarterly returns filed by the Parent Company with the banks and financial institutions are in accordance with the unaudited books of accounts of the Parent Company for the respective quarters, except for the following:

(₹ In Million)

Quarter ended	Nature of current Assets/ Liabilities where differences were observed	Amount as per books of accounts	Amount disclosed as per quarterly return/ statement	Difference	Reasons for material variance
June-2022	Loan against Property Receivable	25,082.36	25,088.75	(6.39)	Refer Note-1
	Loan against Gold Receivable	7,309.62	7,309.48	0.14	Refer Note-1
	Unsecured Loan Receivable	2,253.20	2,256.23	(3.03)	Refer Note-1
	Non Performing Receivables	989.58	994.77	(5.19)	Refer Note-2
September-2022	Non Performing Receivables	953.56	975.19	(21.63)	Refer Note-2
December -2022	Non Performing Receivables	1,100.69	1,104.27	(3.58)	Refer Note-2
March-2023	Loan against Property Receivable	34,801.37	34,801.14	0.23	Refer Note-3
	Loan against Gold Receivable	8,969.45	8,985.90	(16.45)	Refer Note-3
	Unsecured Loan Receivable	1,614.84	1,614.76	0.08	Refer Note-3
	Investment in PTC	2,574.36	2,574.24	0.12	Refer Note-3
	Non Performing Receivables	1,163.39	1,182.37	(18.98)	Refer Note-2

Notes:

- Note-1 The amount disclosed as per quarterly returns/ statements reconciles with principal and interest receivable balance without adjustment of provision.
- Note-2 Higher interest receivable on NPA reduced from total assets in returns/ statements submitted to bank.
- Note-3 Provisional quarterly statement have been submitted to lenders. The Parent Company is in process of submission of updated quarterly statement.

- 50.3** The Parent Company has taken borrowings from banks and financial institutions and utilised them for the specific purpose for which they were taken as at the Balance sheet date. Unutilised funds as at 31 March 2023 are held by the Company in the form of debt mutual funds and short term fixed deposits till the time the utilisation is made subsequently.

50.4 Details of Benami Property held:

No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder, as at 31 March 2023 and 31 March 2022.

50.5 Wilful Defaulter:

The Company is not a declared wilful defaulter by any bank or financial Institution or other lender, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India, during the year ended 31 March 2023 and 31 March 2022.

50.6 Compliance with number of layers of companies:

The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

50.7 Undisclosed Income:

There have been no transactions which have not been recorded in the books of accounts, that have been surrendered or disclosed as income during the year ended 31 March 2023 and 31 March 2022, in the tax assessments under the Income Tax Act, 1961. There have been no previously unrecorded income and related assets which were to be properly recorded in the books of account during the year ended 31 March 2023 and 31 March 2022.

50.8 Details of Crypto Currency or Virtual Currency:

The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended 31 March 2023 and 31 March 2022.

50.9 Title Deeds of Immovable Properties not held in the name of the Company:

The Company does not hold any immovable property as on 31 March 2023 and 31 March 2022. All the lease agreements are duly executed in favour of the Company for properties where the Company is the lessee.

50.10 Revaluation of Property, plant and equipment and Intangible assets

There is no revaluation of Property, plant and equipment and other intangible assets during the year ended 31 March 2023 and 31 March 2022.

50.11 Utilisation of Borrowed funds and share premium:

As a part of normal lending business, the Company grants loans and advances on the basis of security/ guarantee provided by the Borrower/ co-borrower and makes investments. These transactions are part of Company's normal non-banking finance business, which is conducted ensuring adherence to all regulatory requirements.

- 50.12** (a) Other than the transactions described above, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).

(b) The Company has also not received any fund from any parties (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023

51 Additional information as required under Schedule III to the Companies Act 2013, of enterprises consolidated as Subsidiary Company as at 31 March 2023:

Name of the Parent Company - SBFC Finance Limited

Name of the Indian Subsidiary Company - SBFC Home Finance Private Limited

(₹ in Million)

Name of the Entities in the Group	Net Assets(i.e Total Assets minus Total Liabilities)		Share in Profit or (Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or Loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated Total Comprehensive Income	Amount
Parent								
SBFC Finance Limited	100.00%	17,273.28	100.04%	1,497.96	100.00%	1.41	100.04%	1,499.37
Subsidiary								
SBFC Home Finance Private Limited	0.00%	(0.60)	(0.04%)	(0.60)	0.00%	-	(0.04%)	(0.60)
Non Controlling Interest	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Total	100.00%	17,272.68	100.00%	1,497.36	100.00%	1.41	100.00%	1,498.77

Salient Features of Financial Statements of Subsidiary Companies Act, 2013 (Pursuant to first proviso to sub-section (3) of section 129:**Part A - Subsidiaries****Part "A" : Subsidiary**

(₹ in Million)

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Share Capital	Other Equity	Total Assets	Total Liabilities	Investments	Turnover/Total Income	Profit before Tax	Profit after Tax	% of Shareholding
	(Alongwith % of Holding)										
1	SBFC Home Finance Private Limited	INR	0.50	(0.60)	0.70	0.80	-	-	0.80	(0.60)	100%

Notes -

Name of subsidiaries which are yet to commence operations: SBFC Home Finance Private Limited

Name of subsidiaries which have been liquidated or sold during the year: None

On 6 December 2022, the Parent Company has incorporated a wholly owned subsidiary, namely SBFC Home Finance Private Limited ("Subsidiary"), with Corporate Identification Number U65992MH2022PTC394642. The Subsidiary has made an application to the RBI for obtaining a Certificate of Registration to operate as a 'Housing Finance Company' on 29 March 2023. In order to meet the minimum net owned funds requirement of the Subsidiary under Paragraph 5.1 of the Master Directions – Non Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, the Company intends to subscribe to the equity share capital amounting to ₹ 200.00 million of the Subsidiary. Accordingly, pursuant to Board Resolution dated 20 March 2023, the Company has committed to subscribe to the equity share capital of the Subsidiary for an amount of ₹ 200.00 million. The subscription to the equity share capital of the Subsidiary is proposed to be funded from the Company's internal accruals.

Part "B" : Associates and Joint Ventures

The Parent Company doesn't have any Associates and Joint ventures

- 52** Balances of certain trade receivables, advances given and trade payables are subject to confirmation/ reconciliation, if any. The management does not expect any material difference affecting the financial statements on such reconciliation/ adjustments.
- 53** The Board of Directors of the Company and its Shareholders have approved a resolution towards listing of equity shares through an Initial Public Offer ("IPO") and accordingly had filed the Draft Red Herring Prospectus with the Securities and Exchange Board of India ("SEBI") on 5 November 2022 ("Previous DRHP"). Pursuant to review of the Previous DRHP and by way of its letter no SEBI/HO/CFD/RAC DIL-1/P/OW/2023/7683/1 dated February 22, 2023, SEBI had returned the Previous DRHP. Subsequently, on 21 March 2023, the Company has re-submitted a further updated DRHP with SEBI, post necessary modifications, applicable corporate actions and receipt of all necessary regulatory and other applicable approvals in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

SBFC Finance Limited (Erstwhile SBFC Finance Private Limited)

Notes forming part of Consolidated Financial Statements for the year ended 31 March 2023

54 Changes in accounting policy/ prior period errors

The Company has filed the Draft Red Herring Prospectus with the Securities and Exchange Board of India ("SEBI") on 5 November 2022 and subsequently on 21 March 2023 for this purpose the Company has made following restatements which has also been considered in preparing these consolidated financial statements.

Adjustments to other equity (₹ in Million)	
Audited Balance of Other Equity as at 31 March 2021	4087.35
Reduction in Securities premium due to share issue expenses	(2.17)
Tax impact in Remeasurement gain/ (loss) on defined benefit asset/liability (net)	(0.14)
Adjustments on account of loan cancellations, rent expenses, depreciation, share issue expenses and tax impacts routed through statement of profit and loss	(0.70)
Restated Balance of Other Equity as at 1 April 2021	4084.34

Statement of Impact of adjustments on statement of profit and loss (₹ in Million)	
Total comprehensive income as per audited financial statements for the year ended 31 March 2022	644.98
Impact of loan cancellation	1.82
Share issue expenses	0.02
Tax expenses	1.17
Total comprehensive income restated for the year ended 31 March 2022	647.99

55 Previous Year Figures

Previous year's figures have been regrouped and reclassified wherever necessary to conform to current year classification/ presentation.

For Suresh Surana & Associates LLP
Chartered Accountants
Firm's Registration No. 121750W/W-100010

**For and on behalf of the Board of Directors of
SBFC Finance Limited
(Erstwhile SBFC Finance Private Limited)**
CIN:U67190MH2008PLC178270

Ramesh Gupta
Partner
Membership No: 102306

Place: Mumbai
Date : 27 April 2023

Mr. Neeraj Swaroop
Chairperson
(DIN: 00061170)

Mr. Aseem Dhru
Managing Director & CEO
(DIN: 01761455)

Mr. Narayan Barasia
Chief Financial Officer

Place: Mumbai
Date : 27 April 2023

Mr. Jay Mistry
Company Secretary
(ACS: A34264)