



PHYgital

A responsibly hybrid – physical and digital – approach represents a platform for sustainable value creation at our company

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Disclaimer

This document contains statements about expected future events and financial and operating results of India Shelter Finance Corporation Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the India Shelter Finance Corporation Limited Annual Report 2021-22.



Online Annual report
www.indiashelter.in

PHYgital

As the old yields to change, new business models are emerging.

One such model is in India's housing finance sector.

India Shelter Finance Corporation Limited has responded to an inflection point in the country's housing finance sector with a hybrid model of customer engagement.

This model - a combination of the physical and digital – makes it possible for the company to build on the enduring foundation of established infrastructure, enhancing customer familiarity and leveraging the power of the new, widening the market.

This combination of friendly accessibility and operational seamlessness represents a powerful combination, expected to deepen the company's position as a future-ready financial institution.

CORPORATE SNAPSHOT

The two most exciting words in India's housing sector comprise 'affordable housing'.

Affordable housing is emerging as the largest segment within the sector by the number of homes being financed and the extent of the under-served.

India's mortgage to GDP ratio is only 11%, in comparison to USA (56%) and UK (67%), which indicates a vast addressable market.

By 2022-23, the loan book of affordable housing finance companies (AHFCs) is expected to grow 17-20%, catalysed by factors like growing population, market under-penetration and conducive government policies.

India Shelter Finance Corporation is a fast-growing housing finance company that has selected to focus on affordable housing financing.

The company has responded to the extensive potential within its sector through a phygital approach, capitalising on long-standing strengths and emerging technologies.

The result is the company's growth that is faster than the industry average leading to robust financials, delighted customers, and a credible brand.

The complement of these realities is strengthening the company's visibility, profitability, and sustainability.



BACKGROUND

India Shelter Finance Corporation Limited (ISFC), formerly Satyaprakash Housing Finance India Limited, is a rapidly growing affordable housing finance company. In 1998, the company was registered with the National Housing Bank (NHB), which restarted operations in 2010 under a new management.

The Company focuses on the professional financing of affordable homes. The company addresses middle and lower-middle income classes by providing low-cost housing loans and loan against property for personal and business

use. The company's product offering also comprises financing for new house purchases, home expansion and upgrades, home building loans on previously owned land and loans against property.

The Company addresses the growth coming out of Tier 2 and Tier 3 cities across 15 States within India, deepening its personality as a company catalysing financial inclusion.

The Company's head office is located in Gurugram, Haryana.

LEADERSHIP

The Company is managed by a team of experienced professionals, who are respected in the finance and mortgage sector. The Company's Founder Mr. Anil Mehta possesses a vast experience of more than three decades in the Mortgage, Banking and Insurance sector. He spearheaded their consumer credit and business functions, helping establish new businesses.

The Company is led by Mr. Rupinder Singh, the Managing Director and Chief Executive Officer. He has two decades of experience in mortgage loan in Banking and NBFCs. During his career, Mr. Singh engaged with companies like GE Consumer Finance, HDFC Bank and Cholamandalam Investment & Finance Company. He is credited with portfolio and profit growth as the Head of Home Equity/ Mortgage and SME businesses at Cholamandalam.



PRODUCTS AND OFFERINGS

The Company promotes financial inclusion and women empowerment. For over 11 years, ISFC has made housing credit accessible to first-generation semi-urban families. Over the

years, the Company formulated a hassle-free loan management process addressing the middle and lower income segment.

HOME LOAN

- » Home purchase
- » Home extension/ improvement
- » Home construction on existing plot
- » Land purchase and construction

LOAN AGAINST PROPERTY

- » Business
- » Personal



A snapshot of what we achieved in 2021-22

OUR GROWTH

3,073

₹ Crore, Assets under management (AUM), 40% CAGR growth across four years



1,295

₹ Crore disbursement, 45% Y-o-Y growth



CREDITWORTHINESS

A (Positive Outlook)

Credit rating by CARE



709

₹ Crore, debt repaid



OPERATIONAL EFFICIENCY

12

%, Net interest margin



99

%, 2021-22 Collection efficiency



RISK MITIGATION

2.12*

%, Gross non-performing assets
*As per revised IRAC norms



1.60

% Net non-performing assets



ESG

99

% borrowers/co-borrowers are women



85

% Customers from economically weaker sections (EWS) and low-income group (LIG)



*The numbers were relevant for 31 March, 2022 or 2021-22, as applicable

Where we are **present** across India



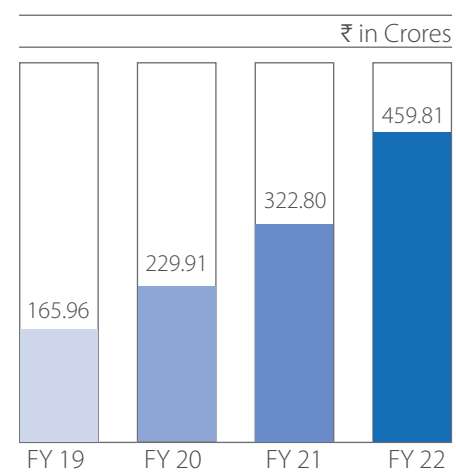
GEOGRAPHICAL PRESENCE

Over the last decade, the company extended its geographical presence from 2 to 15 States – the leading finance company to have branches across India and a diversified portfolio. The Company is spread across States like Rajasthan, Madhya Pradesh, Maharashtra, and Gujarat.

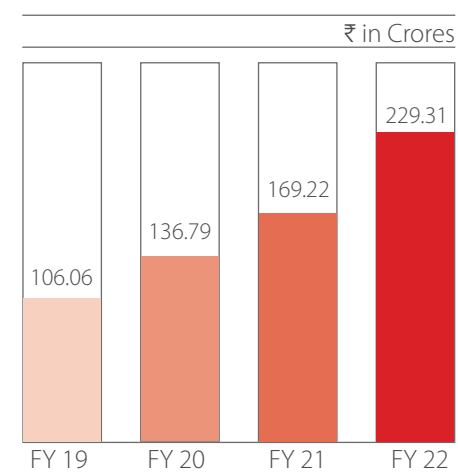


How we have **grown** over the years

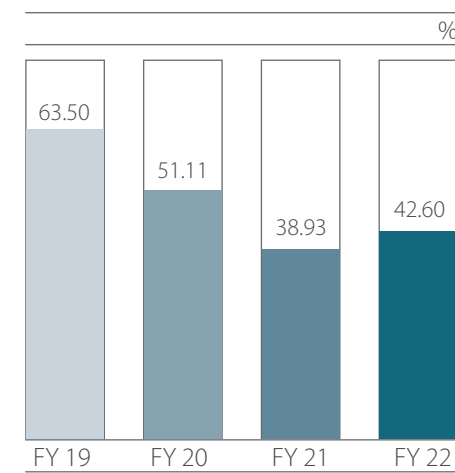
FINANCIAL



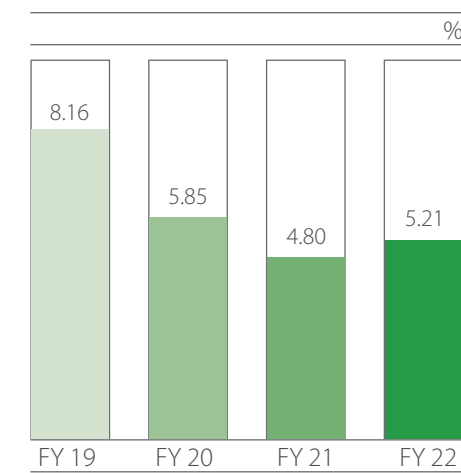
Net total income



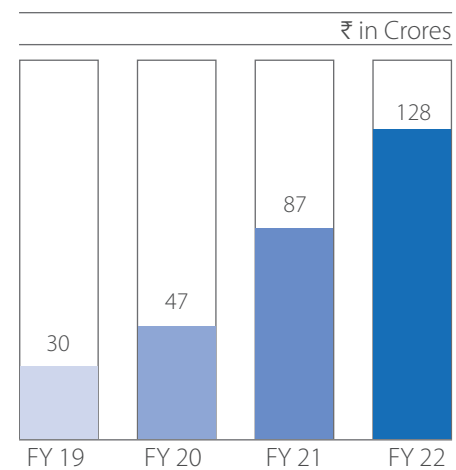
Net interest income



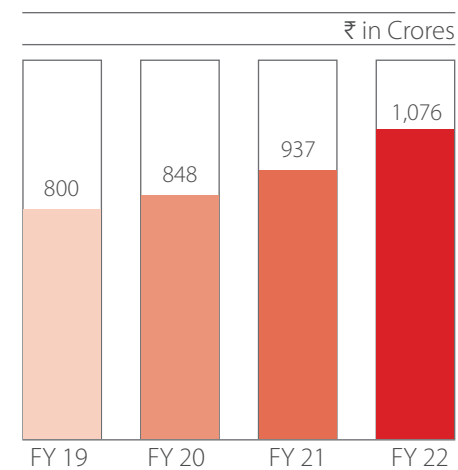
Cost-to-income



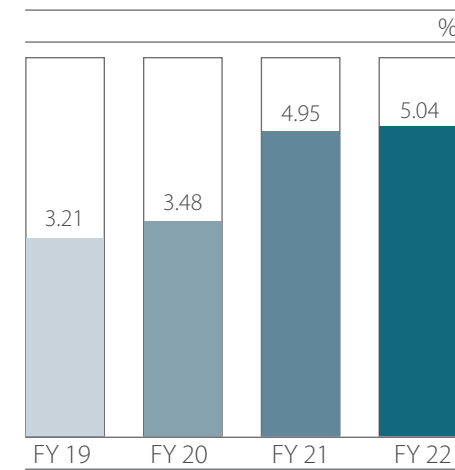
Operating expenditure-to-assets



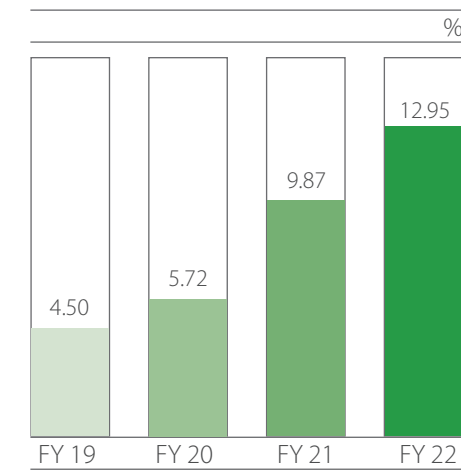
Profit after tax



Net worth

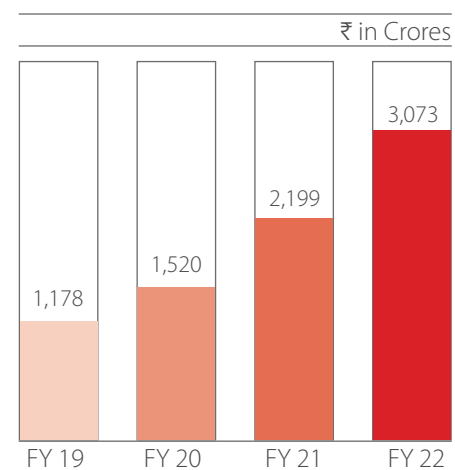


Return on assets

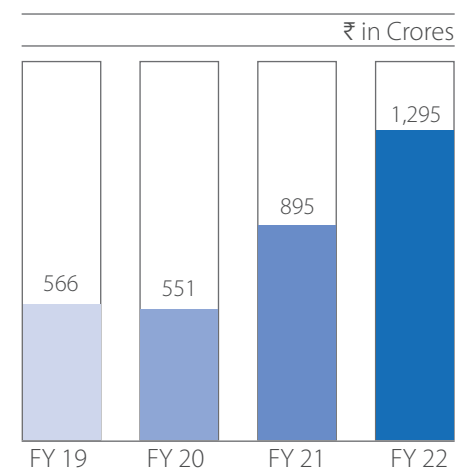


Return on equity

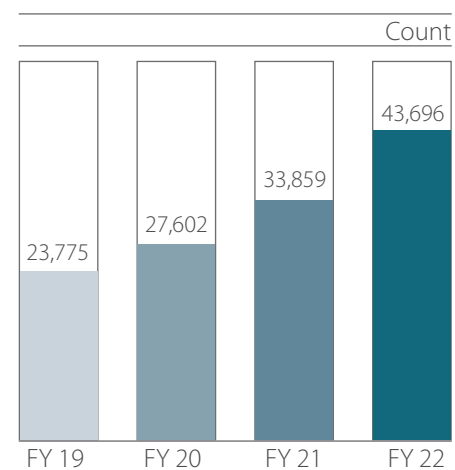
BUSINESS



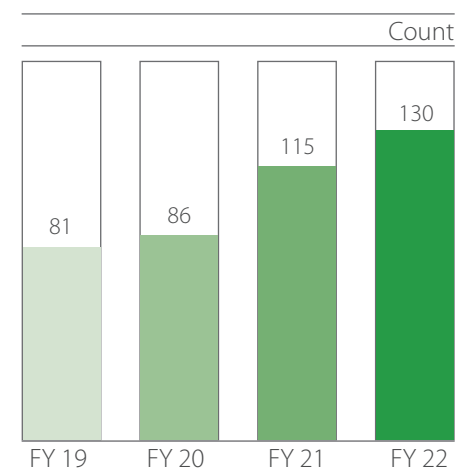
Assets under management



Disbursement

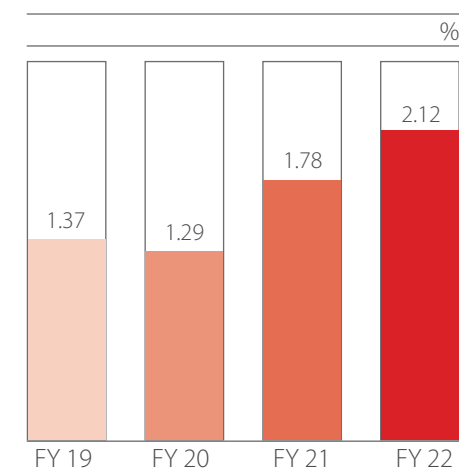


Loan accounts

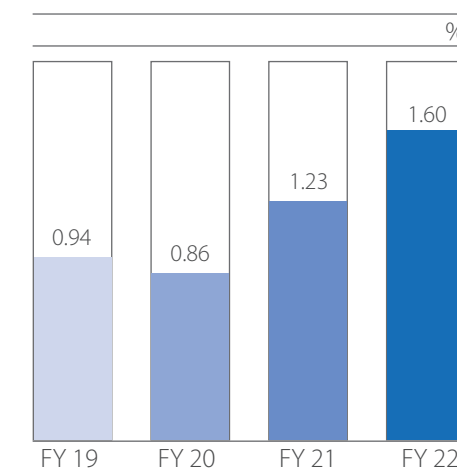


Branches

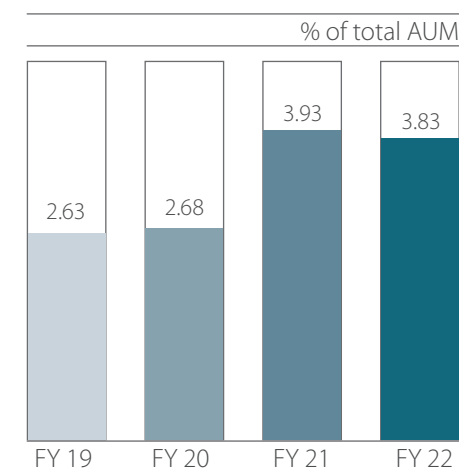
ASSET QUALITY



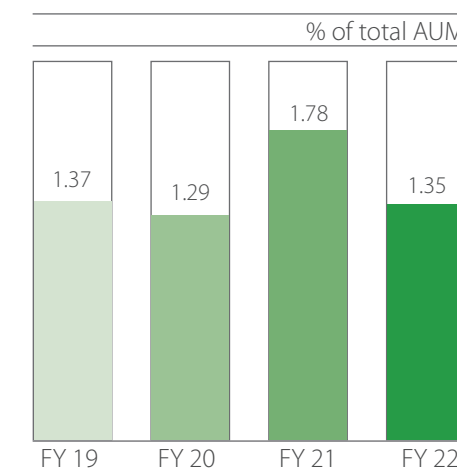
Gross non-performing assets



Net non-performing assets



30+ days per due (DPD)



90+ days per due (DPD)

The Indian affordable housing **market**

Large market space of affordable housing



DEMAND TRIGGERS

- 11% mortgage penetration in India with a large headroom (as against 56% in USA and 67% in UK)
- Rising disposable incomes; continued home affordability
- Evolving national demographics
- Urbanization 2x of population growth (2-2.5% vs 1.2%)
- Increasing number of nuclear families

SUPPLY TRIGGERS

- RERA implementation
- Interest subvention scheme
- Financial inclusion support provided by Government of India
- Infrastructure status to housing finance
- Digital India push (digitally-enabled registration documentation)
- Housing for All priority by Government of India

BIG NUMBERS



MD & CEO REVIEW



The new age **phygital** approach, focused effort, strong foundation and customer centricity to accelerate our organizational momentum.

Rupinder Singh, MD & CEO, provides an overview of where the company is and where it is headed

The last three years of the company have been marked by uncertainties due to the pandemic, disrupted economic growth and regulatory changes. However, your company validated its adaptability to uncertainties through high disbursements of ₹1,295 Crore. In doing so, your company sustained its four-year compounded AUM growth at 40%, making it one of the fastest growing housing finance companies in India.

During periods of instability, we went out and grew our book through our proprietary sourcing model, complementing digital solutions for the customer's housing needs. Your company also took the route to engage customers through most operational activities, collecting EMIs and other charges for customers, prioritizing its commitment to safety. The result is that your company grew faster than the sectorial average, touching 65,000+ lives, reporting a better book quality vis-à-vis the industry average and validating the strategic approach to grow its business.

Your company addressed the needs of every stakeholder group. For customers, it provided the convenience of digital onboarding and engagement along with a presence in 15 States and 130+ branches. For employees, the company provided a desired place to work. For lenders, the Company continued to provide security through the pandemic-influenced years coupled with proactive and transparent communication; for society at large,

it continued to remain a sensitive financing company engaged in responsible lending to women and the marginalized; for investors, it brought all diverse competencies together to deliver superior returns and build on a 12.95% Return on Equity of 2021-22.

Affordable housing finance is one of the fastest growing markets in India at 25% CAGR over the last five years. With a growing emphasis on urbanization,

Your company is driven by the complement of overarching vision, alignment of strategic priorities with that vision, annual business targets, delegation of these targets down to teams, specific responsibilities allotted to employees and a culture of technology-enabled processes. The result is that we have graduated to strategic cum tactical stability and predictability.

nuclearization and raising per capita income, the size of the affordable housing finance industry is estimated at ₹13 trillion; the market of a financing size of less than ₹35 Lakh is expected to grow 15-17% in FY23. This indicates a promising demand for a company like India Shelter to generate sustainable growth.

The core factor strengthening your company's competitiveness

is its commitment to responsible governance, phygital approach and customer centricity.

Your company is driven by the complement of overarching vision, alignment of strategic priorities with that vision, annual business targets, delegation of these targets down to teams, specific responsibilities allotted to employees and a culture of technology-enabled processes. The result is that we have graduated

to strategic cum tactical stability and predictability.

Your company has been at the forefront of adopting digitalization. The company's objective was to use digitalization effectively through a growing aggregation of information leading to informed customer-centric decision making. At the same time, the company recognizes that digitalization cannot work in a standalone manner.

Its role needs to be blended with human intervention – a phygital approach - for enhanced effectiveness. India Shelter has invested in a prudent phygital structure directed at enhancing the customer experience. Even as the company continues to widen its physical footprint, it is deepening its technology influence, an effective dual approach.

Your company's thrust was always on improving the digital journey of

Your company adapted to transforming customer behaviours and expectations. To deliver a delightful end-to-end customer experience, it enhanced product offerings and streamlined processes by graduating from lengthy, paper-based application forms to web / mobile-based forms and digitized Know Your Customer (KYC) documents.

the customer - from onboarding, credit underwriting, file processing, disbursement to collection - and make better decisions based on available data. To enhance digitalization effectiveness, data and related analytical capabilities continued to serve as the company's teacher while processes and culture continued to remain the company's backbone.

Your company continued to invest in its digital transformation, evolving and

learning in the process. Your company invested with a commitment to graduate a conventional business into a modern one. At one level, this moderated the role of manual interventions, enhancing systemic and underwriting integrity; at another level, this empowered the company to 'read' market numbers better and arrive at informed conclusions of where customers resided and what they needed.

India Shelter also understands that it is not just a provider of simplistic digitalized tools addressing the needs of the day; on the contrary, it invested in a digitalized foundation to scale the business profitably as well. We believe we have a compelling value proposition to offer; our customers are spread pan-India. Even as the creation of a digital cloud-based backbone will make it possible for the business to be scaled wider and faster at a lower cost, the role of physical engagement

should not be under-estimated. In a business where most customers are at the cusp of possessing a formal and detailed evidence of their income sources, the role of a fintech needs to be complemented with a human-centric approach with a premium on patient understanding of the customer's life aspiration, family reality, profession, and credibility.

Your company believes that this combination of the human engagement and digitalization has helped build a phygital business model that is customer-centric and value-accretive for all stakeholders.

Rupinder Singh,
Managing Director and Chief
Executive Officer

CHIEF FINANCIAL OFFICER'S FINANCIAL REVIEW



The company is at the start of its **growth** runway with a robust engine and with adequate fuel to sustain its industry outperformance

Ashish Gupta, Chief Financial Officer, provides a granular understanding of the company's performance during the year under review

The principal message that needs to be communicated through the financial prism is that of discipline. At India Shelter, the outperformance that we reported during the last financial year was not the result of a temporary arbitrage. It was the result of one thing that our company has consistently done: a consistency of discipline, a consistency of keeping to an established process, rigour, and strategic consistency.

It was this consistency and resilience in the face of challenges that contributed to our business growth and helped us to cross the milestone of ₹1,000 Crore in annual disbursement, reach an AUM of over ₹3,000 Crore and deliver double-digit Return on Equity (ROE) with a low leverage of less than 2x.

For years, the company emphasised the role of complete integrity, a commitment to trust, adherence to established processes and progressive digitalization. The superior numbers that we reported during the year represented a validation of doing the right things.

The Company's PAT and RoE rose to ₹128 Crore and 12.95% respectively in 2021-22 as against ₹87 Crore and 9.9% in 2020-21, indicating the robustness of our business model derived from improved net interest margins and superior asset quality.

These improvements translated into an upgrade in our credit rating - from A (Stable) to A (Positive) from CARE Ratings. The upgrade empowered the company to borrow cheaper, broad based the lender consortium and recruit better - a robust platform of sustainable competitiveness in an increasing interest rate environment.

The Company mobilised funds through diverse instruments in the form of term loans, non-convertible debentures, refinance, securitization, and direct assignments from various institutions including National Housing Bank

(NHB), public and private sector banks, mutual funds, non-bank financial institutions, insurance companies and high net-worth individuals (HNIs). The company also has an undrawn sanction of an External Commercial Borrowing of USD 30 million from Development Finance corporation (DFC), a sovereign entity of US for a tenure of 15 years. The Company will continue to diversify its borrowing profile, optimizing funds cost and its Asset Liability Maturity profile.

At India Shelter, our competitiveness was reinforced through the disciplined mobilisation of long-term resources. The Company did not borrow anything short-term in the form of commercial paper. The company maintained positive gaps across all ALM buckets.

Over the years, your company improved its borrowing cost by leveraging the growing strength of its Balance Sheet and credit rating. The cost of funds during the year under review declined from 8.9% in the previous year to 8.2%. Following improved funds cost and a stable portfolio yield, gross margin improved from 610 bps in 2020-21 to 690 bps in 2021-22.

The Company possesses strong liquidity of ₹467 Crore in the form of bank deposits and short-term investments. The Company had undrawn sanctions of ₹1,119 Crore to fund business requirements for at least six months.

The company entered the year 2021-22 with yet another lockdown on account of COVID-19 resurgence. This impacted the livelihood and repayment behaviour of our customers. However, the company withstood the pandemic on account of superior collections and asset quality. Your company reported a considerably lower delinquency as a percentage of AUM; DPD90+ was at 1.35% and DPD30+ at 3.83% respectively as on 31 March, 2022 as against 1.78% and 3.93% as on 31 March, 2021. These numbers validated the Company's credit underwriting standard, borrower resilience and loan portfolio quality.

The Company's Balance Sheet has grown steadily during the last few years. Your company enjoys a vast headroom to mobilise additional debt on the back of low leverage and strong capitalization supported by marquee private equity funds. The result is that your Company is positioned at the start of a runway with a robust engine and adequate fuel to sustain its industry outperformance across the foreseeable future.

Ashish Gupta
Chief Financial Officer

Strategic priority: Phygital mode



At India Shelter, a unique phygital approach lies at the centre of business growth.

This model reconciles the feet-on-street business sourcing (through 1000+ relationship managers) and digital loan processing, an end-to-end solution.

This phygital approach has provided a tangible face to customers, strengthened data analytics, increased people productivity through personalised customer interactions, improved resource allocation and

streamlined processes. Moreover, this has enhanced the company's brand as a customer-centric organization respected for its governance practices.

OUR STRENGTHS

- System-driven from sales to collection, enhancing outcome predictability
- Balanced mix of young and experienced sales professionals
- Skilled digital credit team
- Accelerated loan process, shorter turnaround time
- Balanced physical and digital approach, enhancing process integrity
- Replacement of the routine; minimized manual operations; enhanced accuracy
- Reduction in redundant processes
- Multiple digital touchpoints for customers
- Customer engagement through in-house sales agents leading to personalised service delivery

OPPORTUNITIES

There are sections of the target segment unaware of available lending facilities. The Company educates them through

employee engagement and educational videos, establishing their trust and making India Shelter their preferred choice as

credit partner.

BUSINESS-STRENGTHENING INITIATIVES

- Enhanced customer journey related to effective loan origination
- Engaged in regular training across the sales, legal, technical and credit functions
- Enhanced the engagement focus with different vendors, widening the customer network

- Integrated diallers, lead management system and salesforce, strengthening sales effectiveness
- Engaged in demographics-driven campaigns leading to enhanced sales outcomes
- Enhanced the search engine

optimization function for sales effectiveness

- Reduced the turnaround time in loans approval, strengthening customer delight

- Digitized the customer onboarding across the loan origination and banking processes

OUTLOOK

Going forward, the company will continue to deepen digitalisation with the objective to provide solutions at the click of a fingertip and enhance customer delight. With the intention to further enhance paperless customer experience, the Company will be introducing an app-based transaction module for end-to-end user experience.

Technology is not an arcane subject sitting inside our organisation; it is a simple interface that makes it simple for our customers to engage with us. We have often heard some of our customers say when they engage with us digitally: 'Arre, yeh toh bahut aasan rahaa!' This explains what we do: we make the complex simple.



Journey of loan at India Shelter

Cloud and SaaS-enabled best-in-class services with fully-integrated software



Strategic priority: Customer **delight**



SWEEPING TECHNOLOGY TRANSFORMATION

At India Shelter, there were two realities that emerged from the disruption caused by the pandemic: one, a growing and expressed need of a larger number of customers to have their own homes following months of enforced lockdown – a need to live better; two, contactless customer engagement (to the extent possible) as the only way the business can be scaled with speed pan-India.

The widespread digitalization of businesses indicate that technology is pervasive; it is required to build an efficient company at all levels – technology in developing innovative products, providing unparalleled superior service, cost savings and enhancing operational efficiency.

At India Shelter, technology is helping create a scalable platform where the incremental cost of business transacted, customer addition or employee onboarded

can be negligible after the initial cost of platform creation has been incurred. Our cloud-based and best-in-class systems help us expand based on the current architecture without incurring additional costs. The result is that the larger we grow, the considerably lower our cost increase (proportionately). The larger we grow, the more competitive we become.

HOW TECHNOLOGY ENHANCES CUSTOMER DELIGHT

- Smoother onboarding experience
- Integration of technology-led programmes like e-NACH, e-Mandate, e-Sign, and e-Stamp
- Use of data analytics in credit underwriting
- Quicker disbursements with quality checks
- Customer engagement across multiple channels
- Customer service 24*7 through IVR
- Seamless digital service modules
- Paperless process

HOW DIGITALISATION BROUGHT INDIA SHELTER CLOSER TO CUSTOMERS

- Created a boundary-less organization touchpoints across geographies, strengthening demand forecasting
- Transformed the conventional to the omni-channel through multiple
- Enhanced information access on customer preferences and responses

INTRINSIC ROLE OF TECHNOLOGY

- Being widely perceived as the principal competitive differentiator within India's housing finance sector
- Particularly critical when most players work within a narrow corridor of competitiveness marked by a similar cost of funds from banks and lending institutions
- Successful companies inevitably possess superior enabling technologies leading to enhanced competitiveness
- Companies now evolving their personalities to emerge as technology companies offering housing finance as opposed to the conventional understanding of housing finance companies being supported by technology.

THE ROLE OF TECHNOLOGY WITHIN OUR BUSINESS

- At India Shelter, technology is ubiquitous; it is our lifeline. Technology plays a key role in the functioning of our company
- Technology at our company provides a 360-degree perspective of the customer throughout the lifecycle engagement
- Technology makes it possible to provide the best rate, attention to emerging customer needs and additional offerings (cross-sale) leading to retention
- We studied technology options; we modified and adapted them around our specific requirements - a neat fit between what our customers seek and what we provide
- We introduced innovative business use cases of geo tagging (radial delinquency, valuation, income etc.), lead eligibility and filtering, IRIS-based Aadhaar e-KYC through an in-built bio-metric scan in tablets, e-Stamping and insurance calculators

HOW OUR TECHNOLOGY PERSONALITY IS REALLY OUR BRAND

- We simplify the complex; we automate the labor-intensive; we deliver the extended in an instant
- The word 'impossible' does not exist at our company when it comes to service. India Shelter is associated with a commitment to serve customers with smile, surety and speed
- Empowers us to design and devise solutions that extend beyond the usual
- Empowers us to be engaged in a conventional business in a modern way, challenging paradigms – with urgency, innovation and passion

THE PRIORITIES THAT WENT INTO OUR TECHNOLOGY INVESTMENTS

- We have made strategic investments into systems that are flexible and allows seamless upgradation to the latest version.
- We invested in pure SaaS-based technologies that would be priced per use, modular and open to change (the result is that we are always future-ready when it comes to technology).
- We ensured that every knowledge capital that we owned would be on cloud, making all our systems/data online for anytime access.

THE EXTENT OF AUTOMATION WITHIN OUR COMPANY

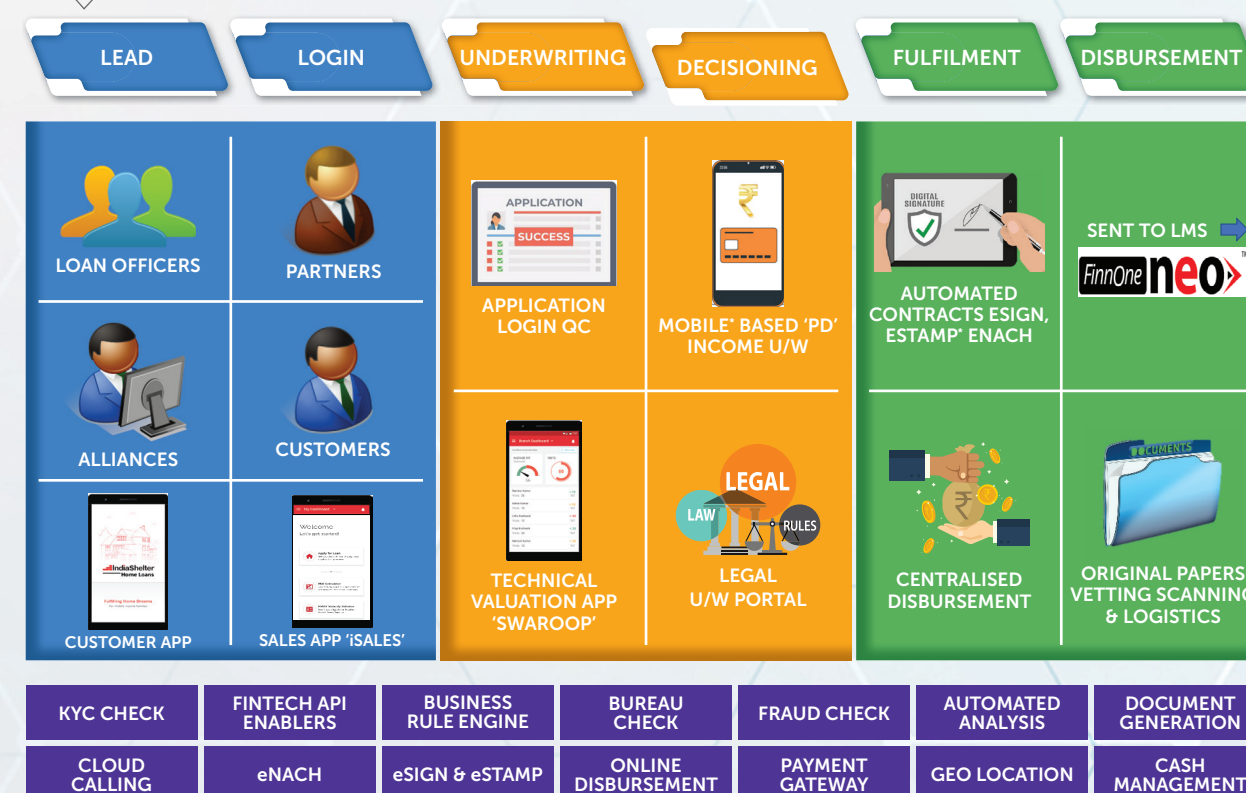
- We invested in mobile-based technology for our entire field force – to enhance responsiveness, to save time and transform customer interest into delight.
- We invested in best-of-breed systems, effective data management and third-party online data services for our credit and operations functions.
- Our technology stack is available 24x7 – anywhere.

When one engages with India Shelter, the solution to a customer's problem is not hidden deep in the company and dependent on an executive; it is accessible and available through the smartphone and within the customer's control.



Two words for India Shelter's loan processing: **smooth** and **hassle-free**

TECHNOLOGY STACK



CUSTOMER TESTIMONIALS



"Housing finance companies toh bahut hai, lekin jo respect hamay India Shelter se mila, uski tulna nahi. India Shelter's support and guidance ensured that my home loan journey was quick and hassle-free."

Rajkumar,
Alwar, Rajasthan



"Main last 10 saal se kiraaye ke ghar me reh raha tha apni family ke saath. It had always been my dream to own a home of my own. I engaged with India Shelter after my friend assured me of their easy home loan service. It was the best decision of my life! Their customer-friendly service and fast loan processing helped me build my home."

Manoj, Madhosingh Pura,
Neemrana, Rajasthan



"P a n d e m i c ke waqt ghar chalaane ke liye mujhe karza lena pada kyu ki tailoring ka business bandh para tha". One of my friends gave me Manan sir's number from India Shelter. He proved supportive with a loan. India Shelter not only helped repay my debts but allowed me to buy material to restart my business."

Mukesh Panchal,
Ahmedabad, Gujarat

Strategic priority: Here for a **purpose**



INDIA SHELTER AND SUSTAINABLE VALUE-CREATION

Overview

Sustainable value-creation has evolved from a peripheral extra-curricular to a mainstream priority. Businesses are no longer treated as silos, but as institutions that impact people and surroundings. Every single individual or sentient being likely to be influenced by the company's brand, product or operations is now considered a stakeholder. This warrants an understanding of how value needs to be created and sustained across all stakeholder segments and the parameters by which companies are evaluated.

Components of sustainable value creation

Financial Capital comprises surpluses that enhance the financial structure

Intellectual Capital comprises knowledge and experiences that take the business ahead

Human Capital comprises people skills, capabilities and experiences

Social & Relationship Capital comprises value derived from vendors, customers, and societal uplift.

India Shelter largely caters to economically weaker sections (EWS) and the middle-income group (MIG). The Company's objective is to provide credit access to the under-privileged and under-banked sections with a socio-economic ripple effect comprising financial inclusion.

The Company's services are in line with the United Nations-prescribed Sustainable Development Goals (SDGs), strengthening its relevance.

OUR SUSTAINABILITY FRAMEWORK

Priorities

- To address the needs of stakeholders to the best of our ability
- Transparent and proactive disclosures with employees and shareholders
- Prudent business investments for long-term outperformance
- To minimise our carbon footprint through digitalisation

Ethical integrity

- Business driven by Codes of Conduct and ethical integrity
- Business marked by extensive compliances
- Integrity extended to environment responsibility

Strategy

- Largely financing the ownership of homes

- Financing the needs of a vast middle income group customer profile

- Preference for financing across rural and semi-urban locations

Procurement economies

- Diversified Sourcing of debt capital
- Focus on long-term debt mobilisation
- Focus on moderated funds cost

Distribution footprint

- Footprint across 15 Indian states
- 29 branch locations are non-urban
- 22% of customers from rural India

Financing excellence

- Focus on achieving long-term positive asset-liability mismatch
- Access to ₹1,100+ Crore of sanctioned but undrawn funds

- Focus on annual interest inflow financing business expansion

Brand and customer capital

- Recall around the word's 'accessibility' and 'trust'
- Customer engagement marked by low turnaround time

Financial structure

- Attractive borrowing room
- Strong capitalization
- High collections efficiency

People competence

- Enhance talent productivity
- Invest in insights, knowledge and passion
- Sustain the outperformance

BENEFICIARIES



Community



Upskilling women with sewing training

SUSTAINABILITY DEVELOPMENT GOAL ADDRESSED

10 REDUCED INEQUALITIES



With the objective of deepening financial inclusion, the Company addresses a section of the population that is not considered 'serviceable' within the traditional banking understanding. In doing so, India Shelter is not only bringing these customers into the formal economy but also enhancing their life quality. By the virtue of its strong network across tier-II, III and IV Indian cities, coupled with digital solutions, the Company reaches customers (especially women) with credit access that would otherwise have

been denied by large traditional financial institutions. The Company promotes affordable housing schemes like Pradhan Mantri Awas Yojana (PMAY) to enhance the customer's awareness for these schemes.



Building a better tomorrow with Mahesh Foundation

SOCIAL RESPONSIBILITY

Sustainability development goals addressed: good health and well-being; quality education; decent work and economic growth

India Shelter's CSR initiatives continue to be centred around improving the lives of women, supporting their growth, and presenting them with opportunities

to become financially self-reliant. The company implemented the following programmes:

India Shelter Nakshatra

Education has been a focus of India Shelter's CSR activities. Through India Shelter Nakshatra, India Shelter seeks to empower girls towards financial independence.

In partnership with Vidhya Bhawan Society, the company-built resource

centres for women to impart education to students from farmer families, local communities, and government institutions. During the year under review, India Shelter contributed ₹0.3 Crore to the cause. India Shelter Nakshatra, in collaboration with Wheeling

Happiness Foundation, distributed sport kits to 150 marginalised para-athletes representing Haryana in the upcoming National Para-Athletics Championship.



Bringing new hopes & smiles with Bansi Vidya Memorial Trust

India Shelter Nav Jeevan

Through Nav Jeevan, India Shelter seeks to raise awareness on women's health and well-being, especially among the under-privileged sections.

The Company, in partnership with Bansi Vidya Memorial Trust, supported women leukaemia patients, helping in timely disease detection. India Shelter, during the year, contributed ₹0.15 Crore to enhance the survival rate among marginalised leukemia patients.

India Shelter Nayi Umeed

India Shelter Nayi Umeed initiative aims to empower women.

The Company promotes skill development of HIV-infected and underprivileged women (mostly abandoned) through a training centre and hostel. Nayi Umeed trained these women in livelihoods to financially support themselves. The training centre also upskilled slum women to support their families. During the year under review, India Shelter contributed ₹0.36 Crore to Nayi Umeed.

Miscellaneous

India Shelter also contributed to government funds like Swachh Bharat Kosh, Clean Ganga Fund, Prime Minister's National Relief Fund and PM Cares Fund. India

Shelter promoted eco-efficiency and climate resilience through business operations and customer service. The company introduced LED lights and environment-friendly furniture across branches; plastic drinking bottles were replaced with glass; it engaged with NGOs for environment initiatives. The Company promoted volunteering among employees. It subsidized interest rates for environmental-friendly businesses. It digitalised processes like employee reimbursements, income tax proofs, dispensing annual diaries and calendars and digital home execution etc.

Customers



SUSTAINABILITY DEVELOPMENT GOAL ADDRESSED

10 REDUCED INEQUALITIES

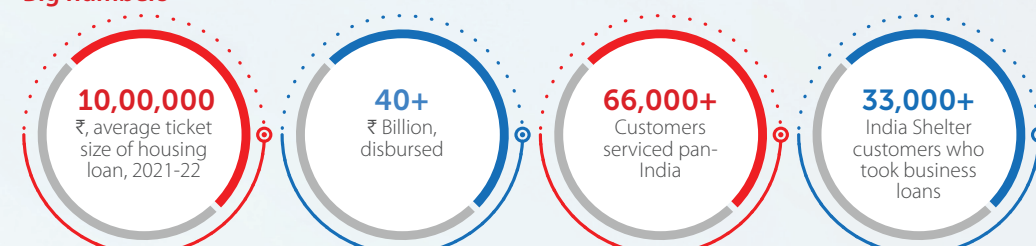


Women comprise 99% of the Company's customers, enhancing financial inclusion in the face of challenges like patriarchy, restricted mobility, limited

employment opportunities, low socio-economic and political engagement, and dearth of affordable housing opportunities. India Shelter loans comprised

women as the first applicant with 21% customers being women co-applicants.

Big numbers



Big numbers



Young population



SUSTAINABILITY DEVELOPMENT GOALS ADDRESSED

10 REDUCED INEQUALITIES



India Shelter made credit accessible to the youth across semi-urban and rural areas, most of them earning below ₹50,000 a year from documented sources, making it difficult for

them to access formal bank credit. The Company assessed their creditworthiness by credit underwriting on the basis of assessed income or on the basis of in-house income occupation

matrix. India Shelter aided numerous first-time borrowers across the decade.

Big numbers



Employees



SUSTAINABILITY DEVELOPMENT GOALS ADDRESSED

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



A majority of India Shelter's talent comprises front-line employees engaged in client interaction.

The Company nurtures employees to become competent professionals.

The Company employs professionals in Tier-II, III and IV cities who generally have restricted career options.

The Company appoints employees with at least a Class X educational background for frontline roles.

The Company's no-discrimination policy secures employees against discrimination based on colour, caste, gender, and religion etc., empowering them to file a complaint directly through the Grievance Redressal System.

Big numbers



India Shelter's **value-creation** commitment



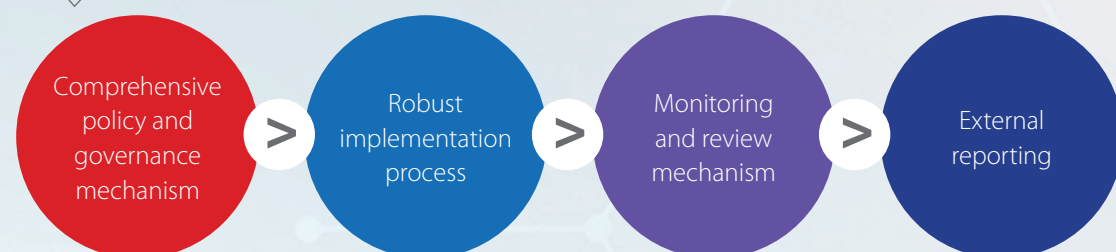
ESG

At India Shelter, the environment-social-governance (ESG) ethic is core to sustainability. The Company's responsible ESG framework tracks business activities to ascertain that they are in accordance with the Company's ESG goals.

The Company's ESG execution team implements and reports related initiatives to widen the culture and grow the movement.

The Company shortlisted impact areas comprising women upskilling, environment sustainability and women's health.

INDIA SHELTER'S ESG FRAMEWORK



Environment

India Shelter adopted environment-friendly practices with the objective to reduce waste, save energy and prevent pollution. Through related initiatives, the Company aims to promote green environment across its businesses.

Process Loan process digitalisation to reduce paper use	Infrastructure Installation of LED lights and reduced use of plastic, e-waste disposal management across branches	Talent CSR leave; discount on e-vehicles purchase by employees	Customer Incentivisation of 'green' projects, basic sanitation is a mandatory loan condition	Community Engaging with various bodies for environment initiatives
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Social

INDIA SHELTER'S SOCIAL OBJECTIVES



India Shelter works in the larger interest of social uplift of its customers and has been undertaking various efforts to reach out to customers (specifically women) in semi-urban areas. The company aims to give loan services to those customers who are often denied money by mainstream banks and help them to access credit which may be unavailable elsewhere. It, further, aims to empower women through effective & tangible Financial Inclusion. Essentially, it ensures that all its loans have women as the first applicant. This strategy, ultimately, helps in bringing a change in the patriarchal nature of Indian society and inculcate a feeling of security and independency in them. Cumulatively, it has disbursed loan to 66,000+ people in 15 states of India, out of which 99% are women borrowers/ co-borrowers.

Governance

India Shelter professes the highest governance standards, addressing the expectations of diverse stakeholders. The company's governance commitment is marked by transparency, accountability and equity. The objective of our governance policies is to foster an equal-opportunity no-fear work culture that encourages growth and honest communication. These policies include:

Customer grievance policy: The Company's grievance management process ensures that customer complaints are quickly, amicably and comprehensively resolved	Whistleblower policy: The Company encourages employees to communicate if they suspect or witness any action suggestive of corrupt, illegal or undesirable conduct	Prevention of sexual harassment (POSH): The Company professes zero tolerance for sexual harassment	Equal opportunities: The Company does not discriminate employees based on their gender, age, social, religious beliefs	Second innings policy: The Company encourages women to return to the workforce following a break to address personal commitments
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Strategic priority: Building a great place to **work**



OVERVIEW

India Shelter believes that an organisation's growth largely depends on its human capital. This importance is further emphasised in a business like ours where direct customer interaction plays a significant role in generating business. The Company focuses on creating a work culture that

encourages knowledge sharing and team-building.

The Company aims to nurture employees into one of the best home-grown talents in the industry for which it regularly holds training sessions. The Company's employee culture is rooted in the values of passion and teamwork.

The Company's manpower largely comprises employees from tier-II, III and IV cities, creating employment opportunities in these regions. The Company had 2200+ employees as of 31 March, 2022 with an average age of 31.

POLICIES AND PRACTICES THAT MAKE INDIA SHELTER A GREAT PLACE TO WORK

Open-door policy

The company's open-door policy enhances communication and transparency.

Employees are encouraged to approach their reporting officers or senior managers in case of job-related difficulties. Discussions and dialogue enhanced

employee trust, preventing issues from becoming serious.

Non-hierarchical

The company's culture is functionally flat,

non-hierarchical and non-bureaucratic, encouraging a free flow of ideas and opinions across roles, functions and

locations, resulting in informed decision making.



Training and development

The company is invested in workforce learning and development, catalysing personal and business growth. The training programme 'Gurukul' emphasizes change, development and happiness through the following programmes:

Parichay: The purpose of this programme is to orient new joiners and facilitate their absorption into the organization

Suvigyaan: This two-day programme

for new sales team members empowers lead generation

First-time manager: This programme is for newly promoted branch managers to facilitate their settling into roles

Suswagatam: This programme enables the operations and credit team to enhance their role familiarisation

Sanskar: This programme educates employee about the organizational culture

Sath Aapka: This 90-day programme for new joiners facilitates their settling into the new workplace.

Samvad: This direct interaction programme makes it possible for the company to get a better sense of employee requirements

Khel khel mein: This programme catalyses team-building through fun and physical activities.

Strong recognition culture

India Shelter's recognition and appreciation programmes encourage employees, strengthening retention. These

programmes include long-service awards, weekly and monthly sales contests, annual leadership meets, yearly sales contests etc. A live interview (India Shelter ke Ubharte Sitare), sharing achievements by

star performers, proved effective. India Shelter motivates long-standing achievers through employee stock options.

First Employee Policy

India Shelter's First Employee Policy offers employment to freshers possessing no prior experience.

Strategic priority: Financial **robustness**



OVERVIEW

A protected Balance Sheet, diversified financing pipeline and conservative approach of borrowing only for the long term played a key role in enhancing the company's credit rating. In turn, this

helped moderate borrowing costs leading to a positive asset-liability profile.

India Shelter's Balance Sheet was adequately capitalised, comprising long-

term funding from diversified sources and debts with an average tenor of more than six years.

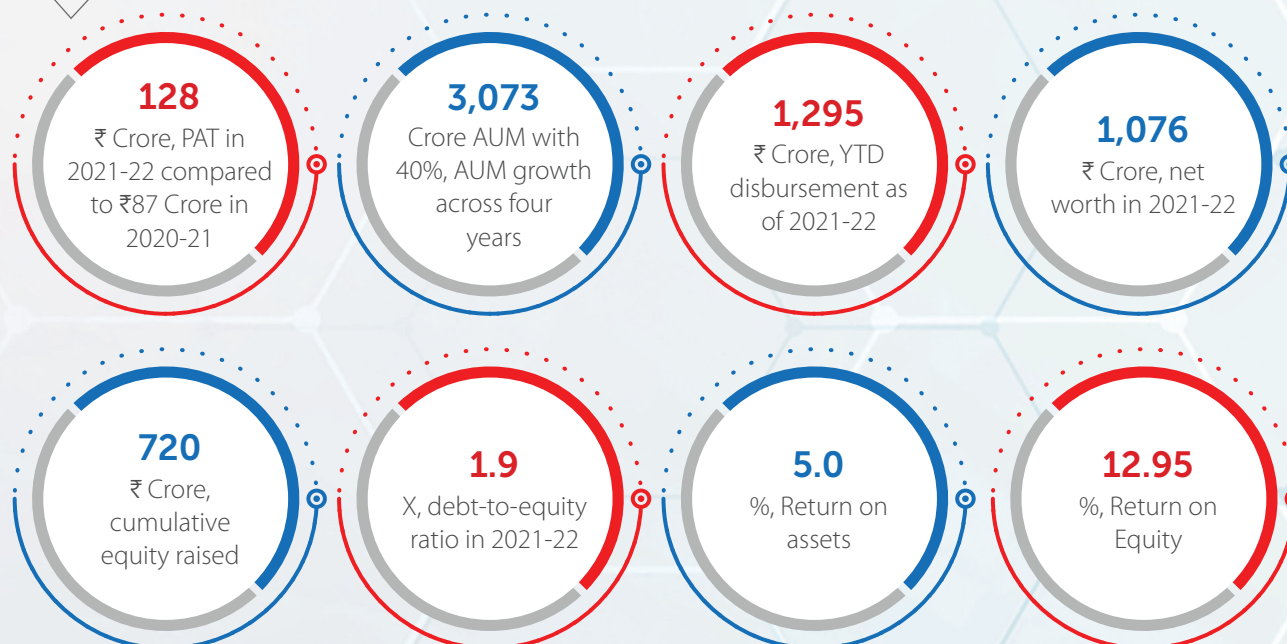
STRENGTHS

A (Positive) and A (Stable) by CARE and ICRA respectively

37 active lender relationships

Less than 1.0% restructured assets, one of the lowest among housing finance companies

HIGHLIGHTS, 2021-22



ACHIEVEMENTS

The cost of funds declined to 8.2% in 2021-22 from 8.9% in 2020-21.

The sanctioned undrawn lines stood at more than ₹1100+ Crore (as of March 2022)

Asset quality DPD 90 maintained at 1.35% irrespective of pandemic

INDIA SHELTER'S CREDITWORTHINESS JOURNEY



FY 22	ICRA A (Stable) CARE A (Positive)
FY 19	ICRA A (Stable) CARE A (Stable)
FY 18	ICRA A-
FY 17	ICRA BBB+
FY 15	ICRA BBB-

Board of Directors **profile**



Mr. Anil Mehta

Chairman and Non-Executive Director

Mr. Anil Mehta is MMS from SP Jain Institute of Management & Research and is a graduate in Economics. With more than 35 years of experience in mortgage, banking, and insurance space, Mr. Mehta has been the leading force behind India Shelter for 10 years now. He has also served as

the senior director at Max New York Life Insurance Company Limited, prior to handling ISFC.



Mr. Rupinder Singh

Managing Director and Chief Executive Officer

Mr. Rupinder Singh is MBA, Marketing from FORE School of Management, New Delhi. Out of 20 years of total work experience, Mr. Singh has handled the mortgage business across India for

more than 15 years. He has led the mortgage finance business in Chola mandalam, where he managed a book of ~ ₹135 Bn.



Ms. Rachna Dikshit

Independent Director

Ms. Rachna Dikshit finished her CAIIB and pursued her Master's in Political Science at the Allahabad University and graduated from Lucknow University. She served under the Reserve Bank of India for over a period of 33 years in various capacities including Regional Director, Punjab, Haryana and UT Chandigarh; General Manager, Financial Inclusion & Development Department, Chandigarh and New Delhi; General

Manager, Department of Banking Regulation, Mumbai Central Office, to name a few of her accolades. During her tenure as the Regional Director, she was responsible for all supervisory/operational functions of inter alia banks, NBFCs, and cooperative banks. She also chaired the Empowered Committee for MSME and co-chaired State level Meetings including the SLBC, SLSC, and SLCC.

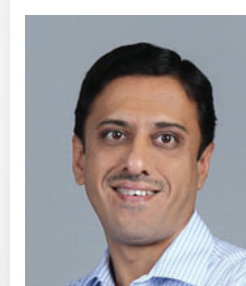


Mr. Sunil Ramankant Bhumralkar

Independent Director

Mr Sunil Ramankant Bhumralkar is a Fellow member of the Institute of Chartered Accountants of India with 37 years of experience working with leading accounting and auditing firms [firm/s] in India. Mr. Bhumralkar was a senior audit partner for 24+years with S R Batliboi & Associates LLP (a member firm of EY in India) till his retirement effective July 2019. During his tenure with the firm, he was the Head of Assurance for South India and was part of the audit leadership team. He

participated in and led audits of large MNC/Indian listed and unlisted companies across various industry sectors, with significant experience in financial reporting under Indian GAAP/IND AS, Internal financial controls, corporate governance, and company law/SEBI requirements. After his retirement, he is working as a mentor/advisor to start-up/strategic growth companies.



Mr. Anup Gupta

Nominee Director

Mr. Anup Gupta holds MBA from IIM Calcutta and B-Tech from IIT Kharagpur. Mr. Anup Gupta is a Managing Director at Nexus Venture Partners. Previously, he was the Group Chief Operating Officer at WNS (NYSE: WNS), a leading IT Enabled

Services (ITES) company. Before that, Mr. Gupta was with eVentures India, a pioneer in the venture capital sector in India and a management consultant at Booz & Company.



Dr. Shailesh J Mehta

Nominee Director

Dr. Shailesh J Mehta holds a Ph.D. in Operation Research and Computer Science from Case Western Reserve University and a B.Tech from the Indian Institute of Technology (IIT), Bombay. He was the Chairman of the Board and CEO of Providian Financial Corporation. He has also been the president and COO of Capital Holding. Dr.

Mehta is a Managing General Partner of Granite Hill Capital Partners since 2007. He has received several awards for excellence in leadership, as an individual and as a community leader. Dr. Mehta was awarded an Honorary Doctorate from California State University and recognised as Doctor of Humane Letters.

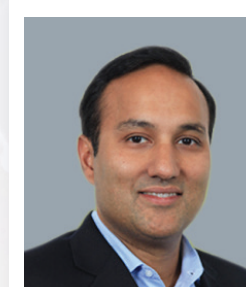


Mr. Sudhin Bhagwandas Choksey

Nominee Director

Mr. Sudhin Choksey is a fellow member of the Institute of Chartered Accountants of India and has done his graduation in Commerce (Honours) from The Sydenham College of Commerce & Economics, Bombay University. He was the recipient of Business Leader – Financial Services Award for 2015 from The Institute of Chartered Accountants of India, New Delhi. Mr. Choksey has overall 42 years of professional experience

in mortgage finance business and skilled in lending business, both in India and Overseas. Mr. Choksey was the former Managing Director of GRUH Finance Ltd. which was merged with Bandhan Bank. As a part of the scheme of merger, Mr. Sudhin Choksey joined Bandhan Bank as Executive Director (Designate) in October 2019 and retired on February 16, 2021.



Mr. Sumir Chadha

Nominee Director

Mr. Sumir Chadha is MBA (with Distinction) from Harvard Business School and a BSE degree in Computer Science from Princeton University. He is a co-founder and Managing Director of WestBridge Capital, a leading investment firm focused on Indian public companies and selectively later stage private companies. He was also a co-founder and Managing Director of Sequoia Capital India. Prior to that, Mr. Chadha

was part of the Principal Investment Area at Goldman Sachs & Co. He began his career as a management consultant at McKinsey & Co. He served as Chairman of the Indian Private Equity and Venture Capital Association (IVCA) for 2 years. He currently serves on the India Advisory Board of Harvard Business School and on the Advisory Board of the Princeton Institute for International and Regional Studies at Princeton University.

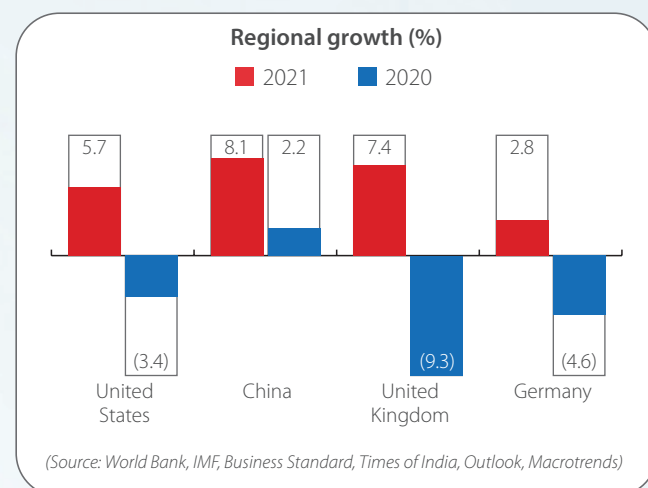
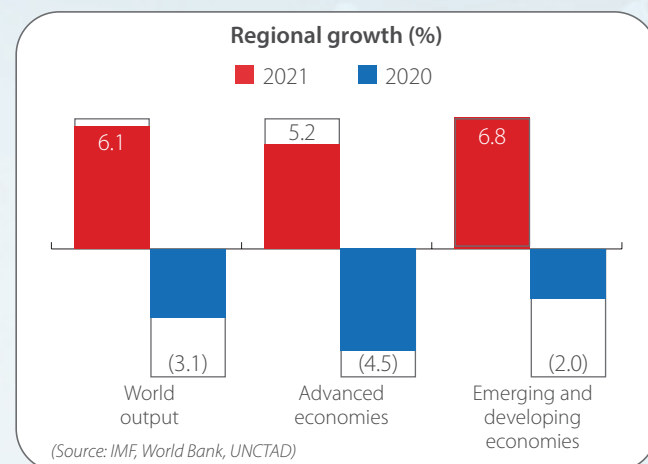
MANAGEMENT DISCUSSION AND ANALYSIS

Global economic overview

The global economy grew an estimated 5.9% in 2021 compared to a de-growth of 3.3% in 2020 due to the pandemic. This improvement was largely due to increased vaccination rollout the world over and a revival in economic activity based on catch-up consumption

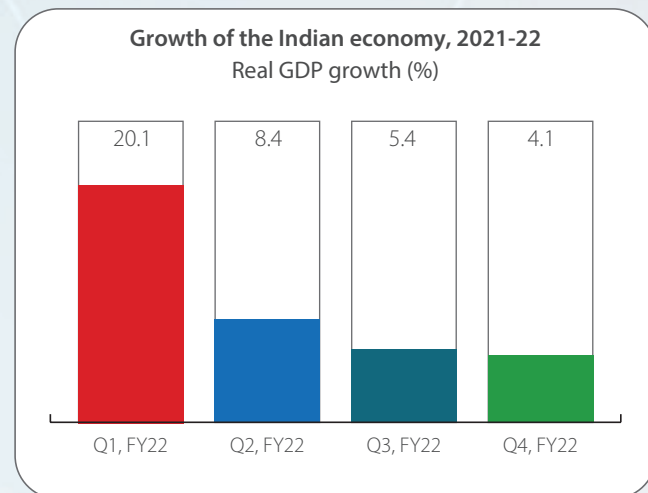
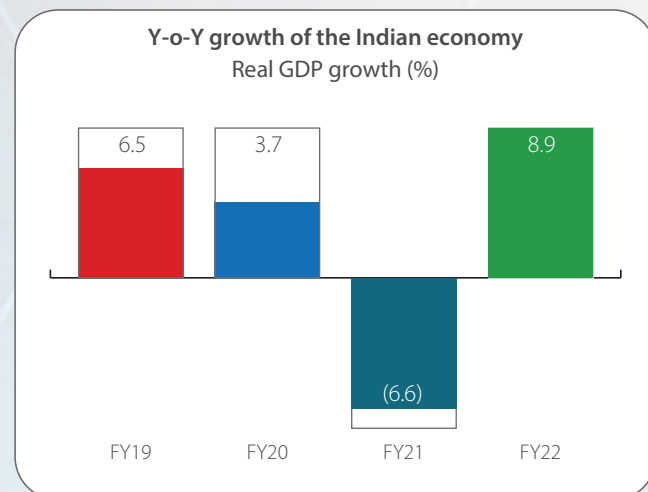
The spot price of Brent crude oil increased 106.3% from USD 50.37 per barrel at the beginning of 2021 to USD 107.29 as on 31 March, 2022, strengthening the performance of oil exporting countries and moderating growth in importing nations. In December 2021, the US bank Federal Reserve announced a hike of 0.25% in the benchmark interest rate, the first interest rate hike since the pandemic. Global FDI reported an increase from \$929 billion in 2020 to an estimated \$1.65 trillion in 2021.

The global economy is projected to grow at a modest 2.6% in 2022 following the Russia-Ukraine crisis. A higher interest rate environment could affect emerging markets and developing economies with large foreign currency borrowings and external financing needs in 2022.



Indian economic overview

The Indian economy reported an attractive recovery in 2021-22, its GDP rebounding from a de-growth of 7.3% in 2020-21 to a growth of 8.7% in 2021-22. By the close of 2021-22, India was among the six largest global economies, its economic growth rate was the fastest among major economies (save China), its market size at around 1.40 billion the second most populous in the world and its rural under-consumed population arguably the largest in the world.



India's monsoon was abundant in 2021 as the country received 99.32% of a normal monsoon. The estimated production of rice and pulses recorded volumes of 127.93 million tonnes and 26.96 million tonnes respectively. The total oilseeds production of the country recorded a volume of 371.47 million tonnes.

There were positive features of the Indian economy during the year under review.

India received the highest annual FDI inflow of USD 83.57 billion in FY2021-22, a validation of global investing confidence in India's

growth story. The government approved 100% FDI for insurance intermediaries and increased FDI limit in the insurance sector from 49% to 74% in Union Budget 2021-22.

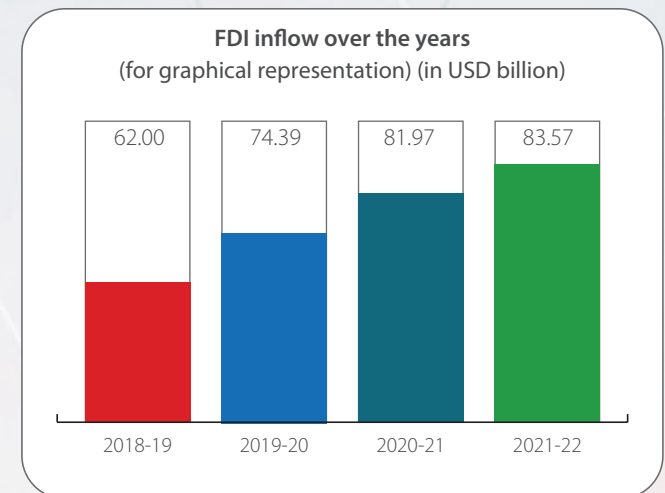
India surpassed the ₹ 88,000 CR target set for asset monetisation in 2021-22, raising over ₹ 97,000 Crore with roads, power, coal, mining, and minerals accounting for a large chunk of the transactions.

The Indian government launched a four-year ₹ 6 Lakh Crore asset monetisation plan (roads and highways, pipelines, power transmission lines, telecom towers, railways station re-development, private trains, tracks, goods sheds, dedicated freight corridor, railways stadiums, airports, projects in major ports, coal mining projects, mineral mining blocks, national stadia, redevelopment of colonies and hospitality assets).

In 2021, India was the largest recipient of global remittances. The country received USD 87 billion during 2021, with the US being the largest source (20%). The Reserve Bank of India (RBI) spent over ₹ 35,500 Crore in FY22 to manage the surplus liquidity in the banking system. In FY21, bank was ₹ 109.51 Lakh Crore, growing by 5.56% y-o-y.

The RBI's net interest outgo on the operations it conducted via its liquidity adjustment facility (LAF) was ₹ 35,501 Crore, 98% increase y-o-y. India's foreign exchange reserves stood at an all-time high of USD 642.45 billion as on 03 September, 2021, crossing USD 600 billion in FOREX reserves for the first time.

India's currency weakened 3.59% from ₹ 73.28 to ₹ 75.91 to a US dollar through FY 22. The consumer price index (CPI) of India stood at an estimated 5.3% in FY 2021-22. India reported improving Goods and Services Tax (GST) collections month-on-month in the second half of 2021-22 following the relaxation of the lockdown, validating the consumption-driven improvement in the economy. The country recorded its all-time highest GST collections in March 2022 standing at ₹ 1.42 Lakh Crore, which is 15% higher than the corresponding period in 2021.



GST collection for 2020-21 and 2021-22 as under: -

Month	FY 2020-21 (₹ in Crore)	FY 2021-22 (₹ in Crore)
April	32,172	1,39,708
May	62,151	1,02,709
June	90,918	92,849
July	87,422	1,16,393
August	86,449	1,12,020
September	95,480	1,17,010
October	1,05,155	1,30,127
November	1,04,963	1,31,526
December	1,15,174	1,29,780
January	1,19,875	1,40,986
February	1,13,143	1,33,026
March	1,23,902	1,42,095

(Source: pib.gov.in)

India ranked 63 in the 2020 World Bank's Ease of Doing Business ranking. The country received positive FPIs worth ₹ 51,000 Crores in 2021 as the country ranked fifth among the world's top leading stock markets with a market capitalisation of \$3.21 trillion in March 2022.

The fiscal deficit was estimated at ~₹ 15.91 trillion for the year ending 31 March, 2022 on account of higher government expenditure during the year under review.

India's per capita income was estimated to have Increased 18.3% from ₹ 1.27 Lakh in 2020-21 to ₹ 1.50 Lakh in 2021-22 following a relaxation in lockdowns and increased vaccine rollout.

India's tax collections increased to a record ₹ 27.07 Lakh Crore in FY 2021-22 compared with a budget estimate of ₹ 22.17 Lakh Crore. While direct taxes increased 49%, indirect tax collections increased 30%. The tax-to-GDP ratio jumped from 10.3% in FY21 to 11.7% in FY22, the highest since 1999.

Retail inflation in March at 6.95% was above the RBI's tolerance level of 6% but fuel prices played no part in this surge. Retail inflation spiked to a 17-month high in March 2022, above the upper limit of the RBI's tolerance band for the third straight month.

(Source: Economic Times, Business Standard, IMF, World Bank, EIU, Business Standard, McKinsey, SANDRP, Times of India, Livemint, InvestIndia.org, Indian Express, NDTV, Asian Development Bank)

Indian economic reforms and Budget 2022-23 provisions

The Budget 2022-23 seeks to lay the foundation of the Indian economy over the 'Amrit Kaal' period of the next 25 years leading to 100 years of independence in 2047. The government is emphasizing the role of PM Gati Shakti, Inclusive Development, Productivity Enhancement & Investment, Sunrise Opportunities, Energy

Transition and Climate Action, as well as Financing of Investments.

The capital expenditure target of the Indian government expanded by 35.4% from ₹ 5.54 Lakh Crore to ₹ 7.50 Lakh Crore. The effective capital expenditure for FY23 is seen at ₹ 10.7 Lakh Crore. An outlay of ₹ 5.25 Lakh Crore was made to the Ministry of Defence, which is 13.31% of the total budget outlay. A boost was provided to India's electric vehicle policy 'Scheme for Faster Adoption and Manufacturing of (Hybrid and) Electric Vehicle in India'. An announcement of nearly ₹ 20,000 Crore was made for the PM Gati Shakti National Master Plan to catalyse the infrastructure sector. An expansion of 25,000 km was initiated for 2022-23 for the national highways network. To boost the agricultural sector, an allocation of ₹ 2.37 Lakh Crore was made towards the procurement of wheat and paddy under MSP operations. An outlay of ₹ 1.97 Lakh Crore was announced for the Production Linked Incentive (PLI) schemes across 13 sectors.

Outlook

India's medium-term optimism is derived from the fact that three down cycles – long-term, medium-term and short-term – could well be reversing at the same time. The long-term downtrend, as a result of nonperforming assets, scams and overcapacity could be over; the medium-term downtrend that was caused by the ILFS crisis, select banks collapse and weakening NBFCs could well be over; the short-term downtrend on account of the pandemic has weakened following the acceleration of the vaccine rollout.

There is a possibility of each of these downtrends having played out, which could well lead to a multi-year revival in capital investments. Some USD 500 billion worth of investments are expected to be made in the wind and solar infrastructure, energy storage and grid expansion.

The Indian economy is projected to grow by 8% in FY23 (World Bank estimate), buoyed by tailwinds of consistent agricultural performance, flattening of the COVID-19 infection curve, increase in government spending, favourable reforms and an efficient roll-out of the vaccine leading to a revival in economic activity.

The Russia-Ukraine war has further aggravated the supply chain constraints, adding to the already high inflation growth. This has led to central banks around the world, including India, to hike the interest rates, effectively tightening cashflow in the economy.

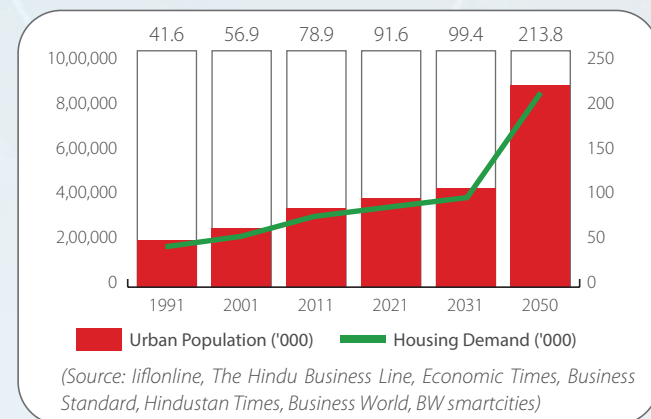
Across the next three years, capital expenditure in core sectors - cement, metal, oil refining and power - should be about ₹ 5 trillion. Besides, the government's production linked incentives (PLI)-led capex should generate an incremental ₹ 1.4 trillion in sectors like consumer durables, pharmaceuticals, and automobiles.

Housing finance sector overview

Housing finance sector has proven to be one of the most resilient sectors to economic cycles and seen rapid progress over the past decade. In 2022, the residential segment of the Indian real estate sector is expected to grow by 5% in terms of capital value. The traction in real estate is largely policy and economy-driven with historically low home loan rates, affordable property prices, reduction on stamp duty and consumer-friendly offers.

Housing finance industry has navigated the Covid-19 pandemic with moderate disruptions in collection efficiency and a build-up in asset quality. After a muted growth in the loan book during Q1 FY2022, there was a rebound in the loan book of affordable housing companies during the subsequent two quarters. The disbursements reached almost 85-90% of peak levels in Q4FY22. Collections were impacted in Quarter 1 but eventually gained momentum in the remaining quarters, leading to an overall improvement in collection efficiency by end of FY22. This was due to several factors such as growing demand for affordable housing, lower interest rates and waning effect of the Covid-19 pandemic because of increased vaccinations. During FY22, housing finance companies maintained their balance sheet liquidity off setting their operational expenses with credit cost moderation. They also opted for digitalised sourcing, processing, and disbursement of loans. The Indian home loan market is expected to grow by a CAGR of 22% from 2021 to 2026, with affordable housing being a major growth driver.

Affordable housing is largely characterised by a customer profile who is a first-time borrower, has an informal income source and is looking to seek funds to building a home for self-occupancy. The affordable housing finance segment has the largest share in the housing finance market. Most of the affordable housing loans have a small ticket size of ₹ 10 Lakhs or less with less than 70% loan to value indicating lower lender risk and greater borrower involvement. In FY23, housing finance companies are expected to grow by 11% driven by the growing urban population and under-penetration in the housing finance market, which is expected to drive the growth in housing demand for the coming decades.



Industry growth drivers

Population growth: The current Indian population is 1.38 billion growing at 2.1% on an average every year which will contribute to the demand growth for housing, resulting in a large untapped market for mortgage penetration.

Steady urbanisation: Over 65% of Indian population comprises citizens below 35 years of age with most of them moving to different cities for educational or job purpose, contributing to the steady urbanisation growth. By 2030, around 60 Crore Indians will be living in cities that requires an annual 700 to 900 million square meters of residential and commercial space to accommodate them.

Dearth in urban housing: Indian cities require an additional 10 million units to cater to the housing needs of the Economically Weaker Section (EWS) and Lower Income Group Segment (LIG).

Shift in preference: There is a growing trend among the salaried and self-employed where they have replaced their rental payments with equated monthly instalments (EMI's) for home loans.

Reasonable cost: In comparison to other developing nations, India's housing finance cost is the most reasonable making it a desirable investment option for alternative asset classes.

Ease of regulations: After the RERA implementation, India's rank jumped from 52 to 27 in Dealing with construction permits as of 2019. This reform is credited to have enhanced the ease of doing business in the real estate sector, making the entire process more transparent and buyer friendly.

Country-wise mortgage penetration (%)

Denmark	88%
UK	67%
USA	56%
Singapore	52%
Hong Kong	45%
Germany	40%
Malaysia	34%
Korea Republic	31%
Thailand	20%
China	18%
India	11%
India (FY23 Estimated)	13%

Note: ^India data for FY19, others for CY15

(Source: Times of India, NHB, MoHUA, Economic Times, European Mortgage Federation, IMF, CRISIL, constructionworld.com)

Government policies for the housing finance companies & non-banking finance

Refinance support: Under Special Liquidity Facility-2, the RBI granted a support of ₹ 10, 000 Crore to the National Housing Bank to aid the housing finance sector for a year.

Affordable housing fund: The Government created an Affordable Housing Fund in National Housing Bank with ₹10,000 Crore as initial investment taking leveraging the shortfall in priority sector lending of banks/financial institutions for the micro-financing of housing finance companies.

Alternative investment fund: With the objective to revive ~1,600 stalled housing projects across prominent Indian cities, the Union Cabinet set up an Alternative Investment Fund with a corpus of ₹ 25,000 Crore.

(Source: RBI, The Hindu Business Line, Free Press Journal, Nhb.Org, Financial Express, Indian Express)

Income recognition and asset classification (IRAC) norms

In accordance with international practices and recommendations made by the Narasimham Committee on the financial system, the Reserve Bank of India has introduced, IRAC that define when a loan should be declared as a non-performing asset (NPA). Once a loan is declared an NPA, any recovery will not be classified as income. IRAC also mandates that banks share information pertaining to large borrowers with the RBI for its Central Repository of Information on Large Credits (CRLC).

Provisions of Union Budget 2022 on the sector

The Union Budget 2022-23 allocated ₹ 48,000 CR, which is 75% higher than previous year's allocation, to Pradhan Mantri Awas Yojana (PMAY) in FY2022-23 for the purpose of completing 80 Lakh houses by the end of FY2022-23. The Pradhan Mantri Awaas Yojana was introduced in 2015, by the Central government, with the view to boost the "Housing for All" scheme in both urban and rural areas. The objective of this initiative is to address the housing shortage among economically weaker sections and low-income categories.

The government has declared an additional funding of ₹ 2.17 Lakh Crore to PMAY-G fulfil its target of building 2.95 Crore houses in the rural areas

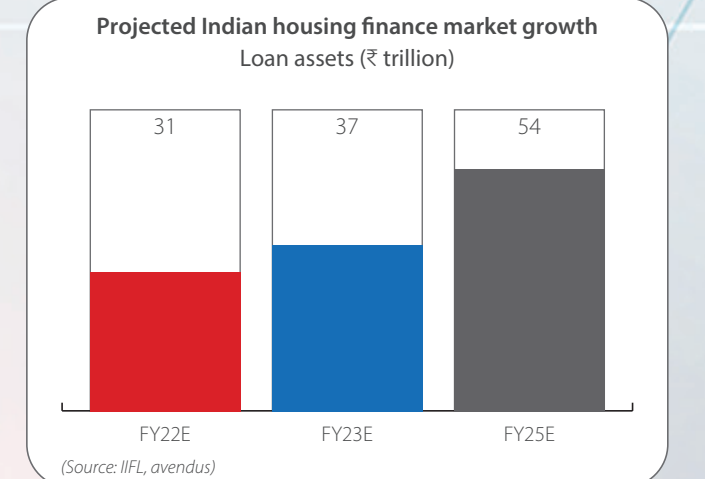
The Government has extended its deadline to build pucca houses for rural families from 2022 to 2024.

The government announced an outlay of ₹ 20,000 Crore towards Gati Shakti for integrated logistics planning and coordinated implementation of infrastructure connectivity projects.

Outlook

The Indian housing finance sector could grow into a USD 750 billion industry owing to macro-economic factors like income growth, increasing penetration of affordable housing in non-urban areas, affordable interest rates, growing preference for homeownership and government support.

The housing finance sector is anticipated to expand due to continuous population growth.



Company overview

India Shelter services the housing needs of first-generation homebuyers in urban and semi-urban areas. Your Company's service offering comprises home loans for home purchase or construction, extension and renovation of existing housing units and leveraging property for loan. India Shelter's customer mix essentially includes low- and middle-income self-employed and salaried persons who may have a recurring need for housing credit at first to improve their present homes and then to finance a bigger home to accommodate their growing families. Thus, your Company has a sustainable business model where it extends housing credit to a young population with aspirations for better home fuelled by its income growth.

SCOT analysis

Strengths

- Conducive government policies promoting financial inclusivity and self-reliance
- Presence in 15 states
- Use of technology to streamline operations and enhance customer experience
- Proven underwriting practices and strong governance
- Perfect blend of physical and digital model
- Strong capital base backed by marque investors

Challenges

- Volatility in the financial market

Opportunities

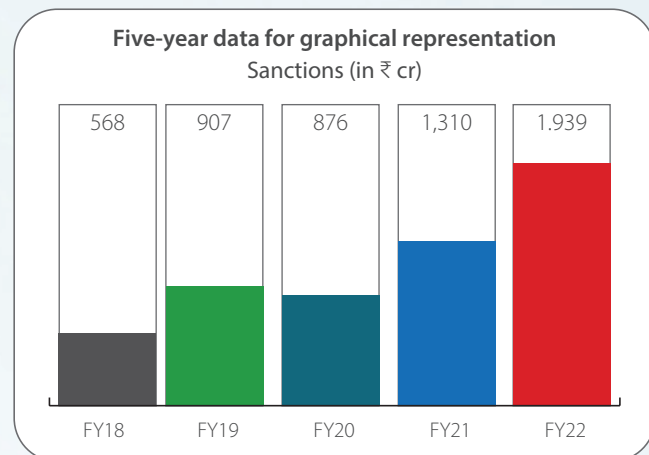
- Demand growth for housing units due to increased urbanisation
- Growing aspiration for homeownership
- Under-penetration of housing finance
- Growing traction in affordable housing

Threats

- Global uncertainty like war or pandemic affecting the economy
- Inflationary pressures driving the interest rate in long term
- Increasing competition from existing as well as new players

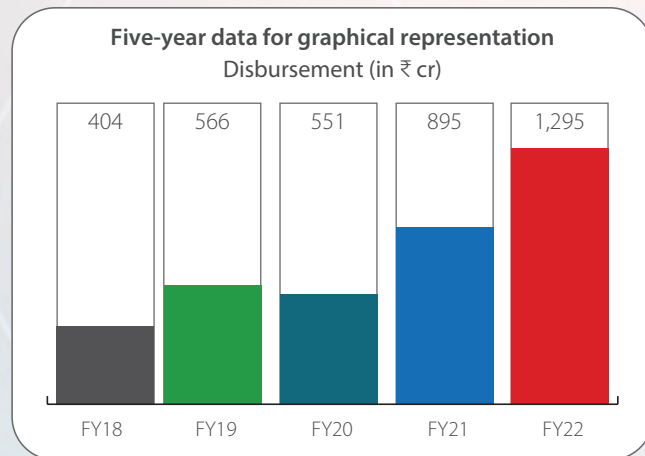
Sanctions

Your Company sanctioned a total of ₹ 1,939 Crores loans during FY22 as against ₹ 1310 Crores in the previous year, a growth of 48%.



Disbursements

Your Company disbursed ₹ 1,295 Crores loans during FY22 as compared to ₹895 Crores in the previous year, a growth of 45%.



Assets under management (AUM)

Your Company's AUM stood at ₹ 3,073 Crores, including direct assignment & PTC- off book of 385 Crores, as on 31 March, 2022, as against ₹ 2199 Crores in the previous financial year. As of 31 March, 2022, the average loan sanctioned was more than ₹ 10 Lakhs and the average tenure was 143 months in the AUM (on origination basis).

Non-performing assets (NPA's)

The implementation of IRAC norms mandated by RBI resulted in a marginal increase in NPA. Your Company's Gross NPA and Net NPA increased as on 31 March, 2022, to 2.12% and 1.60% as against 1.78% and 1.23% respectively in the previous financial year.

Capital adequacy ratio (CRAR)

Your Company's CRAR as on 31 March, 2022 was 55.87% compared to 71.51% in the previous financial year, which was far above the minimum required level of 14%.

Affordable housing

Honourable Prime Minister envisioned 'Housing for All' by 2022 when the Nation completes 75 years of its Independence. To achieve this objective, Central Government has launched a comprehensive Mission "Pradhan Mantri Awas Yojana (Urban) – Housing for All Mission".

As per the MoU signed with National Housing Bank (NHB), India Shelter extends CLSS to the Economically Weaker Sections (EWS), Lower Income Group (LIG) segments and Middle-Income Group (MIG I and II).

Under PMAY-CLSS, the Interest subsidy is credited upfront to the loan account of beneficiaries, resulting in reduced effective housing loan and Equated Monthly Instalment (EMI). Credit Linked Subsidy is available for housing loans availed for acquisition/new construction and addition of rooms, kitchen, toilet, etc.to existing dwellings as

incremental housing. This benefit was available for MIG group up to 31 March, 2021 and for EWS/LIG segment till 31 March, 2022.

The NHB has granted PMAY-CLSS subsidy of ₹ 25.12 CR for 1140 beneficiaries during FY2021-22 while the subsidy pertaining to 53 beneficiaries has been refunded to NHB. Since the launch of the scheme, your Company received CLSS subsidy of ₹ 30.43 Crores for 1368 beneficiaries out of which subsidy pertaining to 60 beneficiaries have been refunded to NHB. Your Company has duly provided the subsidy benefits to these eligible beneficiaries.

Branch network

India Shelter is present in 15 states through 130 branches as on 31 March, 2022. Your Company has its registered office in Gurugram, Haryana. Your Company has significant presence in Rajasthan, Madhya Pradesh, Maharashtra, Gujarat and its gradually strengthening its presence in Southern states.

Resource mobilisation

Share capital

The issued and paid-up Equity Share Capital of your Company as on 31 March, 2022, stood at ₹ 43,70,66,550 consisting of 4,37,06,655 Equity Shares of ₹ 10/- each compared to ₹ 42,978,4050 consisting of 42978405 Equity Shares of ₹ 10 each in the previous year.

Term loans from banks and financial Institutions

As on 31 March, 2022, the outstanding term loans from banks and financial institutions were ₹ 1,495 Crores. Your Company received fresh sanctions from banks and financial institutions amounting to ₹ 939 Crores. The average tenure of term loans raised during the financial year under review was more than 5 years.

Refinance from National Housing Bank (NHB)

Under the National Housing Bank (NHB) refinance scheme, your Company received a sanction of fresh refinance assistance of ₹ 270 Crores during FY22. Your Company availed funds of ₹ 70 Crores from NHB under the Refinance Scheme for Affordable Housing Fund and Regular Refinance Scheme and Refinance Outstanding at the end of the 2021-22 stood at ₹ 344 Crores compared to previous year's ₹ 547 Crores. Your Company's undrawn sanctioned fund is of ₹ 200 Crores.

Non-convertible debentures (NCD's)

During 2021-22, your Company raised aggregate amount of ₹ 165 Crores through the issue of Rated, Secured, Listed, Redeemable, Non-Convertible Debentures during the financial year FY22. As on 31 March, 2022, the outstanding loans from NCD's is 180 Crores.

Performance highlights: Segment overview

Income and Profits

During the year ended 31 March, 2022, the Total Income of your Company was ₹ 459.80 Crore growing by 42.44% y-o-y. Your

Company reported a Total Comprehensive Income of ₹ 127.75 Crore compared to ₹87.18 Crore growing by 46.55% y-o-y.

Statement of Profit and Loss

Key elements of profit & loss statement for the year ended 31 March, 2022:

- Net Interest Margin for the year was 12.23% as against 12.32% in the previous year
- Your Company's Operating Expense Ratio (to average total assets) was 5.21 for the year ended 31 March, 2022 compared to 4.80 last year
- Total expenses of your Company grew by 39.58% during the year under review
- The Earnings per Share (basic) was ₹ 29.60 in 2021-22 as against ₹ 20.39 in the previous year
- Return on average net worth for the year was 12.95% as against 9.87% in the previous year
- Interest Service Coverage Ratio for the year was 2.13 as against 2.12 in the previous year
- Debt-Equity Ratio for the year was 1.92 as against 1.59 in the previous year
- Net Profit Margin for the year was 28.67% as against 27.59% in the previous year.

Human resource

Talented and diligent employees are an asset to your Company. India Shelter equips its employees with the relevant skills that help them excel in their field of expertise.

Your Company has a partnership-oriented HR policy. Apart from the conventional compensation, performance reviews and development, your Company also evaluates the employee's work-life cycle and provides inputs that can shape an enduring and fruitful career.

Your Company organises several training programmes for its employees with internally and externally. With the intention to nurture into your Company's leadership positions, India Shelter provides leadership development training covering specialised functions such as lending operations, KYC and AML, underwriting, POSH and information technology.

Employee health and safety

During the second wave of the pandemic, we prioritised the well-being of our employees through initiatives such as social distancing, thermal screening, and awareness campaigns. Our offices had a ready stock of face masks and sanitisers. We also undertook regular fumigation and sanitisation of our offices. Apart from this, we provided GTL and GPA insurance for all employees. We also

arranged vaccination drives and financial aid for employees and their families who suffered from Covid-19.

Corporate social responsibility (CSR)

Your Company's CSR activities are in compliance with the Schedule VII of the Companies Act, 2013. Our CSR programmes are centred on promoting community awareness round education. Your Company has CSR action plans in place outlining how CSR programme will be implemented.

Internal control framework

As per the provisions of Section 134(5)(e) of the Companies Act, 2013, the Directors have an overall responsibility to ensure that your Company has implemented robust systems/ framework of internal financial controls to provide them with reasonable assurance regarding the adequacy and operating effectiveness of controls with regards to reporting, operational and compliance risks. India Shelter along with the Independent Chartered Accountant Firm as Internal Auditor has an Internal Audit Department, which conducts comprehensive audit of functional areas and operations of your Company to examine the adequacy of and compliance with policies, procedures, statutory and regulatory requirements.

Significant audit observations and follow-up actions thereon are reported to the Audit Committee on a quarterly basis. The Audit Committee reviews and evaluates adequacy

and effectiveness of your Company's internal control environment and monitors the implementation of audit recommendations. Your Company has implemented all the recommendations of the Audit Committee.

Based on the information provided, nothing has come to the attention of the Directors to indicate that any material breakdown in the function of these controls, procedures or systems occurred during the year under review. There have been no significant changes in our internal financial controls during the year that have materially affected, or are reasonably likely to materially affect, our internal financial controls.

Your Company has an internal control system, commensurate with the size, scale and complexity of its operations. Its Internal Auditors, review internal control and risk management measures, accounting procedures, highlight areas requiring attention and report their main findings and recommendations to the Audit Committee.

Risk management

Risk management and mitigation is essential to any business. At India Shelter, we identify risks and formulate mitigation plans to reduce or eliminate their impact in the best possible manner. These are some of the key business risks on form the basis of our risk management policies.

Credit risk: Credit risk is the deterioration of Company's asset quality due to uncertainty regarding the borrower's ability to repay loan.

Mitigation: Your Company has a credit risk framework which factors in the borrower's credit history, demographics, and income to lower the chances of credit risk. Your Company has stringent credit sanction process and undertakes post disbursement monitoring.

Market risk: Changing market scenario could increase the value of liabilities or de-value assets.

Mitigation: Your Company's exposure to market risk is limited to changing interest rates which are monitored through frequent evaluation of maturity profile and stress testing

Liquidity risk: Insufficient quantity of cash assets or equivalent at hand to meet urgent cash requirements.

Mitigation: Your Company has sufficient cash reserves in hand. Moreover, your Company has a sound Asset Liability Policy in place to ensure there is always adequate cashflow as well as undrawn credit facilities it can avail.

Reputation risk: Unexpected and indirect loss owing to unfavourable experience or public perception.

Mitigation: Your Company has a robust corporate governance and compliance framework in place which is implemented in every aspect of its business operations

Technology risk: Loss due to system breakdown

Mitigation: Your Company's governance framework has in-built information technology practices to mitigate technology risks

Regulatory risk: Economic or reputational loss for non-compliance with the laws of the land

Mitigation: Your Company diligently follows the rules and regulations and ensures that there are no violations whatsoever,

Board's Report

To
The Members of
India Shelter Finance Corporation Limited
6th Floor, Plot -15, Institutional Area, Sector – 44,
Gurgaon-122002

Your Directors have the pleasure of presenting the 24th Annual Report on the business and operations of your Company and the Audited Standalone and Consolidated Financial Statements for the financial year ended 31 March, 2022.

Financial Results

A brief highlight of the Standalone & Consolidated financial performance of your Company is presented below: (₹ in Lakh)

Sr. No.	Particulars	Standalone		Consolidated *
		Year ended 31 March, 2022	Year ended 31 March, 2021	Year ended 31 March, 2022
1	Revenue from operations			
(i)	Interest income	37,764.74	27,457.21	37,764.74
(ii)	Fees and commission income	1,602.65	999.26	1,602.65
(iii)	Net gain on fair value changes	458.85	291.85	458.85
(iv)	Net gain on de-recognition of financial instruments under amortised cost category	4,971.46	2,922.29	4,971.46
	Total revenue from operations	44,797.70	31,670.61	44,797.70
2	Other income	1,182.80	609.22	1,182.80
3	Total income (1+2)	45,980.50	32,279.83	45,980.50
4	Expenses			
(i)	Finance costs	14,833.86	10,534.81	14,833.86
(ii)	Impairment on financial instruments	1,188.87	1,984.73	1,188.87
(iii)	Employee benefits expenses	10,140.62	6,168.58	10,140.62
(iv)	Depreciation and amortisation	653.90	509.84	653.90
(v)	Other expenses	2,473.14	1,786.18	2,473.14
	Total expenses	29,290.39	20,984.14	29,290.39
5	Profit before tax (3-4)	16,690.11	11,295.69	16,690.11
6	Tax expense:			
(1)	Current tax	3,183.62	2,477.20	3,183.62
(2)	Deferred tax charge/(credit)	661.78	79.63	661.78
	Total tax expense	3,845.40	2,556.83	3,845.40
7	Profit for the period (5-6)	12,844.71	8,738.86	12,844.71
8	Other comprehensive income			
(I)	Items that will not be reclassified to profit or loss	(92.12)	(28.39)	(92.12)
(ii)	Income tax relating to items that will not be reclassified to profit or loss	23.18	7.15	23.18
	Total other comprehensive income	(68.94)	(21.24)	(68.94)
9	Total comprehensive income for the period (7+8)	12,775.77	8,717.62	12,775.77
	Paid-up equity share capital (face value of ₹ 10 per equity share)	4,370.67	4,297.84	4,370.67
	Other equity as per balance sheet	103,241.97	89,429.12	103,241.97
10	Earnings per equity share (EPS)			
	*(EPS for quarter not annualised)			
	Basic (₹)	29.60	20.39	29.60
	Diluted (₹)	29.27	19.86	29.27

* This is the first year of consolidation, hence previous year figures are not available.

Dividend

With a view to devote your Company's resources towards growth activities, your Directors deem it proper to preserve resources and hence, do not propose any dividend for the financial year ended 31 March, 2022.

Change in Share Capital

During the year under review, your Company had allotted

- 37,500 equity shares in terms of the provisions of the Employee Stock Option Plan 2012 on 29 April, 2021 for an amount aggregating ₹ 7,62,000/-
- 1,44,000 equity shares in terms of the provisions of the Employee

Stock Option Plan 2012 on 25 July, 2021 for an amount aggregating ₹ 1,07,40,256/-

- 3,06,000 equity shares in terms of the provisions of the Employee Stock Option Plan 2012 (2,87,500) and 2017 (18,500) on 08 August, 2021 for an amount aggregating ₹ 2,63,85,780/-
- 1,50,000 equity shares in terms of the provisions of the Employee Stock Option Plan 2012 on 23 August, 2021 for an amount aggregating ₹ 1,24,80,000/-.
- 90,750 equity shares in terms of the provisions of the Employee Stock Option Plan 2012 on 06 January, 2022 for an amount aggregating ₹ 12,08,803/-.

The shareholding pattern of your Company on 31 March, 2022 is as follows:

Sr. No.	Name of shareholder	% of Share Capital As on 31 March, 2022	% of Share Capital As on 31 March, 2021
1	Anil Mehta	1.88%	2.55%
2	Other Individual Investors	0.43%	2.17%
3	Aravali Investment Holdings	32.52%	24.65%
4	WestBridge Crossover Fund, LLC	24.83%	25.25%
5	Nexus Ventures III, Ltd.	22.79%	23.18%
6	Nexus Opportunity Fund II, Ltd.	6.66%	6.77%
7	Milestone Trusteeship Services Private Limited acting as Trustee for Madison India Opportunities Trust Fund	5.45%	5.54%
8	MIO Starrock (Formerly Known as Starrock)	3.90%	
9	Madison India Opportunities IV	1.45%	1.47%
10	Milestone Trusteeship Services Private Limited, acting as trustee for MICP Trust	0.10%	-
11	Sequoia Capital India Growth Investments I	0.00%	5.05%
12	Sequoia Capital India Investments III	0.00%	3.37%
	TOTAL	100.00%	100.00%

Brief description of your Company's working

Your Company is incorporated to carry on the business of housing finance by way of providing facilities in the form of term loans to individuals, firms, companies, cooperative societies and other institutions for construction, alteration, repair or for purchase of all types of accommodation and loans against property.

Material changes and commitments, if any, affecting the financial position of your Company, which occurred between the end of the financial year of your Company to which the financial statements relate and the date of the report:

No material change and commitment occurred between the end of the Financial Year 2021-22 of your Company and this report date except as disclosed below that may affect the financial position of your Company.

Change In nature of business

During the financial year under review, there was no change in the nature of business of your Company.

Details of companies which have become its holding, subsidiary, associate or joint venture companies:

Holding Company

During the year under review WestBridge Crossover Fund, LLC is the holding company.

Subsidiary Company

During the year under review, your Company incorporated a Subsidiary company called "India Shelter Capital Finance Limited", dated 24 March, 2022 to carry on the business of short, medium and long term financing.

Associate or joint venture companies

As per the provisions of the Act, your Company did not have any Joint Ventures/Associates during the financial year under review:

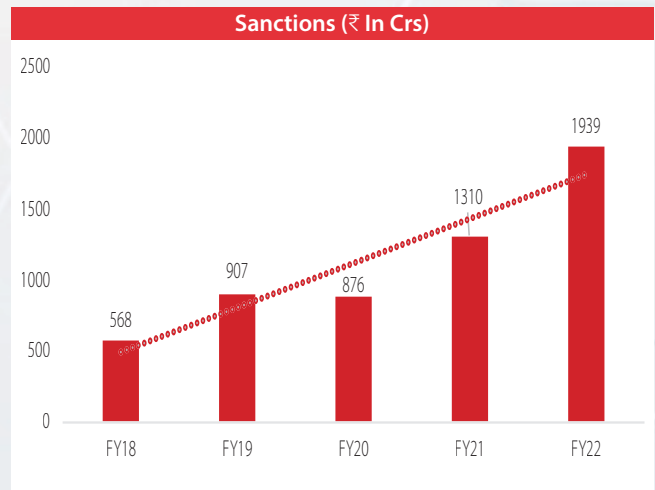
Net Worth

As of 31 March, 2022, the net worth of your Company stood at ₹ 1076 Crores compared to ₹ 937 Crores on 31 March, 2021 registering an increase of 14.8%.

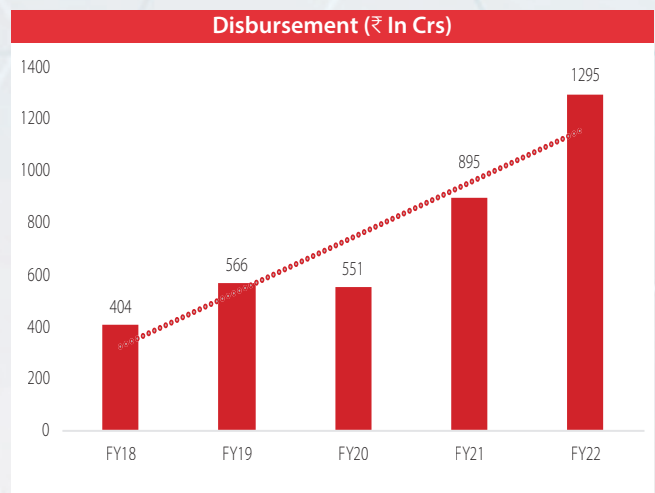
Performance of Company

Sanctions & Disbursement

During the year, your Company sanctioned loans to 19,730 customers amounting to ₹ 1939 Crores as compared to ₹ 1310 Crores in the previous year.

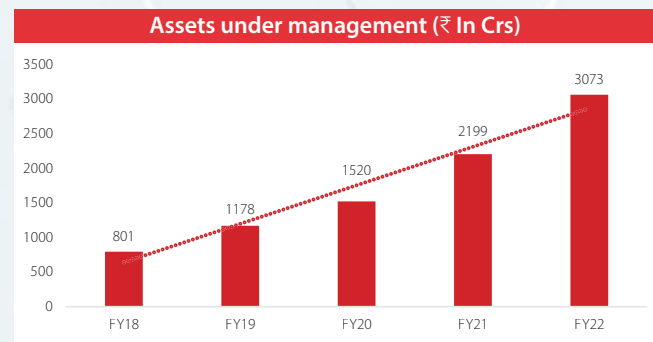


During the year, your Company disbursed ₹ 1295 Crore compared to ₹ 895 Crore in the previous year.



Assets Under Management (AUM)

Your Company had assets under management of ₹ 3073 Crores compared to ₹ 2199 Crores in the previous year and recorded a growth of 39.81% over previous year.



Resource Mobilization

Your Company's overall borrowing is guided by a Borrowing and Investment Policy approved by the Board of Directors.

Your Company manages its cash flows through prudent Asset-Liability Management and takes various measures, which include the diversification of funding sources, tenure optimization, and prudent borrowing timing to maintain its borrowing cost at an optimum level.

Your Company secured financing from a variety of sources including term loans, proceeds from the issuance of NCDs and refinance from the NHB. As of 31 March, 2022, your Company's total borrowings stood at ₹ 2059 Crores with the average cost of borrowing at 8.2%. Your Company remains committed towards maintaining a vigorous diversified resource profile.

Your Company issued the following Secured, Rated, Non-Convertible, Cumulative, Redeemable, Taxable Debentures (NCD) of ₹ 165 Crores in FY 2021-22.

ISIN NO.	₹ In Crore	Date of allotment	Date of Listing
INE922K07062	50	22-06-21	28-06-2021
INE922K07070	30	31-08-21	07-09-2021
INE922K07088	35	15-09-21	21-09-2021
INE922K07096	50	23-11-21	26-11-2021

Your Company redeemed following the Secured, Rated, Non-Convertible, Cumulative, Redeemable, Taxable Debentures (NCD) in FY 2021-22.

ISIN NO.	Date of Delisting	₹ (In Crore)	Type of Redemption
INE922K07039	27-07-2021	50	Fully

During the financial year under review, the interest on Non-Convertible Debentures issued on a private placement basis were paid by your Company on their respective due dates.

National Housing Bank (NHB) refinance

During the financial year, NHB reposed faith in your Company by disbursing a refinance of ₹ 70 Crores. With this disbursement, your Company had an outstanding of ₹ 344 Crores with the NHB as on 31 March, 2022. Your Company had an undrawn sanction of ₹ 200 Crores as on 31 March, 2022.

Borrowings from Other Sources

During the year, your Company raised ₹ 1046 Crores from Banks and Financial Institutions in the form of term loans; ₹ 32 Crores from PTC transactions and ₹ 273 Crores from Direct Assignment.

Your Company is a non-deposit taking Housing Finance Company and resolved in the Board Meeting held on 10 June, 2021 that it would not accept public deposits as per the licence provided by the National Housing Bank.

Your Company, being a Non-Deposit taking Housing Finance Company, did not accept any public deposits within the meaning of Section 73 to 76 of the Companies Act, 2013, read with the Companies [Acceptance of Deposits] Rules, 2014 and amendment made thereunder.

Your Company has borrowed in compliance with the Section 180 of the Companies Act, 2013 and applicable provisions of the Companies Act, 2013.

Listing with stock exchange

Your Company is up to date in the payment of annual listing fees to Bombay Stock Exchange (BSE) on which its debentures are listed.

During the financial year under review, the interest on Non-Convertible Debentures issued on a private placement basis were paid by your Company on their respective due dates and there were no instances of any interest amount not claimed by the investors or not paid by your Company after the date on which the same became due for payment.

The disclosures under the RBI Master Directions 2021 on NBFC and HFC dated 17 February, 2021 are as below:

- The total number of non-convertible debentures, which have not been claimed by the Investors or not paid by the housing finance company after the date on which the non-convertible debentures became due for redemption: Nil
- The total amount in respect of such debentures remaining unclaimed or unpaid beyond the date referred to in clause (1) as aforesaid: Nil

Debenture trustee

Debenture Trust Agreement(s) were executed in favour of Catalyst Trusteeship Services Limited for NCDs issued on private placement basis. Following are the details of Catalyst Trusteeship Limited:

Catalyst Trusteeship Limited

CIN: U74999PN1997PLC110262
GDA House, First Floor, Plot No. 85 S. No. 94 & 95,
Bhusari Colony (Right), Kothrud Pune MH 411038 IN

Credit Rating

During the financial year under review , the credit rating of your company was affirmed to ICRA A (Stable) and CARE A (Positive):

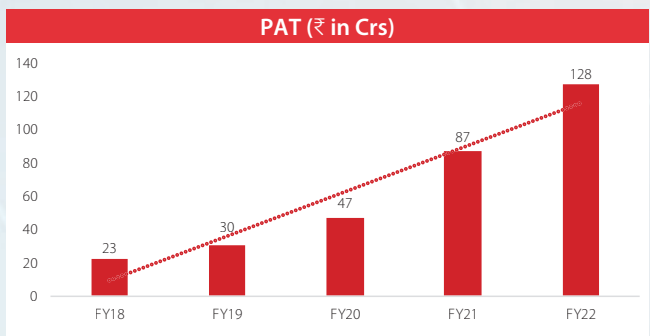
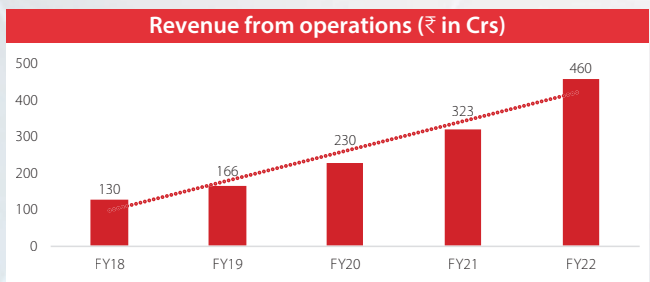
Agency	Instrument	Rating (Outlook)
ICRA	Non-Convertible Debentures	ICRA A (Stable)
ICRA	Long Term Borrowings	ICRA A (Stable)
CARE	Long Term Borrowings	CARE A (Positive)

Reserves

In terms of Section 29C of the National Housing Bank Act, 1987, every Housing Finance Company is required to transfer at least 20% of its net profit every year to a Statutory Reserve Account before any dividend is declared. Accordingly, your Company transferred an amount of ₹ 26 Crore (Previous Year ₹ 17 Crore) to 'Statutory Reserve' and it stands at ₹ 70 Crores as on 31 March, 2022.

Profitability

During the financial year, your Company earned total revenues of ₹ 460 Crore compared to ₹ 323 Crore earned in the previous year an increase of 42.25%. *Your Company earned a profit of ₹ 128 Crore compared to ₹ 87 Crore earned in the previous year, registering an increase of 40.56%.*



Robustness of assets

Your Company has adhered to the Policy on Provisioning for NPAs and Write off approved by its Board Of Directors and as per the Expected Credit Loss (ECL) Methodology. Provision computed as per the ECL methodology is higher than the provision computed in accordance with Income Recognition and Asset Classification (IRAC) Norms specified by RBI.

Pursuant to the RBI circular dated 12 November 2021- “Prudential norms on income recognition, Asset classification, and Provisioning pertaining to Advances-Clarifications”, your Company has aligned its system of asset classification norms as directed by RBI. Such alignment has resulted in transition of sub 90 DPD assets of ₹ 1,211.02 Lakhs as additional non-performing assets/Stage 3 as at 31 March, 2022. Consequently, the GNPA of your Company as on 31 March, 2022 is at 2.12% (1.63% without considering revised IRAC Norms) as compared to 1.78% as of 31 March, 2021.

Recovery Mechanism

Your Company is a ‘Financial Institution’ under The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 and it initiated proceedings

under The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 against defaulting borrowers for the recovery of dues. Your Company also filed cases under section 138 of Negotiable instrument Act,1881.

Your Company is disbursing 100% loans through the electronic mode. Your Company is working to maximise collection through electronic means.

Capital Adequacy Ratio

NHB Housing Finance Companies (NHB) Directions, 2010 requires your Company to maintain a minimum capital adequacy of 15% on a standalone basis. Your Company's capital adequacy ratio (CRAR) stood at 55.87% (comprising Tier I capital of 55.35% and Tier II capital of 0.52%) as on 31 March, 2022, compared to 71.51% (comprising Tier I capital of 70.81% and Tier II capital of 0.70%) as on 31 March, 2021.

Branch Expansion

During the year, your Company added 15 additional branches resulting in a total of 130 branches in 15 states as on 31 March, 2022. This increase in branches contributed to a better performance by your Company. Your Company now operates in the States of Rajasthan, Maharashtra, Gujarat, Madhya Pradesh, Haryana, Chhattisgarh, Uttar Pradesh, Uttaranchal, Punjab, Tamil Nadu, Karnataka, Telangana, Andhra Pradesh, Delhi and Orissa. Your Company has undertaken measures to improve its visibility through marketing and advertising.

Conservation of energy, technology absorption

In compliance with Section 134 of the Companies Act, 2013 and Rule 8(3) of the Companies (Accounts) Rules, 2014), your Company did not carry out in any activity relating to the conservation of energy and technology absorption during the year. Hence the requirement of a disclosure of particulars relating to the conservation of energy and technology absorption in terms of Section 134 of the Companies Act, 2013 and the Rules framed thereunder are not applicable.

Foreign exchange earnings and outgo

The foreign exchange earned and the foreign exchange outgo during the year was as below:

Particulars	For year ended March, 2022 (Rupees in Lakhs)	For year ended March, 2021 (Rupees in Lakhs)
a) Total foreign exchange earned	0	0
b) Total foreign exchange outgo	197.67	150.00

Regulatory guidelines

During the year under review, the RBI/NHB issued various Notifications, Circulars and Guidelines to Housing Finance Companies. The Circulars and Notifications issued by RBI/NHB were placed before the Board of Directors at regular intervals to update Board members on compliance of the same. Your Company adhered to all Circulars, Notifications and Guidelines issued by RBI/NHB.

Your Company complied with the Master Directions, guidelines and circulars issued by the Reserve Bank of India, National Housing Bank, Companies Act, 2013, SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015, to the extent applicable to your Company, Foreign Exchange Management Act, 1999 , Labour Laws, Income Tax Act, Goods and Services Tax Act and other applicable Acts.

Your Company also complied with the provisions of the Secretarial Standard 1 (SS-1) and Secretarial Standard 2 (SS-2) issued by the Institute of Company Secretaries of India relating to 'Meetings of Board of Directors' and 'General Meetings' respectively.

Your Company was levied penalty by NHB vide its letter 29 July, 2021, of ₹ 15,000 plus GST on your Company for non-compliance with provisions of the Paragraph 22 (2) of the Housing Finance Companies (NHB) Directions, 2010 and the RBI Circular No. DOR. No.BP.BC.63/21.04.048/2019-20,with reference to the inspection of your Company as on 31 March, 2020, which was paid by your Company.

Environmental, Social & Governance (ESG) Practices

Your Company stayed strong to its commitment to positively impact the environment, our customers, employees, and community at large. Our core values guided our ESG practices, which seek to drive growth and empower communities through our corporate decision-making processes.

Environmental

We look at natural capital and the communities we operate in, as integral elements to our business. That is why we work to strike a balance between the economic, social and environmental aspects of our decisions. For our environmental initiatives, we are keen to explore how our work can address various environmental challenges and incorporate technologies and processes that do not harm, but rather add value to the quality of the environment around us. Moreover, our push to go digital across service and product lines, helps reduce paper consumption and enables our customers to access a multi-channel digital solution, without the hassle of travelling to a branch office. Our technical evaluation incorporates environment and social aspects of collateral as a part of the assessment process.

Social

We strive towards the progress of society through our Corporate Social Responsibility (CSR) policy. We have a CSR policy, which lays down the action plan for defining how CSR is to be implemented and is in compliance with the Schedule VII of the Companies Act, 2013. The CSR programs undertaken by your Company largely fall in the areas of improving awareness of communities towards education.

Corporate governance

We are committed to maintaining the highest levels of integrity, corporate governance and regulatory compliance. These parameters form the bedrock of our corporate governance policy. We have proactively upheld good governance practices and are constantly striving to enhance our standards. Our Board of Directors are responsible for setting the course for and evaluating the bank's performance with regards to corporate governance. The parameters of evaluation include compliance, internal control, risk management, information and cybersecurity, customer service and social and environmental responsibility.

Your Company has been complying with the Standards of corporate governance required under the Companies Act, 2013 and other applicable acts. Your Board has discharged the duties and responsibilities as required under the applicable statute(s) including the Companies Act.

Your Company comprises of Board of Directors, which has a defined schedule of matters reserved for its consideration and decision, apart from legally required matters.

The Board of Directors of your Company comprises eight Directors, consisting of two Independent Directors (including one Woman Director), four Non-Executive Nominee Directors, one Chairman and Non-Executive Director and one Managing Director and CEO as on 31 March, 2022, who bring in a wide range of skills and experience to the Board.

The Board of Directors of your Company as on 31 March, 2022 were:

Directors	Designation	DIN
Mr. Anil Mehta ¹	Chairman and Non-Executive Director	02132315
Mr. Rupinder Singh ²	Managing Director and Chief Executive Officer	09153382
Mr. Anup Gupta	Nominee Director	02284944
Mr. Shailesh J. Mehta ³	Nominee Director	01633893
Mr. Sudhin Bhagwandas Choksey ⁴	Nominee Director	00036085
Mr. Sumir Chadha	Nominee Director	00040789
Ms. Rachna Dikshit ⁵	Additional (Independent & Non-Executive) Director	08759332
Mr. Sunil Ramakant Bhumralkar ⁶	Additional (Independent & Non-Executive) Director	00177658

The following changes took place in the composition of Board of Directors during the Financial year 2021-22:

- The Board of Directors of your Company in their meeting held on 22 November, 2021, accepted the resignation of Mr. Anil Mehta from the position of Managing Director and Chief Executive Officer of your Company with effect from the closure of business hours as of 22 November, 2021 and re-designated him as the Chairman and Non-Executive Director of your Company with effect from 23 November, 2021.
- The Board of Directors of your Company in their meeting held on 22 November, 2021, appointed Mr. Rupinder Singh as the Managing Director and Chief Executive Officer of your Company with effect from 23 November, 2021.
- The Board of Directors of your Company in their meeting held on 02 November, 2021, accepted resignation of Mr. Shailesh J. Mehta from the position of Independent Director of your Company with effect from the closure of business hours as of 02 November, 2021 and appointed him as the Nominee Director your Company with effect from 03 November, 2021.
- The Board of Directors of your Company in their meeting held

on 02 November, 2021 appointed Mr. Sudhin Bhagwandas Choksey as Nominee Director of your Company with effect from 03 November, 2021.

- Ms. Rachna Dikshit retired from the Board with effect 11 February, 2022 as an Independent Director. The Board of Directors of your Company in their meeting held on 01 February, 2022, re-appointed Ms. Rachna Dikshit as an Additional (Independent & Non-Executive) Director of your Company with effect from 12 February, 2022 and shareholder's confirmed her appointment as an Independent Director in their meeting held on 10 May, 2022.
- The Board of Directors of your Company in their meeting held on 31 March, 2022 appointed Mr. Sunil Ramakant Bhumralkar as an Additional (Independent & Non-Executive) Director your Company with effect from 31 March, 2022 and shareholder's confirmed his appointment as an Independent Director in their meeting held on 10 May, 2022.
- The Board of Directors of your Company in their meeting held on 02 November, 2021, accepted resignation of Mr. G V Ravishanker from the position of Nominee Director of your Company w.e.f 26 October, 2021.

Key managerial personnel

During the year under review, the Key Managerial Personnel of your Company were as follows:

a	Mr. Rupinder Singh – Managing Director & CEO (from 23 November, 2021)
b	Mr. Anil Mehta - Managing Director & CEO (till 22 November, 2021)
c	Mr. Ashish Gupta- Chief Financial Officer
d	Ms. Mukti Chaplot – Company Secretary

Committees of the Board

Your Company has following eight Board-level Committees, which have been constituted in compliance with the requirements of the business and relevant provisions of applicable laws and statutes:

1.	Audit Committee
2.	Nomination and Remuneration Committee
3.	Corporate Social Responsibility Committee
4.	Enterprise Risk Management Committee
5.	Asset Liability Management Committee
6.	IT Strategy Committee
7.	Wilful Defaulter Identification & Review Committee and
8.	Customer Service & Grievance Redressal Committee

The recommendations made by above Committees were accepted by the Board.

Board of Directors Meeting

During the Financial Year under review, the Board of your Company had met six times during the year under consideration on [1] 12 May, 2021; [2] 09 September, 2021; [3] 02 November, 2021; [4] 22 November, 2021; [5] 01 February, 2022; and [6] 31 March, 2022.

The attendance of the Board of Directors at the Board Meetings during the year and at the last Annual General Meeting [AGM] were as under:

Name	Category	Number of Meetings			Last AGM attended
		Held	Entitled	Attended	
Mr. Anil Mehta (DIN: 02132315)	Chairman & Non executive Director	6	6	5	Yes
Mr. Rupinder Singh (DIN: 09153382)	Managing Director and Chief Executive Officer	6	5	5	Yes
Ms. Rachna Dikshit (DIN: 08759332)	Additional (Independent & Non-Executive Director)	6	6	6	Yes
Mr. Sunil Ramakant Bhumralkar (DIN: 00177658)	Additional (Independent & Non-Executive) Director	6	-	-	-
Dr. Shailesh J Mehta (DIN: 01633893)	Nominee Director	6	6	5	Yes
Mr. Anup Gupta (DIN: 02284944)	Nominee Director	6	6	6	-
Mr. G V Ravishankar (DIN: 02604007)	Nominee Director	6	2	0	-
Mr. Sumir Chadha (DIN:00040789)	Nominee Director	6	6	6	-
Mr. Sudhin Bhagwandas Choksey (DIN: 00036085)	Nominee Director	6	3	3	-

Audit Committee

The Audit Committee of your Company as on March 31, 2022 comprises three members including two independent directors as below:

Directors	Designation	DIN
Mr. Rupinder Singh ¹	Managing Director and Chief Executive Officer	09153382
Ms. Rachna Dikshit	Additional (Independent and Non-Executive) Director	08759332
Mr. Sunil Ramakant Bhumralkar ²	Additional (Independent and Non-Executive) Director	00177658

*Mr. Anil Mehta and Mr. Shailesh Mehta ceased to be members of the Committee on 02 November, 2021.

- The Board of Directors of your Company in their meeting held on 22 November, 2021 appointed Mr. Rupinder Singh as the

Managing Director and Chief Executive Officer of your Company with effect from 23 November, 2021.

- The Board of Directors of your Company in their meeting held on 31 March, 2022 appointed Mr. Sunil Ramakant Bhumralkar as an Additional (Independent & Non-Executive) Director your Company with effect from 31 March, 2022 and shareholder's confirmed his appointment as Independent Director in their meeting held on 10 May, 2022.

The Audit Committee was reconstituted on 02 November, 2021 and 31 March, 2022 and Mr. Rupinder Singh became a member of the Audit Committee on 02 November, 2021 and Mr. Sunil Bhumralkar on 31 March, 2022.

The Audit Committee met four times during the year under consideration on [1] 11 May, 2021; [2] 07 September, 2021; [3] 02 November, 2021; and [4] 27 January, 2022. Your Board has approved a Charter for the Audit Committee.

The attendance of the members at the Audit Committee Meetings during the year was as below:

Name	Category	Number of meetings		
		Held	Entitled	Attended
Mr. Anil Mehta (DIN: 02132315)	Non executive Director	4	3	2
Mr. Rupinder Singh (DIN: 09153382)	Managing Director and Chief Executive Officer	4	1	1
Ms. Rachna Dikshit (DIN: 08759332)	Additional (Non-executive and Independent Director)	4	4	4
Mr. Shailesh J Mehta (DIN: 01633893)	Nominee Director	4	3	3
Mr. Sunil Ramakant Bhumralkar (DIN: 00177658)	Additional (Non-executive and Independent Director)	4	-	-

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of your Company as on 31 March, 2022 comprises four members, including two Independent Directors as below:

Directors	Designation	DIN
Mr. Anup Gupta	Nominee Director	02284944
Mr. Sumir Chadha	Nominee Director	00040789
Ms. Rachna Dikshit	Additional (Independent and Non-Executive) Director	08759332
Mr. Sunil Ramakant Bhumralkar ¹	Additional (Independent and Non-Executive) Director	00177658

* Mr. GV Ravishankar and Mr. Shailesh Mehta, ceased to be members of the Committee on 26 October, 2021 and 02 November, 2021 respectively.

* The Board of Directors of your Company, in their meeting held on 02 November, 2021, accepted the resignation of Mr. G V Ravishanker from the position of Nominee Director of your Company w.e.f 26 October, 2021.

The attendance of the members at the Nomination and Remuneration Committee Meetings during the year is as below:

Name	Category	Number of meetings		
		Held	Entitled	Attended
Ms. Rachna Dikshit (DIN: 08759332)	Additional (Non-executive and Independent Director)	5	5	5
Mr. Shailesh J Mehta (DIN: 01633893)	Nominee Director	5	2	2
Mr. Anup Gupta (DIN: 02284944)	Nominee Director	5	5	5
Mr. GV Ravishankar (DIN: 02604007)	Nominee Director	5	1	1
Mr. Sumir Chadha (DIN:00040789)	Nominee Director	5	3	3
Mr. Sunil Ramakant Bhumralkar (DIN: 00177658)	Additional (Non-executive and Independent Director)	5	-	-

Corporate Social Responsibility

The Corporate Social Responsibility Committee of your Company as on 31 March, 2022 comprised three members including one Independent Director as below:

Directors	Designation	DIN
Mr. Rupinder Singh ¹	Managing Director and Chief Executive Officer	09153382
Ms. Rachna Dikshit	Additional (Independent and Non-Executive) Director	08759332
Mr. Sunil Ramakant Bhumralkar ²	Additional (Independent and Non-Executive) Director	00177658

Mr. Anil Mehta ceased as members of the of the Committee on November 02, 2021.

The Board of Directors of your Company, in their meeting held on 02 November, 2021, accepted the resignation of Mr. G V Ravishanker from the position of Nominee Director of your Company from

- The Board of Directors of your Company in their meeting held on 31 March, 2022 appointed Mr. Sunil Ramakant Bhumralkar as an Additional (Independent & Non-Executive) Director of your Company with effect from 31 March, 2022 and shareholder's confirmed his appointment as Independent Director in their meeting held on 10 May, 2022.

The Nomination and Remuneration Committee was reconstituted on 02 November, 2021 and 31 March, 2022 and Mr. Sumir Chadha became a member of the Nomination and Remuneration Committee on 02 November, 2021 and Mr. Sunil Bhumralkar on 31 March, 2022.

The Nomination and Remuneration Committee met five times during the year under consideration on [1] 12 May, 2021; [2] 28 October, 2021; [3] 22 November, 2021; [4] 01 February, 2022 and [5] 31 March, 2022.

Your Board has approved a Charter for the Nomination and Remuneration Committee. The Nomination and Remuneration Policy formulated by the Nomination and Remuneration Committee is attached as Annexure 01.

26 October, 2021. Mr. GV Ravishankar ceased as member of the Committee on 26 October, 2021.

- The Board of Directors of your Company in their meeting held on 22 November, 2021 appointed Mr. Rupinder Singh as Managing Director and Chief Executive Officer of your Company with effect from 23 November, 2021.
- The Board of Directors of your Company in their meeting held on 31 March, 2022 appointed Mr. Sunil Ramakant Bhumralkar as an Additional (Independent & Non-Executive) Director of your Company with effect from 31 March, 2022 and shareholder's confirmed his appointment as Independent Director in their meeting held on 10 May, 2022.

* The CSR Committee was reconstituted on 02 November, 2021 & 31 March, 2022 and Mr. Rupinder Singh became member of the Committee on 02 November, 2021 and Mr. Sunil Bhumralkar on 31 March, 2022.

The CSR Committee met one time in the year under consideration on 15 March, 2022.

The attendance of the members at the Corporate Social Responsibility Committee Meetings during the year is as below:

Name	Category	Number of meetings	
		Held	Attended
Ms. Rachna Dikshit (DIN: 08759332)	Additional (Non-executive and Independent Director)	1	1
Mr. Sudhin Bhagwandas Choksey(DIN: 00036085)	Nominee Director	1	1
Mr. Rupinder Singh (DIN: 09153382)	Managing Director and Chief Executive Officer	1	1
Mr. Sunil Ramakant Bhumralkar (DIN: 00177658)	Additional (Non-executive and Independent Director)	1	-

In line with the statutory requirements under the Companies Act, 2013 and it's CSR Policy, your Company spent a sum of ₹ 146.54 Lakh in the FY 2021-22 in the below manner:

Sr. No.	Name of organisa- tion	Category	FY22 (₹ in Lakhs)
1.	Mahesh Foundation	Mahesh Foundation is empowering and enriching the lives of medically challenged and the underprivileged children. "CARE HOME, NUTRITION, HEALTHCARE and EDUCATION"	36.36
2.	Vidhya Bhawan	Vidya Bhawan Society was established in 1931 in Udaipur, Rajasthan, it seeks to establish linkages between education, society, and humanity.	30.00
3.	Bansi Vidya Memorial Trust (Leukemia Crusaders)	The Trust was formed in 2013 to work and contribute towards the noble cause of financially supporting leukemia or blood cancer affected children.	15.00
4.	Seva Mandir	The Grassroots NGO founded in 1968. with following Two Goals: 1) Transforming Lives –tackle development problems 2) Strengthening Communities –facilitate democracy	8.00
5.	United Way Bengaluru	Community based organization affiliated with United Way Worldwide HQ'd in the USA. Mission is to advance the common good for people through our work in education, income stability health	0.23
6.	The Wheeling Happiness	Wheeling Happiness foundation is the brainchild of co-founders Dr. Deepa Malik (Padmashri, Khel Ratna, Arjuna Awardee) & Devika Malik (Psychological Counsellor, Queen Elizabeth II, Vice-President of India & United Nations awardee for community service; National Youth Awardee).	2.25
7.	PM Care Fund	Fund set up by central govt. for following the COVID-19 outbreak, on March 27, 2020, to curb the virus' outbreak in India, and to alleviate suffering of the people due to the pandemic.	30.00
8.	Clean Ganga Fund	Fund set-up by the Central Government for rejuvenation of river Ganga.	19.71
9.	Swachh Bharat Kosh	It was launched in 2014 by the Department of Expenditure, The Ministry of Finance with an objective of improving cleanliness levels in rural and urban areas, including in schools.	5.00
10.		TOTAL	146.54

The disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 are attached as Annexure 02.

Your Company developed and implemented a Corporate Social Responsibility Policy, which was placed on the website at <https://www.indiashelter.in/policies-reports.php> and is attached as Annexure 03.

Enterprise Risk Management Committee

The Enterprise Risk Management Committee of your Company as on 31 March, 2022 comprises of six members including two independent directors as below:

Directors	Designation	DIN
Mr. Rupinder Singh ¹	Managing Director and Chief Executive Officer	09153382
Mr. Anup Gupta	Nominee Director	02284944
Mr. Shailesh J. Mehta	Nominee Director	01633893

Directors	Designation	DIN
Mr. Sudhin Bhagwandas Choksey ²	Nominee Director	00036085
Ms. Rachna Dikshit	Additional (Independent and Non-Executive) Director	08759332
Mr. Sunil Ramakant Bhumralkar ³	Additional (Independent and Non-Executive) Director	00177658

*Mr. Anil Mehta ceased as members of the of the Committee on 02 November, 2021.

- The Board of Directors of your Company, in its meeting on 22 November, 2021, appointed Mr. Rupinder Singh as the Managing Director and Chief Executive Officer of your Company with effect from 23 November, 2021.
- The Board of Directors of your Company in its meeting on 02 November, 2021, appointed Mr. Sudhin Bhagwandas Choksey

as Nominee Director of your Company with effect from 03 November, 2021.

- The Board of Directors of your Company in their meeting held on 31 March, 2022 appointed Mr. Sunil Ramakant Bhumralkar as an Additional (Independent & Non-Executive) Director of your Company with effect from 31 March, 2022 and shareholder's confirmed his appointment as Independent Director in their meeting held on 10 May, 2022.

The ERM Committee was reconstituted on November 02, 2021 &

31 March, 2022 and Mr. Rupinder singh, Mr. Anup Gupta and Mr. Sudhin Bhagwandas Choksey became a member of the Committee on 02 November, 2021 and Mr. Sunil Ramakant Bhumralkar on 31 March, 2022.

The Enterprise Risk Management Committee met four times during the year under consideration on [1] 11 May, 2021 ; [2] 07 September, 2021; [3] 02 November, 2021; and [4] 27 January, 2022.

The attendance of the members at the Enterprise Risk Management Committee Meetings during the year was as below:

The attendance of the members at the Enterprise Risk Management Committee Meetings during the year is as below:

Name	Category	Number of meetings		
		Held	Entitled	Attended
Mr. Anil Mehta (DIN: 02132315)	Non-Executive Director	4	3	2
Mr. Rupinder Singh (DIN: 09153382)	Managing Director and Chief Executive Officer	4	1	1
Ms. Rachna Dikshit (DIN: 08759332)	Additional (Non-executive and Independent Director)	4	4	4
Mr. Sunil Ramakant Bhumralkar (DIN: 00177658)	Additional (Independent and Non-Executive) Director	4	-	-
Mr. Shailesh J Mehta (DIN: 01633893)	Nominee Director	4	4	4
Mr. Anup Gupta (DIN: 02284944)	Nominee Director	4	1	1
Mr. Sudhin Bhagwandas Choksey (DIN: 00036085)	Nominee Director	4	1	1

Your Company had Board-approved Credit and Risk Management Policies wherein all material risks faced by your Company were identified and assessed. Your Company set up a policy framework for ensuring better management of its asset and liability profile.

During the year, the Enterprises Risk Management committee reviewed the risks associated with the business of your Company, its root causes and the efficacy of measures to mitigate them .

The Board of Directors of your Company, with the intent to implement a consistent, efficient, and economical approach to identify, evaluate, respond and mitigate key risks that may impact business objectives of your Company and in order to minimize the frequency and impact of risks, adopted a Risk Management Policy.

The Risk Management Policy of your Company was approved by the Board which is enclosed as Annexure 04, which is also available on the Website of your Company at <https://www.indiashelter.in/policies-reports.php>.

Information Technology Strategy Committee

Your Company has in place a Board Constituted Information Technology Strategy Committee comprising of five members as on 31 March, 2022 including two independent director as below:

Directors	Designation	DIN
Mr. Rupinder Singh ¹	Managing Director and Chief Executive Officer	09153382
Mr. Shailesh J. Mehta	Nominee Director	01633893
Ms. Rachna Dikshit	Additional (Independent and Non-Executive) Director	08759332

The IT Strategy Committee was reconstituted on November 02, 2021 and 31 March, 2022 and Mr. Rupinder Singh became a member of the Committee on 02 November, 2021 and Mr. Sunil Ramakant Bhumralkar on 31 March, 2022.

The Information Technology Strategy Committee met twice during the year under consideration on [1] 28 July, 2021; and [2] 27 January, 2022;

The attendance of the members in the Information Technology Strategy Committee meetings during the year is as below:

Name	Category	Number of meetings		
		Held	Entitled	Attended
Ms. Rachna Dikshit (DIN: 08759332)	Additional (Non-executive and Independent Director)	2	1	1
Mr. Sunil Ramakant Bhumralkar (DIN: 00177658)	Additional (Independent and Non-Executive) Director	2	-	-
Mr. Shailesh J Mehta (DIN: 01633893)	Nominee Director	2	2	2
Mr. Anil Mehta (DIN: 02132315)	Non-Executive Director	2	1	1
Mr. Rupinder Singh (DIN: 09153382)	Managing Director and Chief Executive Officer	2	1	1
Mr. Varun Guliani	Head-IT	2	2	2

There were Twenty Six meetings of other Committees as per the business requirements of your Company.

1.	31 May, 2021	Wilful Defaulter Committee
2.	22 September, 2021	Wilful Defaulter Committee
3.	29 December, 2021	Wilful Defaulter Committee
4.	31 March, 2022	Wilful Defaulter Committee
5.	31 May, 2021	Customer Service & Grievance Redressal Committee
6.	22 September, 2021	Customer Service & Grievance Redressal Committee
7.	19 December, 2021	Customer Service & Grievance Redressal Committee
8.	31 March, 2022	Customer Service & Grievance Redressal Committee
9.	28 April, 2021	Asset Liability Management Committee
10.	31 May, 2021	Asset Liability Management Committee
11.	15 June, 2021	Asset Liability Management Committee
12.	22 June, 2021	Asset Liability Management Committee
13.	28 July, 2021	Asset Liability Management Committee
14.	11 August, 2021	Asset Liability Management Committee
15.	25 August, 2021	Asset Liability Management Committee
16.	31 August, 2021	Asset Liability Management Committee
17.	15 September, 2021	Asset Liability Management Committee
18.	22 September, 2021	Asset Liability Management Committee
19.	29 October, 2021	Asset Liability Management Committee
20.	02 November, 2021	Asset Liability Management Committee
21.	23 November, 2021	Asset Liability Management Committee
22.	23 December, 2021	Asset Liability Management Committee
23.	29 December, 2021	Asset Liability Management Committee
24.	28 January, 2022	Asset Liability Management Committee
25.	25 February, 2022	Asset Liability Management Committee
26.	29 March, 2022	Asset Liability Management Committee

Director and Key Management Personnel Retirement by Rotation and Re-appointment

As per Section 152 of the Companies Act, 2013, Mr. Sumir Chadha (DIN:00040789) and Mr. Anup Gupta (DIN: 02284944) Nominee Director of your Company, will retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

Resignation/Retirement of Independent Director

Pursuant to Section 149 (6), Section 152 and Section 161 of the Companies Act, 2013 and other applicable provisions (including any modification or re-enactment thereof), if any, of the Companies Act, 2013, the Nomination and Remuneration Committee in their meeting held on 02 November, 2021 and the Board of Directors of your Company in their meeting held on 02 November, 2021,

took the note of the resignation of Mr. Shailesh J. Mehta from the position of Independent Director of your Company with effect from the closure of business hours as of 02 November, 2021 and appointed him Nominee Director of your Company with effect from 03 November, 2021.

Appointment of Independent Director

Pursuant to the provisions of Section 149, 150, 152 read with schedule IV and Section 161(1) read with Companies (Appointment and Qualification of Directors) Rules, 2014, and other applicable provisions, sections, rules of the Companies Act, 2013, on the recommendation by the members of Nomination and Remuneration Committee in their meeting held on 01 February, 2022 and Board Of Directors in their meeting held on 01 February, 2022, Ms Rachna Dikshit (DIN:08759332) was appointed as an Additional Director (Non-Executive & Independent) (DIN: 08759332) on the Board of your Company w.e.f. 12 February, 2022 and was confirmed as an Independent Director in the Extra-ordinary General Meeting held on 10 May, 2022.

On the recommendation by the members of Nomination and Remuneration Committee in their meeting held on 31 March, 2022, and Board Of Directors in their meeting held on 31 March, 2022, Mr. Sunil Ramakant Bhumralkar (DIN: 00177658) was appointed as an Additional Director (Non-Executive & Independent) (DIN: 08759332) on the Board of your Company from 31 March, 2022 and was confirmed as an Independent Director in the Extra-ordinary General Meeting held on 10 May, 2022.

Appointment/Resignation of Nominee Director

The Board of Directors of the Company in their meeting held on November 02, 2021 appointed Mr. Sudhin Bhagwandas Choksey as Nominee Director of the company with effect from November 03, 2021.

The Board of Directors of the Company in their meeting held on November 02, 2021, accepted resignation of Mr. G V Ravishanker from the position of Nominee Director of the company with effect from October 26, 2021.

Declaration by Independent Director

The declarations by the Independent Director(s) that they

- Meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013, has been obtained;
- Have registered to the Indian Institute of Corporate Affairs (IICA), as specified in sub-rule (2) of Rule 6 of The Companies (Appointment and Qualifications of Directors) Rules, 2014.

Declaration of Fit and Proper criteria

Your Company is adhering to the fit and proper criteria and your Board of Directors have approved the Fit and Proper Policy which assesses the Fit and Proper criteria for the Directors at the time of appointment and on a continuing basis, as per the criteria prescribed by RBI.

Remuneration to Directors

During the year, your Company did not pay any remuneration to Non-executive Directors. However, sitting fees were paid to

Independent Directors as per the provisions of Companies Act, 2013.

The details of the managerial remuneration, approved by the shareholders as per Schedule V Part II- Section II (IV) of Companies Act, 2013, is attached as Annexure 05.

Annual Evaluation

Your Company follows best practices to ensure that the Board Of Directors understand their duties and adopt good governance practices.

The Nomination and Remuneration Committee carried out the evaluation of each Director's performance and the Board additionally carried out a formal evaluation of its performance, Statutory Board Committees and all individual Directors without the presence of the Director concerned who was evaluated.

During the year, Independent Directors of your Company also held separate meetings to review the performance of the Non-Independent Directors and the Board as a whole and assessed the quality, quantity and timeliness of flow of information between your Company management and the Board, which was necessary for the Board to effectively and reasonably perform their duties. Major aspects of Board evaluation included who is to be evaluated, process of evaluation, including laying down objectives and criteria to be adopted for the evaluation of different persons, feedback to the persons being evaluated and action plan based on the results.

Company's Policy on Directors Appointment, Remuneration & Evaluation

The Board on the recommendation of the Nomination and Remuneration Committee of the Board adopted a Nomination and Remuneration Policy, which, inter-alia, laid down the criteria for identifying the persons qualified to be appointed as Directors and/or Senior Management Personnel of your Company, along with the criteria for the determination of the remuneration of Directors, KMPs and other employees and their evaluation and included other matters, as prescribed under the provisions of Section 178 of Companies Act, 2013. The Nomination & Remuneration Policy of your Company was placed on the website of your Company at <https://www.indiashelter.in/policies-reports.php>. The Remuneration paid to the Directors was in line with the remuneration policy of your Company.

Human Resources Development

Your Company followed the best human resource practices and had 2200 employees on its rolls as on 31 March, 2022 compared to 1576 employees as on 31 March, 2021, registering an increase of 39.59%.

Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013 read with rules

Your Company practiced zero tolerance towards any action on the part of any of its officials, which fell under the ambit of 'Sexual Harassment' at the workplace. Your Company promotes and recognizes harassment and the right to work with dignity.

In this regard, India Shelter instituted an Internal Complaints Committee for the redressal of sexual harassment complaints (made by the victim) and for ensuring time-bound treatment of such complaints. The Internal Complaints Committee as on 31 March, 2022 comprised of the following four members, out of which three members were women:

Presiding Officer	Member-1	Member-2	NGO
Madhu Sharma	Mukti Chaplot	Nilay	Samta Ahuja

An Appellate Committee is also constituted as below:

Members	Designation
Ms. Rachna Dikshit (DIN: 08759332)	Board representative
4 other members	Equal number of male & female members from amongst ICC members

Your Company imparted training, for Sexual Harassment of Women at Workplace as a part of induction training provided to all employees.

Pursuant to the requirements of Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013 read with Rules there-under, the Internal Complaint committee of your Company did not receive any complaint of sexual harassment during the year under review.

Vigil mechanism and Whistle Blower Policy

Section 177 of Companies Act, 2013 read with rules made there under requires your Company to establish a vigil mechanism. Your Company has adopted Fraud Management Policy which includes whistle blower mechanism. The said policy has been uploaded on the Website of your Company. Your Company has also provided the facility to all the employees of your Company to report any suspected, alleged or actual fraud without disclosing their identity. A dedicated Email ID – whistleblowing@indiashelter.in has been made for this purpose which acts as a single point of contact for all the employees.

Further, there were no report under sub section (12) of section 143 of the Companies Act has been filed by the Statutory Auditors as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of the report.

As regards to the fraud on your Company, there have been 2 instances aggregating to ₹ 10.35 Lakh wherein frauds have been perpetrated by the borrowers of your Company as disclosed in Note 43.28 of the financial statements.

Particulars of Employee Related Disclosures

Your Company grants Employee Stock Options, share-based benefit to eligible employees to attract and retain the best talent, encourage employees to align individual performance with your Company's objectives and promote increased participation in the success of your Company.

The details of the ESOP formed a part of Notes to Accounts of the financial statements in this Annual Report.

The details as per Rule 12 (9) of Companies (Share Capital and Debentures) Rules, 2014 were enclosed as Annexure 06.

Particulars of contracts or arrangements with related parties

The particulars of every contract or arrangements, entered into by your Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013, were disclosed in Form No. AOC -2 as Annexure 07. Your Company framed a Related Party Transaction Policy for your Company as per the NHB/RBI Directions. The same was enclosed as Annexure 08 to this report.

Deposits

Your Company is registered as a non-deposit taking Housing Finance Company with National Housing Bank and did not accept any deposits. Your Company did not accept any deposits from the public during the financial year ended 31 March, 2022.

Internal Audit and Internal Controls over Financial Reporting

As per the provisions of Section 134(5)(e) of the Companies Act, 2013, the Directors have an overall responsibility for ensuring that your Company has implemented robust systems/framework of internal financial controls to provide them with reasonable assurance regarding the adequacy and operating effectiveness of controls with regards to reporting, operational and compliance risks.

Your Company has Internal Audit Department which conducts a comprehensive audit of functional areas and operations of your Company to examine the adequacy of and compliance with policies, procedures, statutory and regulatory requirements.

Significant audit observations and follow up actions thereon were reported to the Audit Committee on a quarterly basis. The Audit Committee reviews and evaluates adequacy and effectiveness of your Company's internal control environment and monitors the implementation of audit recommendations. Your Company implemented all recommendations of Audit Committee.

Based on information provided, nothing has come to the attention of Directors to indicate that any material breakdown in the function of these controls, procedures or systems occurred during the year under review. There were no significant changes in our internal financial controls during the year that materially affected, or are reasonably likely to materially affect, our internal financial controls.

Your Company's internal control are commensurate commensurate with the size, scale and complexity of its operations. Your Company's Internal Auditors, reviewed internal control and risk-management measures, accounting procedures, highlight areas requiring attention and reported their main findings and recommendations to the Audit Committee.

Dematerialisation of Shares and Non-Convertible Debentures

The equity shares of your Company were dematerialized by National Securities Depository Limited (NSDL) with ISIN No. INE922K01016.

During the year under review, following Non-Convertible Debentures of your Company have been admitted for

dematerialization by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)

ISIN NO.	₹ In Crore	w.e.f
INE922K07062	50	22-06-21
INE922K07070	30	31-08-21
INE922K07088	35	15-09-21
INE922K07096	50	23-11-21

in addition to the already existing ISIN No INE922K07054 with effect from 16 June, 2020 and delisted ISIN bearing number NE922K07039 w.e.f 27 July, 2021.

Particulars of loans, guarantees or investments under section 186

As your Company is a housing finance company, the disclosure regarding particulars of loans given, guarantees given and security provided were exempt under the provisions of Section 186(11) of the Companies Act, 2013. Thus, the provisions of Section 186, except sub-section (1) of the Act, are not applicable to your Company.

Disclosure under Section 43(a)(ii) of the Act:

Your Company did not issue any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 was furnished.

Disclosure under Section 67(3) of the Act:

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme. Hence no information pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 was furnished.

Disclosure under Rule 8 of the Companies (accounts) Rules, 2014:

During the year under review your Company did not made any application nor any proceedings are pending under the Insolvency and Bankruptcy Code, 2016. Further there were no instances of one-time settlement for any loans taken from the Banks or Financial Institutions.

Maintenance of cost records

The Central Government did not specify the maintenance of cost records under Section 148(1) of the Act, for the services of your Company.

Website disclosures

Your Company made disclosures on its website www.indiashelter.in. All regulatory disclosures, compliances, public notices and policies have been regularly updated. Our customer can also reach us through the toll-free helpline number, contact details of the Principal Officer, submit complaints or grievances, if any, etc.

Extract of the annual return

Pursuant to Section 92(3) read with section 134(3)(a) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, copies of the Annual Returns

of your Company prepared in accordance with Section 92(1) of the Companies Act, 2013 read with Rule 11 of the Companies (Management and Administration) Rules, 2014 are placed on the website of your Company at https://www.indiashelter.in/policies-reports.php..

Management Discussion and Analysis

The Management Discussion and Analysis forms part of this report, which provides a detailed information of state of affairs of the operations of your Company..

Directors’ Responsibility Statement

In terms of Sub-section (5) of Section 134 of the Companies Act, 2013, we, the Directors of your company, state that in respect of Financial Year 2021-22, that

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with a proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit and loss of your Company for that period;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the annual accounts on a going concern basis;
- Your Company has laid down internal controls which were adequate and were operating effectively; and
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Auditors

Statutory Auditors

With reference to guidelines issued by Reserve Bank of India with reference to para 8.3 of the RBI Guidelines for Appointment of Statutory Auditors circular no. RBI/2021- 22/25 dated April 27, 2021, the existing statutory auditors M/s Walker and ChandioK & Co., LLP tendered resignation via letter dated 28 August, 2021, which also resulted in a casual vacancy in terms of the provisions of section 139(8) of the Companies Act, 2013.

As per provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit & Auditors) Rules, 2014, and and RBI guidelines dated 27 April, 2021 and other relevant provisions including any statutory enactment or modification thereof, appointment of M/s. T R Chadha & Co LLP, Chartered Accountants, having Registration number 006711N/ N500028 were approved by Audit Committee by Circular resolution bearing No 01/2021-22 dated 01 September, 2021 and Board of

Directors by Circular resolution bearing No 15/2021-22 dated 01 September, 2021 subject to the approval of shareholders of your Company and subsequently by the shareholders of your Company in the Annual General Meeting held on 29 September, 2021 as Statutory Auditors of India Shelter to hold the office from the conclusion of 23rd Annual General Meeting till the conclusion of 26th Annual General Meeting.

Auditors’ Report

The Auditors' Report is unqualified. The Statutory Auditors have not made any adverse comments on the working of your Company. The notes to the Financial Statements, read with the Auditors' Report, are self-explanatory and not require further clarification.

Secretarial Auditors and Secretarial Audit Report

In accordance with Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, Mr. Jitender Singh (Membership No.: A33610 & CP: 12463) was appointed as Secretarial Auditor to conduct the Secretarial Audit of your Company for 2021-22 by the Board of Directors in its meeting held on 02 November, 2021. Your Company provided all assistance and facilities to the Secretarial Auditor for conducting the audit. The Report of Secretarial Auditor for 2021-22 is annexed to this report as Annexure 9. The report is self-explanatory and there were no qualifications in the Auditor's Report.

Significant and material orders passed by the regulators/ courts/tribunals impacting the going concern status and your Company’s operations in future

There were no orders passed by the Regulators / Courts / Tribunals, which would impact the going concern status of your Company and its future operations.

Appreciation

Your Company acknowledges the role of all its key stakeholders - shareholders, borrowers, key partners and lenders for their continued support to your Company.

The Directors place on record their gratitude for the support of various regulatory authorities including NHB, RBI, SEBI, IRDA, MCA, Registrar of Companies, Financial Intelligence Unit (India), Foreign Investment Promotion Board, Bombay Stock Exchange and depositories.

While recognizing the challenging work environment, your Directors place on record their appreciation for the hard work and dedication of all the employees of your Company.

Acknowledgement

This is an acknowledgement to all with whose help, cooperation and hard work, your Company is able to achieve the results.

For and on behalf of the Board of Directors

Sd/-
Mr. Anil Mehta
DIN:02132315
Place:Gurugram
Date: 12 May, 2022

Sd/-
Mr. Rupinder Singh
DIN: 09153382
Place:Gurugram
Date:12 May, 2022

Annexure-1

NOMINATION AND REMUNERATION POLICY

1. INTRODUCTION

India Shelter Housing Finance Limited (Company) strives to have a proper framework to attract & motivate good candidates, improve productivity and aid in retaining manpower by creating a congenial work environment, encouraging initiatives with personal growth through team work and by inculcating a sense of belonging and involvement, besides offering appropriate remuneration packages and superannuation benefits.

In terms of the provisions of Section 178 of the Companies Act, 2013, your Company was required to formulate a policy ensuring the criteria for evaluation of performance and determination of remuneration based on the performance of Directors and KMPs. Further, as per the Non-Banking Financial Company- Housing Finance Company (Reserve Bank) Directions, 2021 (RBI HFC Directions), every non-public deposit accepting Housing Finance Company (HFC) with asset size of ₹ 50 Crore and above, as per the last audited Balance Sheet were required to have a proper framework in relation to the remuneration of Directors, key managerial personnel and senior management personnel.

Accordingly, your Company proposed to adopt this Nomination and Remuneration Policy (Policy) with the approval of its Board of Directors (Board).

2. APPLICABILITY

This Policy is applicable for appointment/nomination and remuneration of the following:

- 2.1 Directors; viz. Executive, Non-Executive and Independent Directors.
- 2.2 Key managerial personnel.
- 2.3 Senior Management employees.

Once approved by the Board, this Policy shall supersede all previous versions of Nomination and Remuneration Policy.

3. OBJECTIVES

This Nomination and Remuneration Policy was formulated to ensure a compliance with the following objectives:

- 3.1 The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors and KMPs with appropriate qualities, experience and skills required to be maintained to run your Company successfully;
- 3.2 Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- 3.3 Remuneration to Directors, KMPs and senior management involves a balance between fixed and incentive pay,

reflecting short and long-term performance objectives appropriate to the working of your Company and its goals;

- 3.4 To guide your Company in relation to appointment, removal of Directors & KMPs and evaluation of their performance;
- 3.5 To recommend remuneration based on the financial position and trends and practices on remuneration prevailing in the same industry, while at the same time ensuring that your Company is able to attract the best talent to work with;
- 3.6 To carry out an evaluation of the performance of Directors and KMPs and provide for reward(s) directly linked to their effort, performance, dedication and achievement relating to your Company's operations;
- 3.7 To retain, motivate and promote talent awhile ensuring the long-term sustainability of talented employees and creating competitive advantage;
- 3.8 To perform such other functions as may be necessary or appropriate for the performance of its duties and mandated by the Board.

4. DEFINITIONS

In this Policy, unless the context otherwise requires, following are the definitions:

- 4.1 "Act" means Companies Act, 2013 and rules made thereunder, as amended from time to time.
- 4.2 "Board" means the Board of Directors of your Company.
- 4.3 "Committee" means Nomination and Remuneration Committee of your Company as constituted or reconstituted by the Board.
- 4.4 "Company" means India Shelter Finance Corporation Limited.
- 4.5 "Directors" means Directors appointed by the Board including executive, non- executive and independent directors.
- 4.6 "Other Employees" means all employees other than the Directors, KMPs and Senior Management Personnel.
- 4.7 "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013.
- 4.8 "KMP" or "KMPs" means the following key managerial personnel:
 - (a) Chief Executive Officer and / or Managing Director or Manager of your Company;

- (b) Chief Financial Officer of your Company;
- (c) Company Secretary of your Company;
- (d) Whole-Time Director of your Company; and
- (e) Such other officer of your Company as may be decided by the Nomination and Remuneration Committee.

4.9 "Member" means a Director of your Company appointed as member of the Committee.

4.10 "Policy" means this Nomination and Remuneration Policy.

4.11 "Senior Management Personnel" or "Senior Management" means personnel of your Company who are members of its core management team, excluding Board of Directors comprising all members of management one level below the Executive Directors, including the functional and departmental heads.

5. INTERPRETATION

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

6. NOMINATION AND REMUNERATION COMMITTEE

The composition, frequency of meeting and charter of the Committee shall be governed by the Committee Charter as may be approved/updated by the Board, from time to time.

7. CRITERIA FOR APPOINTMENT

- 7.1 The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director or KMP recommend to the Board of his/ her appointment.
- 7.2 A person recommended for the position of Director, KMP and Senior Management Personnel, if applicable, should possess adequate qualification, expertise and experience for the concerned position. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- 7.3 Appointment of Independent Directors is subject to compliance of provisions of Section 149 of the Companies Act, 2013, read with Schedule IV and rules thereunder.
- 7.4 Your Company shall not appoint or continue the employment of any person as Whole-Time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution in the general meeting of your Company based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

8. TERM / TENURE

8.1 Managing Director / Whole-time Director

Your Company shall not appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term..

8.2 Independent Director

Subject to the provisions of the applicable laws, an Independent Director shall hold office for a term up to five consecutive years on the Board of your Company and will be eligible for re-appointment for another term upto five consecutive years by passing of a special resolution by your Company and disclosure(s) of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with your Company in any other capacity, either directly or indirectly.

9. EVALUATION

The Committee shall carry out evaluation of performance of every Director/KMP and required Senior Management Personnel based on the applicable regulations, at least once in a year.

10. DISQUALIFICATIONS FOR APPOINTMENT OF DIRECTORS

No person shall be appointed as a Director of your Company who is disqualified as per provision of Section 164 of the Companies Act, 2013 and other applicable provisions or rules thereunder.

11. REMOVAL

Due to the reasons for any disqualification or for any other reasons, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, a KMP and Senior Management Personnel as per the provisions of the applicable laws/regulations.

12. RETIREMENT

The Directors, KMPs and Senior Management Personnel shall retire as per the terms of their appointment and subject to the provisions of the applicable laws. Your Company may retain the Directors or KMPs or Senior Management Personnel even after the attainment of retirement age, for the benefit of your Company, and such terms as may be recommended/ approved by the Committee or the authority approving such appointment.

13. REMUNERATION STRUCTURE

13.1 Remuneration

13.1.1 General

- The remuneration/compensation/commission etc. to be paid to the Director and KMP will be determined by the Committee and shall be recommended to the Board for its approval. The remuneration/compensation/commission etc. shall be paid to the Director and KMP subject to the provisions of the Act and such other approvals as may be required in this regard.
- The remuneration and commission to be paid to the Directors and KMPs shall be in accordance with the percentage/slabs/conditions laid down in the Articles of Association of your Company and as per the provisions of the Companies Act, 2013.
- Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of the Directors and KMPs.
- Where any insurance is taken by your Company on behalf of its Directors and KMPs for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

13.1.2 Fixed pay- The Directors and KMPs shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee.

13.1.3 Minimum Remuneration- If, in any financial year, your Company has no profits or its profits are inadequate, your Company shall pay remuneration to its Directors and KMPs in accordance with applicable provisions of the Act.

13.1.4 Provisions for excess remuneration- If any Director, KMP or Senior Management Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the central government, wherever required, he/she shall refund such sums to your Company and until such sum is refunded, hold it in trust for your Company. Your Company shall not waive recovery of such sum refundable to it unless permitted by the central government.

13.2 Remuneration to Independent Director

13.2.1 Remuneration / Commission: The remuneration/ commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of your Company and the Act.

13.2.2 Sitting Fees: The Independent Director shall be paid the same amount of sitting fee as are payable for attending the meeting of the Board of Directors from time to time. Provided that the amount of such fees shall not exceed ₹ 1,00,000/- (One Lakh) per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

13.2.3 Commission: Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of your Company computed as per the applicable provisions of the Act.

13.2.4 Stock Options: An Independent Director shall not be entitled to any stock option of your Company.

13.3 Remuneration to Other Employees including Senior Management Personnel

13.3.1 The remuneration of the Other Employees shall be determined from time to time on the basis of role and position of individual employee including professional experience, responsibility, job complexity and market conditions and as per the guiding principle outlined above and considering the industry standard and cost of living.

13.3.2 In addition to basic salary they may also provide perquisites and retirement benefits, wherever applicable.

13.3.3 A performance appraisal shall be carried out annually and promotions/incentives/increments shall be based on performance basis.

13.3.4 Your Company shall ensure due compliance with the applicable statutory/regulatory requirements from time to time, specifically for any designated Senior Management Personnel.

14. POLICY REVIEW AND AMENDMENT

14.1 The provisions of this Policy shall be subject to the provisions of the Act and the rules made thereunder and applicable regulations.

14.2 The Policy shall be reviewed by the Board from time to time as may be necessary and may be amended or modified either whole or in part as and when necessary.

14.3 In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

15. DISCLOSURE

The details of this Policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of the Board's Report therein.

Annexure-2

Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. Brief outline of your Company's CSR policy

India Shelter is a growing company and is committed towards social welfare of the common people. It caters to the housing needs of the self-employed, informal segment of customers, belonging to a middle income group, primarily from the semi-urban and rural markets. Your Company firmly believes in its commitment to all stakeholders - customers, employees and community.

India Shelter's key CSR initiatives were undertaken with a long-term view of delivering sustainable and enduring benefits to society at large.

Your Company's CSR policy lays down an action plan for defining how CSR needs to be implemented and is in compliance with the Schedule VII of the Companies Act, 2013. The CSR programmes undertaken by your Company largely fall in the areas of improving awareness of communities towards education and medical aid.

2. The composition of the CSR Committee as on 31 March, 2022

Sr. No.	Name of Director	Designation /Nature of Directorship	No. of meetings of the CSR Committee held during the year	No. of meetings of the CSR Committee attended during the year
1	Ms. Rachna Dikshit (DIN: 08759332)	Additional (Non-executive & Independent Director)	1	1
2	Mr. Sudhin Bhagwandas Choksey (DIN: 00036085)	Nominee Director	1	1
3	Mr. Rupinder Singh (DIN: 09153382) ¹	Managing Director and Chief Executive Officer	1	1
4	Mr. Sunil Ramakant Bhumralkar (DIN: 00177658) ²	Additional (Non-executive & Independent Director)	NA	NA

* The Board of Directors of your Company in their meeting held on 02 November, 2021, accepted the resignation of Mr. G V Ravishanker from the position of Nominee Director of your Company with effect from 26 October, 2021. Mr. GV Ravishankar ceased to be a member of the Committee on 26 October, 2021.

- The Board of Directors of your Company in their meeting held on 22 November, 2021 appointed Mr. Rupinder Singh as Managing Director and Chief Executive Officer of your Company with effect from 23 November, 2021.
- The Board of Directors of your Company in their meeting held on 31 March, 2022 appointed Mr. Sunil Ramakant Bhumralkar as an Additional (Independent & Non-Executive) Director your Company with effect from 31 March, 2022 and shareholder's confirmed his appointment as Independent Director in their meeting held on 10 May, 2022.

The CSR Committee was reconstituted on November 02, 2021 & 31 March, 2022 and Mr. Rupinder Singh became member of the Committee on 02 November, 2021 and Mr. Sunil Ramakant Bhumralkar on 31 March, 2022.

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of your Company

The Composition of the CSR Committee, CSR Policy and CSR Projects approved are available on the website of your Company at the following links:

- CSR Committee
<https://www.indiashelter.in/downloads>
- CSR Policy
<https://www.indiashelter.in/downloads>
- CSR Projects
<https://www.indiashelter.in/csr>

4. 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

The average CSR obligation of your Company does not exceed the prescribed threshold limit in pursuance of Section 135(5) of the Companies Act, 2013. The impact assessment report is not applicable to your Company.

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

Sr. No.	Financial Year	Amount available for set-off from the preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1.	2021-22	NA	NA
2.	2020-21	NA	NA
3.	2019-20	NA	NA

6. Average net profit of your Company for last three financial years

The average profit of your Company for the last three financial year was ₹ 7,327 Lakh.

7. (a) Two percent of average net profit of your Company as per section 135(5): ₹ 146.53 Lakhs.
(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL
(c) Amount required to be set off for the financial year, if any: NIL
(d) Total CSR obligation for the financial year (7a+7b- 7c) : ₹ 146.53 Lakhs

8. Details of CSR spent or unspent during the financial year:

Total amount spent for the Financial Year (in ₹)	Amount unspent (in ₹)				
	Total amount transferred to the unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per the second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
1,46,54,000	-	-	-	-	-

ii) Total amount unspent for the FY 2021-22: NA

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	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	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	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 Lakh).	Mode of implementation - direct (Yes/No)	Mode of implementation - through implementing agency.	
				State	District			Name	CSR Registration number
1	Supporting students to continue education in Vidhya Bhawan Schools	Promoting education	Yes	Rajasthan	Udaipur	30	No	Vidhya Bhawan	CSR00003180
2	Supporting women and children in distress through shelter home and child line	Promoting gender equality, empowering women	Yes	Rajasthan	Udaipur	8	No	Seva Mandir	CSR00000288
3	Medical Treatment of Needy children suffering from leukemia	Promoting health care, including preventive health care	Yes	Haryana	Different cities	15	No	Bansi Vidya Memorial Trust (Leukaemia Crusaders)	CSRO0023442

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	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 Lakh).	Mode of implementation - direct (Yes/No)	Mode of implementation - through implementing agency.	
				State	District			Name	CSR Registration number
4	Construction of skill and innovation center for hiv infected and underprivileged women	Promoting gender equality, empowering women	Yes	Karnataka	Belagavi	36.36	No	Maresh Foundation	CSR00003827
5	Covid vaccination	Promoting health care including preventive health care	Yes	Karnataka	Bangalore	0.23	No	United Way Bengaluru	CSR00000324
6	Provided sports kits to 150 para-athletes	Promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports	Yes	Haryana	Different cities	2.25	No	The Wheeling Happiness	CSR00024121
7	PM Cares Fund	Contribution to the Prime Minister's National Relief Fund	-	-	-	30	No	PM Cares Fund	
8	Clean Ganga Fund	Ensuring environmental sustainability,	-	-	-	19.71	No	Clean Ganga Fund	
9	Swachh Bharat Kosh	Eradicating hunger, poverty, malnutrition and sanitation	-	-	-	5	No	Swachh Bharat Kosh	
						146.54			

- (c) Amount spent in administrative overheads: Nil

- (d) Amount spent on impact assessment, if applicable: Nil

- (e) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 146.54 Lakhs

- (f) Excess amount for set off, if any: Nil

Sr. No.	Particulars	Amount (₹ In Lakhs)
(i)	Two percent of the average net profit of your Company as per Section 135(5)	146.53
(ii)	Total amount spent for the financial year	146.54
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(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)]	-

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

Sr. No.	Preceding 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	
-	-	-	-	-	-	-	-

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID	Name of the project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project (in Lakh)	Amount spent on the project in the reporting Financial Year (in Lakh)	Cumulative amount spent at the end of reporting Financial Year (in Lakh)	Status of the project completed/ongoing
1	NIL	NIL	NIL	NIL	NIL	NIL	NIL	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): 09 March, 2022
- (b) Amount of CSR spent for creation or acquisition of capital asset: ₹ 36.36 Lakh
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: Mahesh Foundation, 792, Siddeshwar Nagar Kanabargi, Belagavi
- (d) Provide details of the capital asset(s), created or acquired (including complete address and location of the capital asset): Mahesh Foundation’s Skill and Innovation Center

11. Specify the reason(s), if your Company has failed to spend 2% of the average net profit as per Section 135(5).

Not applicable.

Sd/-
Ms. Rachna Dikshit
Chairman of the CSR Committee
DIN: 08759332

Sd/-
Rupinder Singh
MD & CEO
DIN: 09153382

Annexure-3

CORPORATE SOCIAL RESPONSIBILITY

1. Background

Section 135 of the Companies Act, 2013 mandates the following companies to formulate and adopt a Corporate Social Responsibility (CSR) Policy and draw out a framework for CSR:

- a) Net worth of ₹ 500 Crore or more; or
- b) Turnover of ₹ 1000 Crore or more; or
- c) Net profit of ₹ 5 Crore or more

In accordance with the said mandate, since India Shelter qualifies on the criteria mentioned, it is required to formulate and adopt CSR Policy.

The objective of this Policy is to provide an overall CSR framework, which shall at all relevant times be closely aligned with the requirements of relevant provisions of the Companies Act, 2013.

2. Overview

India Shelter proposes to make a positive difference to society. Your Company firmly believes that it has commitment to all its stakeholders - customers, employees and the community in which it operates and it can fulfil this commitment only by sustainable and inclusive growth. Your Company aims to improve quality of life through its positive intervention in the community.

India Shelter’s key CSR initiatives will be undertaken with a sustainable long-term view to benefit the society at large.

3. CSR Governance

At India Shelter, the Board of Directors of your Company has established a CSR Committee which has been entrusted with formulating a CSR Policy and transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by your Company. The Committee shall also annually monitor the Corporate Social Responsibility Policy of your Company.

4. Policy

The scope of activities which, your Company will undertake towards fulfilment of its CSR shall be in line with Schedule VII of the Companies Act, 2013, as amended from time to time, and any other applicable laws, regulations etc.

Your Company shall give preference to the local area and/or areas in the vicinity, for spending the amount earmarked for CSR activities. The CSR projects or programs or activities that

benefit only the employees of your Company and their families shall not be considered as CSR.

5. Collaboration for CSR

The CSR Committee after seeking approval from the Board of Directors of your Company may undertake its CSR activities either directly or through a registered trust or a registered society or a company established by your Company or its holding or subsidiary or associate company under section 8 of the Companies Act, 2013. Further, your Company may choose to collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs in accordance with Companies (Corporate Social Responsibility Policy) Rules, 2014 and amendments thereto.

6. CSR Budget

The annual budget for India Shelter’s CSR initiative shall be approved by the CSR Committee and Board of Directors of your Company.

7. CSR Expenditure:

Your Company shall endeavour to spend, in every financial year, at least 2% of the average net profits made during the three immediately preceding financial years or as per regulatory guidelines, in pursuance of its CSR Policy and if your Company fails to spend such amount, the Board shall, in its report specify the reasons for not spending the amount, and, unless the unspent amount relates to any ongoing project referred in Companies Act, 2013, transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

CSR expenditure shall include all expenditure relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the areas or subjects, specified in Schedule VII of the Companies Act, 2013.

Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of your Company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Where a company spends an amount in excess of requirement provided under sub-section (5) of section 135, such excess amount may be set off against the requirement to spend under sub-section (5) of section 135 up to immediate succeeding three financial years subject to the conditions that –

- (i) the excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of sub-rule (2) of this rule.
- (ii) the Board of your Company shall pass a resolution to that effect

The CSR projects or programs or activities undertaken only in India shall qualify as CSR Expenditure.

The CSR spending can be either revenue expenditure or capital expenditure or both.

(Note: “Average Net Profit” shall be calculated in accordance with the provisions of section 198 of the Companies Act, 2013)

8. Capacity Building:

If your Company chooses to undertake CSR activities directly, it may resort to capacity building, which shall be the expenditure on training the CSR staff regarding the CSR project. However, as mandated by the provisions of the Companies Act, 2013, such expenditure including expenditure on administrative overhead shall not exceed 5% of the total CSR expenditure of your Company in one financial year or such limits as may be prescribed under the legislation from time to time.

9. CSR Reporting:

The CSR Committee shall forward a report to the Board on an annual basis containing following particulars:

- The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act, 2013;
- The manner of execution of such projects or programmes as specified in sub-rule (1) of Rule 4;
- The modalities of utilization of funds and implementation schedules for the projects or programmes;
- Monitoring and reporting mechanism for the projects or programmes; and

- Details of need and impact assessment, if any, for the projects undertaken by your Company

- Compliance with CSR objectives and Policy of your Company.

The Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee.

The Board’s Report of a company pertaining to any financial year shall include an annual report on CSR containing particulars as specified in the Companies Act, 2013.

10. Monitoring and Feedback

The CSR Committee shall meet as and when the need arises to review and guide the CSR activities of your Company. They shall meet inter alia to monitor the progress of CSR programs, CSR spending, and review if any changes are required.

Your Company will incorporate the details of CSR activities, including a physical and financial process in the annual report of your Company. The minutes of the CSR Committee shall be presented to the Board for its review and scrutiny.

Your Company may communicate its CSR efforts to all its employees and external stakeholders through emails, its own website, and other appropriate dissemination channels.

The Board of Directors of your Company shall mandatorily disclose the composition of the CSR Committee, and CSR Policy and Projects approved by the Board on their website, if any, for public access.

Following activities may be undertaken for monitoring of CSR:

- Appropriate documentation of the CSR Policy, annual CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis and the same may be available in the public domain
- In order to closely monitor and manage the field action projects, the Audit team at the Corporate Office may conduct periodic field visits, impact studies and social audits on an annual basis, through itself or independent professional third party institutions, especially on the strategic and high value programs.
- CSR initiatives will also be reported in its Annual Report

Annexure-4

ENTERPRISE RISK MANAGEMENT POLICY

1. Introduction

India Shelter Finance Corporation Limited herein after referred as or ‘India Shelter’ is a housing finance company registered with the National Housing Bank (NHB). Your Company extends housing loans and loans against property.

Financial services business is exposed to various types of risks which, if not managed properly, could lead to a disruption in business and impact the attainment of main objectives of the organization. Risk management works towards identifying and managing threats that could adversely impact the organization. This involves reviewing operations, processes and procedures of the organization, identifying potential threats and likelihood of their occurrence and taking appropriate actions to address the most likely threats.

Objectives of the Risk Management Policy:

- Establish methodologies for identification, measurement and management of Risk
- To build profitable and sustainable business with conservative risk management approach
- To have risk management as an integral part of the organization’s business strategy.
- To undertake business activities that are well understood and within acceptable risk appetite.
- To manage the risks proactively across the organization.
- To adopt best risk management practices leading to shareholder value creation and increased stakeholder confidence.
- To develop a strong risk culture across the organization.

2. Target audience

The members of the Board, ERM, ALCO, Risk Department, HOD and Auditors of your Company shall be the primary audience for this document. The document shall not be circulated beyond mentioned individuals and other such individuals / institutions as may be reviewed by MD & CEO / CFO and Risk Head.

3. Applicability and validity of the policy

- There shall be an annual review of the Policy.
- India Shelter with the approval of the Board of Directors, can at any time modify or amend, either the whole or any part of this Policy.
- Operational changes to the policy can be done with approval of MD and CEO
- Statutory changes will be read mutatis mutandis in the policy document even if not amended
- Any clause or reference in the policy document which is contrary to or on violation of statutory or regulatory shall be deemed to be severed from the policy.

4. Regulatory and statutory reference

- RBI vide its Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated 17 February, 2021 and NHB vide its circular no. NHB.HFC.CG-DIR.1/MD&CEO/2016, 09 February 2017, had instructed HFCs to adopt guidelines on corporate governance.
- Section 177 of the Companies Act, 2013 requires Audit Committee to evaluate Internal Finance Controls and Risk Management Systems and report to the board and
- Section 134 (3) of the Companies Act, 2013 requires Companies to include in their Board report a statement indicating development and implementation of a Risk Management Policy for your Company including identification therein of risks, if any, which in the opinion of the Board may threaten the existence of your Company for companies required to appoint independent directors and have an audit committee.

5. Key elements of Enterprise Risk Management framework

The key elements of your Company’s Enterprise Risk Framework include:

- Risk Strategy and Appetite: Long-term plan of how risk management effectively supports the achievement of the organisation’s goals

- **Risk Governance:** This structure within which responsibility and accountability for risk management and oversight is defined, managed and communicated throughout an organisation
- **Risk culture:** Values and behaviors of the entity that shape risk decisions
- **Risk assessment and Measurement:** Qualitative and quantitative approaches, processes, tools and systems to identify, assess, and measure risks
- **Risk management and Monitoring:** Management's response to manage, mitigate, or accept risk and create value through the use of risk and control information to improve business performance across the enterprise
- **Risk reporting and Insights:** Provide insight into the strengths and weaknesses of risk management activity and enhance the transparency of risks that could have an impact on achievement of objectives.
- **Data and technology:** Includes development and deployment of risk management tools, software, database, technology architecture, and systems that support risk management activities.

6. Risk appetite

The risk appetite is the amount of risk, on a broad level, that your Company is willing to take on in pursuit of value. It is the total impact of risk that your Company is prepared to accept in the pursuit of its strategic objectives. It shall be documented in a formal risk appetite statement that shall be recommended by the Enterprise Risk Management Committee and approved by the Board along with the Policy. The risk appetite statement should be defined by the following key characteristics:

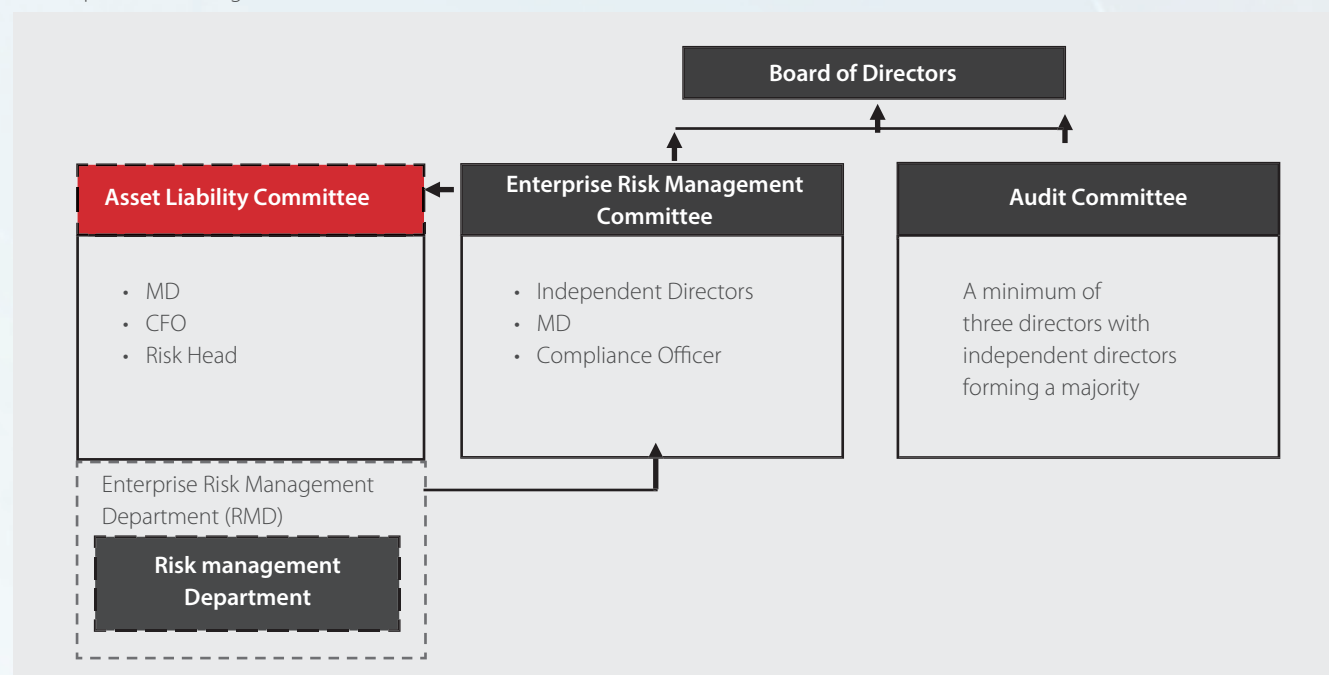
- Sets clear strategic direction and tolerances around controls;
- Reflective of strategy, including organizational objectives, business plans and stakeholder expectations;
- Reflective of all key aspects of the business;
- Considers the skills, resources and technology required to manage and monitor risk exposures in the context of the risk appetite;
- Inclusive of a tolerance of loss or negative events that can be reasonably quantified;
- Periodically (annually) reviewed and reconsidered with reference to evolving industry and market conditions

The governance and reporting framework shall ensure that day-to-day decisions are made in line with the organization's risk appetite. Data shall be captured to measure performance against the risk appetite statement of the organization. Standard risk and incident reporting methodologies should be used to monitor breaches of risk appetite and tolerance levels.

The detailed Risk Appetite Framework, laid down for your Company, has been appended to this policy document in Annexure 1.

7. Governance Structure

The governance structure in place to approve, modify and ensure effective operation of the Enterprise Risk Management framework is depicted in the organization chart below.



In order to achieve the objectives of the policy, certain key roles and responsibilities are defined and described for the following:

- Leadership and Governance (setting policy and principles)
- Implementation (achieving policy objectives)
- Independent Review (checking compliance)

8.1 Leadership and Governance

8.1.1 The Board

The Board of Directors oversee your Company's risk management processes and controls, while the management is charged with the day-to-day management of your Company's risks. The Board:

- Approves the strategic plans and objectives for Risk Management framework for your Company which is recommended by ERM and periodically (annual) reviews the Risk Management framework;
- Establish a management structure capable of implementing your Company's Risk Management framework;
- Develops policies and procedures around risk, which are consistent with the organization's strategy and risk appetite;
- Takes steps to foster risk awareness
- Encourages an organizational culture of risk adjusting awareness
- Take note and review the Audit Committee and Enterprise Risk Management Committee minutes
- Any other matter requiring the Board's approval

8.1.2 Enterprise Risk Management Committee (ERM)

The Enterprise Risk Management Committee will act within the ambit of duties assigned to it by the Board. The Committee will be presented with detailed reviews of risk exposures across your Company. Its functions will include the following:

- Reviews and approves compliance with risk policies, risk methodologies and tools, including assessments, reporting and loss event databases and monitors breaches / triggers of risk tolerance limits and recommendation of corrective action to mitigate the effects of risk whenever they arise above the level defined by the committee
- Reviews reports of significant issues prepared by internal risk oversight functional groups, including risk exposure related to specific issues, concentrations and limits excesses
- Nurtures a healthy and independent risk management function in your Company Inculcates risk culture within the organization
- Establishment of an Enterprise Risk Management framework and policy for your Company and recommendation of the same to the Board of Directors for approval;
- Assessment of reputational, governance, business and strategic implications of risks identified and ensuring that these are reported and manage potential risks which may arise from regulatory changes or changes in the economic/political environment;

8.1.3 Asset Liability Management Committee (ALCO)

The work area of ALCO will be decided based on the power and authority delegated by Board of Directors, more particularly in ALCO policy or Committee Charter.

8.1.4 Audit Committee

Audit Committee shall evaluate the internal financial controls and risk management systems on a quarterly basis. The risk management responsibility for the Audit Committee will mainly be towards operational risk, as follows:

- Identifying and presenting operational risks in the course of regular internal audits with recommendations for corrective actions.
- Focusing the internal audit work for significant risks and auditing the risk management processes across the organization

8.2 Implementation

8.2.1 Risk Management Department (RMD)

The Risk Management Department shall be headed by the Head – RMD (who may report to the Managing Director) and will have responsibilities towards the implementation of the ERM framework as specified in this policy. The responsibilities of the RMD will include the following:

- Assemble information to build an overall risk profile of your Company, understanding and communicating these risks, and analyzing the information, changes/trends in the risk profile - Key information will include risk indicators, loss event data and self-assessment results and communicating the results to the Risk Management Committee or other interested parties.

- Review of your Company's risk limitation and adjust your Company's risk exposure using appropriate strategies, in light of your Company's overall risk appetite;
- Assist in development of and manage processes to identify and evaluate businesses areas using risk control self-assessments;
- Monitoring risk exposure to losses and internal control lapses, including regular reporting of pertinent information to the Enterprise Risk Management Committee;
- Annual review of risk control self-assessment process, key risk indicators, loss event database and risk reporting processes;
- Review and monitor that strategies and actions previously approved by the Risk Management Committee are being properly executed on an ongoing basis;

8.2.2 Business/Function Heads

Business/function heads represent the heads of units/departments and are responsible for risk taking, accepting, implementing and monitoring related controls and mitigants.

The responsibilities of the business/function heads will include the following:

- Taking ownership of the risks faced in their businesses/functions;
- Understanding the profile of risk facing the business/function and monitoring change in the business and risk profile. Business/function heads may be expected to present their risk profiles and action plans to the RMC and developing strategies to mitigate them in consultation with RMD
- Designing, collecting, reporting and capturing data pertaining to risk indicators and related reports. Resulting information will be distributed to the respective departments/units and RMD.
- Identification of loss events within the business/function and regular reporting of these events with complete details to the RMD, including root cause analysis and control evaluation;
- Ensuring implementation of the risk policies, processes, risk tools and other structures developed by the RMD within the respective business/function;
- Continuously identifying risks and assessing risks in terms of likelihood and impact and assessing the existing controls and management techniques in terms of their ability to manage the identified risks;
- Promptly alerting the executive management (through the RMD department) to any matter that could potentially lead to your Company incurring material, unexpected damage or risk incidents;

8.2.3 Finance Department

The Finance Department is responsible for facilitating the process of capture of internal loss data. The responsibilities of the Finance Department in this regard are as follows:

- Monitoring of accounting records in order to ensure that losses are appropriately captured in the Accounts created for this purpose;
- Generation of periodic reports in order to facilitate analysis of loss events across each business/function and according to each loss type and annual review of identified loss events in order to assess the need to open new loss accounts.

9 Key risks

Risks and uncertainties form an integral part of India Shelter's business which by nature entails taking risks. Each transaction that India Shelter undertakes changes its risk profile. The table below summarizes the key risks India Shelter needs to address.

Risk Management				
Credit Risk	Operational Risk	Market Risk	Strategic Risk	Other Risks
Default Risk by counterparty	Process	Liquidity	Emerging Risks	Reputation
	People	Interest Rate	External Risks	Compliance
	System			Legal
	External Events			

Credit Risk

Credit Risk is the risk of loss due to the failure of the counter-party to meet its credit obligations in accordance with the agreed contract terms. It is the result of either inability or unwillingness of a borrower or counter-party to meet commitments in relation to lending or any other financial transactions.

The losses could take the form of outright default or alternatively, losses from changes in portfolio value arising from actual or perceived deterioration in credit quality that is short of default. The objective of credit risk management is to minimize the risk and maximize India Shelter is risk adjusted rate of return by assuming and maintaining credit exposure within the acceptable parameters.

Operational Risk

Operational Risk is inherent in all product, activities, processes and systems of India Shelter. It is the risk of loss arising from inadequate or failed internal processes, people and systems. Risk education for familiarizing the complex operations at all levels of staff can reduce operational risk. Operational risk events are associated with weak links in the internal control procedures. Operational Risk involves breakdown in internal controls and corporate governance leading to error, fraud, performance failure, compromise on the interest of PFS resulting in financial loss.

Putting in place proper corporate governance practices by itself would serve as an effective risk management tool. India Shelter shall strive to promote a shared understanding of operational risk within the organization, especially since operational risk is often intertwined with market or credit risk and it is difficult to isolate.

Market Risk

Market Risk may be defined as the possibility of loss to India Shelter caused by the changes in the market variables. It is the risk that the value of on/off-Balance Sheet positions will be adversely affected by movements in equity and interest rate markets, currency exchange rates and commodity prices. Market risk is the risk to India Shelter's earnings and capital due to changes in the market level of interest rates or prices of securities, foreign exchange and equities, as well as the volatilities, of those prices. Market Risk consists of:

- a) Liquidity Risk
- b) Interest Rate Risk
- c) Foreign Exchange Risk

Maintaining an optimal Balance Sheet structure and cash flow patterns shall be the keystone of the Market Risk management strategy. A detailed description about managing market risks is available in the ALM policy.

Liquidity Risk

Liquidity risk arises where your Company is unable to meet its obligations as and when they arise. Liquidity risk will be measured at a structural level and a dynamic short term level.

India Shelter, on virtue of being a highly capitalized company with its capability to raise long term funds has never faced a situation of being probable Out of Money. However, certain effective measures such as limiting the short term funds in overall fund mix, keeping sufficient liquidity in hand at all times should be taken by your Company. Further the liquidity risk should be monitored on quarterly basis by the Enterprise Risk Management Committee.

Interest Rate Risk

Interest rate risk management and reporting helps identify potential risks to earnings and capital resulting from adverse fluctuations in market interest rates.

Interest Rate Risk arises from the inability to transmit the changes to the borrowers when the same has been received from the lenders. This is exacerbated in case a company has a mis-match in interest rate type for its loans. The Interest Rate Risk along with the Liquidity Risk should be monitored by the Enterprise Risk Management Committee.

Foreign Exchange Risk

Foreign exchange risk is a financial risk that exists when a financial transaction is denominated in a currency other than the domestic currency of your Company. The Foreign exchange risk arises when there is a risk of an unfavourable change in Exchange rate between the domestic currency and the denominated currency before the date when the transaction is completed.

Strategic Risk

Risks that derive from the decisions that the management takes about the products or services that the organization provides. It includes risks associated with developing and marketing those products or services, economic risks affecting product sales and costs, and risks arising from changes in the technological environment which impact on sales and production.

Strategic Risk needs to be assessed both in qualitative and quantitative terms. Assessment of an incidence or a potential risk aims at quantifying the risk in financial terms to the extent possible.

Reputation Risk

India Shelter is also exposed to Reputation Risk arising from failures in governance, business strategy and process, regulatory-compliance and legal risk. These risks are generally covered under Operational risks. Reputational risk is the risk of potential damage to your Company due to deterioration of its reputation. The reputation of your Company may suffer as a result of its failure to comply with laws, regulations, rules, reporting requirements, standards and codes of conduct applicable to its activities, rather than compliance with the internal limits or procedures.

Proactive measures to minimize the risk of losing reputation could be a sound risk management framework, good corporate governance, high level ethics and integrity, rigorous anti money laundering procedures, good business practices and reporting of all breaches which lead to reputational risk to the attention of senior management and the Board.

Compliance Risk

Compliance risk is the risk arising from non-adherence to prescribed law in force, regulations, policies, procedures and guidelines which may give rise to regulatory actions, litigations, deficiency in product or services depending on the level of non-adherence. The corporate governance function is primarily designed to avoid the incurrence of compliance regulatory-legal risk.

Legal Risk

The possibility of incurring losses or negative contingencies as a result of flaws in contracts or transactions that may affect the institution's legal position and/or ability to function; legal risks are a direct result of human error, fraud, negligence or carelessness in the design, formalization, application or implementation of contracts or transactions. Legal risk is also caused by non-compliance with current laws or regulations.

Legal risk can primarily be caused by:

- A fraudulent transaction
- A claim including a defense to a claim or a counterclaim being made or some other event occurring which results in a liability for your Company or other loss
- Failing to take appropriate measures to protect your Company's interests including the assets owned by your Company; or
- Change in law which results in any of the transactions becoming illegal or bad in law or results on any of the above

Roles and Responsibilities

A comprehensive list of risks matrix is provided herewith:

Type of risk	Risk ownership	Constitution	Key roles and responsibilities
Credit Risk	Credit Committee/ Board	Members and special invitees if any	<ul style="list-style-type: none">• Frame credit policy, set prudential limits• Implementing and monitoring of Risk Management Framework• Periodic review of the effectiveness of the Risk Management Plan and activities• Monitor portfolio risk
Market Risk <ul style="list-style-type: none">• Interest rate Risk• Liquidity Risk• Foreign Exchange Risk	ALCO/Board	<ul style="list-style-type: none">• CEO• Risk Head• Company Secretary• Compliance Officer	<ul style="list-style-type: none">• Overall responsibility to monitor and manage enterprise-wide risk• Approval and periodic evaluation of ALCO Policy• Provide directions for formulation of policies
Operational Risk <ul style="list-style-type: none">• People• Process• System• External Events	Board/Risk Management Department and Functional Heads	<p>Risk Head will be supervising the department.</p> <p>Business Heads</p>	<ul style="list-style-type: none">• To ensure compliance with internal policies on risk management and regulatory guidelines issued by RBI / NHB• To ensure that Risks are identified and steps to mitigate are laid down and adhered to• Initiate action when portfolio triggers are breached• MIS/Reporting on a regular basis

Type of risk	Risk ownership	Constitution	Key roles and responsibilities
Strategic Risk (Includes Emerging & External Risks)	MD & CEO	MD & CEO, Business Head of various products	<ul style="list-style-type: none">• Compare the risk versus expected ROI. All business strategy initiation should have risk Vs return assessment at the launch of new initiatives.• Undertake data analytics for key decisions based on the defined critical parameters• Periodic Review of the effectiveness of the strategies• For every Strategic Business initiative prepare alternate plans.
Reputational Risk	Compliance Dept./ Customer Service/ Functional Heads	NA	<ul style="list-style-type: none">• All media communications would be handled by Company's Management team.• Timely response to statutory/regulatory queries/requirements.• Respond to the customers' queries and needs within the committed turn-around time.• Be vigilant to customer's/stakeholder's/media feedback (including social media) and take quick remedial actions
Compliance Risk	Compliance Department	NA	<ul style="list-style-type: none">• Guidance to business & support functions on all compliance laws, rules & standards• Compliance function shall guide your Company for seeking clarifications/interpretation of various regulatory statutory guidelines• Analysis and review of new products, policies and processes from a compliance perspective• Co-ordination of the regulatory/statutory inspections and correspondence with the authorities
Legal Risk	Legal Department	NA	<ul style="list-style-type: none">• Ensure that India Shelter does not enter into a transaction, which does not allocate rights and obligations and associated risks in the manner intended• Prevent entering into a transaction which is or may be determined to be void or unenforceable in whole or with respect to a material part• Ensure that the basis of representations or investigations used to make investment decision are not misleading or false or which fail to disclose material facts or circumstances• Ensuring that India Shelter does not misunderstand the effect of one or more transactions.

10 Risk Management

Your Company may lay down the guidelines regarding the response to the various risks faced by the business. It may accordingly form the mitigation strategies which would be reviewed periodically whenever deemed fit.

10.1 Risk Identification and Assessment Process

- Risks are adverse consequences of events or changed conditions
- Their occurrence may be identified by the happening of trigger events
- Their occurrence is uncertain and may have different extents of likelihood

10.2 Risk prioritization and exposure process

In this process, the consequences of the risk occurrences may be quantified to the maximum extent possible, using quantitative, semi-quantitative or qualitative techniques. Process of risk quantification for your Company has to be qualitative, supported by quantitative impact analysis. It would consider the actual cost impacts (like claims by customer, regulatory penalties, and financial loss) as well as opportunity costs (like loss in realization of revenue, customer dissatisfaction) may be captured to arrive at the total cost impact of materialization of the risk.

10.3 Risk Management Strategy

This involves identifying relevant strategies or tools to effectively mitigate possible risk events. Based on the Risk Appetite/Risk Tolerance level determined and reviewed from time to time, the India Shelter would formulate its Risk Management Strategy. The strategy will broadly entail choosing among the various options for risk mitigation for each identified risk. The risk mitigation can be planned using the following key strategies:

- Risk Avoidance: By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.
- Risk Transfer: Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging.
- Risk Reduction: Employing methods/solutions that reduce the severity of the loss
- Risk Retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater over time than the total losses sustained. All risks that are not avoided or transferred.

As part of risk management strategy, your Company may enter into derivative transactions (Including OTC). The purpose of such transactions should be to hedge the identified exposure like interest rate risk or currency risk and not to speculate. Further, for each product type or identified risk, prior approval of ALCO is mandatory.

ALCO to ensure that periodic review of such transactions (at least quarterly) is undertaken by the committee to have the regular monitoring in place. Further, such transactions to be subject to annual audit review.

10.4 Risk Communication, Reporting and Monitoring

Risk communication, reporting and monitoring, is a critical phase in the ERM framework. The framework will end as a project rather than a process if the risks are not monitored, communicated and reported on a constant basis.

- Risk communication helps develop an appropriate risk culture in the organization. The risk monitoring and reporting is used as a management decision support system enabling them to perceive the overall risks of the organization and analyze the progress made on the same
- The risk mitigation strategy may be communicated to concerned stakeholders. Risk management policies framed should be rolled out to the employees wherever applicable.

As a part of the ERM framework, risk registers are developed which facilitates valuation of risk reward relationship for various business units. It is a tool for monitoring of ERM key risks which are Credit, Operational and Market risk respectively along with business performance.

In addition to monitoring loss events, your Company shall build a process for reporting and monitoring of results derived from the ERM tools. The process would define the frequency, mode and level of reporting to senior management as well as your Company's units depending on factors such as level and quantum of risk and changes in environment. Risk reports would especially reflect key risk areas and risk sensitive units so as to motivate units to take timely corrective action. Monitoring should be ideally integrated with your Company's general activities and review system of internal and external reports such as Audit and MIS.

Ongoing monitoring of actual performance v/s policy caps, early warning Indicators, key takeaways from RMC and ALCO, customer/site/competition visits etc. are reviewed monthly, exceptions, if any, are reported in related committee, and acted upon as advised by the committee:

Type of risk	Reporting
ERM	ERMC
Credit risk	ERMC
Market Risk	ALCO
Operational Risk	ACB as part of audit reports

Status update on implementation of previous committee decisions is reported in subsequent committee meeting.

Your Company has a Compliance Department that shall independently monitor regulatory developments and ensure that a mechanism for identification and implementation of regulatory requirements is in place. Implementation of the latest regulatory requirements shall be tested by the Internal Audit Department on the basis of inputs received from the Compliance Department. This serves to address the regulatory risks faced by the organization.

The Compliance department prepares and submits periodical returns on fraud cases to the NHB and to the Board. The fraud cases reported as per the manner prescribed by the NHB guidelines.

10.4.1 Key Risk Indicators

As mentioned in the definition of operational risk, operational losses are caused by four main factors viz. people, processes, systems or external factors.

KRIs are metrics/measures that are derived from these factors to indicate an early warning of or to monitor increasing risk or control failures in an activity. The key utility of KRIs is that one can set limits against the trends and monitor the same to work towards increasing controls where needed and mitigate risks. Tolerance levels should be defined while setting KRIs. In addition, these should be defined considering the risk appetite of your Company, risk and opportunity identification, risk treatment and risk reporting. They should be continuously monitored and enhanced risk should be reported by the Risk Department to the Chief Risk Officer and the Business/Function Head.

10.4.2 Risk Control Self-Assessment (RCSAs)

RCSA is a process of regular, transparent and subjective assessment of your Company's operational risk and controls undertaken by the businesses/functions. This is facilitated by the RM SPOC assigned to the respective business/function. This will help in identifying control gaps and consequent actions proposed to remediate the gaps. The businesses/functions will be able to assess the operational risks inherent in their activities and analyze the strengths or weaknesses of controls in place.

Essentially RCSA can be used towards aspects such as identification and mitigation of operational risks, reporting of control deficiencies, monitoring of changes in control environment and assessment of operational risk profile. The focus of RCSA process is to ensure that all operational risks are understood and are being effectively monitored and controlled to improve business and operational efficiency.

11 Loss Event Database

An important component of the Enterprise Risk Management framework of your Company is the maintenance of an active database containing details of internal and external loss events. This data is useful for determining the frequency and severity of risk events as well as for calculating expected/unexpected losses. The benefits of maintaining such a database are as follows:

- Creating awareness about the nature and extent of the risk events occurring across your Company and the amount of loss incurred as a result of such events;
- Capturing information related to risk events in order to refine the other components of the Enterprise Risk Management framework such as Risk Control Self-Assessment and Key Risk Indicators (KRIs);
- Measuring risk exposure more accurately and identifying trends across your Company

12 Change Management

In order to ensure that the Enterprise Risk Management framework is contemporary and effective in achieving the risk management objectives of your Company, a structured change management approach shall be followed. This will ensure a structured approach to making the Risk Management framework responsive to changes in the internal and external environment of your Company.

A framework shall be put in place to ensure that the change management of the framework occurs in a structured manner. The four phases in the structured approach to change management shall be as follows:

- Assessment and identification: Periodic (annual) review of the various components of the enterprise risk management framework with respect to the internal and external environment of your Company in order to ensure that the same are contemporary and effective in achieving the objectives of risk management.
- Planning and Implementation: If an assessment is made that changes are required to one/more of the components of the Enterprise Risk Management framework, a detailed plan should be put in place including identification of relevant stakeholders responsible for driving the change, objectives to be achieved and finalization of an implementation plan. Implementation of such changes shall be subject to oversight of the Risk Management Committee.
- Review: The change management process pertaining to the Enterprise Risk Management framework shall be subject to the constant review of the Risk Management Committee which shall monitor implementation of the same and alignment with the objectives defined at the planning stage. The changes made to the framework components shall be recommended for approval of the Board by the Risk Management Committee. Final approval of the changes made shall be approved by the Board.

Annexure 1

RISK APPETITE STATEMENT

Introduction

Your Company recognizes that the managed acceptance of risk lies at the heart of the business. As a result, effective risk management capabilities represent a key source of competitive advantage for your Company. By managed acceptance of risk, your Company seeks to generate shareholder value by selectively taking exposure to risks for which it is well compensated. Your Company will additionally accept exposure to risks for which it is not directly compensated, where these are an inevitable by-product of its business activities. These risks will be reduced to the extent it is cost-effective to do so.

In general therefore, your Company's control procedures and systems are designed to manage enterprise, credit, liquidity, market and operational risks, rather than eliminate them. However, at certain times, there may also exist some risks for which your Company has no tolerance and which are actively avoided. The identification and exploitation of specific business opportunities, including the evaluation of the risk-versus-reward characteristics of such opportunities, is the remit of the individual businesses. This Risk Appetite Statement is meant to provide a framework to guide the businesses in their risk acceptance and management activities in order to ensure that the risks accepted are within the overall tolerance levels of your Company. The limit structures and tolerances in respect of specific risk types are separately defined in line with the broad guidance provided by this statement.

Financial Risk Appetite Statement

Your Company will limit its exposure to adverse outcomes by ensuring that risk-taking takes place within appropriate boundaries. This ensures that earnings and growth are achieved in a responsible manner and not merely by assuming disproportionate downside exposure. In doing so, your Company protects the interests of its key stakeholders. In order to provide objective and quantifiable means to ensure that the various businesses and your Company as a whole have accepted risks that are within the overall tolerance levels of your Company, certain objective measures of enterprise risk have been identified, namely:

Capital

- Tier-1 capital adequacy ratio should not fall below 12% of owned funds
- Tier-2 capital adequacy ratio should not exceed Tier-1 capital
- Overall capital adequacy ratio should not fall below 15% of owned funds

Earnings volatility

- The probability of negative earnings for one year should be less than 5%. (Earnings at risk)

Liquidity and Interest rate risk

Liquidity Risk Management		Parameters Triggers
1	Cumulative negative gap on cash flows upto one month	-15%
2	Cumulative negative gap on cash flows beyond one month upto one year	-15%
3	Cash Coverage Ratio	Above 1x

Interest Rate Risk

Interest Rate Risk Management		Parameters Triggers
1	Impact of 0.25% consecutive increase in market interest rate per quarter over 2 years (200 bps change) on the Net Interest Margin (assuming constant assets and liability position)	Below 10% of NIM of Year-1 and 20% of NIM of Year-2

Foreign Exchange Risk

Foreign Exchange Risk		Parameters Triggers
1	Vendor Payment	Amount > 0.25 mn \$ to be hedged is payable after 3 months
2	Liability/Borrowings	Entire exposure to be hedged unless specifically approved by ALCO and allowed as per regulatory guidelines

Investment Risk

Parameter	Limit
Mutual Fund Investments in AUM	As per Borrowing and Investment Policy
Fixed Deposits in Banks	As per Borrowing and Investment Policy
Investment Ceiling – Treasury (Mutual Funds)	As per Borrowing and Investment Policy

Credit Risk

Detailed triggers are provided below:

Triggers	Policy Trigger Limit
Concentration Limits (Quarterly)	
LTV	Portfolio Simple Avg > 65%
Max Loan Amount	50 Lakhs not to be >10% of O/s Portfolio
Bounce rate (Insufficient Funds)	>20%
Cash Collection (Amt)	>20%
Delinquency Trigger (Quarterly end)	
30+	>5%
90+	>3%
Rates(Quarterly)	
Decline Rate (1- Sanction/Login)%	>70%
FCU Rejection Rate	>10%

Conformance to Risk Appetite

The various businesses are required to ensure that the risks accepted are within the overall tolerance levels of your Company and the individual businesses. The risk appetite of your Company is thus practically implemented by the various businesses/functions as follows:

- Definition of Risk Limits & Thresholds: Risk limits are put in place by each business/function to enable practical implementation/monitoring of conformance to the risk appetite of your Company. Due consideration is given to the Business/Function characteristics while establishing the same. Further, quantitative risk limits are to be defined at a product level.
- RMC Approval: The Business/Function risk limits and thresholds defined and the monitoring and reporting mechanism is approved by the Managing Director of your Company. This is put up to the Risk Management Committee for approval which evaluates alignment of the same with the overall risk appetite of your Company and effectiveness of the same in ensuring that the risk to which Business/Function is exposed is within the risk appetite of your Company as a whole.
- Communication: The Business/Function risk limits and thresholds are communicated throughout the Business/Function.
- Monitoring & Reporting: A mechanism for monitoring the various risk limits and thresholds defined is put in place to ensure adherence to the same.

Key risk indicators

- File movement (Inspection & Compliance)
- Deferral & PDD Tracking
- Customer complaints
- Near fraud misses
- Attrition Rate
- Collection account recon
- Material outsourced contracts > 20 Lakhs contractual fees for year
- Delinquency

Annexure-5

MANAGERIAL REMUNERATION

(Managerial Remuneration as per Schedule V Part II- Section II (IV) of Companies Act, 2013)

Following Directors were paid Managerial Remuneration:

- Mr. Anil Mehta, Chairman and Non-executive Director as on 31 March, 2022 for his tenor as MD & CEO (till 22 November, 2021)
- Mr. Rupinder Singh MD & CEO as on 31 March, 2022 (Additional Director since 12 May, 2021 and re-designated as MD & CEO of your Company from 23 November, 2021)

The details of the Managerial Remuneration as approved by the shareholders as per Schedule V Part II Section II (IV) of Companies Act, 2013 is as below:

	Mr. Anil Mehta	Mr. Rupinder Singh
Remuneration	Till 22 November, 2021 Fixed Pay: ₹ 2,84,66,812 per annum Variable Pay: Upto 60% of Fixed or as per the bonus plan of your Company, whichever is higher as approved by the Board of Directors/Committee.	W.e.f 12 May, 2021 Fixed Pay: ₹ 1,65,00,000 per annum Variable pay: Upto 100% of fixed pay or as per the bonus plan of your Company, whichever is higher, as approved by the Board of Directors/Committee. With effect from 01 July, 2021 Fixed pay: ₹ 1,73,25,000 per annum Variable pay: Upto 100% of Fixed Pay or as per the bonus plan of your Company, whichever is higher, as approved by the Board of Directors/Committee With effect from 02 November, 2021 Fixed pay: ₹ 2,30,00,000 per annum Variable pay: Upto 100% of fixed pay or as per the bonus plan of your Company, whichever is higher, as approved by the Board of Directors/Committee Rent free accommodation: 10% of fixed pay Insurance (GPA & GTL as per the policies of your Company and GMC- Family Floater with sum assured of ₹ 60 Lakhs): Actuals, not to exceed ₹ 5,00,000/-
Service contract	He resigned from the designation of MD & CEO on 22 November, 2021.	He was re-designated as the MD and CEO for a term of four years from 23 November, 2021 and by shareholders in the Extra Ordinary General Meeting held on 15 December, 2021. The remuneration, as stated above, has been approved for a period of 3 years.
Stock option details	Refer to table- A for stock options outstanding below on the date of this report.	Refer to Table- B for stock options outstanding below on the date of this report.

Table- A

Particulars	Number	Issue Price	Vesting/ Accrual Period	Exercise Period
ESOPs	3,90,000	At fair market value	Five years	Five years and 3 months from the date of vesting; Exercised all options and Board of Directors allotted 97,500 equity shares each vide Circular Resolution dated 08 January, 2019 and 06 January, 2020. Further, Board of Directors allotted 1,20,000 equity shares each vide Circular Resolution dated 10 January, 2021 and allotted 75,000 equity shares vide Circular Resolution dated 06 January, 2022.
Right to subscribe to Equity shares	3,55,000	At fair market value	Four years	Seven years from the date of relevant subscriptions

Table- B

Particulars	Number	Issue Price	Vesting/ Accrual Period	Exercise Period
ESOPs	2,00,000	At fair market value	Four years	Five years and three months from the date of first vesting of the relevant Option
ESOPs	7,35,000	At fair market value	Five years	Five years and three months from the date of first vesting of the relevant Option

Annexure-6

ESOP

Particulars	ESOP 2012 Number of options	ESOP 2017 Number of options	ESOP 2021 Number of options	Total
Granted	23,45,500	7,70,000	19,04,595	50,20,095
Vested	16,53,250	1,85,500	-	18,38,750
Exercised	14,04,300	18,500	-	14,22,800
Total number of shares arising as a result of exercise of option	14,04,300	18,500	-	14,22,800
Lapsed	8,41,200	2,29,000	22,500	10,92,700
Exercise Price	13.27/14.18/16.84/20.32/83.20	118.48/159.01/179.92/184.55/189.56/197.80	309.59/315.57/340.71	NA
Variation of terms of options during the year	NA	Yes, Clause no. 8.4.2 of the scheme modified.	NA	
Money realized by exercise of options	6,06,97,393	24,65,780	0	6,31,63,173
Total number of options in force	1,00,000	5,22,500	18,82,095	25,04,595
Employee wise details of options granted to:				
Key Managerial Personnel	-	-	10,40,000	10,40,000
Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	-	-	2,75,000	2,75,000
Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of your Company at the time of grant;	-	-	7,35,000	7,35,000

Annexure-7

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 your Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

- Details of contracts or arrangements or transactions not at arm's length basis
 - Name(s) of the related party and nature of relationship: NIL
 - Nature of contracts/arrangements/transactions: NIL
 - Duration of the contracts / arrangements/transactions: NIL
 - Salient terms of the contracts or arrangements or transactions including the value, if any: NIL
 - Justification for entering into such contracts or arrangements or transactions: NIL
 - Date (s) of approval by the Board: NIL
 - Amount paid as advances, if any: NIL
 - Date on which the special resolution was passed in general meeting as required under first proviso to section 188: NIL
- Details of material contracts or arrangement or transactions at arm's length basis

Name(s) of the related party and nature of relationship	Mr. Anil Mehta	Mr. Gaj Raj Singh (Father of Mr. Anil Mehta)
(b) Nature of contracts/arrangements/ transactions	Sale of Assets	Rent Agreement
(c) Duration of the contracts / arrangements/transactions	NA	Renewed by the Board of Directors in their meeting held on 17 February, 2020 for 3 years w.e.f 01 March, 2020.
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Assets have been sold to Mr. Anil Mehta amounting to 8.63 Lakhs.	Lease will have a tenor of 3 years from the commencement date (01 March, 2020) of lease amount of ₹ 31,028 per month and can be renewed after every 11 months with an increase of 5%. *
(e) Date(s) of approval by the Board, if any:	NA. The said sale of assets has been noted by Board of Directors in their meeting held on 12 May, 2022.	17 February, 2020
(f) Amount paid as advances, if any:	Nil	Nil

*Note: The said agreement shall be amended in the name of Mr. Adit Mehta, son of Mr. Anil Mehta w.e.f 01 March, 2022 for three years for a rent of 34,208/- with escalation of 5% every 12 month.

Annexure-8

RELATED PARTY POLICY

1. INTRODUCTION

India Shelter Housing Finance Limited (India Shelter) conducts itself with highest standards of integrity and has always endeavored to follow them in letter and the spirit of law. Related party transactions can present a potential or actual conflict of interest which may be against the best interest, of India Shelter and its shareholders. India Shelter does not promote any transaction, which may be at variance with the established principles of Corporate Governance or which do not meet the highest standard of ethics or integrity.

In terms of the provisions of Section 188 of the Companies Act, 2013, your Company is required to follow the procedure as prescribed for conducting the Related Party Transactions. Also, Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 has prescribed that Housing Finance Companies (HFCs) should evolve a Related Party Transaction Policy (Policy) and disclose the same in the annual report and its website..

2. APPLICABILITY

India Shelter shall enter into any contract or arrangement with a related party only post consent of the Board of Directors given by a resolution at a meeting of the Board with respect to the following or as may be prescribed under Section 188 of the Companies Act, 2013:

- sale, purchase or supply of any goods or materials;
- selling or otherwise disposing of, or buying, property of any kind;
- leasing of property of any kind;
- availing or rendering of any services;
- appointment of any agent for purchase or sale of goods, materials, services or property;
- such related party's appointment to any office or place of profit in your Company, its subsidiary company or associate company; and
- underwriting the subscription of any securities or derivatives thereof, of your Company;

Where any contract or arrangement is entered into by a Director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such

contract or arrangement and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the Directors concerned shall indemnify your Company against any loss incurred by it.

However, a transaction entered into by India Shelter in its ordinary course of business other than transactions, which are not on an arm's length basis, shall not be covered under the ambit of the Policy.

3. OBJECTIVES

This Policy is intended to ensure due and timely identification, approval, disclosure and reporting of transactions between India Shelter and any of its Related Parties in compliance with the applicable laws and regulations as may be amended from time to time.

The provisions of this Policy are designed to govern the approval process and disclosure requirements to ensure transparency in the conduct of Related Party Transactions in the best interest of India Shelter and its shareholders and to comply with the statutory provisions in this regard.

4. DEFINITIONS

In this Policy, unless the context otherwise requires, following are the definitions:

- "Act" means Companies Act, 2013 and rules made thereunder, as amended from time to time.
- "Arm's Length Transaction" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest
- "Board" means the Board of Directors of your Company.
- "Committee" means Audit Committee of your Company as constituted or reconstituted by the Board.
- "Company" means India Shelter Finance Corporation Limited.
- "Directors" means Directors appointed by the Board including executive, non-executive and independent directors.
- "Ordinary course of business" means the usual transactions, customs and practices undertaken by your Company to conduct its business operations and activities and includes all such activities which your Company can undertake as per Memorandum and Articles of Association. The Board and Audit Committee may lay

down the principles for determining ordinary course of business in accordance with the statutory requirements and other industry practices and guidelines.

- "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013.
- "KMP" or "KMPs" means the following key managerial personnel:
 - Chief Executive Officer and / or Managing Director or Manager of your Company;
 - Chief Financial Officer of your Company;
 - Company Secretary of your Company;
 - Whole Time Director of your Company; and
 - Such other officer of your Company as may be decided by the Nomination and Remuneration Committee.
- "Member" means a Director of your Company appointed as member of the Committee.
- "Material Related Party Transaction" means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of your Company as per the last audited financial statements of your Company "
- "RBI Guidelines" means and includes Master Direction- Non-Banking Financial Company- Housing Finance Company (Reserve Bank) Directions, 2021, RBI Notifications, Circulars and other such communications thereto
- "Relative" with reference to a Director or KMP means persons as defined under the Companies Act, 2013 and rules prescribed thereunder as below
- "Related Party" have the meaning as defined in Section 2(76) of Companies Act, 2013 and Regulation 2(1)(zb) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015
- "Related Party Transaction" have the meaning as defined under Regulation 2(1)(zc) of the Securities and Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 which means transfer of resources, services or obligations between a listed entity and a related party, regardless of whether price is charged and a transaction with a related party shall be construed to include a single transaction or a group of transactions in a contract, including but not limited to the following –
 - sale, purchase or supply of any goods or materials;

- selling or otherwise disposing of, or buying, property of any kind;
- leasing of property of any kind;
- availing or rendering of any services;
- appointment of any agent for purchase or sale of goods, materials, services, property;
- appointment to any office or place of profit in your Company
- underwriting the subscription of any securities or derivatives thereof, of your Company

4.16 "Senior Management Personnel / Senior Management" means personnel of your Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional and departmental heads.

5. INTERPRETATION

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 or NHB Act, 1987, NHB Directions, Notifications, Circulars or guidelines as may be amended from time to time shall have the meaning respectively assigned to them therein.

6. DEALING WITH RELATED PARTY TRANSACTION

- Each Director and Key Managerial Personnel is responsible for providing advance notice to the Board or Audit Committee of any potential Related Party Transaction involving himself/herself or their relatives, including any additional information about the transaction that the Board or Audit Committee may request. The Board shall record the disclosure of Interest; and the Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy
- The Notice of any potential Related Party transaction shall be intimated to the Board/Committee, well in advance so that the Board/ Committee have adequate time to review the transaction.
- All related party transaction shall require prior approval of the Audit Committee/Board, however, in cases where transaction has been done inadvertently or due to requirement of urgency the Audit Committee/Board may ratify the decision. However, this ratification should be done within three months of the contract having taken place otherwise the transaction shall be voidable at the option of Board/Committee.
- While considering any transaction, the Committee/ Board shall take into account all relevant facts and

Annexure-9

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 March, 2022

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

To,
The Members,
India Shelter Finance Corporation Limited
CIN: U65922HR1998PLC042782
Registered Office Address: 6th Floor, Plot No. 15,
Sector - 44, Institutional Area,
Gurgaon- 122002, Haryana, India

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **India Shelter Finance Corporation Limited** (hereinafter called '**the Company**'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company, during the audit period covering the financial year ended on 31 March, 2022 has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2022 according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 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;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - The Securities and Exchange Board of India (Listing

Obligations and Disclosure Requirements) Regulations, 2015 to the extent it is applicable to Debt Securities;

- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) The other laws which are specifically applicable to the Company based on its sector/ industry are:
- Regulations issued by National Housing Bank;
 - Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;

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

- Secretarial Standards issued by the Institute of Company Secretaries of India.

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

I further report that

The Board of Directors of the Company is duly constituted and are fit and proper with proper balance of Executive Directors and Non-Executive Directors.

As per Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014,

The following class or classes of companies shall have at least two directors as independent directors:

- the Public Companies having paid up share capital of ten Crore rupees or more; or
- the Public Companies having turnover of one hundred Crore rupees or more; or

circumstances including the terms of the transaction, the business purpose of the transaction, the benefits to your Company and to the Related Party, and any other relevant matters. No member of the Committee / Board shall be present during the period the transaction related to the transaction

- Audit Committee shall review , at least on a quarterly basis, the details of Related Party Transaction entered in to by India Shelter pursuant to each of the approval given. Approval given by the Audit Committee shall be valid for till revoked.
- Related Party Transaction with are either not in the 'Ordinary Course of Business' or are not at 'arm's length price' and exceeds the threshold under section 188 of the companies Act, 2013 shall also require prior approval of the shareholders through special resolution.
- No members of your Company shall vote in a special resolution where related party contract or arrangement is being considered if such a member is a Related Party in Contract or Arrangement which is being considered.

7. POLICY REVIEW AND AMENDMENT

- The provisions of this policy shall be subject to the

provisions of the Act & RBI guidelines and rules and regulations made thereunder.

- The policy shall be reviewed by the Board from time to time as may be necessary and may be amended or modified either whole or in part as and when necessary.
- In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

16. DISCLOSURE

The company shall disclose the particulars of contracts or arrangements entered with the Related Parties in such form and manner as may be required under the provisions of the Act and rules made thereunder.

The details of this policy and the evaluation criteria as applicable shall be disclosed in the Annual Report as part of the Board's Report therein and shall also be displayed on the website of the company.

(iii) the Public Companies which have, in aggregate, outstanding loans, debentures and deposits, exceeding fifty Crore rupees.

The Company being a public company having paid up share capital of ten Crores or more, shall have to appoint at least two directors as independent directors.

However, pursuant to the applicable provisions of Section 149 read with Schedule VII of the Companies Act, 2013,

An independent director who resigns or is removed from the Board of Directors of the listed entity shall be replaced by a new independent director by listed entity at the earliest but not later than three months from the date of such vacancy.

Mr. Shailesh J Mehta resigned from the office of Independent Director w.e.f. 03 November, 2021, and Mr. Sunil Ramankant Bhumralkar was appointed by the Board on the recommendation of the Nomination and Remuneration Committee on 31 March, 2022 as an Additional (Independent) Director which is beyond the time limit as prescribed.

During the year under review, Mr. Rupinder Singh, Mr. Sudhin Bhagwandas Choksey and Mr. Sunil Ramakant Bhumralkar has been appointed as MD & CEO, Nominee Director and Additional (Independent) Director respectively whereas Mr. Anil Mehta, Mr. G.V. Ravi Shankar and Mr. Shailesh J Mehta resigned from the office of MD & CEO, Nominee Director and Independent Director respectively. Also Mr. Anil Mehta has been reappointed as a Non-Executive Director, Mr. Shailesh J Mehta has been reappointed as Nominee Director and Ms. Rachna Dikshit has been regularised as Non- Executive & Independent Director.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven Business days in advance, and in case of shorter notice, compliance as required under the Act has been made by the Company and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out with requisite majority. Further, there were no dissenting views by any member of the Board or Committee(s) during the period under review.

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

I further report that during the audit period, the Company has:

- ❖ Issued and allotted 5000 Non-Convertible Debentures having face value of ₹ 1,00,000/- each through private placement approved by the meeting of members of Asset Liability Management Committee dated 22 June, 2021.
- ❖ Allotted 37,500 equity shares pursuant to the provisions of the Employee Stock Option Plan 2012, by Resolution by Circulation approved by the Board of Directors on 29 April, 2021.
- ❖ Allotted 144,000 equity shares pursuant to the provisions of the

Employee Stock Option Plan 2012, by Resolution by Circulation approved by the Board of Directors on 25 July, 2021.

- ❖ Allotted 306,000 equity shares pursuant to the provisions of the Employee Stock Option Plan 2017, by Resolution by Circulation approved by the Board of Directors on 08 August, 2021.
- ❖ Allotted 150,000 equity shares pursuant to the provisions of the Employee Stock Option Plan 2012, by Resolution by Circulation approved by the Board of Directors on 23 August, 2021.
- ❖ Issued and allotted 300 Non-Convertible Debentures having face value of ₹ 10,00,000/- each through private placement approved by the meeting of members of Asset Liability Management Committee dated 31 August, 2021.
- ❖ Issued and allotted 350 Non-Convertible Debentures having face value of ₹ 10,00,000/- each through private placement approved by the meeting of members of Asset Liability Management Committee dated 15 September, 2021.
- ❖ Issued and allotted 500 Non-Convertible Debentures having face value of ₹ 10,00,000/- each through private placement approved by the meeting of members of Asset Liability Management Committee dated 23 November, 2021.
- ❖ Allotted 90,750 equity shares pursuant to the provisions of the Employee Stock Option Plan 2012, by Resolution by Circulation approved by the Board of Directors on 06 January, 2022.
- ❖ Increased the managerial remuneration of Mr. Rupinder Singh, MD & CEO of the Company to fixed pay of ₹ 2.30 Crores p.a. and variable pay of upto 100% of fixed pay based on performance metrics. The members of Nomination and Remuneration Committee and Board of Directors in their meetings dated 22 November, 2021, recommended such increase which was subsequently approved by the members of the Company at the Extra-Ordinary General Meeting held on 15 December, 2021.
- ❖ Amended the Employee Stock Option Plan 2012 and 2017 and approval of Employee Stock Option Plan 2021 in the meeting of Board of Director dated 12 May, 2021.
- ❖ With reference to inspection of the Company as on 31 March, 2020, National Housing Bank (NHB), in exercise of the powers vested under Section 52(A) of the National Housing Bank Act, 1987, vide its letter 29 July, 2021, has imposed a monetary penalty of ₹ 15,000/- plus GST on the Company for non-compliance with provisions of the Paragraph 22 (2) of the Housing Finance Companies (NHB) Directions, 2010 and the RBI Circular No. DOR.No.BP.BC.63/21.04.048/2019-20.

Jitender Singh

Practicing Company Secretary

Mem. No. A33610

C.P. No. 12463

UDIN: A033610D000311096

Date: 12 May, 2022

Place: New Delhi

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

'Annexure – A'

To,
The Members,
India Shelter Finance Corporation Limited
CIN: U65922HR1998PLC042782
Registered Office Address: 6th Floor, Plot No. 15,
Sector - 44, Institutional Area,
Gurgaon- 122002, Haryana, India

My secretarial audit 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. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed, provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of 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.

Date: 12 May, 2022

Place: New Delhi

Jitender Singh

Practicing Company Secretary

Mem. No. A33610

C.P. No. 12463

UDIN: A033610D000311096

Independent Auditors' Report

To the
Member of
India Shelter Finance Corporation Limited

Report on the Audit of the standalone financial statements

1. Opinion

We have audited the accompanying standalone financial statements of India Shelter Finance Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, 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 2022, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

2. Basis for Opinion

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

3. 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 of the current year. These matters were addressed in the context of our audit of the Standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
a.	<p>Impairment on Financial Instruments</p> <p>As at 31 March 2022, the Company has reported gross loans assets amounting to Rs.2,65,687.27 lakhs and other financial assets amounting to Rs.6,236.01 lakhs against which impairment of Rs.3,434.82 lakhs and Rs.40.80 lakhs respectively have been recorded.</p> <p>Ind AS 109 Financial instruments (Ind AS 109) requires the Company to provide for impairment of its financial instruments (designated as amortized cost or fair value through other comprehensive income) using the expected credit loss (ECL) approach.</p> <p>ECL involves an estimation and a significant degree of judgement by the management for development of ECL model and its corresponding application in the ECL model. These judgement and estimates include:</p> <p>1. Estimating the behavioral life of the product</p> <p>2. Data inputs in relation to ECL model</p>	<p>Read and assessed the Company's accounting policies for impairment of financial instruments (Refer note 2.9) and their compliance with Ind AS 109 and the governance framework approved by the Board of Directors.</p> <p>Read and assessed the Company's policy with respect to one-time restructuring offered to customers pursuant to the "Resolution Framework 2.0- Resolution of COVID-19-related Stress of Micro, Small and Medium Enterprises" issued by RBI on May 5, 2021 and tested the implementation of such policy on a sample basis.</p> <p>We have evaluated the management response upon implementation of various RBI circulars and tested the implementation of requirements as per these circulars on sample basis.</p> <p>We also performed end to end process walkthroughs to identify the key systems, applications and controls used in the ECL processes.</p> <p>We tested the relevant manual controls, general IT and application controls over key systems used in the ECL process.</p>

Sr. No.	Key Audit Matter	Auditor's Response
	<p>3. Application of the macroeconomic factors on a forward-looking basis</p> <p>4. Modification of assets in terms of restructuring</p> <p>5. Determination of loan book segmentation based on homogeneity, probability of defaults, loss given defaults and exposure at default.</p> <p>6. Management Overlay based on risk assessment and qualitative adjustments</p> <p>7. Compliance with RBI circulars and assess the level of credit impairment of financial instrument.</p> <p>8. Disclosures as required by IND AS 109 and RBI Circular</p> <p>Refer Note no. 5 & 7 of the standalone financial statements.</p>	<p>Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation.</p> <p>We tested the operating effectiveness of the controls for staging of loans and advances based on their past-due status.</p> <p>Tested a sample of performing (stage 1) loans to assess whether any Significant Increase in Credit Risk indicators were present requiring them to be classified under higher stages.</p> <p>Assessing the appropriateness of changes made in macro-economic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model.</p> <p>We tested the arithmetical accuracy of computation of ECL provision performed by the Company.</p> <p>We assessed the disclosures included in the Ind-AS standalone financial statements with respect to such allowance / estimate are in accordance with the requirements of Ind AS 109 and Ind AS 107 Financial Instruments: Disclosures and also as per RBI Guidelines.</p>
b.	<p>Evaluation of Company's IT systems and Controls</p> <p>The Company's key financial accounting and reporting processes are highly dependent on information systems including automated controls in information systems, such that there exists a risk that, gaps in the IT control environment could result in the financial accounting and reporting records being misstated.</p> <p>We identified 'IT systems and controls' as key audit matter because of the high level of automation being used by management and the scale and complexity of the IT architecture.</p>	<p>Our audit procedures include assessment and identification of key IT applications, and further verifying, testing, and reviewing the design and operating effectiveness of the IT system on the basis of reports / returns and other financial and non-financial information generated from the system on a test check basis. Our audit procedures included:</p> <p>a) Obtained an understanding of the IT control environment, IT policies during the audit period.</p> <p>b) Testing IT general controls related to User and Application controls, Change Management Controls and Data backup.</p> <p>Where we identified the need to perform additional procedures, we placed reliance on manual reconciliations between systems and other information sources.</p>

4. Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the standalone financial statements and our auditors' report thereon.

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

In connection with our audit of the Standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

5. Management's Responsibility for the Standalone financial statements

The Company's Management and 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 accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

6. 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to 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 in the Standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. Other Matter

The Financial Statement also includes figures of the Company for the year ended March 31, 2021, audited by the predecessor firm of statutory auditor vide its report dated May 12, 2021, in which the predecessor auditor has expressed an unmodified opinion. Accordingly, we do not express any conclusion on aforesaid financial statement for the said year and have relied upon the said reports for the purpose of our report on this financial statement.

8. Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditors' Report) Order, 2020 ("the Order") issued by the Central Government in terms of section 143 (11) 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.

- As required by section 143(3) of the Act, based on our audit we report that:

- 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.
- 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.
- The Standalone balance sheet, the Standalone statement of profit and loss (including other comprehensive income), the Standalone statement of changes in equity and the Standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
- In our opinion, the aforesaid Standalone financial statements comply with the Ind AS specified under section 133 of the Act.
- On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act.
- With respect to the adequacy of the internal financial controls with reference to Standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Financial Statement.
- With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act, as amended:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act

- With respect to the other matters to be included in the Auditors' 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:

- The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its Standalone financial statements - Refer Note 33 of Standalone financial statements;
- The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

- There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

- The Management has represented that, to the best of its (knowledge and belief, no funds (which are material either individually or in 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;

- The Management has represented, that, to the best of its knowledge and belief, 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 or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- Based on audit procedures that we have 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.

- During the year, the company has not paid or declared any dividend.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm's Reg. No.: 006711N/N500028

Aashish Gupta
(Partner)

Place: Gurgaon
Date: 12 May 2022

Membership No. 097343
UDIN No- 22097343AIWDRV9137

Annexure A to the Independent Auditor's Report of even date

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that;

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 property, plant and equipment and relevant details of right-of use assets;

(B) The Company has maintained proper records showing full particulars of intangible assets;

(b) The Company has a program of physical verification of these Property, Plant and Equipment whereby all these assets are verified once in three years. In our opinion, the periodicity of the physical verification is reasonable having regard to the size of the Company and the nature of its assets. For the assets where physical verification exercise was completed, no material discrepancies were noticed on such verification;

(c) The title deeds of the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements included under property, plant and equipment are held in the name of the Company;

(d) The Company has not revalued its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year;

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) (as amended in 2016) and rules made thereunder;

ii (a) The Company is a service company primarily engaged in lending business. Accordingly, it does not hold any inventories. Thus, the provision of clause 3(ii)(a) of the Order is not applicable to the Company;

(b) The Company has not been sanctioned any working capital limit from banks or financial institutions on the basis of security of current assets. Accordingly, the provision of clause 3(ii)(b) of the Order is not applicable to the Company;

iii. The Company has not made investments in and provided any guarantee or security to companies, firms, Limited Liability Partnerships or any other parties. However, the Company has granted secured and unsecured loans to companies, firms, Limited Liability Partnerships and to others parties during the year in respect of which;

(a) Since the Company is principally engaged in providing loans reporting under clause 3(iii)(a) of the Order is not applicable;

(b) In our opinion, the terms and conditions of the loans granted during the year are prima facie not prejudicial to the Company's interest;

(c) The Company is principally engaged in the business of providing loans. 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 been regular as per stipulation except for certain cases, the summary of which are as disclosed by the management in Note 5 of notes of the Financial Statements.

For the purpose of the above disclosure, the company has considered the Reserve Bank of India circular DOR. No.BPBC/3/21.04.048/2020-21 dated August 06, 2020 on Resolution Framework for COVID-19 related stress and RBI circular DOR.STR.REC.11/21.04.048/2021-22 dated May 05, 2021 (as amended time to time) wherein moratorium is to be granted to customers in relation to repayment of dues, due to which the repayment schedule of such customers has been modified to that extent;

(d) In respect of loans granted by the Company, the overdue amount remaining outstanding as at the balance sheet date is as reported in Note 5(viii) of notes of the Financial Statements. The total amount overdue for more than 90 days amounts to Rs. 5,703.90. Lakh with respect to 850 borrowers (995 loan accounts). The Company has generally taken reasonable steps in its normal course of business for recovery of overdue principal and interest in respect of such loans;

(e) As Company is principally engaged in providing loans, hence the reporting under clause 3(iii)(e) of the Order is not applicable;

(f) 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.

iv The Company has not granted any loans, made investments, or provided guarantees and securities which attract the provisions of section 185 and section 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company;

V The Company has not accepted any deposits or amounts which are deemed to be deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the Rules framed there under apply. Accordingly, the provision of clause 3(v) of the Order is not applicable to the Company;

vi The Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable to the Company;

vii (a) The amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services tax, provident fund, employees' state insurance, income tax, cess and other applicable statutory dues have been regularly deposited by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, service tax, value added tax, duty of customs and duty of excise;

There were no undisputed amounts payable in respect

Nature of Act	Forum	Period (AY)	Demand Amount	Amount Deposited	Amount not deposited
Income Tax Act	CIT Appeals	AY 2017-18	445.23	89.05	356.18

viii There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961);

ix (a) The Company has not defaulted in the repayment of loans or other borrowings to or in the payment of interest thereon to any lender, during the year;

(b) The Company has not been declared as willful defaulter by any bank or financial institution or other lender;

(c) Term loans availed by the Company during the year have been generally applied for the purpose for which they were obtained other than temporary deployment in liquid assets which are recoverable on demand;

(d) On an overall examination of financial statements of the company, we report that no funds have been raised on short term basis. Accordingly, the provision of clause 3(ix) (d) of the Order is not applicable to the Company;

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its Subsidiary company or its associates' companies;

(f) The company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies, and accordingly, the provisions of clause 3(ix) (f) of the Order is not applicable;

X (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable;

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence reporting under clause 3(x)(b) of the Order is not applicable;

xi (a) We report that no fraud by the company has been noticed or reported during the year nor have we been informed of any such case by the management. As regards to fraud on the company, there have been 2 instances aggregating to

of Goods and Services tax, provident fund, employees' state insurance, income tax, cess and other applicable statutory dues which were in arrears as at 31 March 2022 for a period of more than six months from the date they become payable;

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

Rs. 10.35 Lakh wherein frauds have been perpetrated by the borrowers of the Company as disclosed in note 43.28 of the financial statements;

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report;

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year;

xii The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable;

xiii In our opinion, the Company is in compliance with section 177 and 188 of the Companies Act, 2013 with respect to all applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards;

xiv (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business;

(b) We have considered the internal audit reports issued to the Company for the period under audit;

xv The company has not entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act have been complied with;

xvi (a) As the Company is a Non-Banking Financial institution and registered under National Housing Bank (NHB) Act, 1987, it has been exempted from the requirement of registration under section 45-IA of the Reserve Bank of India Act; 1934.

(b) The Company has a valid certificate of registration from National Housing Bank;

(c) The Company is not a core investment company and hence reporting under clause (xvi)(c) of the Order is not applicable;

(d) There are no core investment company as a part of the group;

xvii The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year;

Xviii As per RBI circular no. RBI/2021-22/25 Ref No. DoS.CO.ARG/ SEC.01/08.91.001/2021-22 dated April 27, 2021 the Statutory Auditors have resigned upon completion of their term of appointment as per the requirement of the said circular. There has not been any issues, concerns or objections raised by the outgoing auditors, based on our communication with outgoing auditor as required under ICAI Code of Ethics;

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 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 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 As disclosed by management in note 29.2 of the financial statements and as verified by us, the gross amount required to be spent by company towards Corporate Social Responsibility (CSR) during the year has been duly spent during the year. Hence reporting under clause (xx)(a) and clause (xx)(b) of the Order is not applicable;

For **T R Chadha & Co LLP**
Chartered Accountants
Firm's Reg. No:- 006711N/N500028

Aashish Gupta
(Partner)
Membership No. 097343
UDIN No- 22097343AIWDRV9137

Place: Gurgaon
Date: 12 May 2022

ANNEXURE – B TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF INDIA SHELTER FINANCE CORPORATION LIMITED-

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to financial statements of **INDIA SHELTER FINANCE CORPORATION LIMITED** (“the Company”) as of March 31, 2022 in conjunction with our audit of the 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 control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘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 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 Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements, both applicable to an audit of Internal Financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm's Reg. No:- 006711N/N500028

Aashish Gupta
(Partner)
Membership No. 097343
UDIN No- 22097343AIWDRV9137

Place: Gurgaon
Date: 12 May 2022

Standalone Balance Sheet as at 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

	Notes	As at 31 March 2022	As at 31 March 2021
Assets			
(1) Financial assets			
(a) Cash and cash equivalents	3	14,380.16	23,309.46
(b) Bank balance other than cash and cash equivalents	4	18,649.21	18,058.31
(c) Loans	5	2,62,252.45	1,98,116.96
(d) Investments	6	17,532.00	-
(e) Other financial assets	7	6,195.21	2,808.55
(2) Non-financial assets			
(a) Current tax assets (net)	8	-	3.55
(b) Deferred tax assets (net)	9	295.06	933.65
(c) Property, plant and equipment	10	1,657.28	1,403.13
(d) Other intangible assets	11	46.54	107.74
(e) Other non-financial assets	12	777.66	1,174.97
(f) Assets held for sale		336.54	347.85
Total assets		3,22,122.11	2,46,264.17
Liabilities and equity			
Liabilities			
(1) Financial liabilities			
(a) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	13	-	12.12
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	13	459.41	450.63
(b) Debt securities	14	18,659.85	8,222.38
(c) Borrowings (other than debt securities)	15	1,88,341.12	1,40,906.65
(d) Other financial liabilities	16	3,336.51	2,088.81
(2) Non-financial liabilities			
(a) Provisions	17	513.32	359.73
(b) Current tax liabilities (Net)	8	432.22	-
(c) Other non-financial liabilities	18	2,767.04	496.89
Total liabilities		2,14,509.47	1,52,537.21
(3) Equity			
(a) Equity share capital	19	4,370.67	4,297.84
(b) Other equity	20	1,03,241.97	89,429.12
Total equity		1,07,612.64	93,726.96
Total liabilities and equity		3,22,122.11	2,46,264.17

The accompanying notes form an integral part of these financial statements.
This is the balance sheet referred to in our report of even date.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm's Registration No.: 006711N/N500028

Aashish Gupta
Partner
Membership No.: 097343

Place: Gurugram
Date: 12 May 2022

For and on behalf of the Board of Directors of
India Shelter Finance Corporation Limited

Anil Mehta
Chairman and
Non-Executive Director
DIN: 02132315

Ashish Gupta
Chief Financial Officer

Rupinder Singh
Managing Director and
Chief Executive Officer
DIN: 09153382

Mukti Chaplot
Company Secretary
Membership No. 38326

Standalone Statement of profit and loss as at 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations			
(i) Interest income	21	37,764.74	27,457.21
(ii) Fees and commission income	22	1,602.65	999.26
(iii) Net gain on fair value changes	23	458.85	291.85
(iv) Net gain on derecognition of financial instruments under amortised cost category		4,971.46	2,922.29
(I) Total revenue from operations		44,797.70	31,670.61
(II) Other income	24	1,182.80	609.22
(III) Total income (I+II)		45,980.50	32,279.83
Expenses			
(i) Finance costs	25	14,833.86	10,534.81
(ii) Impairment on financial instruments	26	1,188.87	1,984.73
(iii) Employee benefits expenses	27	10,140.62	6,168.58
(iv) Depreciation and amortisation	28	653.90	509.84
(v) Other expenses	29	2,473.14	1,786.18
(IV) Total expenses		29,290.39	20,984.14
(V) Profit before tax (III-IV)		16,690.11	11,295.69
(VI) Tax expense:	30		
(1) Current tax		3,183.62	2,477.20
(2) Deferred tax charge/(credit)		661.78	79.63
Total tax expense		3,845.40	2,556.83
(VII) Profit for the year (V-VI)		12,844.71	8,738.86
(VIII) Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
-Remeasurement of defined benefit obligations		(92.12)	(28.39)
-Income tax effect		23.18	7.15
(i) Items that will be reclassified to profit or loss- net of taxes		-	-
Total other comprehensive income		(68.94)	(21.24)
(IX) Total comprehensive income for the year(VII+VIII)		12,775.77	8,717.62
(X) Earnings per equity share	40		
Basic (Rs.)		29.60	20.39
Diluted (Rs.)		29.27	19.86

The accompanying notes form an integral part of these financial statements.
This is the statement of profit and loss referred to in our report of even date.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm's Registration No.: 006711N/N500028

Aashish Gupta
Partner
Membership No.: 097343

Place: Gurugram
Date: 12 May 2022

For and on behalf of the Board of Directors of
India Shelter Finance Corporation Limited

Anil Mehta
Chairman and
Non-Executive Director
DIN: 02132315

Ashish Gupta
Chief Financial Officer

Rupinder Singh
Managing Director and
Chief Executive Officer
DIN: 09153382

Mukti Chaplot
Company Secretary
Membership No. 38326

Statement of changes in equity for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

A. Equity share capital

Particulars	Balance as at 01 April 2020	Changes during the year	Balance as at 31 March 2021	Changes during the year	Balance as at 31 March 2022
Equity share capital	4,283.02	14.82	4,297.84	72.83	4,370.67

A. Equity share capital

Particulars	Share application money pending allotment	Reserves and Surplus				Items of other comprehensive income	Total
		Statutory reserve	Securities premium	Employee share based payment reserve	Retained earnings	Re-measurements of defined benefit plans	
Balance as at 31 March 2020	-	2,675.79	67,819.42	389.13	9,630.52	30.49	80,545.35
Transfer to statutory reserve	-	1,747.77	-	-	(1,747.77)	-	-
Issue of share capital	-	-	4.94	-	-	-	4.94
Share options exercised during the year	-	-	0.23	(0.23)	-	-	-
Share based payment to employees	-	-	-	161.21	-	-	161.21
Profit for the year	-	-	-	-	8,738.86	-	8,738.86
Other comprehensive income(net of taxes)	-	-	-	-	-	(21.24)	(21.24)
Balance as at 31 March 2021	-	4,423.56	67,824.59	550.11	16,621.61	9.25	89,429.12
Transfer to statutory reserve	-	2,568.94	-	-	(2,568.94)	-	-
Issue of share capital	-	-	442.96	-	-	-	442.96
Share options exercised during the year	-	-	310.28	(310.28)	-	-	-
Share based payment to employees	-	-	-	594.12	12,844.71	-	13,438.83
Profit for the year	-	-	-	-	-	-	-
Other comprehensive income(net of taxes)	-	-	-	-	-	(68.94)	(68.94)
Balance as at 31 March 2022	-	6,992.50	68,577.83	833.95	26,897.38	(59.69)	1,03,241.97

The accompanying notes form an integral part of these financial statements.
This is the statement of changes in equity referred to in our report of even date.

For T R Chadha & Co LLP
Chartered Accountants
Firm's Registration No.: 006711N/N500028

Aashish Gupta
Partner
Membership No.: 097343

Place: Gurugram
Date: 12 May 2022

For and on behalf of the Board of Directors of
India Shelter Finance Corporation Limited

Anil Mehta
Chairman and
Non-Executive Director
DIN: 02132315

Ashish Gupta
Chief Financial Officer

Rupinder Singh
Managing Director and
Chief Executive Officer
DIN: 09153382

Mukti Chaplot
Company Secretary
Membership No. 38326

Standalone Statement of cash flows for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(A) Cash flows from operating activities		
Profit before tax	16,690.11	11,295.69
Adjustments for:		
Depreciation and amortisation	653.90	509.84
Effective interest rate adjustment on financial assets	776.79	533.26
Effective interest rate adjustment on debt securities and borrowings	(400.24)	(9.59)
Share based payments to employees	594.12	161.21
Impairment on financial instruments	1,188.87	1,984.73
Impairment on assets held for sale	12.30	4.62
Net loss on derecognition of property, plant and equipment	6.38	14.65
Net unrealised gain on fair value change of investments	(30.72)	-
Net gain on derecognition of financial instruments under amortised cost category	(4,971.46)	(2,922.29)
Gain on termination of leases	(8.22)	(22.02)
Interest expense on lease liabilities	91.93	77.33
Operating profit before working capital changes	14,603.76	11,627.43
Movements in working capital		
Increase in loans	(66,058.59)	(53,068.15)
Decrease in other financial assets	1,560.71	306.52
Decrease/(increase) in other non-financial assets	396.33	(137.21)
(Decrease)/increase in trade payables	(3.35)	55.69
Increase in other financial liabilities	1,247.70	1,455.06
Increase in other non-financial liabilities	2,270.15	328.41
Increase/(decrease) in provisions	43.01	(104.69)
Decrease in interest accrued on debt securities and borrowings	(840.23)	(411.95)
Cash flows used in operating activities post working capital changes	(46,780.51)	(39,948.89)
Income tax paid (net)	(2,747.86)	(2,136.19)
Net cash flows used in operating activities (A)	(49,528.37)	(42,085.08)
(B) Cash flows from investing activities		
Payments made for purchase of property, plant and equipment and intangible assets	(507.89)	(177.95)
Proceeds from sale of property, plant and equipment	22.32	0.76
(Payments)/proceeds from investments	(17,501.28)	9,385.88
Investment in other bank balance (net)	(590.90)	(1,544.51)
Net cash used in investing activities (B)	(18,577.75)	7,664.19

Standalone Statement of cash flows for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(C) Cash flows from financing activities		
Proceeds from issue of equity share capital	515.78	19.99
Proceeds from debt securities	16,500.00	1,500.00
Proceeds from borrowings(other than debt securities)	1,14,063.55	97,840.02
Repayment of borrowings	(66,456.29)	(25,184.81)
Repayment of debt securities	(5,000.00)	(17,857.15)
Payment towards lease liabilities	(446.22)	(321.68)
Net cash flows from financing activities (C)	59,176.82	55,996.37
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(8,929.30)	21,575.47
Cash and cash equivalents at the beginning of the year	23,309.46	1,733.99
Cash and cash equivalents at the end of the year	14,380.16	23,309.46
Components of cash and cash equivalents:-		
Cash on hand	117.26	53.61
Balances with banks (of the nature of cash and cash equivalents)		
(a) Balance with banks in current accounts	55.96	4,051.21
(b) Deposits with original maturity of less than 3 months	14,206.94	19,204.64
Total cash and cash equivalents	14,380.16	23,309.46

Note:

- The above statement of cash flows has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) - 7 'Statement of Cash flows' as specified under Section 133 of the Companies Act, 2013, (Act) read with the Companies (Indian Accounting Standards) Rules, 2015, as amended."
- Refer note 15 for reconciliation of liabilities arising from financing activities.
- Previous year figures have been regrouped/reclassified wherever applicable.

The accompanying notes form an integral part of these financial statements.
This is the statement of cash flows referred to in our report of even date.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm's Registration No.: 006711N/N500028

Aashish Gupta
Partner
Membership No.: 097343

Place: Gurugram
Date: 12 May 2022

For and on behalf of the Board of Directors of
India Shelter Finance Corporation Limited

Anil Mehta
Chairman and
Non-Executive Director
DIN: 02132315

Ashish Gupta
Chief Financial Officer

Rupinder Singh
Managing Director and
Chief Executive Officer
DIN: 09153382

Mukti Chaplot
Company Secretary
Membership No. 38326

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

1. Company overview/Corporate information

India Shelter Finance Corporation Limited ("the Company") is a Housing Finance Company registered under section 29A of The National Housing Bank Act, 1987 vide Registration Certificate No. 09.0087.10 dated 14 September 2010. The Company is engaged in providing secured retail home loans, home equity loans and loans against property to borrowers for a period up to twenty years. These loans are primarily to be used by the borrowers for home purchase, home improvements, home extension and for construction of dwelling units on plots owned by borrowers.

The Company does not accept public deposits, and utilises internal and external funds to provide loans to borrowers.

The Company's registered office and principal place of business is situated at 6th Floor, Plot No-15, Sector 44, Gurugram- 122001. The debentures of the Company are listed on the Bombay Stock Exchange.

1.1 Basis of preparation

(i) Statement of compliance with Indian Accounting Standards (Ind AS)

These standalone financial statements ("the Financial Statements") have been prepared in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Companies Act, 2013 ('Act') and other relevant provisions of the Act and guidelines issued by Reserve Bank of India (RBI) and National Housing Bank (NHB) to the extent applicable. The Company has uniformly applied the accounting policies for the periods presented in these financial statements.

The financial statements for the year ended 31 March 2022 were authorised and approved for issue by the Board of Directors on 12 May 2022.

(ii) Historical cost convention

The financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities which are measured at fair values at the end of each reporting period as explained in relevant accounting policies. The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116 'Leases' and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36 'Impairment of Assets'.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- **Level 2** inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** inputs are unobservable inputs for the asset or liability.

2. Summary of significant accounting policies

These financial statements have been prepared using the significant accounting policies and measurement bases summarised as below. These policies are applied consistently for all the periods presented in the financial statements, except where the Company has applied certain exemptions upon transition.

2.1. Revenue recognition

Interest and processing fee income on loans

Interest and processing fee income on financial assets is recognised on a time proportion basis considering the amount outstanding and the effective interest rate applicable.

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

Effective Interest Rate ("EIR")

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets measured at Fair Value Through Profit and Loss ("FVTPL"), transaction costs are recognised in the statement of profit and loss at initial recognition.

Interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses).

Interest/Dividend income on investment

Interest income on investments and fixed deposits is recognised on time proportionate basis with reference to EIR method. Dividend income is accounted for when the right to receive it is established.

Income from assignment

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction, discounted at the EIR of underlying pool of loans rate entered into with the assignee is recorded upfront in the statement of profit and loss. EIS is evaluated and adjusted for ECL and expected prepayment.

Fee and Commission Income

Fee and commission income includes fees other than those that are an integral part of EIR method. The Company recognises the fee and commission income at fair value of the consideration received or receivable when the Company satisfies the performance obligation.

Other operating revenue

Interest on overdue of loans and other ancillary charges are recognised upon realisation. All other income is recognised on an accrual basis upon satisfaction of performance obligation, when there is no uncertainty in the ultimate realisation/collection and income can be measured reliably.

2.2. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand (including imprest), demand deposits and short-term highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

2.3. Cash flow statement

Cash flows are reported using indirect method as set out in Ind AS -7 "Statement of Cash Flows", whereby profit/loss before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.4. Property, plant and equipment

Recognition and initial measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, wherever applicable.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on the straight line method over the useful life of the assets as prescribed under Part 'C' of Schedule II of the Companies Act, 2013, or in case of assets where the estimated useful life was determined basis technical evaluation carried out by the Company, over the useful life so determined.

Depreciation on additions to fixed assets is provided for full month in which acquisition of the assets is made. No depreciation is provided for the month of sale/disposal of asset. Leasehold improvements are amortised over a period of lease. Asset costing less than Rs. 10,000 each are fully depreciated in the year of capitalisation.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

Estimated useful lives of the assets are as follows:

Asset category	Estimated useful life (in Years)	Life as per Schedule II
Plant & Equipment- Computer and other related equipment	3 years	3 years
Office equipment	5 years	5 years
Furniture and fixtures	10 years	10 years
Vehicles	8 years	8 years
Handheld communication devices (included in office equipment)	2 years	5 years
Leasehold improvements	Over the period of the lease or the estimated useful life whichever is lesser.	Over the period of the lease or the estimated useful life whichever is lesser.

De-recognition

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

2.5. Intangible assets

Recognition and initial measurement

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Amortisation method, estimated useful lives and residual value

Intangible assets are amortised over a period of 4 years from the date when the assets are available for use. The estimated useful life (amortisation period) of the intangible assets is arrived basis the expected pattern of consumption of economic benefits and is reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

De-recognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit and loss when the asset is derecognised.

2.6. Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date. If there is any indication of impairment based on internal / external factors, an impairment loss is recognised in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount. For the purpose of assessing impairment, the smallest identifiable group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit.

Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

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

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

2.7. Taxation

Tax expense recognised in Statement of Profit and Loss comprises the sum of deferred tax and current tax except to the extent it is recognised in other comprehensive income or directly in equity.

Current tax comprises the tax payable or receivable on taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current tax is computed in accordance with relevant tax regulations. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. 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 assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

With effect from 1 April 2019, with introduction of Taxation Laws (Amendment) Ordinance, 2019, where section 115BAA was introduced in the Income-tax Act, 1961 proposing option to compute income tax liability at revised taxation rates. Further, under section 115JB (MAT provisions) a sub-section was introduced stating non-applicability of Minimum Alternative Tax ("MAT") provisions on the companies exercising option to pay income tax under section 115BAA. The tax expense for the current financial year 2020-21 and previous year 2019-2020, has been computed considering the revised tax provisions and thereby the provisions of MAT are not applicable to the Company.

MAT policy applicable before 1 April 2019, MAT under the provisions of the Income-tax Act, 1961 was recognised as current tax in the Statement of Profit and Loss. The credit available under the Income-tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets are recognised on unused tax loss, unused tax credits and deductible temporary differences to the extent it is probable that the future taxable profits will be available against which they can be used. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).

2.8. Employee benefits

Short-term employee benefits

Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plans

The Company has a defined contribution plans namely provident fund, pension fund and employees state insurance scheme. The contribution made by the Company in respect of these plans are charged to the Statement of Profit and Loss.

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

Defined benefit plans

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. Where in the employee will receive on retirement is defined by reference to employee's length of service and last drawn salary. Under the defined benefit plans, the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside. The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability/asset are included in other comprehensive income.

Other long-term employee benefits

The Company also provides the benefit of compensated absences to its employees which are in the nature of long-term employee benefit plan. Liability in respect of compensated absences becoming due and expected to be availed after one year from the Balance Sheet date is estimated in the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to Statement of Profit and Loss in the year in which such gains or losses are determined.

Share based payment

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the option determined at the grant date of the equity settled share-based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

In respect of re-pricing of existing stock option, the incremental fair value of the option on the date of re-pricing is accounted for as employee cost over the remaining vesting period.

2.9. Expected credit losses and write-off of financial assets

Loan assets

Loans are classified into performing and non-performing assets in terms of policy adopted by the Company, subject to minimum classification and provisioning norms required under 'Housing Finance Company (Reserve Bank) Directions, 2021' issued by RBI from time to time.

All loan exposures to borrowers with instalment structure are stated at disbursed value after netting off:

- unearned income
- instalments appropriated up to the year end

Under Ind AS, the Company's assets have been classified as follows based on Exposure at Default:

- Stage 1: Performing Assets
- Stage 2: Under Performing Assets
- Stage 3: Non-Performing Assets

Under Ind AS, asset classification and provisioning moves from the 'rule based', incurred losses model to the Expected Credit Loss (ECL) model of providing for expected future credit losses. Thus, loan loss provisions are made on the basis of the Company's historical loss experience, future expected credit loss and after factoring in various macro-economic parameters

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD) - The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD) – LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

Exposure at Default (EAD) – EAD is based on the amounts the Company expects to be owed at the time of default. For a revolving commitment, the Company includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

Forward-looking economic information (including management overlay) is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

Trade receivables

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables.

Other financial assets

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

2.10. Provisions, contingent assets and contingent liabilities

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

2.11. Leases

Company as a Lessee:

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

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is re measured when there is a change in future

lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in 'borrowings (other than debt securities)' in the balance sheet.

2.12. Financial instruments

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

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through statement of profit and loss are recognised immediately in statement of profit and loss.

Financial assets

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers

Classification and Subsequent measurement of financial assets

Financial assets are classified in to three categories for subsequent measurement:

- Financial asset at amortised cost
- Financial asset at fair value through other comprehensive income (FVTOCI)
- Financial asset at fair value through profit and loss(FVTPL)

Financial asset at amortised cost

Financial instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss:

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

Financial assets (debt instruments) at FVOCI

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

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI. Financial assets included within the above category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial Asset at FVTPL

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

De-recognition of financial assets

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when

the financial asset and substantially all the risks and rewards are transferred. Further, if the Company has not retained control, it shall also derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

Financial liabilities

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

Subsequent measurement

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When 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 the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.13. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.14. Foreign currency

Functional and presentation currency

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements have been prepared and presented in Indian Rupees (INR), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the Statement of Profit and Loss in the year in which they arise.

2.15. Insurance Claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

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. Share/Securities issue expense

Share/security issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. Share/security issue expenses in excess of the balance in the Securities Premium Account are expensed off in the Statement of Profit and Loss.

2.18. Borrowing Costs

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs primarily include interest on amounts borrowed for the revenue operations of the Company. These are expensed to the statement of profit and loss using the EIR. All other Borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

2.19. Assets held for sale

Assets acquired by the Company under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, has been classified as assets held for sale, as their carrying amounts will be recovered principally through a sale of asset. In accordance with Ind AS 105, the company is committed to sell these assets and they are measured at the lower of their carrying amount and the fair value less costs to sell.

2.20. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). CODM is responsible for allocating the resources, assess the financial performance and position of the Company and make strategic decision.

2.21. Investment in Subsidiaries, Joint Ventures and Associates

Investment in subsidiaries are measured at cost less impairment loss (if any) as per Ind AS 27- Separate Financial Statements.

2.22. Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. Actual results may differ from these estimates.

Significant management judgements:

Expected credit loss ('ECL') – The measurement of expected credit loss allowance for financial assets measured at amortised cost requires use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. likelihood of customers defaulting and resulting losses). The Company makes significant judgements with regard to the following while assessing expected credit loss:

- Determining criteria for significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Significant estimates:

Provision for employee benefits - Provision for employee benefits, requires that certain assumptions such as expected future salary increases, average life expectancy and discount rates etc. are made in order to determine the amount to be recorded for retirement benefit obligations. Substantial changes in the assumed development of any of these variables may significantly change the Company's retirement benefit obligations.

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Standard issued but not yet effective

No new standards as notified by Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules are effective for the current year.

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

3. Cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
I. Cash on hand	117.26	53.61
II. Balances with banks (of the nature of cash and cash equivalents)		
(a) Balance with banks in current accounts	55.96	4,051.21
(b) Deposits with original maturity of less than 3 months	14,206.94	19,204.64
Sub-total (a and b)	14,262.90	23,255.85
Total (I and II)	14,380.16	23,309.46

4. Bank balance other than cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
I. Deposits with original maturity of more than 3 months	14,779.54	14,612.61
II. Deposit held as margin money under securitisation and borrowing agreements	3,869.67	3,445.70
Total	18,649.21	18,058.31

5. Loans

Particulars	As at 31 March 2022	As at 31 March 2021
At amortised cost		
Term loans	2,65,507.65	2,01,084.25
Staff loans	179.62	133.04
Total gross	2,65,687.27	2,01,217.29
Less: Impairment loss allowance	3,434.82	3,100.33
Total net	2,62,252.45	1,98,116.96
Secured by tangible assets	2,65,687.27	2,01,217.29
Total	2,65,687.27	2,01,217.29
Less: Impairment loss allowance	3,434.82	3,100.33
Total net	2,62,252.45	1,98,116.96
Loans in India		
Public sectors	-	-
Others (individuals and other corporates)	2,65,687.27	2,01,217.29
Total gross	2,65,687.27	2,01,217.29
Less: Impairment loss allowance	3,434.82	3,100.33
Total net	2,62,252.45	1,98,116.96

5.1 Loans granted by the Company are secured by equitable mortgage/registered mortgage of the property and/or undertaking to create a security by way of equitable mortgage of property.

5.2 Loan details

Particulars	Principal	Interest outstanding	Overcollateral	Effective interest rate adjustment	Total
As at 31 March 2022	2,68,794.77	620.02	218.80	(3,946.32)	2,65,687.27
As at 31 March 2021	2,03,358.42	726.90	326.80	(3,194.83)	2,01,217.29

5.3 There were no loans given against the collateral of gold jewellery and hence the percentage of such loans to the total outstanding asset is Nil (31 March 2021: Nil).

5.4 Loans sanctioned but undisbursed amount to Rs.19,341.23 lakhs as on 31 March 2022 (31 March 2021: 11,022.64 lakhs).

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

5.5 The Company has securitised assets amounting to Rs.7,514.12 lakhs (31 March 2021: 6,143.84 lakhs). These loan assets have not been de-recognised from the loan portfolio of the Company as these does not meet the de-recognition criteria. The Company is responsible for collection and servicing of this loan portfolio on behalf of buyers/investors. In terms of the said securitisation agreements, the Company pays to buyer/investor on monthly basis the prorated collection amount as per the respective agreement terms.

5.6 During the financial year 2021-22, the Company has assigned pools of certain loans amounting to Rs. 27,326.80 lakh (31 March 2021: 16,949.36 Lakhs) by way of a direct assignment transactions. These loans have been de-recognised from the loan portfolio of the Company as the sale of loan assets is an absolute assignment and transfer on a 'no-recourse' basis. The Company continues to act as a servicer to the assignment transaction on behalf of assignee. In terms of the assignment agreements, the Company pays to assignees, on a monthly basis, the pro-rata collection amounts.

The management has evaluated the impact of assignment transactions done during the year for its business model. Based on the future business plan, the Company's business model remains to hold the assets for collecting contractual cash flows.

5.7 Expected credit loss

Expected credit loss is a calculation of the present value of the amount expected not to be recovered on a financial asset, for financial reporting purposes. Credit risk is the potential that the obligor and counterparty will fail to meet its financial obligations to the lender. This requires an effective assessment and management of the credit risk at both individual and portfolio level.

The references below show where the Company's impairment assessment and measurement approach is set out in these notes. It should be read in conjunction with the Summary of significant accounting policies.

(i) Definition of default

The Company considers a financial instrument as defaulted and considered it as Stage 3 (credit-impaired) for ECL calculations in all cases, when the borrower becomes more than 90 days past due on its contractual payments. 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 year, if the facility has not been previously derecognised and is still in the portfolio.

(ii) Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

(iii) Loss given default

The Company segments its retail lending products into homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The data applied is collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types, loan to value (LTV) ratio, expected realisation rate, etc.) as well as borrower characteristics.

(iv) Significant increase in credit risk

The Company continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12 month 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 significantly increased in credit risk when contractual payments are more than 30 days past due.

When estimating ECL on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

(v) Delinquency buckets have been considered as the basis for the staging of all loans with:

0-30 days past due loans classified as stage 1,

31-90 days past due loans classified as stage 2 and

> 90 days past due loans classified as stage 3

- Accounts restructured during COVID as per RBI notification and standard as on 31 March 2022 are grouped under Stage 2.

- Pursuant to the RBI circular dated 12 November 2021 - "Prudential norms on income recognition, Asset classification, and Provisioning pertaining to Advances-Clarifications", the Company has aligned its system of asset classification norms as directed by RBI. Such alignment has resulted in transition of sub 90 DPD assets of INR 1,211.02 Lakhs as additional non-performing assets/Stage 3 as at 31 March 2022.

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

5.7 Expected credit loss (contd.)

vi) Macro economic factors

Macro-economic variables relevant to the underlying loan portfolio such as Gross Domestic Product, Inflation, Housing Price Index and 10 year bond yield were analysed for their correlation. Based on the analysis of trend, the Company has considered the 10 year bond yield as relevant macro-economic factor as it shows improved correlation with the portfolio performance.

vii) Credit quality of asset

The Company has classified all individual loans as amortised cost and has assessed it at the collective pool level. The individual loan book has been divided into the housing and non-housing (Loan against property) sub portfolios.

The vintage analysis methodology has been used to create the PD term structure which incorporates both 12 month (Stage 1 Loans) and lifetime PD (Stage 2 Loans). The vintage analysis captures a vintage default experience across a particular portfolio by tracking the yearly slippages from advances originating in a particular year. The vintage slippage experience/default rate is then used to build the PD term structure.

The workout methodology has been used to determine LGD wherein the recoveries of loans defaulted in past are tracked and discounted to the date of default using the effective interest rate. The worked out LGD for loans has been bucketed into various levels of collateral cover. LGD based on collateral cover has been applied to each loan in the portfolio based on specific collateral cover adjusted for the expected fall in valuation. The Company has used the adjusted collateral value based on management estimate to reflect the forward looking LGD given the expected fall in property price due to COVID19.

viii) An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans is, as follows:

Reconciliation of gross carrying amount balance is as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Loans to customers at amortised cost				
Balance as at 01 April 2020	1,47,074.63	2,087.05	1,956.93	1,51,118.61
Transfer to Stage 1	798.34	(619.37)	(178.97)	-
Transfer to Stage 2	(4,413.91)	4,560.49	(146.58)	-
Transfer to Stage 3	(3,000.17)	(798.08)	3,798.25	-
New financial assets originated	85,744.63	80.70	105.23	85,930.56
Financial assets that have been de-recognised/repaid	(32,773.14)	(317.13)	(600.48)	(33,690.75)
Balance as at 31 March 2021	1,93,430.38	4,993.66	4,934.38	2,03,358.42
Loans to customers at amortised cost				
Balance as at 01 April 2021	1,93,430.38	4,993.66	4,934.38	2,03,358.42
Transfer to Stage 1	2,218.23	(1,530.37)	(687.86)	-
Transfer to Stage 2	(5,400.36)	6,532.42	(1,132.06)	-
Transfer to Stage 3	(2,543.74)	(1,049.85)	3,593.59	-
New financial assets originated	1,21,607.30	148.33	82.56	1,21,838.19
Financial assets that have been de-recognised/repaid	(54,296.15)	(398.97)	(1,086.70)	(55,781.82)
Balance as at 31 March 2022	2,55,015.67	8,695.22	5,703.90	2,69,414.79

Reconciliation of ECL balance is as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Balance as at 01 April 2020	906.15	36.30	676.80	1,619.25
Transfer to Stage 1	7.33	(5.81)	(1.52)	-
Transfer to Stage 2	(134.95)	139.55	(4.60)	-
Transfer to Stage 3	(1,015.17)	(246.82)	1,261.99	-
ECL re-measurements due to changes in EAD/assumptions (net)	1,339.71	232.23	(100.89)	1,471.05
New financial assets originated	363.79	2.44	27.91	394.14
Financial assets that have been de-recognised/repaid	(89.05)	(4.52)	(290.54)	(384.11)
Balance as at 31 March 2021*	1,377.81	153.37	1,569.15	3,100.33

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

5.7 Expected credit loss (contd.)

Particulars	Stage 1	Stage 2	Stage 3	Total
Balance as at 01 April 2021	1,377.81	153.37	1,569.15	3,100.33
Transfer to Stage 1	16.61	(11.21)	(5.40)	-
Transfer to Stage 2	(218.21)	324.36	(106.15)	-
Transfer to Stage 3	(639.41)	(244.88)	884.29	-
"ECL re-measurements due to changes in EAD/assumptions (net)"	654.15	232.79	(516.60)	370.34
New financial assets originated	509.13	5.98	21.89	537.00
Financial assets that have been de-recognised/repaid	(162.72)	(15.65)	(394.48)	(572.85)
Balance as at 31 March 2022*	1,537.36	444.76	1,452.70	3,434.82

*includes ECL amount of Rs.3.32 lakhs(31 March 2021: 15.49 lakhs) created on securitised loans derecognised from the books which has been adjusted from EAD as at 31 March 2022.

ix) A comparison between provisions required under Income recognition, asset classification and provision norms (IRACP) and impairment allowances made under IND AS 109

As at 31 March 2022

Asset classification as per RBI Directions	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS*	Loss allowance as per Ind AS*	Net Carrying Amount	Provision required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard assets	Stage 1	2,55,015.67	1,536.26	2,53,479.41	815.98	720.28
	Stage 2	8,695.22	444.69	8,250.53	285.65	159.04
Sub-total		2,63,710.89	1,980.95	2,61,729.94	1,101.63	879.32
Non- performing assets (NPA)						
Substandard	Stage 3	4,475.84	1,100.26	3,375.58	920.27	179.99
Doubtful - up to 1 year	Stage 3	1,195.08	348.17	846.91	451.33	(103.16)
Doubtful - 1 to 3 years	Stage 3	5.33	0.41	4.92	5.33	(4.92)
Doubtful - More than 3 years	Stage 3	-	-	-	-	-
Sub-total for doubtful		1,200.41	348.58	851.83	456.66	(108.07)
Loss	Stage 3	27.65	1.71	25.93	27.65	(25.93)
Sub-total for NPA		5,703.90	1,450.55	4,253.35	1,404.57	45.98
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current (IRACP) norms	Stage 1	19,341.23	73.10	19,268.13	-	73.10
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		19,341.23	73.10	19,268.13	-	73.10
	Stage 1	2,74,356.90	1,609.36	2,72,747.54	815.98	793.38
	Stage 2	8,695.22	444.69	8,250.53	285.65	159.04
	Stage 3	5,703.90	1,450.55	4,253.35	1,404.57	45.98
Total	Total	2,88,756.02	3,504.60	2,85,251.42	2,506.20	998.39

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

5.7 Expected credit loss (contd.)

As at 31 March 2021

Asset classification as per RBI Directions	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS*	Loss allowance as per Ind AS*	Net Carrying Amount	Provision required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard assets	Stage 1*	1,93,430.38	1,373.54	1,92,056.84	626.12	747.42
	Stage 2	4,993.66	152.75	4,840.91	36.84	115.91
	Stage 3**	1,315.69	409.31	906.38	131.42	277.89
Sub-total		1,99,739.73	1,935.60	1,97,804.13	794.38	1,141.22
Non- performing assets (NPA)						
Substandard	Stage 3	2,857.44	895.79	1,961.65	462.47	433.32
Doubtful - up to 1 year	Stage 3	717.56	238.23	479.33	221.62	16.61
Doubtful - 1 to 3 years	Stage 3	20.27	6.38	13.89	10.76	(4.38)
Doubtful - More than 3 years	Stage 3	-	-	-	-	-
Sub-total for doubtful		737.83	244.61	493.22	232.38	12.23
Loss	Stage 3	23.43	8.84	14.59	23.43	(14.59)
Sub-total for NPA		3,618.70	1,149.24	2,469.46	718.28	430.97
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current (IRACP) norms	Stage 1	11,022.64	54.65	10,967.99	-	54.65
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		11,022.64	54.65	10,967.99	-	54.65
	Stage 1	2,04,453.02	1,428.19	2,03,024.83	626.12	802.07
	Stage 2	4,993.66	152.75	4,840.91	36.84	115.91
	Stage 3	4,934.39	1,558.55	3,375.84	849.71	708.85
Total	Total	2,14,381.06	3,139.49	2,11,241.58	1,512.66	1,626.83

* Does not includes ECL amount of Rs. 3.32 lakhs(31 March 2021: Rs. 15.49 lakhs) created on securitised loans derecognised from the books which has been adjusted from EAD and EIR impact.

** Loans which were restructured during the year as per RBI notification no. RBI/2020-21/16 DOR.No.BP/BC/3/21.04.048/2020-21 dated 6 August 2020 and standard as on 31 March 2021 have been classified under respective stage where they were prior to restructuring for the purpose of computation of ECL.

6. Investments

Particulars	As at 31 March 2022	As at 31 March 2021
At fair value through profit and loss		
Investments in India		
Mutual funds	17,532.00	-
Total	17,532.00	-

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

7. Other financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Security deposits	261.88	214.35
Receivables on securitised loans (refer note a)	38.01	27.79
EIS receivable on direct assignment (refer note b)	5903.74	2,425.87
Other receivables	32.38	157.25
Total gross	6,236.01	2,825.26
Less: Impairment loss allowance (on EIS Receivable assets)	(40.80)	(16.71)
Total	6,195.21	2,808.55

Note:

- Receivables on securitised loans is amount receivable towards collections made, presently lying with buyers and recoverable by the Company as at the end of the year.
- Under Ind AS, with respect to Assignment deals, Company has created an Excess Interest Spread (EIS) receivable, with corresponding credit to Statement of Profit and loss for the year, which has been computed by discounting EIS to present value.

8. Current tax assets/ (liabilities) (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Income tax advance/ (liabilities)(net)	(432.22)	3.55
Total	(432.22)	3.55

9. Deferred tax assets (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred tax assets		
Provision for employee benefits	110.80	76.79
Difference in written down value as per Companies Act and Income Tax Act	57.44	53.40
Impairment loss allowance on loans	893.13	681.83
Unamortised processing fees on loans	999.57	804.07
Lease liabilities	31.32	26.11
Provision for impairment on assets held for sale	15.41	9.01
Others	-	1.10
Deferred tax liabilities		
Unamortised borrowing cost	(331.57)	(121.95)
EIS receivable on direct assignment	(1,481.04)	(596.71)
Net deferred tax assets	295.06	933.65

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

9. Deferred tax assets (net) (contd.)

Movement in deferred tax assets (net)

Particulars	As at 1 April 2021	(Charged)/ credited to statement of profit and loss	Credited/ (charged) to other comprehensive income	As at 31 March 2022
Deferred tax assets				
Provision for employee benefits	76.79	10.83	23.18	110.80
Difference in written down value as per Companies Act and Income Tax Act	53.40	4.04	-	57.44
Impairment loss allowance on loans	681.83	211.30	-	893.13
Unamortised processing fees on loans	804.07	195.50	-	999.57
Lease liability	26.11	5.21	-	31.32
Provision for impairment on assets held for sale	9.01	6.40	-	15.41
Others	1.10	(1.10)	-	0.00
Deferred tax liabilities				
Unamortised borrowing cost	(121.95)	(209.62)	-	(331.57)
EIS receivable on direct assignment	(596.71)	(884.33)	-	(1,481.04)
Net deferred tax assets	933.65	(661.77)	23.18	295.06

Movement in deferred tax assets (net)

Particulars	As at 1 April 2020	(Charged)/ credited to statement of profit and loss	Credited/ (charged) to other comprehensive income	As at 31 March 2021
Deferred tax assets				
Provision for employee benefits	95.99	(26.35)	7.15	76.79
Difference in written down value as per Companies Act and Income Tax Act	43.89	9.51	-	53.40
Impairment loss allowance on loans	295.77	386.06	-	681.83
Unamortised processing fees on loans	669.86	134.21	-	804.07
Lease liability	20.25	5.86	-	26.11
Provision for impairment on assets held for sale	7.85	1.16	-	9.01
Others	1.10	-	-	1.10
Deferred tax liabilities				
Fair valuation of financial instruments through profit and loss	(9.03)	9.03	-	0.00
Unamortised borrowing cost	(119.54)	(2.41)	-	(121.95)
EIS receivable on direct assignment	-	(596.71)	-	(596.71)
Net deferred tax assets	1,006.14	(79.63)	7.15	933.65

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

10. Property, plant and equipment

Gross block	Freehold land	Plant and equipment - computer and other related equipment	Office equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Right-of- use assets*	Total
Balance as at 01 April 2020	9.17	384.84	150.39	154.91	22.29	368.78	1,525.24	2,615.62
Additions during the year	-	94.80	17.14	4.49	55.45	11.98	616.15	800.01
Disposals/adjustments	-	(57.37)	(25.68)	(8.75)	-	(20.72)	(676.92)	(789.44)
Balance as at 31 March 2021	9.17	422.27	141.85	150.65	77.74	360.04	1,464.47	2,626.19
Additions during the year	-	223.25	48.83	0.44	214.42	20.96	447.87	955.77
Disposals/adjustments	-	(0.57)	(4.29)	(4.73)	(39.08)	(15.64)	(315.92)	(380.24)
Balance as at 31 March 2022	9.17	644.95	186.38	146.36	253.08	365.36	1,596.42	3,201.72
Accumulated depreciation								
Balance as at 01 April 2020	-	301.76	87.99	67.33	10.00	187.58	339.77	994.43
Depreciation charge for the year	-	60.52	22.34	12.53	4.16	55.65	289.63	444.83
Disposals/adjustments	-	(54.67)	(24.85)	(6.48)	-	(11.79)	(118.41)	(216.20)
Balance as at 31 March 2021	-	307.61	85.48	73.38	14.16	231.44	510.99	1,223.06
Depreciation charge for the year	-	89.73	30.27	12.36	24.29	55.72	383.19	595.56
Disposals/adjustments	-	(0.37)	(3.70)	(3.27)	(16.58)	(15.47)	(234.79)	(274.18)
Balance as at 31 March 2022	-	396.97	112.05	82.47	21.87	271.69	659.39	1,544.44
Net block								
Balance as at 31 March 2021	9.17	114.66	56.37	77.27	63.58	128.60	953.48	1,403.13
Balance as at 31 March 2022	9.17	247.98	74.33	63.89	231.21	93.67	937.03	1,657.28

11. Other intangible assets

Gross block	Total
Balance as at 01 April 2020	295.43
Additions during the year	9.22
Balance as at 31 March 2021	304.65
Additions during the year	-
Disposal during the year	(24.47)
Balance as at 31 March 2022	280.18
Accumulated amortisation	
Balance as at 01 April 2020	131.90
Amortisation charge during the year	65.01
As at 31 March 2021	196.91
Amortisation charge during the year	58.34
Disposal during the year	(21.61)
Balance as at 31 March 2022	233.64
Net block	
Balance as at 31 March 2021	107.74
Balance as at 31 March 2022	46.54

12. Other non-financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Prepaid expenses	427.86	453.58
Capital advances	40.35	15.95
Advance to employees	47.02	44.46
Advance to suppliers	112.44	88.07
Balance with government authorities	149.99	572.91
Total	777.66	1,174.97

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

13. Trade payables

Particulars	As at 31 March 2022	As at 31 March 2021
(i) total outstanding dues of micro enterprises and small enterprises (refer note 34)	-	12.12
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	459.41	450.63
Total	459.41	462.75

Trade Payables ageing schedule as at 31 March 2022

Particulars	MSME	Others	Disputed dues – MSME	Disputed dues - Others
Less than 1 year	-	459.41	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
More than 3 years	-	-	-	-
Total	-	459.41	-	-

Trade Payables ageing schedule as at 31 March 2021

Particulars	MSME	Others	Disputed dues – MSME	Disputed dues - Others
Less than 1 year	12.12	450.63	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
More than 3 years	-	-	-	-
Total	12.12	450.63	-	-

14. Debt securities (at amortised cost)

Particulars	As at 31 March 2022	As at 31 March 2021
Secured		
Non-convertible debentures (including interest accrued)	18,659.85	8,222.38
Total	18,659.85	8,222.38
Debt securities in India	18,659.85	8,222.38
Debt securities outside India	-	-
Total	18,659.85	8,222.38

- i) 150 (31 March 2021: 150), @ 10.25% Secured listed non-convertible debentures (NCD) of face value Rs. 10,00,000 each aggregating to Rs. 1,500 lakhs repayable on 12 June 2023. The date of allotment was 12 June 2020. The amount outstanding as on 31 March 2022 Rs.1500 Lakh (31 March 2021: Rs. 1,500 Lakh).

(These NCD having exclusive first charge floating via a deed of hypothecation over specific standard asset portfolio of receivables to the extent equal to an amount aggregating to the total outstanding such that the value of security shall be equal of 1.10 times).

- ii) 5,000 (31 March 2021: Nil), @ 8.68% Secured listed non-convertible debentures (NCD) of face value Rs.1,00,000 each aggregating to Rs. 5,000 lakhs repayable on 27 December 2023. The date of allotment is 22 June 2021. The amount outstanding as 31 March 2022 Rs. 5,000 Lakhs (31 March 2021: Nil).

(These NCD having exclusive first charge floating via a deed of hypothecation over specific standard asset portfolio of receivables to the extent equal to an amount aggregating to the total outstanding and interest accrued thereon shall be maintained at all times until the redemption of these NCD such that the value of security shall be equal of 1.28 times).

- iii) 500 (31 March 2021: Nil), @ 9.29% Secured listed non-convertible debentures of face (NCD) value Rs.10,00,000 each aggregating to Rs. 5,000 lakhs payable in 7 half yearly installment ending on 21 March 2025. The date of allotment of NCD was 23 November 2021. The amount outstanding as 31 March 2022 Rs. 5,000 lakhs (31 March 2021: Nil).

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

14. Debt securities (at amortised cost) (contd.)

(These NCD are secured by way of a first ranking exclusive and continuing charge created pursuant to the deed of hypothecation over certain identified receivables of the Issuer. A security cover of 1.10 times of the value of the aggregate principal amount outstanding on the NCD and interest accrued thereon (if any) shall be maintained at all times until the redemption of these NCD).

- iv) 300 (31 March 2021: Nil), @ 8.75% Secured listed non-convertible debentures of face (NCD) value Rs.10,00,000 each aggregating to Rs. 3,000 lakhs repayable on 31 August 2026. The date of allotment of NCD was 31 August 2021. The amount outstanding as at 31 March 2022 Rs. 3,000 lakhs (31 March 2021: Nil).

(These NCD are secured by way of a first ranking exclusive and continuing charge created pursuant to the deed of hypothecation over certain identified receivables of the Issuer. A security cover of 1.10 times of the value of the aggregate principal amount outstanding on the NCD shall be maintained at all times until the redemption of these NCD).

- v) 350 (31 March 2021: Nil), @ 9.25% Secured listed non-convertible debentures of face (NCD) value Rs.10,00,000 each aggregating to Rs. 3,500 lakhs repayable on 15 September 2026. The date of allotment of NCD was 15 September 2021. The amount outstanding as 31 March 2022 Rs. 3,500 lakhs (31 March 2021: Nil).

(These NCD are secured by way of a first ranking exclusive and continuing charge created pursuant to the deed of hypothecation over certain identified receivables of the Issuer. A security cover of 1.28 times of the value of the aggregate principal amount outstanding on the NCD and interest accrued thereon (if any) shall be maintained at all times until the redemption of these NCD).

- vi) **Amounts repayable from the date of balance sheet***

Particulars	As at 31 March 2022	As at 31 March 2021
less than 1 year	1,500.00	-
one to three years	10,000.00	1,500.00
three to five years	6,500.00	5,000.00
more than five years	-	-

*All the above mentioned repayments disclosed as per the contractual maturities of principal amount of debt securities.

15. Borrowings (Other than debt securities)

Particulars	As at 31 March 2022	As at 31 March 2021
At amortised cost		
(a) Term loans - Secured (including interest accrued)		
(i) from banks	1,24,741.85	73,434.06
(ii) from other parties		
- National housing bank	34,404.92	52,854.52
- Financial institutions	23,956.16	9,919.00
(b) Lease liabilities	1,061.43	1,057.19
(c) Liability against securitised assets (net of over collateralisation amount)	4,176.76	3,641.88
Total	1,88,341.12	1,40,906.65
Borrowings in India	1,88,341.12	1,40,906.65
Borrowings outside India	-	-
Total	1,88,341.12	1,40,906.65

- i) Secured term loans from National Housing Bank carry rate of interest in the range of 3% to 7.35% p.a (31 March 2021: 3.00% to 7.80%). The loans are having tenure of 1 to 15 years from the date of disbursement and are repayable in quarterly or yearly installments. These loans are secured by hypothecation (exclusive charge) of certain loans given by the Company.

- ii) Secured term loans from banks and financial institutions include loans from various banks and financial institutions and carry rate of interest in the range of 7.5% to 11.2% p.a (31 March 2021: 7.65% to 11.20%). The loans are having tenure of 34 to 120 months from the date of disbursement and are repayable in monthly or quarterly installments. These loans are secured by hypothecation (exclusive charge) of certain loans given by the Company.

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

15. Borrowings (Other than debt securities) (contd.)

- iii) In addition to above, the term loans amounting to Rs. Nil (31 March 2021: Rs. 4,306 lakhs) from banks and Rs. Nil (31 March 2021: Rs. 2,500 lakhs) from National Housing Bank are also personally guaranteed by a director.
- iv) The Company is not a declared willful defaulter by any bank or financial Institution or other lender, in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India, during the year ended 31 March 2022 and 31 March 2021.
- v) The Company has borrowings from banks and financial institutions on the basis of security of loans and the quarterly details filed by the Company with the banks and financial institutions are in accordance with the books of accounts of the Company for the respective quarters.
- vi) The Company has not defaulted in the repayment of debt, borrowings(other than debt securities) and interes thereon for the year ended 31 March 2022 and 31 March 2021

Terms of principal repayment of borrowings as at 31 March 2022*

Particulars	Number of installments	Monthly repayment	Number of installments	Quarterly repayment
less than one year	557	31,201.15	112	16,448.85
one to three years	939	53,928.88	182	25,000.15
three to five years	542	28,868.31	113	12,636.96
more than five years	267	10,649.92	97	10,451.12

Terms of principal repayment of borrowings as at 31 March 2021*

Particulars	Number of installments	Monthly repayment	Number of installments	Quarterly repayment
less than one year	372	17,209.20	97	17,728.06
one to three years	677	32,932.06	225	25,801.10
three to five years	315	15,165.62	145	16,528.68
more than five years	105	4,334.20	131	11,441.61

*All the above mentioned repayments disclosed as per the contractual maturities of principal amount of borrowings (other than debt securities).

Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

Particulars	Debt securities	Borrowings (other than debt securities)	Total
01 April 2020	24,588.20	68,872.16	93,460.36
Cash flows:			
-Repayments	(17,857.15)	(25,184.81)	(43,041.96)
-Proceeds	1,500.00	97,840.90	99,340.90
-Payment of lease liability	-	(321.68)	(321.68)
Non-cash:			
-Amortization of upfront fees and others (net)	182.97	(192.56)	(9.59)
-Accrued interest (net)	(191.64)	(220.31)	(411.95)
-Recognition of lease liabilities	-	112.95	112.95
31 March 2021	8,222.38	1,40,906.65	1,49,129.03
Cash flows:			
-Repayments	(5,000.00)	(66,456.29)	(71,456.29)
-Proceeds	16,500.00	1,14,063.55	1,30,563.55
-Payment of lease liability	-	(446.22)	(446.22)
Non-cash:			
-Amortisation of upfront fees and others (net)	(137.98)	(261.35)	(399.33)
-Accrued interest (net)	(924.55)	84.32	(840.23)
-Recognition of lease liabilities	-	450.46	450.46
31 March 2022	18,659.85	1,88,341.12	2,07,000.97

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

16. Other financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Employee related payable	1464.75	854.30
Payable towards assignment transactions	1055.71	512.21
Advance received from customers	410.28	376.54
Payable towards securitisation transactions	305.99	225.05
Insurance payables	99.78	120.71
Total	3,336.51	2,088.81

17. Provisions

Particulars	As at 31 March 2022	As at 31 March 2021
Provisions for employee benefits		
- Provision for gratuity (Refer note 36)	365.01	253.74
- Provision for compensated absences	75.21	51.34
Impairment loss allowance on Undrawn commitments	73.10	54.65
Total	513.32	359.73

18. Other non-financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Book Overdraft	2615.24	297.09
Statutory dues payables	151.80	199.80
Total	2,767.04	496.89

19. Equity share capital

Particulars	As at 31 March 2022	As at 31 March 2021
(a) Authorised capital		
8,10,00,000 (31 March 2021: 81,000,000) equity shares of Rs. 10 each	8,100.00	8,100.00
(b) Issued capital		
4,37,06,655 (31 March 2021: 4,29,78,405) equity shares of Rs. 10 each	4,370.67	4,297.84
(c) Subscribed and paid up capital		
4,37,06,655 (31 March 2021: 4,29,78,405) equity shares of Rs. 10 each	4,370.67	4,297.84

(d) Reconciliation of the number of shares outstanding at the beginning and at the end of the period

Particulars	As at 31 March 2022	As at 31 March 2021
Equity shares outstanding at the beginning of the year	4,29,78,405	4,28,30,155
Issued during the year (Refer note (e) below)	7,28,250	1,48,250
Equity shares outstanding at the end of the year	4,37,06,655	4,29,78,405

(e) Issue of shares against exercise of ESOPs

A) During the current year, the Board of Directors have approved allotment of 7,28,250 equity shares to 14 option holders, who exercised their options as per the following:

- 92,250 shares of Rs. 10 each at a premium of Rs. 3.27 each (aggregating to Rs. 12.24 lakhs) vide circular dated on 25 July 2021 & 06 January 2022.

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

19. Equity share capital (contd.)

- b. 5,000 shares of Rs. 10 each at a premium of Rs. 4.18 each (aggregating to Rs. 0.71 lakhs) vide circular dated on 06 January 2022.
 - c. 50,000 shares of Rs. 10 each at a premium of Rs.10.32 each (aggregating to Rs. 10.16 lakhs) vide circular dated on 29 April 2021 & 25 July 2021.
 - d. 5,62,500 shares of Rs. 10 each at a premium of Rs.73.20 each (aggregating to Rs. 468 lakhs) vide circular dated on 25 July 2021 , 08 August 2021 & 23 August 2021
 - e. 12,000 shares of Rs. 10 each at a premium of Rs.108.48 each (aggregating to Rs. 14.22 lakhs) vide circular dated on 08 August 2021
 - f. 6,000 shares of Rs. 10 each at a premium of Rs.149.01 each (aggregating to Rs. 9.54 lakhs) vide circular dated on 08 August 2021
 - g. 500 shares of Rs. 10 each at a premium of Rs.169.92 each (aggregating to Rs. 0.90 lakhs) vide circular dated on 08 August 2021
- B) During the previous year, the Board of Directors vide circular/resolution dated 10 January 2021 have approved allotment of 1,48,250 equity shares to 9 option holders, who exercised their options as per the following:
- a. 1,38,250 shares of Rs. 10 each at a premium of Rs. 3.27 each (aggregating to Rs. 18.35 lakhs).
 - b. 10,000 shares of Rs. 10 each at a premium of Rs. 4.18 each (aggregating to Rs. 1.42 lakhs).

(f) Terms and conditions of the main features of each class of shares

The Company has only one class of equity shares having a face value of Rs. 10 per share. Each shareholder is entitled to one vote per share. The Company will pay dividend as and when declared. The dividend as and when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to shareholding.

(g) Detail of shareholders holding 5 percent or more

Name of shareholders	As at 31 March 2022		As at 31 March 2021	
	No. of shares	% of holding	No. of shares	% of holding
Sequoia Capital India Investments III	-	0.00%	14,48,776	3.37%
Nexus Ventures III Limited	99,61,798	22.79%	99,61,798	23.18%
Sequoia Capital India Growth Investments I	-	0.00%	21,70,560	5.05%
WestBridge Crossover Fund, LLC	1,08,54,151	24.83%	1,08,54,151	25.25%
Milestone Trusteeship Services Private Limited acting as trustee for Madison India opportunity trust fund	23,79,954	5.45%	23,79,954	5.54%
Aravali Investment Holdings	1,42,11,409	32.52%	1,05,92,073	24.65%
Nexus Opportunity Fund II, Ltd.	29,10,037	6.66%	29,10,037	6.77%

(h) Shares held by promoter

Name of Promoter	As at 31 March 2022		As at 31 March 2021		% change during the year
	No. of shares	% of holding	No. of shares	% of holding	
Anil Mehta	8,20,367	1.88%	10,95,367	2.55%	(25.11%)
WestBridge Crossover Fund, LLC (w.e.f 26 October 2021)	1,08,54,151	24.83%	-	-	-
Aravali Investment Holdings (w.e.f 26 October 2021)	1,42,11,409	32.52%	-	-	-

(i) Shares reserved for issue under options and contracts/commitments for the sale of shares

The Company has reserved 30,38,344 (31 March 2021: 24,63,494) number of shares for a pool of employee stock options/right to subscribe to equity shares representing 6.50% (31 March 2021: 5.42%) of share capital for the benefit of employees on such terms and conditions as determined by the Investors and Board of Directors. This include 3,55,000 Rights to Subscribe to equity shares to Mr. Anil Mehta approved by Board of Directors in their meeting held on 28 April, 2016.

- (j) The Company (except disclosed above) has not allotted any shares for consideration other than cash, bonus shares and shares bought back for the five years immediately preceding the reporting date.

- (k) The Board of Directors have not proposed any dividend for the year ended 31 March 2022 and 31 March 2021.

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

20. Other equity

Particulars	As at 31 March 2022	As at 31 March 2021
Securities premium	68,577.83	67,824.59
Statutory reserve	6,992.50	4,423.56
Employee share based payment reserve	833.95	550.11
Retained earnings	26,837.69	16,630.86
Total	1,03,241.97	89,429.12

Nature and purpose of other reserve

Securities premium

Securities premium represents premium received on issue of shares. The amount is utilised in accordance with the provisions of the Companies Act, 2013.

Statutory reserve

This reserve is created as per the provision of Section 29C of the National Housing Bank Act, 1987 (read with Section 36(1)(viii) of the Income-tax Act, 1961).

The Company transfers amount at least 20% of the total comprehensive income after tax to Statutory reserve.

Employee share based payment reserve

This reserve is used to recognise the fair value of the options issued to employees of the Company under Company's employee stock option plan.

Retained earnings

Retained earnings represents the amount of accumulated earnings of the Company.

21. Interest income (on financial assets measured at amortised cost)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest on loans	35,663.21	25,719.71
Interest on investments	566.16	28.86
Interest on deposits with banks	1,471.99	1,658.48
Income on securitised loans	63.38	50.16
Total	37,764.74	27,457.21

22. Fees and commission income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Fee based income	1,602.65	999.26
Total	1,602.65	999.26

23. Net gain on fair value changes

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	458.85	291.85
Total net gain on fair value changes	458.85	291.85
Fair value changes		
- Realised	428.13	291.85
- Unrealised	30.72	-
Total net gain on fair value changes	458.85	291.85

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

24. Other income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Marketing support income	1,172.55	587.20
Gain on termination of leases	8.22	22.02
Liabilities no longer required, written back	2.03	-
Total	1,182.80	609.22

25. Finance costs (on financial liabilities measured at amortised cost)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(a) Interest expenses on		
- Borrowings	13,264.25	8,352.47
- Debt securities	1,043.86	1,611.33
- Securitised loans	427.46	485.04
(b) Other borrowing costs		
- Securitisation expense	2.37	7.49
- Interest expense on lease liabilities	91.93	77.33
- Other interest expense	3.99	1.15
Total	14,833.86	10,534.81

26. Impairment on financial instruments (measured at amortised cost)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Impairment loss on loans	352.97	1,515.97
Net loans written off*	811.81	452.05
Impairment loss on EIS receivable	24.09	16.71
Total	1,188.87	1,984.73

*Net of bad debt recovery of INR 123.36 lakhs (31 March 2021: INR 66.06 lakhs)

27. Employee benefits expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, wages and bonus	8,913.41	5,665.43
Contribution to provident and other funds	540.92	328.56
Share based payments to employees	594.12	161.21
Staff welfare expenses	92.17	13.38
Total	10,140.62	6,168.58

28. Depreciation and amortisation

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation of property, plant and equipment (Refer note 10)	595.56	444.83
Amortisation of intangible assets (Refer note 11)	58.34	65.01
Total	653.90	509.84

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

29. Other expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Legal and professional charges	260.40	221.82
Loan processing cost	284.48	161.30
Advertisement and marketing expenses	132.09	77.88
Rent and hire charges	84.53	67.63
Travelling and conveyance	213.49	138.92
Information technology expense	680.14	496.21
Communication expenses	80.94	66.70
Rates and taxes expenses	3.97	2.92
Repairs and maintenance - others	52.63	50.95
Office expenses	106.19	69.68
Electricity and water expenses	88.95	55.56
Printing, stationery and office supplies	24.43	23.92
Workshop, seminar and conference expenses	15.70	5.66
Insurance expenses	160.43	119.17
Directors' sitting fees	27.47	31.07
Auditor's remuneration (Refer note 29.1 below)	38.15	32.00
Bank charges	34.90	36.67
Loss on derecognition of property, plant and equipment	6.39	14.65
Corporate social responsibility expenses (Refer note 29.2 below)	146.54	90.00
Loss on Stock of Acquired Properties	12.30	4.62
Miscellaneous expenses	19.02	18.85
Total	2,473.14	1,786.18

29.1 Auditor's remuneration

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
a) As auditors		
- Statutory audit including limited review	31.00	27.50
- Certification and other charges	6.20	3.70
b) for re-imbursement of expenses	0.95	0.80

29.2 Expenditure incurred on Corporate Social Responsibility (CSR)

As per section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules 2014, the Company is required to spend for CSR activities in accordance with its CSR policy. The details of the CSR expenses for the year are as under:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
a) Gross amount required to be spent by the Company during the year	146.54	90.00
b) Amount spent during the year on:		
i) Construction/acquisition of any asset	-	-
ii) On purpose other than (a) above		
Contribution towards Trust/NGOs	146.54	90.00
c) Amount unpaid	-	-

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

30. Tax expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
In respect of the current year	3,183.62	2,477.20
	3,183.62	2,477.20
Deferred tax charge/(credit)	661.78	79.63
	661.78	79.63
Total income tax expense recognised (excluding tax recognised in other comprehensive income)	3,845.40	2,556.83

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate and the reported tax expense in statement of profit and loss, is as follows:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit before tax	16,690.11	11,295.69
Applicable tax rate	25.17%	25.17%
Expected tax expense [A]	4,200.57	2,842.90
Effect of expenses that are not deductible in determining taxable profit	80.39	13.83
Deductions under section 80JJAA of the Income-tax Act, 1961	(52.80)	(38.90)
Deductions under Section 36(1)(viii) of the Income-tax Act, 1961	(382.76)	(261.00)
Total	3,845.40	2,556.83

With introduction of Taxation Laws (Amendment) Ordinance, 2019 in previous year, where section 115BAA was introduced in the Income-tax Act, 1961 proposing option to compute income tax liability at revised taxation rates, the Company has elected to exercise the option and thereby the applicable tax rates have reduced from 29.12% to 25.17%.The tax expense for the current financial year and previous financial year, has been computed considering the revised tax provisions.

Income tax expense recognised in other comprehensive income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Income tax relating to re-measurement loss on defined benefit plans	23.18	7.15
Total	23.18	7.15

31. Expenditure in foreign currency

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Software license expense	197.67	149.96
Total	197.67	149.96

The Company's unhedged foreign currency exposure as on 31 March 2022 is Nil (31 March 2021: Nil).

For the year ended 31 March 2022 and 31 March 2021

Particulars	Unhedged			Hedged through forward or derivative			Natural hedge
	</=1 year	> 1 year	Total	</=1year	> 1 year	Total	
Foreign currency (FCY) receivables							
Exports	-	-	-	-	-	-	-
Loans to Joint Venture/Wholly Owned Subsidiary (JV/ WOS)	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

31. Expenditure in foreign currency (contd.)

Particulars	Unhedged			Hedged through forward or derivative			Natural hedge
	</=1 year	> 1 year	Total	</=1year	> 1 year	Total	
FCY payables							
Imports	-	-	-	-	-	-	-
Trade credits	-	-	-	-	-	-	-
External Commercial Borrowings (ECBs)	-	-	-	-	-	-	-
Other FCY loans	-	-	-	-	-	-	-
INR to USD swaps	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

32. Segment reporting

The Company is a housing finance company registered with the National Housing Bank predominantly engaged in a single business segment i.e. providing housing loans and loan against properties in India only, which has similar nature of products and services, type/class of customers and the nature of the regulatory environment, risks and returns and accordingly there are no separately reportable business or geographical segments as per the Indian Accounting Standard ('Ind AS') 108 on Operating Segments. The aforesaid is in line with the way operating results are reviewed and viewed by the chief operating decision maker. Accordingly, the amounts appearing in these financial statements relate to the Company's single business segment.

33. Contingent liabilities and commitments

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
a) In respect of following:		
- Income tax matters	445.23	445.23
b) Commitments		
- Undrawn loans commitments	19,341.23	11,022.64
- Capital commitments	5.00	2.05

Note:

The Company received income tax notice under section 143(3) of the Income Tax Act, 1961 (the Act) dated 25 December 2019 for tax demand amounting to Rs. 445.23 lakhs on account of unexplained credit under Section 68 of the Act for assessment year 2017-18. In response to such notice, the Company has filed an appeal before Commissioner of Income Tax (Appeals). The Company has deposited Rs. 89.05 lakhs under protest. The legal proceeding when ultimately concluded will not, in the opinion of the management, have a material effect on the financial position of the Company. Above amount does not include the contingencies, the likelihood of which is remote.

34. Disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31 March 2022	As at 31 March 2021
(i) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;		
- Principal due	Nil	12.12
- Interest due	Nil	Nil
(ii) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
(iii) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	Nil	Nil

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

34. Disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (contd.)

Particulars	As at 31 March 2022	As at 31 March 2021
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

35. Assets held for sale

The Company has obtained possession of certain properties mortgaged by customers, under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (The SARFAESI Act, 2002), which shall be sold to realise the loan and other amounts receivable by the Company. The Company is in the process of selling these properties and has classified these as assets held for sale.

36. Employee benefit plans

A) Defined contribution plans

Provident and other funds

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Company has no obligations other than this to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue.

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Employer's contribution to provident and other funds	540.92	328.56
	540.92	328.56

B) Defined benefit plans

Gratuity

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk

The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31 March 2022 by Mr. Ashok Kumar Garg (FIAI M.No. 00057), Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

36. Employee benefit plans (contd.)

Principal assumptions	31 March 2022	31 March 2021
Discount rate(s)	7.00%	7.00%
Expected rate(s) of salary increase	10.00%	10.00%
Retirement age	58	58
Withdrawal rate	8.00%	8.00%
In service mortality	IALM (2012-14)	IALM (2012-14)

Amounts recognised in the statement of profit and loss in respect of these defined benefit plans are as follows:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Service cost:		
Current service cost	148.93	89.74
Interest cost	17.76	11.31
Components of defined benefit costs recognised in profit or loss	166.69	101.05
Remeasurement on the net defined benefit liability:		
Actuarial losses/(gains) arising from changes in financial assumptions	-	35.68
Actuarial (gains)/losses arising from experience adjustments	92.12	(7.29)
Components of defined benefit costs recognised in other comprehensive income	92.12	28.39

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Present value of funded defined benefit obligation	365.01	253.74
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation	365.01	253.74

Movements in the present value of the defined benefit obligation are as follows:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Opening defined benefit obligation	253.74	161.62
Current service cost	148.93	89.74
Interest cost	17.76	11.31
Remeasurement (gains)/losses:		
Actuarial losses/(gains) arising from changes in financial assumptions	-	35.68
Actuarial (gains)/losses arising from experience adjustments	92.12	(7.29)
Past service cost, including losses/(gains) on curtailments	-	-
Benefits paid	(147.54)	(37.32)
Closing defined benefit obligation	365.01	253.74

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase, mortality, etc. The sensitivity analysis below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by Rs. 37.95 lakhs (increase by Rs. 44.40 lakhs) [31 March 2021: 24.82 lakhs (increase by Rs. 29.76 lakhs)].

- If the expected salary growth increases (decreases) by 100 basis points, the defined benefit obligation would increase by Rs. 42.67 lakhs (decrease by Rs. 37.31 lakhs) [31 March 2021: increase by Rs. 28.58 lakhs (decrease by Rs. 24.40 lakhs)].

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

36. Employee benefit plans (contd.)

Sensitivities due to change in mortality rate and change in withdrawal rate are not expected to be material and hence impact of such change is not calculated.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Other disclosures

Maturity profile of defined benefit obligations

Particulars	As at 31 March 2022	As at 31 March 2021
Average duration of the defined benefit obligation (in years)		
Less than 1 year	7.03	24.32
Between 1-2 years	3.06	1.21
Between 2-5 years	9.82	6.26
Over 5 years	345.10	221.95

-The expected contributions to the plan for the next year is INR 219.03 lakh.

37. Maturity analysis of assets and liabilities

Assets	31 March 2022			31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	14,380.16	-	14,380.16	23,309.46	-	23,309.46
Bank balance other than cash and cash equivalents	17,789.59	859.62	18,649.21	16,062.94	1,995.37	18,058.31
Loans	36,602.66	2,25,649.79	2,62,252.45	9,870.88	1,88,246.08	1,98,116.96
Investments	17,532.00	-	17,532.00	-	-	-
Other financial assets	2,225.83	3,969.38	6,195.21	1,192.74	1,615.81	2,808.55
Non-financial assets						
Current tax assets (net)	-	-	-	-	3.55	3.55
Deferred tax assets (net)	-	295.06	295.06	-	933.65	933.65
Property, plant and equipment	-	1,657.28	1,657.28	-	1,403.13	1,403.13
Other intangible assets	-	46.54	46.54	-	107.74	107.74
Other non-financial assets	556.52	221.14	777.66	427.21	747.76	1,174.97
Assets held for sale	336.54	-	336.54	347.85	-	347.85
Total assets	89,423.30	2,32,698.81	3,22,122.11	51,211.08	1,95,053.09	2,46,264.17
Liabilities						
Financial liabilities						
Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	12.12	-	12.12
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	459.41	-	459.41	450.63	-	450.63
Debt securities	1,955.81	16,704.04	18,659.85	111.08	8,111.30	8,222.38
Borrowings (Other than debt securities)	47,675.60	1,40,665.52	1,88,341.12	34,703.38	1,06,203.27	1,40,906.65
Other financial liabilities	3,336.51	-	3,336.51	2,088.81	-	2,088.81

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

37. Maturity analysis of assets and liabilities (contd.)

Assets	31 March 2022			31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-financial liabilities						
Provisions	84.58	428.74	513.32	84.89	274.84	359.73
Current tax liabilities (Net)	432.22	-	432.22	-	-	-
Other non-financial liabilities	2,767.04	-	2,767.04	496.89	-	496.89
Total liabilities	56,711.17	1,57,798.30	2,14,509.47	37,947.80	1,14,589.41	1,52,537.21
Net	32,712.12	74,900.50	1,07,612.64	13,263.28	80,463.68	93,726.96

Classification of assets & liabilities under maturity buckets is based on estimates and assumptions of the company.

38. Financial instruments

38.1 Capital management

Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the National Housing Bank (NHB) and Reserve Bank of India (RBI). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by NHB and RBI.

Capital management

The capital management objectives of the Company are:

- to ensure that the Company complies with externally imposed capital requirements, if any and maintains strong credit ratings and healthy capital ratios
- to ensure the ability to continue as a going concern
- to provide an adequate return to shareholders

Gearing ratio

The gearing ratio at the end of reporting period was as follows:

Particulars	As at 31 March 2022	As at 31 March 2021
Debt		
Borrowings(other than debt securities)	1,88,341.12	1,40,906.65
Debt securities	18,659.85	8,222.38
Cash and cash equivalents	(14,380.16)	(23,309.46)
Net debt	1,92,620.81	1,25,819.57
Total equity	1,07,612.64	93,726.96
Net debt to equity ratio	1.79	1.34

Management assesses the capital requirements of the Company in order to maintain an efficient overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends, issue new shares, moderate business growth or sell assets to reduce debt.

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

38.2 Categories of financial instruments

The carrying value of financial assets and financial liabilities are as follows:

As at 31 March 2022

Particulars	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value
Financial assets				
Cash and cash equivalents	-	-	14,380.16	14,380.16
Bank balance other than cash and cash equivalents	-	-	18,649.21	18,649.21
Loans	-	-	2,62,252.45	2,62,252.45
Investments	17,532.00	-	-	17,532.00
Other financial assets	-	-	6,195.21	6,195.21
Total financial assets	17,532.00	-	3,01,477.03	3,19,009.03
Financial liabilities				
Trade payables	-	-	459.41	459.41
Debt securities	-	-	18,659.85	18,659.85
Borrowings (Other than debt securities)	-	-	1,88,341.12	1,88,341.12
Other financial liabilities	-	-	3,336.51	3,336.51
Total financial liabilities	-	-	2,10,796.89	2,10,796.89

As at 31 March 2021

Particulars	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value
Financial assets				
Cash and cash equivalents	-	-	23,309.46	23,309.46
Bank balance other than cash and cash equivalents	-	-	18,058.31	18,058.31
Loans	-	-	1,98,116.96	1,98,116.96
Other financial assets	-	-	2,808.55	2,808.55
Total financial assets	-	-	2,42,293.28	2,42,293.28
Financial liabilities				
Trade payables	-	-	462.75	462.75
Debt securities	-	-	8,222.38	8,222.38
Borrowings (Other than debt securities)	-	-	1,40,906.65	1,40,906.65
Other financial liabilities	-	-	2,088.81	2,088.81
Total financial liabilities	-	-	1,51,680.59	1,51,680.59

38.3 Fair value measurement of assets and liabilities

- Fair value hierarchy

Assets and liabilities are measured at fair value in the financial statements and are grouped into three levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- **Level 1:** Quoted prices (unadjusted) for identical instruments in an active markets;
- **Level 2:** Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and
- **Level 3:** Inputs which are not based on observable market data (unobservable inputs).

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

38.3 Fair value measurement of assets and liabilities (contd.)

The following table shows the levels within the hierarchy of assets measured at fair value on a recurring basis:

As at 31 March 2022

Particulars	Level 1	Level 2	Level 3	Total
Asset measured at fair value on a recurring basis				
Financial Assets carried at fair value through profit and loss				
Investments in mutual fund	17,532.00			17,532.00
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	336.54	-	336.54

As at 31 March 2021

Particulars	Level 1	Level 2	Level 3	Total
Asset measured at fair value on a recurring basis				
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	347.85	-	347.85

Valuation methodologies of financial instruments measured at fair value

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

- Mutual funds** - Units held in Mutual funds are valued based on their published Net asset value (NAV) and such instruments are classified under Level 1.
- Asset held for sale** - Assets held for sale valuation are basis independent valuations by a specialist in valuing these type of assets. The best estimate of fair value is current prices in an active market for similar assets.

38.4 Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

As at 31 March 2022

Particulars	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Cash and cash equivalents	14,380.16			14,380.16	14,380.16
Bank balance other than cash and cash equivalents	18,649.21			18,649.21	18,649.21
Loans	2,62,252.45			2,62,252.45	2,62,252.45
Other financial assets	6,195.21			6,195.21	6,195.21
	3,01,477.03	-	-	3,01,477.03	3,01,477.03
Financial liabilities					
Trade payables	459.41	-	-	459.41	459.41
Debt securities	18,659.85			18,659.85	18,659.85
Borrowings (Other than debt securities)	1,88,341.12			1,88,341.12	1,88,341.12
Other financial liabilities	3,336.51			3,336.51	3,336.51
	2,10,796.89	-	-	2,10,796.89	2,10,796.89

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

38.3 Fair value measurement of assets and liabilities (contd.)

As at 31 March 2021

Particulars	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	23,309.46	-	-	23,309.46	23,309.46
Bank balance other than cash and cash equivalents	18,058.31	-	-	18,058.31	18,058.31
Loans	1,98,116.96	-	-	1,98,116.96	1,98,116.96
Other financial assets	2,808.55	-	-	2,808.55	2,808.55
	2,42,293.28	-	-	2,42,293.28	2,42,293.28
Financial liabilities					
Trade payables	462.75	-	-	462.75	462.75
Debt securities	8,222.38	-	-	8,222.38	8,222.38
Borrowings (Other than debt securities)	1,40,906.65	-	-	1,40,906.65	1,40,906.65
Other financial liabilities	2,088.81	-	-	2,088.81	2,088.81
	1,51,680.59	-	-	1,51,680.59	1,51,680.59

The management is of view that the fair value of bank balances and cash and cash equivalents, other bank balances, loans, other financial assets, trade payables, borrowings including debt securities and other financial liabilities that are being carried at amortised cost, approximates to their respective net carrying value.

38.5. Financial risk management

Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Loan receivables, cash and bank balances, investments, financial assets measured at amortised cost	Expected loss analysis	Credit risk analysis, diversification of customers/asset base, high rated bank deposits, credit limits and collateral.
Liquidity risk	Business commitments and other liabilities	Rolling cash flow forecasts	Maintaining adequate cash reserves and undrawn credit facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks.

The Board has the overall responsibility of risk management. There are two committees of the Board which takes care of managing overall risk in the organisation. In accordance with the RBI guidelines to enable Housing Finance Companies to adopt best practices and greater transparency in their operations, the Board of Directors of the Company has constituted a Risk Management Committee to review risk management in relation to various risks, namely, credit risk, and operational risk, and an Asset Liability Management Committee (ALCO) to review the liquidity and market risk.

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

38.5. Financial risk management (contd.)

a) Credit risk

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to the Company. In its lending operations, the Company is principally exposed to credit risk.

The credit risk is governed by various product policies. The product policies outlines the type of products that can be offered, customer categories, the targeted customer profile and the credit approval process and limits. The Company measures, monitors and manages credit risk at an individual borrower level. The credit risk for individual borrowers is being managed at portfolio level for both Housing Loans and Non-housing Loans. The Company has a structured and standardised credit approval process, which includes a well-established procedure of comprehensive credit appraisal.

Credit risk arises from loan financing, cash and cash equivalents, investments and deposits with banks and financial institutions, as shown below:

Particulars	As at 31 March 2022	As at 31 March 2021
Loans	2,62,252.45	1,98,116.96
Cash and cash equivalents	14,380.16	23,309.46
Bank balance other than cash and cash equivalents	18,649.21	18,058.31
Investments	17,532.00	-
Other financial assets	6,195.21	2,808.55

Credit risk management

The Company assesses and manages credit risk based on internal credit rating system and external ratings.

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Loans

The customers are primarily low and middle -income, salaried and self-employed individuals. The credit officers evaluate credit proposals on the basis of active credit policies as on the date of approval. The criteria typically include factors such as the borrower's income and obligations, the loan-to-value ratio and demographic parameters subject to regulatory guidelines. Any deviations need to be approved at the designated levels.

The various process controls such as PAN Number Check, CERSAI database scrubbing, Credit Bureau Report analysis are undertaken prior to approval of a loan. Individual loans are secured by the mortgage of the borrowers property.

Investments

Investments are generally made in mutual funds. Credit risk related to these investments is managed by monitoring the recoverability of such amounts continuously.

Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

Management of the Company monitors forecast of liquidity position and cash and cash equivalents on the basis of expected cash flows. The Asset Liability Management Policy aims to align market risk management with overall strategic objectives, articulate current interest rate view and determine pricing, mix and maturity profile of assets and liabilities. The asset liability management policy involves preparation and analysis of liquidity gap reports and ensuring preventive and corrective measures. It also addresses the interest rate risk by providing for duration gap analysis and control by providing limits to the gaps.

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

38.5. Financial risk management (contd.)

The tables below analyse the financial assets and liabilities of the Company into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows except EIS receivables on direct assignment included in other financial assets. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Maturities of financial assets

31 March 2022	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Cash and cash equivalents	14,380.16	-	-	-	14,380.16
Bank balance other than cash and cash equivalents	17,789.59	784.18	75.44	-	18,649.21
Loans	37,114.84	73,535.98	58,811.42	99,952.55	2,69,414.79
Investments	17,532.00	-	-	-	17,532.00
Other financial assets	2,225.83	2,762.75	1,126.04	80.59	6,195.21
Total	89,042.42	77,082.91	60,012.90	1,00,033.14	3,26,171.37

31 March 2021	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Cash and cash equivalents	23,309.46	-	-	-	23,309.46
Bank balance other than cash and cash equivalents	16,062.94	1,868.43	101.64	25.30	18,058.31
Loans	9,870.88	23,528.34	29,174.48	1,40,784.73	2,03,358.43
Other financial assets	1,192.74	1,120.57	495.24	-	2,808.55
Total	50,436.02	26,517.34	29,771.36	1,40,810.03	2,47,534.75

Maturities of financial liabilities

The tables below analyse the financial liabilities of the Company into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 March 2022	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Borrowings (Other than debt securities)	47,972.87	78,929.03	41,505.27	21,101.04	1,89,508.21
Debt securities	1,963.93	10,000.00	6,846.26	-	18,810.19
Trade payables	459.41	-	-	-	459.41
Other financial liabilities	3,336.51	-	-	-	3,336.51
Total	53,732.72	88,929.03	48,351.53	21,101.04	2,12,114.32

31 March 2021	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Borrowings (Other than debt securities)	35,175.87	58,733.16	31,694.30	15,775.81	1,41,379.14
Debt securities	123.42	1,500.00	6,611.30	-	8,234.72
Trade payables	462.75	-	-	-	462.75
Other financial liabilities	2,088.81	-	-	-	2,088.81
Total	37,850.85	60,233.16	38,305.60	15,775.81	1,52,165.42

- c. Public disclosure on Liquidity Risk of India Shelter Finance Corporation Limited as on 31 March 2022 in accordance with RBI circular No. RBI/2019-20/88 DOR.NBFC(PD) CC. No.102/03.10.001/2019-20 dated 04 November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies (NBFCs) including Core Investment Companies and RBI circular No. RBI/2020-21/60 DOR.NBFC(HFC). CC.No.118/ 03.10.136/2020-21 dated 22 October 2020 for regulatory framework for Housing Finance Companies (HFCs).

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

38.5. Financial risk management (contd.)

Funding concentration based on significant counterparty*# (borrowings)

Number of significant counterparties	As at 31 March 2022	
	Amount	% of total liabilities
29	1,97,713.82	92.17%

Number of significant counterparties	As at 31 March 2021	
	Amount	% of total liabilities
20	1,40,419.16	92.06%

*A significant counterparty is a single counterparty that has an amount outstanding for more than 1% of the total liabilities as on the reporting date.

Funding concentration based on significant instrument/product*#

Name of the instrument	As at 31 March 2022		As at 31 March 2021	
	Amount	% of total liabilities	Amount	% of total liabilities
Term loans from banks and financial institutions	1,49,495.11	46.41%	83,574.58	54.79%
Term loans from National Housing Bank	34,415.56	10.68%	52,866.79	34.66%
Non-convertible debentures	18,000.00	5.59%	6,500.00	4.26%
Securitisation	4,176.76	1.30%	3,641.88	2.39%
	2,06,087.43		1,46,583.25	

*A significant instrument/product is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the total liabilities.

Top 10 borrowings#

Particulars	As at 31 March 2022		As at 31 March 2021	
	Amount	% of total borrowings	Amount	% of total borrowings
Term Loan/NCD/Securitisation	1,20,527.77	58.48%	1,13,206.11	77.23%

#All the above mentioned outstanding borrowings are disclosed at principal contractual liability.

Stock Ratios:

Particulars	As at 31 March 2022	As at 31 March 2021
Commercial papers issued to total liabilities	Nil	Nil
Commercial papers issued to total assets	Nil	Nil
NCD (original maturity < one year) to total liabilities	Nil	Nil
NCD (original maturity < one year) to total assets	Nil	Nil
Other short-term liabilities to total liabilities	3.06%	2.00%
Other short-term liabilities to total assets	2.04%	1.24%

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

38.5. Financial risk management (contd.)

c) Market risk

Interest rate risk

Liabilities

The policy of the Company is to minimise interest rate cash flow risk exposures on long-term loans and borrowings. As at 31 March 2022, the Company is exposed to changes in market interest rates through loans and bank borrowings at variable interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

Particulars	As at 31 March 2022	As at 31 March 2021
Variable rate borrowing	1,73,329.79	1,03,837.45
Fixed rate borrowing	28,580.89	39,103.92
Total borrowings	2,01,910.68	1,42,941.37

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates:

Particulars	Impact on profit before tax	
	Year ended 31 March 2022	Year ended 31 March 2021
Interest rate - Increase by 100 basis points*	1,368.45	697.28
Interest rate - Decrease by 100 basis points*	(1,368.45)	(697.28)

* Holding all other variables constant

39. Related party transactions

List of related parties:	
i. Holding Company	WestBridge Crossover Fund, LLC (w.e.f 26 October 2021)
ii. Wholly owned subsidiary of the Company	India Shelter Capital Finance Limited (w.e.f 24 March 2022)
iii. Key management personnel	<p>a. Anil Mehta - Chairman and Non-Executive Director (w.e.f 23 November 2021, Managing Director and Chief Executive Officer (till 22 November 2021))</p> <p>b. Rupinder Singh- Managing Director and Chief Executive Officer (w.e.f. 23 November 2021)*</p> <p>b. Ashish Gupta - Chief Financial Officer</p> <p>c. Mukti Chaplot - Company Secretary</p> <p>d. GV Ravishankar - Nominee Director (till 26 October 2021)</p> <p>e Anup Gupta - Nominee Director</p> <p>f. Sumir Chadha - Nominee Director</p> <p>g. Anisha Motwani - Independent Director (till 17 February 2021)</p> <p>h. Shailesh J Mehta - Nominee Director (w.e.f 03 November 2021, Independent Director till 2 November 2021)</p> <p>i. Rachna Dikshit - Independent Director (w.e.f 12 February 2021)</p> <p>j. Sudhin Choksey- Nominee Director (w.e.f. 3 November 2021)</p> <p>k. Sunil Bhumralkar- Additional Independent Director (w.e.f. 31 March 2022)</p>
iv. Entities having significance influence	<p>a. WestBridge Crossover Fund, LLC (Holder of Equity Shares) (till 25 October 2021)</p> <p>b. Nexus Ventures III Ltd, Mauritius (Holder of Equity Shares)</p> <p>c. Aravali Investment Holdings (Holder of Equity Shares)</p>
v. Relative of key management personnel - (where there are transactions)	<p>Gaj Singh Mehta - Father of Anil Mehta</p> <p>Ankit Aggarwal - Husband of Mukti Chaplot</p>

* Rupinder Singh has been appointed as Executive Director w.e.f. 12 May 2021 and re-designated as managing Director and Chief Executive officer w.e.f. 23 November 2021

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

39. Related party transactions (contd.)

Transactions with related parties

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Rent paid	3.41	3.56

Transaction with key management personnel

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Short- term benefits	942.51	555.81
Contribution to pension funds and gratuity payment	178.81	15.27
Sitting fees	26.25	28.50
Proceeds from issue of equity shares	10.66	16.27
Sale of Assets	8.63	-

* Based on perquisite value computed as per Income tax Act,1961

Amount payable to key management personnel

Particulars	As at 31 March 2022	As at 31 March 2021
Short-term benefits	379.56	220.77

Note 1: The KMPs are covered under the Company's gratuity policy, compensated absences policy and ESOP scheme along with other eligible employees of the Company. Proportionate amount of gratuity expenses, provision for compensated absences and ESOP expenses are not included in the aforementioned disclosures as it cannot be separately ascertained.

Note 2: During the current year, the Board of Directors vide circular resolution dated 06 January 2022 allotted 75,000 equity shares (31 March 2021: 1,20,000 equity shares) to Mr. Anil Mehta and 5,000 equity shares(31 March 2021: 2500) to Mrs. Mukti Chaplot pursuant to exercise of Employee Share Option Plan (ESOP) as per the ESOP schemes. Further, 10,40,000 ESOP (31 March 2021: 10,000) were granted to to Key Managerial personnel's in the current year.

Note 3: Term loans amounting to Rs. Nil (31 March 2021: Rs. 4,306 lakhs) from banks and Rs. Nil (31 March 2021: Rs. 2,500 lakhs) from National Housing Bank are personally guaranteed by Mr. Anil Mehta.

Note 4: The Company has incorporated wholly owned subsidiary India Shelter Capital Finance Limited on 24 March 2022 to carry on lending business as Non-Banking Finance Company subject to receipt of regulatory approvals.

Balances outstanding as at the year end

Particulars	As at 31 March 2022	As at 31 March 2021
Share capital		
WestBridge Crossover Fund, LLC	1,085.42	1,085.42
Aravali Investment Holdings	1,421.14	1,059.21
Nexus Ventures III Ltd	996.18	996.18
Anil Mehta	82.04	109.54
Ankit Aggarwal*	0.75	0.75
Ashish Gupta	1.00	-
Mukti Chaplot	1.35	0.25

*Holds equity shares allotted before 4 February 2020 on exercise on employee stock options.

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

40. Earnings per share

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profits for the year	12,844.71	8,738.86
Weighted average number of equity shares for calculating basic earnings per share	4,33,99,740	4,28,62,737
Effect of dilutive potential equity shares- Employee Stock Options and right to subscribe	4,88,921	11,32,392
Total weighted average number of equity shares for calculating diluted earnings per share	4,38,88,661	4,39,95,129
Earnings per share on profit for the year (Face value of Rs. 10 per share)		
a) Basic earnings per share (Rs.)	29.60	20.39
b) Diluted earnings per share (Rs.)	29.27	19.86

41. Lease related disclosures

The Company has leases for office building, branches and related facilities and cars. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right-of-use assets. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Some leases contain an option to extend the lease for a further term.

A Lease payments not included in measurement of lease liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	31 March 2022	31 March 2021
Short-term leases	84.53	67.63
Leases of low value assets	-	-
Variable lease payments	-	-

B Total cash outflow for leases for the year ended 31 March 2022 was Rs. 446.22 lakhs (31 March 2021: 321.68 lakhs).

C The Company has total commitment for short-term leases as at 31 March 2022 Rs.Nil (31 March 2021: Nil).

D Maturity of lease liabilities

The lease liabilities are secured by the related underlying assets. Future minimum lease payments were as follows:

31 March 2022	Minimum lease payments due						Total
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	
Lease payments	445.33	329.37	199.12	169.00	57.81	37.86	1,238.49
Interest expense	78.74	49.29	27.16	13.96	5.84	2.07	177.06
Net present values	366.59	280.08	171.96	155.04	51.97	35.79	1,061.43

31 March 2021	Minimum lease payments due						Total
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	
Lease payments	384.41	355.68	204.84	113.36	93.83	58.96	1,211.08
Interest expense	68.25	39.25	22.29	11.45	6.61	6.04	153.89
Net present values	316.16	316.43	182.55	101.91	87.22	52.92	1,057.19

E There are no variable lease agreements.

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

41. Lease related disclosures (contd.)

F Information about extension and termination options

As at 31 March 2022

Right of use assets	Number of leases	Range of remaining term	Average remaining lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination option
Office premises	104	1 to 7 years	2.60 years	104	-	104
Car lease	2	1-2 years	1.5 years	-	-	-

As at 31 March 2021

Right of use assets	Number of leases	Range of remaining term	Average remaining lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination option
Office premises	122	1 to 8 years	2.60 years	122	-	122
Car lease	5	3-4 years	2.5 years	-	-	-

G The total future cash outflows as at 31 March 2022 for leases that had not yet commenced is of Rs. Nil (31 March 2021: Nil).

42. Employee Stock Option Scheme

The Company provides Employee Stock option schemes to its employees. For the year ended 31st March 2022 following Employee Stock Option Plans (ESOPs) were in existence. The relevant details of the schemes and the grants are as below:

Particulars	ESOP 2012				
Date of grant	01 October 2012	01 October 2013	15 March 2014	22 January 2015	08 June 2016
Exercise price	Rs. 13.27 per option	Rs. 14.18 per option	Rs. 16.84 per option	Rs. 20.32 per option	Rs. 83.20 per option
Vesting dates:					
Tranche I*	01 October 2013	01 October 2014	01 October 2014	21 January 2016	09 June 2017
Tranche II*	01 October 2014	01 October 2015	01 October 2015	21 January 2017	09 June 2018
Tranche III*	01 October 2015	01 October 2016	01 October 2016	21 January 2018	09 June 2019
Tranche IV*	01 October 2016	01 October 2017	01 October 2017	21 January 2019	09 June 2020

* Grant on 01 October 2012, 01 October 2013, 15 March 2014 and 22 January 2015 to be vested equally in each tranche. However, option granted on 08 June 2016 to be vested in the ratio of (3:5:5:7)

Particulars	ESOP 2017						
Date of grant	31 January 2018	15 February 2019	17 May 2019	13 August 2019	04 November 2019	01 July 2020	17 September 2020
Exercise price	Rs.118.48 per option	Rs. 159.01 per option	Rs. 179.92 per option	Rs. 184.55 per option	Rs. 189.56 per option	Rs. 197.80 per option	Rs. 197.80 per option
Vesting dates:							
Tranche I (10% of the options granted)	31 January 2019	15 February 2020	17 May 2020	13 August 2020	04 November 2020	01 July 2021	17 September 2021
Tranche II (20% of the options granted)	31 January 2020	15 February 2021	17 May 2021	13 August 2021	04 November 2021	01 July 2022	17 September 2022
Tranche III (30% of the options granted)	31 January 2021	15 February 2022	17 May 2022	13 August 2022	04 November 2022	01 July 2023	17 September 2023
Tranche IV (40% of the options granted)	31 January 2022	15 February 2023	17 May 2023	13 August 2023	04 November 2023	01 July 2024	17 September 2024

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

42. Employee Stock Option Scheme (contd.)

Particulars	ESOP 2021			
Date of grant	31 August 2021	02 November 2021	01 February 2022	31 March 2022
Exercise price	Rs.309.59 per option	Rs.315.57 per option	Rs.315.57 per option	Rs.340.71 per option
Vesting dates:				
Tranche I (20% of the options granted)	31-Aug-22	02-Nov-22	01-Feb-23	31-Mar-23
Tranche II (20% of the options granted)	31-Aug-23	02-Nov-23	01-Feb-24	31-Mar-24
Tranche III (20% of the options granted)	31-Aug-24	02-Nov-24	01-Feb-25	31-Mar-25
Tranche IV (20% of the options granted)	31-Aug-25	02-Nov-25	01-Feb-26	31-Mar-26
Tranche V (20% of the options granted)	31-Aug-26	02-Nov-26	01-Feb-27	31-Mar-27

Reconciliation of options under each plan

Particulars	ESOP 2012		ESOP 2017		ESOP 2021	
	Number of options	Amount	Number of options	Amount	Number of options	Amount
Outstanding as at 31 March 2021	8,09,750	511.43	5,41,000	968.27	-	-
Granted during the year	-	-	-	-	19,04,595	5,973.66
Forfeited during the year	-	-	-	-	22,500	69.99
Exercised during the year	7,09,750	491.11	18,500	24.66	-	-
Expired during the year	-	-	-	-	-	-
Outstanding as at 31 March 2022	1,00,000	20.32	5,22,500	943.61	18,82,095	5,903.67
Exercisable at the end of the year	1,00,000	-	1,67,000	273.91	-	-

The value of the underlying shares has been determined by an independent valuer. The following assumptions were used for calculation of fair value of grants in accordance with Black Scholes model, for options granted during the financial year:

Particulars	
Risk free interest rate	5.19% to 6.38%
Expected life of option	3.6 yrs to 5.6 yrs
Expected Volatility	24% to 29%
Dividend yield	0%

The risk free interest rates are determined based on the Government bond yields with maturity equal to the expected term of the option. Volatility calculation is based on historical stock prices of relevant index using standard deviation of daily change in index price. The historical period is taken into account to match the expected life of the option. Dividend yield has been considered taking into account the historical and expected rate of dividend on equity share price as on grant date.

43 Disclosures required by Reserve Bank of India('RBI')

Additional disclosures required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 RBI/2020-21/73/DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated 17 February, 2021 issued by RBI.

43.01 Capital to risk assets ratio (CRAR)

Particulars	As at 31 March 2022	As at 31 March 2021
CRAR %	55.87%	71.51%
CRAR-Tier I capital %	55.35%	70.81%
CRAR-Tier II capital %	0.52%	0.70%
Amount of subordinated debt raised as Tier- II Capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

43.02 Reserve fund u/s 29C of National Housing Bank Act, 1987 ("NHB Act, 1987")

As per Section 29C of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of net profits every year to Reserve Fund. The Company has transferred an amount of Rs. 2,568.94 Lakh (March 31, 2021 Rs. 1,747.77 Lakh)

Particulars	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year		
a. Statutory reserve u/s 29 C of the National Housing Bank Act, 1987	1,213.82	566.78
b. Amount of special reserve u/s 36(1)(viii) of Income Tax Act 1961 taken into account for the purposes of Statutory reserve under Section 29C of the NHB Act, 1987	3,209.74	2,109.01
Total	4,423.56	2,675.79
Addition / Appropriation / Withdrawal during the year		
a. Add:- Amount transferred u/s 29 C of the NHB Act, 1987	868.94	647.04
b. Add:- Amount of special reserve u/s 36(1)(viii) of Income Tax Act 1961 taken into account for the purposes of Statutory reserve under Section 29C of the NHB Act, 1987	1,700.00	1,100.73
c. Less:- Amount appropriated from the Statutory reserve u/s 29 C of the NHB Act, 1987	-	-
d. Less:- Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act 1961 which has been taken into account for the purposes of provision under Section 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a. Statutory Reserve u/s 29 C of the National Housing Bank Act, 1987	2,082.76	1,213.82
b. Amount of special reserve u/s 36(1)(viii) of Income Tax Act 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	4,909.74	3,209.74
Balance at the end of the year	6,992.50	4,423.56

43.03 A) Investments

Particulars	As at 31 March 2022	As at 31 March 2021
Value of investments		
(i) Gross value of investments		
(a) In India	17,532.00	-
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	17,532.00	-
(b) Outside India	-	-

B) Movement of provisions held towards depreciation on investments

Particulars	As at 31 March 2022	As at 31 March 2021
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off/written back of excess provision during the year	-	-
(iv) Closing balance	-	-

43.04 Derivatives

- The Company has no transactions/exposure in derivatives in the current and previous year.
- The Company has no unhedged foreign currency exposure on 31 March 2022 (31 March 2021: Nil).

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

43.05 Asset Liability Management (Maturity pattern of certain items of asset and liabilities)

As at 31 March 2022

Particulars	Liabilities		Assets	
	Borrowings*	Debt securities*	Loans#	Investments
1 to 7 days	413.64	-	654.16	-
8 to 14 days	132.44	-	109.03	-
Over 14 days to one month	2,199.43	-	2,382.26	17,532.00
Over 1 Month upto 2 Months	3,098.65	750.00	3,132.58	-
Over 2 Months upto 3 Months	5,246.54	-	3,111.33	-
Over 3 Months upto 6 Months	12,177.38	-	9,321.56	-
Over 6 Months upto 1 Year	24,381.87	750.00	18,403.93	-
Over 1 Year upto 3 Years	78,929.03	10,000.00	73,535.98	-
Over 3 Years upto 5 Years	41,505.27	6,500.00	58,811.40	-
Over 5 Years upto 7 Years	17,970.14	-	44,482.17	-
Over 7 Years upto 10 Years	2,794.11	-	44,098.73	-
Over 10 Years	336.79	-	11,371.66	-
Total	1,88,639.22	18,000.00	2,69,414.79	17,532.00

Considering behaviourlised prepayment adjustment

As at 31 March 2021

Particulars	Liabilities		Assets	
	Borrowings*	Debt securities*	Loans#	Investments
1 to 7 days	215.54	-	563.71	-
8 to 14 days	69.01	-	93.95	-
Over 14 days to one month	1,146.09	-	281.86	-
Over 1 Month upto 2 Months	1,880.14	-	768.67	-
Over 2 Months upto 3 Months	1,577.33	-	777.86	-
Over 3 Months upto 6 Months	14,229.36	-	2,381.31	-
Over 6 Months upto 1 Year	14,619.06	-	5,003.52	-
Over 1 Year upto 3 Years	56,135.83	1,500.00	23,528.34	-
Over 3 Years upto 5 Years	30,846.20	5,000.00	29,174.48	-
Over 5 Years upto 7 Years	10,096.80	-	32,896.41	-
Over 7 Years upto 10 Years	5,410.85	-	49,510.51	-
Over 10 Years	215.12	-	58,377.81	-
Total	1,36,156.79	6,500.00	2,03,358.43	-

* The disclosures made are based on the contractual obligations.

43.06 Exposure:

1 Exposure to Real Estate Sector

Particulars	As at 31 March 2022	As at 31 March 2021
(i) Direct Exposure		
A. Residential Mortgage :		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	2,69,058.32	2,02,940.84
B. Commercial Real Estate :		
Lending fully secured by mortgages on commercial real estates.	356.47	417.58
C. Investments in Mortgage Backed Securities and other securitised exposures:		
a. Resident	-	-
b. Commercial Real estate	-	-

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

43.06 Exposure: (contd.)

Particulars	As at 31 March 2022	As at 31 March 2021
(ii) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

* The disclosures made are based on the contractual obligations.

2 As on 31 March 2022, the Company does not have any exposure to Capital Market (31 March 2021: Nil).

3 As on 31 March 2022, the Company has not financed any product of the parent Company (31 March 2021: Nil).

4 As on March 31, 2022, the Company has not given any unsecured advances (31 March 2021: Nil).

5 As on 31 March 2022, the Company has not exceeded the prudential exposure limit prescribed by RBI and NHB for single borrower or group borrower (31 March 2021: Nil).

6 As on 31 March 2022 and 31 March 2021, no group Company is engaged in the business of real estate.

43.07 Regulator registrations

1 National Housing Bank	09.0087.10
2 Ministry of Corporate Affairs (CIN)	U65922HR1998PLC042782

In addition to above, the Company's non-convertible debentures (NCDs) are listed on stock exchange in India, thereby, regulations of Securities and Exchange Board of India are also applicable.

43.08 Disclosure of penalties imposed by National Housing Bank (NHB) and other regulators

During current year, National Housing Bank (NHB) levied a penalty of Rs. 15,000 for contravention of the provisions of paragraph 22(2) of the Housing Finance Companies (NHB) Directions, 2010 and RBI circular No. DOR.NO.BP.BC.63/21.04.048/2019-20. During year ended 31 March 2021:- 7,45,000 for contravention of the provisions of paragraph 22(2) 2(i)(zc)(ii) of the Housing Finance Companies Directions, 2010 and provisions of NHB (ND)/DRS/Policy Circular No. 75/2016-17 in relation to inspection done for year ended 31 March 2019).

43.09 Related party transactions

Refer note 39 For related party transactions.

43.10 Ratings assigned by Credit Rating Agencies and migration during the year

Nature of instrument	Rating agency	31-Mar-22	31-Mar-21
Bank term loans	ICRA	A stable(Outlook)	A stable(Outlook)
Bank term loans	CARE	A Positive(outlook)	A stable(Outlook)
Non-convertible debentures	ICRA	A stable(Outlook)	A stable(Outlook)

During the year, CARE has upgraded the rating outlook of the Company from Stable to Positive

43.11 Remuneration of Directors

Remuneration of Directors has been disclosed separate note. Refer note 39.

43.12 Management

Management discussion and Analysis report shall form part of Board of Directors' report.

43.13 During the year, no expense was accounted which was related to prior period (31 March 2021: Rs.Nil).

43.14 During the year, no item of revenue recognition has been postponed except as disclosed in accounting policy for revenue recognition.

43.15 The Company has a wholly owned Subsidiary and the Consolidated financial statements is prepared in accordance with Ind AS 110.

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

43.16 The diagrammatical group structure of the Company is as follows:



43.17 Provisions and contingencies

A) Break-up of Provisions and Contingencies shown under the head expenditure in Profit and Loss account

S. No	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
1	Provisions for depreciation on investment	-	-
2	Provision made towards Income tax	3,183.62	2,477.20
3	Provision towards NPA	301.31	472.43
4	Provision for Standard assets - Residential Mortgage - CRE	45.72 (0.37)	1,003.11 (4.54)
5	Other provision and contingencies (Provision for Gratuity, compensated absences, undrawn commitments and EIS receivables)	177.68	(24.68)

B) Break up of Loan & Advances and provisions thereon

S. No	particulars	Housing		Non-housing	
		For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2021
1	Standard assets				
	a) Total outstanding amount	1,62,347.55	1,23,081.40	1,01,363.35	76,852.58
	b) Provisions made	1,366.21	1,364.79	614.73	570.81
2	Sub-standard assets				
	a) Total outstanding amount	2,848.46	1,558.82	1,627.38	1,298.62
	b) Provisions made	759.62	529.40	340.64	366.39
3	Doubtful assets – Category-I				
	a) Total outstanding amount	648.76	485.21	546.32	232.35
	b) Provisions made	210.27	167.18	137.90	71.05
4	Doubtful assets – Category-II				
	a) Total outstanding amount	5.33	8.87	-	12.82
	b) Provisions made	0.41	2.48	-	3.90
5	Doubtful assets – Category-III				
	a) Total outstanding amount	-	-	-	-
	b) Provisions made	-	-	-	-

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

43.17 Provisions and contingencies (contd.)

S. No	particulars	Housing		Non-housing	
		For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2021
6	Loss assets				
	a) Total outstanding amount	26.22	22.01	1.42	-
	b) Provisions made	1.63	8.84	0.09	-
	TOTAL				
	a) Total outstanding amount	1,65,876.32	1,25,156.31	1,03,538.47	78,396.37
	b) Provisions made	2,338.14	2,072.69	1,093.36	1,012.15

Disclosure above are based on the contractual repayments

43.18 There has been no draw down from reserves during the year ended 31 March 2022 (31 March 2021: Nil).

43.19 Concentration of public deposits (for public deposit taking/holding HFCs)

During the year ended 31 March 2022 and 31 March 2021, the Company has not accepted any public deposits, as per Certificate of Registration (CoR) issued by National Housing Bank (NHB) and as per the board resolution passed in the board meeting dated 12 May 2021.

43.20 Concentration of Loans and Advances

S. No	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
1	Total loans and advances to twenty largest borrowers	1,896.69	1,951.17
2	Percentage of loans and advances of twenty largest borrowers to total advances of the Housing Finance Company	0.70%	0.96%

43.21 Concentration of all exposure (including off-balance sheet exposure)

S. No	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
1	Total exposure to twenty largest borrowers/customers	1,969.94	2,080.75
2	Percentage of exposures to twenty largest borrowers/customers to total exposure of the HFC on borrowers / customers	0.64%	0.95%

43.22 Concentration of NPAs

S. No	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
1	Total exposure to top ten NPA accounts	470.24	367.80

43.23 Sector-wise NPAs

S. No	Sector	Percentage of NPAs to total advances in that sector	
		For the year ended 31 March 2022	For the year ended 31 March 2021
1	Housing Loans:		
	a. Individuals	2.13%	1.66%
	b. Builders/Project Loans	-	-
	c. Corporates	-	-
	d. Others (specify)	-	-
2	Non-Housing Loans:		
	a. Individuals	2.10%	1.97%
	b. Builders/Project Loans	-	-
	c. Corporates	-	-
	d. Others (specify)	-	-

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

43.24 Movement of NPAs

S . No	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
1	Net NPAs to Net Advances (%)	1.60%	1.23%
2	Movement of NPAs (Gross)		
	a) Opening balance	3,618.70	1,956.92
	b) Additions during the year	4,115.89	2,781.99
	c) Reductions during the year	2,030.69	1,120.21
	d) Closing balance	5,703.90	3,618.70
3	Movement of Net NPAs		
	a) Opening balance	2,469.46	1,280.21
	b) Additions during the year	3,053.23	1,889.07
	c) Reductions during the year	1,269.34	699.82
	d) Closing balance	4,253.35	2,469.46
4	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance	1,149.24	676.71
	b) Provisions made during the year	1,062.66	892.92
	c) Write-off/write-back of excess provisions	761.35	420.39
	d) Closing balance	1,450.55	1,149.24

43.25 The Company does not have any Overseas assets.

43.26 The Company does not have any Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms).

43.27 Customer complaints

S . No	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
1	Number of complaints pending at the beginning of the year	-	1
2	Number of complaints received during the year	100	17
3	Number of complaints redressed during the year	96	18
4	Number of complaints pending at the end of the year	4	-

43.28 Frauds

During the financial year 2021-2022, the Company has reported 2 cases of fraud involving Rs. 10.35 lakhs (31 March 2021: reported 2 cases of Rs.23.52 lakhs) to NHB.

Additional disclosures required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 RBI/2020-21/73/DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated 17 February 2021 issued by RBI.

43.29 Schedule to Balance Sheet

Particulars	As at 31 March 2022		As at 31 March 2021	
Liabilities Side	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
1 Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:				
(a) Debentures : Secured	18,659.85	-	8,222.38	-
: Unsecured	-	-	-	-
(other than falling within the meaning of public deposits*)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans	1,83,102.93	-	1,36,207.58	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	-	-	-	-
(g) Public Deposits	-	-	-	-
(h) Securitisation Loans	4,176.76	-	3,641.88	-

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

43.29 Schedule to Balance Sheet (contd.)

Particulars	As at 31 March 2022		As at 31 March 2021	
Liabilities Side	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):				
(a) In the form of Unsecured debentures	-	-	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
(c) Other public deposits	-	-	-	-

Asset Side	Amount outstanding as at 31 March 2022	Amount outstanding as at 31 March 2021
3 Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured	2,62,252.45	1,98,116.96
(b) Unsecured	-	-
4 Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities		
(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) Asset on hire	-	-
(b) Repossessed Assets	-	-
(iii) Other loans counting towards asset financing activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-
5 Breakup of investments		
Current investments		
1 Quoted		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	17,532.00	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2 Unquoted		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

43.29 Schedule to Balance Sheet (contd.)

Asset Side	Amount outstanding as at 31 March 2022	Amount outstanding as at 31 March 2021
Long term investments		
1 Quoted		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2 Unquoted		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-

6	Borrower group-wise classification of assets financed as in (3) and (4) above:	Amount net of provisions as at 31 March 2022		Amount net of provisions as at 31 March 2021	
	Category	Secured	Unsecured	Secured	Unsecured
1	Related Parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
2	Other than related parties	2,62,252.45	-	1,98,116.96	-
	Total	2,62,252.45	-	1,98,116.96	-

7	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :	As at 31 March 2022		As at 31 March 2021	
	Category	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	17,532.00	17,501.28	-	-

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

43.29 Schedule to Balance Sheet (contd.)

8	Other information	As at 31 March 2022	As at 31 March 2021
(i)	Gross Non-Performing Assets		
	(a) Related parties	-	-
	(b) Other than related parties	5,703.90	3,618.70
(ii)	Net Non-Performing Assets		
	(a) Related parties	-	-
	(b) Other than related parties	4,253.35	2,469.46
(iii)	Assets acquired in satisfaction of debt	-	-

43.30 Disclosure on Principal business criteria

RBI vide its circular Number RBI/2020-21/60/DOR/NBFC (HFC) CC No 118/03.10.136/2020-21 dated October 22, 2020 has defined Principal Business Criteria for HFCs.

Details of principal business criteria as on March 31, 2022 is as follows

S . No	Other information	As at 31 March 2022	As at 31 March 2021
1	% of total asset towards housing finance	51.62%	51.09%
2	% of total asset towards housing finance for individuals	51.62%	51.08%

44. Disclosure pursuant to Reserve Bank of India notification RBI/2021-22/85 DOR.STR.REC.51/21.04.177/2021-22 dated 24 September 2021

A) Disclosure as per NHB guidelines for securitisation transactions as an originator :

S . No	Particulars	As at 31 March 2022	As at 31 March 2021
1	No. of special purpose vehicle's (SPV's) sponsored by HFC for securitisation transaction	4	4
2	Total amount of securitised assets as per books of SPVs sponsored by the HFC	4,273.68	3,903.09
3	Total amount of exposures retained by the HFC to comply with MRR		
	i) Off-balance sheet exposures		
	a) First loss	-	-
	b) Others	-	-
	ii) On-balance sheet exposures		
	a) First Loss- Cash collateral	603.12	392.01
	b) Others- Over collateral	1,118.82	1,139.94
4	Amount of exposures to securitisation transactions other than MRR		
	i) Off-balance sheet exposures	-	-
	a) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	b) Exposure to third party securitisation		
	First loss	-	-
	Others	-	-
	ii) On-balance sheet exposures towards credit enhancement		
	a) Exposure to own securitisations		
	First loss	638.05	638.05
	Others	205.17	-
	b) Exposure to third party securitisation transaction		
	First loss	-	-
	Others	-	-

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

44. (contd.)

S . No	Particulars	As at 31 March 2022	As at 31 March 2021
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	3,205.77	-
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.		
7	Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.		
	Credit Enhancement- Cash collateral		
	(a) Amount paid	237.23	-
	(b) Repayment received	26.12	-
	(c) Outstanding amount"	603.12	392.01
8	Average default rate of portfolios observed in the past- Mortgage backed securities	1.85%	2.04%
9	Amount and number of additional/top up loan given on same underlying asset.	-	-
10	Investor complaints		
	(a) Directly/Indirectly received and;	-	-
	(b) Complaints outstanding	-	-

B) Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

During the year, the Company has not sold any financial assets to Securitisation / Reconstruction Company for Asset Reconstruction (31 March 2021: Nil)

45. Disclosure pursuant to Reserve Bank of India notification RBI/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated 24 September 2021

(a) Details of loans not in default transferred through assignment during the year ended 31 March 2022.

Entity	Bank/ Financial Institutions
Count of loan accounts assigned	3,714
Amount of loan account assigned	27,326.80 Lakh
Retention of beneficial economic interest (MRR)	10%
Weighted average maturity (Residual Maturity)	8.93 Years
Weighted average holding period	1.55 Years
Coverage of tangible security coverage (LTV)	40.32%
Number of transactions	7
Rating wise distribution of rated loans	Unrated

(b) The Company has not acquired any loan in default during the year ended 31 March 2022.

(c) The Company has not transferred/acquired any stressed loan during the year ended 31 March 2022.

46 The COVID-19 pandemic has adversely impacted the economic activities across the globe and changed the customer behaviour, which may persist. Based on the available information from internal and external sources, the Company has used prudent judgements, estimates and possible forward-looking scenarios to assess the impact of COVID-19 on the provisions in accordance with the expected credit loss (ECL) method on loans and other financial assets. Given the dynamic and evolving nature of the pandemic, these estimates are subject to uncertainties and may be affected by the severity, duration of the pandemic and other variables.

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

47 Key Analytical Ratios

Particulars	As at 31 March 2022	As at 31 March 2021
Debt -Equity Ratio	1.92 times	1.59 times
Total Debts to Total Assets (Debt securities+ Borrowings (Other than Debt Securities)/Total Assets)	0.64	0.61
Net Profit Margin (%) (PAT/Revenue from operation)	28.67%	27.59%
Gross NPA ratio (DPD> 90 days) (Gross DPD 90+ loans/Gross Loan Assets)	1.63%	1.78%
Gross NPA ratio (Gross Stage 3 loans/Gross Loan Assets)	2.12%	1.78%
Net NPA ratio (Net Stage 3 loans/Net Loan Assets)	1.60%	1.23%
Provision Coverage ratio (Stage 3 Provision/Gross Stage 3 loans)	25.43%	31.59%

48 Disclosure as per RBI notification no.DOR.No.BPBC/3/21.04.048/2020-21 dated 21.08.2020 on resolution framework for COVID-19- related stress

Type of Borrower	Exposure (\$) to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half Year	Exposure (#) to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loan**	2,512.85	312.22	0.60	148.26	2,547.65
Corporate Persons*	-	-	-	-	-
of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	2,512.85	312.22	0.60	148.26	2,547.65

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

(\$) Principal outstanding (including capitalised interest) is for live restructured accounts classified as standard as on September 30, 2022.

(#) Principal outstanding (including capitalised interest) is for live restructured accounts (including sub-standard accounts as on Sep 30, 2021) classified as standard as on March 31, 2022 which includes accounts wherein resolution has been invoked as on September 30, 2021 and implemented during the Q3 of FY22.

**Personal loans includes housing loan & non housing loan.

49 The Company does not hold any immovable property other than disclosed in Note 10 as on 31 March 2022 and 31 March 2021. All the lease agreements are duly executed in favour of the Company for properties where the Company is the lessee.

50 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 2022 and 31 March 2021.

51 The Company does not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended 31 March 2022 and 31 March 2021.

52 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 2022 are held by the Company in the form of short term deposits/ investments till the time the utilisation is made subsequently.

Summary of the significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

53 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 2022 and 31 March 2021, 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 2022 and 31 March 2021.

54 The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended 31 March 2022 and 31 March 2021.

55 The Company, as part of its normal business, grants loans and advances, makes investment, provides guarantees to and accept from its customers, other entities and persons. These transactions are part of Company's normal business, which is conducted ensuring adherence to all regulatory requirements.

Other than the transactions described above, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate beneficiaries). The Company has also not received any fund from any parties (Funding party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the funding party ("Ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries

56 All charges or satisfaction are registered with ROC within the statutory period for the financial years ended March 31, 2022 and March 31, 2021. No charges or satisfactions are yet to be registered with ROC beyond the statutory period.

57 The figures of previous year have been rearranged/ regrouped to conform to the current year

For **T R Chadha & Co LLP**

Chartered Accountants

Firm's Registration No.: 006711N/N500028

Aashish Gupta

Partner

Membership No.: 097343

Place: Gurugram

Date: 12 May 2022

For and on behalf of the Board of Directors of
India Shelter Finance Corporation Limited

Anil Mehta

Chairman and

Non-Executive Director

DIN: 02132315

Ashish Gupta

Chief Financial Officer

Rupinder Singh

Managing Director and

Chief Executive Officer

DIN: 09153382

Mukti Chaplot

Company Secretary

Membership No. 38326

Independent Auditors' Report

To the

Member of

India Shelter Finance Corporation Limited

Report on the Audit of the Consolidated financial statements

1. Opinion

We have audited the accompanying Consolidated financial statements of **India Shelter Finance Corporation Limited ("the Company")** and its subsidiaries (the company and its subsidiaries together referred to as **"the Group"**), which comprise the Consolidated Balance Sheet as at 31 March 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year ended on that date, and notes to the Consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as **"the Consolidated financial statements"**).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at 31 March 2022, and Consolidated profit, Consolidated other comprehensive income, Consolidated changes in equity and its Consolidated cash flows for the year

ended on that date.

2. Basis for Opinion

We conducted our audit of Consolidated financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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.

3. 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 year. These matters were addressed in the context of our audit of the Consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
a.	Impairment on Financial Instruments As at 31 March 2022, the Group has reported gross loans assets amounting to Rs.2,65,687.28 lakhs and other financial assets amounting to Rs.6,236.01 lakhs against which impairment of Rs.3,434.82 lakhs and Rs.40.80 lakhs respectively have been recorded. Ind AS 109 Financial instruments (Ind AS 109) requires the Company to provide for impairment of its financial instruments (designated as amortized cost or fair value through other comprehensive income) using the expected credit loss (ECL) approach. ECL involves an estimation and a significant degree of judgement by the management for development of ECL model and its corresponding application in the ECL model. These judgement and estimates include:	Read and assessed the Group's accounting policies for impairment of financial instruments (Refer 2.9) and their compliance with Ind AS 109 and the governance framework approved by the Board of Directors. Read and assessed the Group's policy with respect to one-time restructuring offered to customers pursuant to the "Resolution Framework 2.0- Resolution of COVID-19-related Stress of Micro, Small and Medium Enterprises" issued by RBI on May 5, 2021 and tested the implementation of such policy on a sample basis. We have evaluated the management response upon implementation of various RBI circulars and tested the implementation of requirements as per these circulars on sample basis. We also performed end to end process walkthroughs to identify the key systems, applications and controls used in the ECL processes.

Sr. No.	Key Audit Matter	Auditor's Response
	1. Estimating the behavioral life of the product 2. Data inputs in relation to ECL model 3. Application of the macroeconomic factors on a forward-looking basis 4. Modification of assets in terms of restructuring 5. Determination of loan book segmentation based on homogeneity, probability of defaults, loss given defaults and exposure at default. 6. Management Overlay based on risk assessment and qualitative adjustments 7. Compliance with RBI circulars and assess the level of credit impairment of financial instrument. 8. Disclosures as required by IND AS 109 and RBI Circular Refer Note no. 5 and 7 of the Consolidated financial statements.	We tested the relevant manual controls, general IT and application controls over key systems used in the ECL process. Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation. We tested the operating effectiveness of the controls for staging of loans and advances based on their past-due status. Tested a sample of performing (stage 1) loans to assess whether any Significant Increase in Credit Risk indicators were present requiring them to be classified under higher stages. Assessing the appropriateness of changes made in macro-economic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model. We tested the arithmetical accuracy of computation of ECL provision performed by the Company. We assessed the disclosures included in the Ind-AS Consolidated financial statements with respect to such allowance / estimate are in accordance with the requirements of Ind AS 109 and Ind AS 107 Financial Instruments: Disclosures and also as per RBI Guidelines.
b.	Evaluation of Company's IT systems and Controls The Group's key financial accounting and reporting processes are highly dependent on information systems including automated controls in information systems, such that there exists a risk that, gaps in the IT control environment could result in the financial accounting and reporting records being misstated. We identified 'IT systems and controls' as key audit matter because of the high level of automation being used by management and the scale and complexity of the IT architecture.	Our audit procedures include assessment and identification of key IT applications, and further verifying, testing, and reviewing the design and operating effectiveness of the IT system on the basis of reports / returns and other financial and non-financial information generated from the system on a test check basis. Our audit procedures included: a) Obtained an understanding of the IT control environment, IT policies during the audit period. b) Testing IT general controls related to User and Application controls, Change Management Controls and Data backup. Where we identified the need to perform additional procedures, we placed reliance on manual reconciliations between systems and other information sources.

4. Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the Consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

5. Management's Responsibility for the Consolidated financial statements

The Company's Management and Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated 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 Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy

and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group'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 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's.

6. Auditor's Responsibilities for the Audit of the Consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Consolidated 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 in the Consolidated financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 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.
- Materiality is the magnitude of misstatements in the Consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in

our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. Other Matter

In respect of financial statements of 1 subsidiary company, we did not carry out the audit. The Consolidated financial statements have been prepared based on unaudited financial statements of subsidiary company. As informed by the management, the subsidiary company was incorporated on 24th March 2022 and was not required to get the financial statement audited as the first financial year of the company can be upto 15 months. There were no revenue, no profit after tax, no assets and no cash flows of the subsidiary company during the period under audit which have been included in the consolidated financial statements.

Our opinion is not modified in this respect

8. Report on Other Legal and Regulatory Requirements

I. As required by section 143(3) of the Act, based on our audit we report that:

- 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.
- In our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books.
- The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
- In our opinion, the aforesaid Consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
- On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act.
- With respect to the adequacy of the internal financial controls with reference to Consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to consolidated Financial Statement.
- With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act, as amended:

In our opinion and according to the information and explanations given to us, the remuneration paid by

the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act

II. With respect to the other matters to be included in the Auditors' 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:

- The Group has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its Consolidated financial statements - Refer Note 33 of Consolidated financial statements;
- The Group did not have any long-term contracts including derivative contract for Which there were any material foreseeable losses;
- There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group;
- The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person(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;
 - The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Group from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - Based on audit procedures that we have 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.

- During the year, the Group has not paid or declared any dividend.
- The Consolidated financial statements have been prepared based on unaudited financial statements of subsidiary company. As per information provided by the management, the subsidiary company was incorporated on 24th March 2022 and was not required to get the financial statement audited as first financial year can be upto 15 months also there were no transaction till 31st March 2022, therefore, the financial statement was not audited. Accordingly, the report of the auditors of subsidiary company was

not available for our comments as required by para xxi of para 3 and 4 of Companies (Auditors' Report) Order, 2020.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm's Reg. No:- 006711N/N500028

Aashish Gupta
(Partner)
Membership No. 097343
UDIN No- 22097343AIWDRV9137

Place: Gurgaon
Date: 12 May 2022

ANNEXURE – A TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF INDIA SHELTER FINANCE CORPORATION LIMITED-

Report on the Internal Financial Controls with reference to Consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to Consolidated financial statements of **India Shelter Finance Corporation Limited (“the Company”)** and its subsidiaries (the company and its subsidiaries together referred to as “**the Group**”) as of March 31, 2022 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Group’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘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 Group’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 Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Group’s internal financial controls with reference to consolidated financial statements based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements, both applicable to an audit of Internal Financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to

consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group’s internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company’s internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Group has, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to consolidated financial statements criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal

Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm’s Reg. No:- 006711N/N500028

Aashish Gupta
(Partner)
Membership No. 097343
UDIN No. 22097343AIWDRV9137

Place: Gurgaon
Date: 12 May 2022

Consolidated Balance Sheet as at 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

	Notes	As at 31 March 2022
Assets		
(1) Financial assets		
(a) Cash and cash equivalents	3	14,380.16
(b) Bank balance other than cash and cash equivalents	4	18,649.21
(c) Loans	5	2,62,252.45
(d) Investments	6	17,532.00
(e) Other financial assets	7	6,195.21
(2) Non-financial assets		
(a) Current tax assets (net)	8	-
(b) Deferred tax assets (net)	9	295.06
(c) Property, plant and equipment	10	1,657.28
(d) Other intangible assets	11	46.54
(e) Other non-financial assets	12	777.66
(f) Assets held for sale		336.54
Total assets		3,22,122.11
Liabilities and equity		
Liabilities		
(1) Financial liabilities		
(a) Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	13	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	13	459.41
(b) Debt securities	14	18,659.85
(c) Borrowings (other than debt securities)	15	1,88,341.12
(d) Other financial liabilities	16	3,336.51
(2) Non-financial liabilities		
(a) Provisions	17	513.32
(b) Current tax liabilities (Net)	8	432.22
(c) Other non-financial liabilities	18	2,767.04
Total liabilities		2,14,509.47
(3) Equity		
(a) Equity share capital	19	4,370.67
(b) Other equity	20	1,03,241.97
Total equity		1,07,612.64
Total liabilities and equity		3,22,122.11

The accompanying notes form an integral part of these financial statements.

This is the consolidated balance sheet referred to in our report of even date.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm's Registration No.: 006711N/N500028

Aashish Gupta
Partner
Membership No.: 097343

Place: Gurugram
Date: 12 May 2022

For and on behalf of the Board of Directors of
India Shelter Finance Corporation Limited

Anil Mehta
Chairman and
Non-Executive Director
DIN: 02132315

Ashish Gupta
Chief Financial Officer

Rupinder Singh
Managing Director and
Chief Executive Officer
DIN: 09153382

Mukti Chaplot
Company Secretary
Membership No. 38326

Consolidated Statement of profit and loss as at 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

	Notes	For the year ended 31 March 2022
Revenue from operations		
(i) Interest income	21	37,764.74
(ii) Fees and commission income	22	1,602.65
(iii) Net gain on fair value changes	23	458.85
(iv) Net gain on derecognition of financial instruments under amortised cost category		4,971.46
(I) Total revenue from operations		44,797.70
(II) Other income	24	1,182.80
(III) Total income (I+II)		45,980.50
Expenses		
(i) Finance costs	25	14,833.86
(ii) Impairment on financial instruments	26	1,188.87
(iii) Employee benefits expenses	27	10,140.62
(iv) Depreciation and amortisation	28	653.90
(v) Other expenses	29	2,473.14
(IV) Total expenses		29,290.39
(V) Profit before tax (III-IV)		16,690.11
(VI) Tax expense:	30	
(1) Current tax		3183.62
(2) Deferred tax charge/(credit)		661.78
Total tax expense		3,845.40
(VII) Profit for the year (V-VI)		12,844.71
(VIII) Other comprehensive income		
(i) Items that will not be reclassified to profit or loss		
-Remeasurement of defined benefit obligations		(92.12)
-Income tax effect		23.18
(i) Items that will be reclassified to profit or loss- net of taxes		-
Total other comprehensive income		(68.94)
(IX) Total comprehensive income for the year(VII+VIII)		12,775.77
(X) Earnings per equity share	40	
Basic (Rs.)		29.60
Diluted (Rs.)		29.27

The accompanying notes form an integral part of these financial statements.

This is the consolidated statement of profit and loss referred to in our report of even date.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm's Registration No.: 006711N/N500028

Aashish Gupta
Partner
Membership No.: 097343

Place: Gurugram
Date: 12 May 2022

For and on behalf of the Board of Directors of
India Shelter Finance Corporation Limited

Anil Mehta
Chairman and
Non-Executive Director
DIN: 02132315

Ashish Gupta
Chief Financial Officer

Rupinder Singh
Managing Director and
Chief Executive Officer
DIN: 09153382

Mukti Chaplot
Company Secretary
Membership No. 38326

Consolidated Statement of changes in equity for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

A. Equity share capital

Particulars	Balance as at 01 April 2021	Changes during the year	Balance as at 31 March 2022
Equity share capital	4,297.84	72.83	4,370.67

B. Other equity

Particulars	Share application money pending allotment	Reserves and Surplus				Items of other comprehensive income	Total
		Statutory reserve	Securities premium	Employee share based payment reserve	Retained earnings	Re-measurements of defined benefit plans	
Balance as at 01 April 2021	-	4,423.56	67,824.59	550.11	16,621.61	9.25	89,429.12
Transfer to statutory reserve	-	2,568.94	-	-	(2,568.94)	-	-
Issue of share capital	-	-	442.96	-	-	-	442.96
Share options exercised during the year	-	-	310.28	(310.28)	-	-	-
Share based payment to employees	-	-	-	594.12	12,844.71	-	13,438.83
Profit for the year	-	-	-	-	-	-	-
Other comprehensive income(net of taxes)	-	-	-	-	-	(68.94)	(68.94)
Balance as at 31 March 2022	-	6,992.50	68,577.83	833.95	26,897.38	(59.69)	1,03,241.97

The accompanying notes form an integral part of these financial statements.

This is the consolidated statement of changes in equity referred to in our report of even date.

For T R Chadha & Co LLP

Chartered Accountants

Firm's Registration No.: 006711N/N500028

Aashish Gupta

Partner

Membership No.: 097343

For and on behalf of the Board of Directors of

India Shelter Finance Corporation Limited

Anil Mehta

Chairman and

Non-Executive Director

DIN: 02132315

Ashish Gupta

Chief Financial Officer

Rupinder Singh

Managing Director and

Chief Executive Officer

DIN: 09153382

Mukti Chaplot

Company Secretary

Membership No. 38326

Place: Gurugram

Date: 12 May 2022

Consolidated Statement of cash flows for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

Particulars	For the year ended 31 March 2022
(A) Cash flows from operating activities	
Profit before tax	16,690.11
Adjustments for:	
Depreciation and amortisation	653.90
Effective interest rate adjustment on financial assets	776.79
Effective interest rate adjustment on debt securities and borrowings	(400.24)
Share based payments to employees	594.12
Impairment on financial instruments	1,188.87
Impairment on assets held for sale	12.30
Net loss on derecognition of property, plant and equipment	6.38
Net unrealised gain on fair value change of investments	(30.72)
Net gain on derecognition of financial instruments under amortised cost category	(4,971.46)
Gain on termination of leases	(8.22)
Interest expense on lease liabilities	91.93
Operating profit before working capital changes	14,603.76
Movements in working capital	
Increase in loans	(66,058.59)
Decrease in other financial assets	1,560.71
Decrease/(increase) in other non-financial assets	396.33
(Decrease)/increase in trade payables	(3.35)
Increase in other financial liabilities	1,247.70
Increase in other non-financial liabilities	2,270.15
Increase/(decrease) in provisions	43.01
Decrease in interest accrued on debt securities and borrowings	(840.23)
Cash flows used in operating activities post working capital changes	(46,780.51)
Income tax paid (net)	(2,747.86)
Net cash flows used in operating activities (A)	(49,528.37)
(B) Cash flows from investing activities	
Payments made for purchase of property, plant and equipment and intangible assets	(507.89)
Proceeds from sale of property, plant and equipment	22.32
(Payments)/proceeds from investments	(17,501.28)
Investment in other bank balance (net)	(590.90)
Net cash used in investing activities (B)	(18,577.75)

Consolidated Statement of cash flows

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

Particulars	For the year ended 31 March 2022
(C) Cash flows from financing activities	
Proceeds from issue of equity share capital	515.78
Proceeds from debt securities	16,500.00
Proceeds from borrowings(other than debt securities)	1,14,063.55
Repayment of borrowings	(66,456.29)
Repayment of debt securities	(5,000.00)
Payment towards lease liabilities	(446.22)
Net cash flows from financing activities (C)	59,176.82
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(8,929.30)
Cash and cash equivalents at the beginning of the year	23,309.46
Cash and cash equivalents at the end of the year	14,380.16
Components of cash and cash equivalents:-	
Cash on hand	117.26
Balances with banks (of the nature of cash and cash equivalents)	
(a) Balance with banks in current accounts	55.96
(b) Deposits with original maturity of less than 3 months	14,206.94
Total cash and cash equivalents	14,380.16

Note:

The above consolidated statement of cash flows has been prepared under the “Indirect Method” as set out in Indian Accounting Standard (Ind AS) - 7 ‘Statement of Cash flows’ as specified under Section 133 of the Companies Act, 2013, (‘Act’) read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The accompanying notes form an integral part of these consolidated financial statements.

This is the consolidated statement of cash flows referred to in our report of even date.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm's Registration No.: 006711N/N500028

Aashish Gupta
Partner
Membership No.: 097343

Place: Gurugram
Date: 12 May 2022

For and on behalf of the Board of Directors of
India Shelter Finance Corporation Limited

Anil Mehta
Chairman and
Non-Executive Director
DIN: 02132315

Ashish Gupta
Chief Financial Officer

Rupinder Singh
Managing Director and
Chief Executive Officer
DIN: 09153382

Mukti Chaplot
Company Secretary
Membership No. 38326

Summary of the significant accounting policies and other explanatory information

on consolidated financial statements

for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

1. Corporate information

India Shelter Finance Corporation Limited ("the Company") is a Housing Finance Company registered under section 29A of The National Housing Bank Act, 1987 vide Registration Certificate No. 09.0087.10 dated 14 September 2010. The Group is engaged in providing secured retail home loans, home equity loans and loans against property to borrowers for a period up to twenty years. These loans are primarily to be used by the borrowers for home purchase, home improvements, home extension and for construction of dwelling units on plots owned by borrowers.

India Shelter Capital Finance Limited (“Subsidiary Company”) was incorporated on 24 March 2022 to carry on lending business as Non-Banking Finance Company subject to receipt of regulatory approvals. The Subsidiary Company has neither obtained Certificate of Registration from Reserve Bank of India nor has commenced any business activity during the year ending March 31, 2022.

The above two companies are collectively referred to as the ("Group").

This is the first year of consolidation, hence, previous year comparatives are not available.

1.1 Basis of preparation

(i) Statement of compliance with Indian Accounting Standards (Ind AS)

These Consolidated financial statements ("the Financial Statements") of the Group have been prepared in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Companies Act, 2013 ('Act') and other relevant provisions of the Act and guidelines issued by Reserve Bank of India (RBI) and National Housing Bank (NHB) to the extent applicable. The Group has uniformly applied the accounting policies for the periods presented in these financial statements.

The financial statements for the year ended 31 March 2022 were authorised and approved for issue by the Board of Directors on 12 May 2022.

(ii) Historical cost convention

The financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities which are measured at fair values at the end of each reporting period as explained in relevant accounting policies. The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116 'Leases' and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36 'Impairment of Assets'.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- **Level 2** inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** inputs are unobservable inputs for the asset or liability.

(iii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries including controlled structured entities as at 31 March, 2022. The Company consolidates a subsidiary when it controls it. Control is achieved when the Company 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. Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Company's voting rights and potential voting rights.
- The size of the Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

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

(iv) Principles of consolidation

The consolidated financial statements relate to India Shelter Finance Corporation Limited (the Company') and its subsidiary company.

The consolidated financial statements have been prepared on the following basis:

- The financial statements of all the entities used for the purpose of consolidation are drawn upto the same reporting date as that of the Company i.e., March 31, 2022.
- The financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intragroup transactions.
- The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.
- India Shelter Capital Finance Limited, a wholly owned subsidiary has been considered in the preparation of the consolidated financial statements.

2. Summary of significant accounting policies

These consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised as below. These policies are applied consistently for all the periods presented in the consolidated financial statements, except where the Group has applied certain exemptions upon transition.

2.1. Revenue recognition

Interest and processing fee income on loans

Interest and processing fee income on financial assets is recognised on a time proportion basis considering the amount outstanding and the effective interest rate applicable.

Effective Interest Rate ("EIR")

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets measured at Fair Value Through Profit and Loss ("FVTPL"), transaction costs are recognised in the statement of profit and loss at initial recognition.

Interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses).

Interest/Dividend income on investment

Interest income on investments and fixed deposits is recognised on time proportionate basis with reference to EIR method. Dividend income is accounted for when the right to receive it is established.

Income from assignment

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction, discounted at the EIR of underlying pool of loans rate entered into with the assignee is recorded upfront in the statement of profit and loss. EIS is evaluated and adjusted for ECL and expected prepayment.

Fee and Commission Income

Fee and commission income includes fees other than those that are an integral part of EIR method. The Group recognises the fee and commission income at fair value of the consideration received or receivable when the Group satisfies the performance obligation.

Other operating revenue

Interest on overdue of loans and other ancillary charges are recognised upon realisation. All other income is recognised on an accrual basis upon satisfaction of performance obligation, when there is no uncertainty in the ultimate realisation/collection and income can be measured reliably.

2.2. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand (including imprest), demand deposits and short-term highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

2.3. Cash flow statement

Cash flows are reported using indirect method as set out in Ind AS -7 "Statement of Cash Flows", whereby profit/loss before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

2.4. Property, plant and equipment

Recognition and initial measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, wherever applicable.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on the straight line method over the useful life of the assets as prescribed under Part 'C' of Schedule II of the Companies Act, 2013, or in case of assets where the estimated useful life was determined basis technical evaluation carried out by the Group, over the useful life so determined.

Depreciation on additions to fixed assets is provided for full month in which acquisition of the assets is made. No depreciation is provided for the month of sale/disposal of asset. Leasehold improvements are amortised over a period of lease. Asset costing less than Rs. 10,000 each are fully depreciated in the year of capitalisation.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

Estimated useful lives of the assets are as follows:

Asset category	Estimated useful life (in Years)	Life as per Schedule II
Plant & Equipment- Computer and other related equipment	3 years	3 years
Office equipment	5 years	5 years
Furniture and fixtures	10 years	10 years
Vehicles	8 years	8 years
Handheld communication devices (included in office equipment)	2 years	5 years
Leasehold improvements	Over the period of the lease or the estimated useful life whichever is lesser.	Over the period of the lease or the estimated useful life whichever is lesser.

De-recognition

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

2.5. Intangible assets

Recognition and initial measurement

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Amortisation method, estimated useful lives and residual value

Intangible assets are amortised over a period of 4 years from the date when the assets are available for use. The estimated useful life (amortisation period) of the intangible assets is arrived basis the expected pattern of consumption of economic benefits and is reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

De-recognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit and loss when the asset is derecognised.

2.6. Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date. If there is any indication of impairment based on internal / external factors, an impairment loss is recognised in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount. For the purpose of assessing impairment, the smallest identifiable group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit.

Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

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

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

2.7. Taxation

Tax expense recognised in Statement of Profit and Loss comprises the sum of deferred tax and current tax except to the extent it recognized in other comprehensive income or directly in equity.

Current tax comprises the tax payable or receivable on taxable income or loss for the year and any adjustment to the tax payable or

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

receivable in respect of previous years. Current tax is computed in accordance with relevant tax regulations. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. 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 assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

With effect from 1 April 2019, with introduction of Taxation Laws (Amendment) Ordinance, 2019, where section 115BAA was introduced in the Income-tax Act, 1961 proposing option to compute income tax liability at revised taxation rates. Further, under section 115JB (MAT provisions) a sub-section was introduced stating non-applicability of Minimum Alternative Tax ('MAT') provisions on the companies exercising option to pay income tax under section 115BAA. The tax expense for the current financial year 2020-21 and previous year 2019-2020, has been computed considering the revised tax provisions and thereby the provisions of MAT are not applicable to the Group.

MAT policy applicable before 1 April 2019, MAT under the provisions of the Income-tax Act, 1961 was recognised as current tax in the Statement of Profit and Loss. The credit available under the Income-tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets are recognised on unused tax loss, unused tax credits and deductible temporary differences to the extent it is probable that the future taxable profits will be available against which they can be used. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).

2.8. Employee benefits

Short-term employee benefits

Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plans

The Group has a defined contribution plans namely provident fund, pension fund and employees state insurance scheme. The contribution made by the Group in respect of these plans are charged to the Statement of Profit and Loss.

Defined benefit plans

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. Where in the employee will receive on retirement is defined by reference to employee's length of service and last drawn salary. Under the defined benefit plans, the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set

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aside. The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/losses resulting from re-measurements of the liability/asset are included in other comprehensive income.

Other long-term employee benefits

The Group also provides the benefit of compensated absences to its employees which are in the nature of long-term employee benefit plan. Liability in respect of compensated absences becoming due and expected to be availed after one year from the Balance Sheet date is estimated in the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to Statement of Profit and Loss in the year in which such gains or losses are determined.

Share based payment

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the option determined at the grant date of the equity settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

In respect of re-pricing of existing stock option, the incremental fair value of the option on the date of re-pricing is accounted for as employee cost over the remaining vesting period.

2.9. Expected credit losses and write-off of financial assets

Loan assets

Loans are classified into performing and non-performing assets in terms of policy adopted by the Group, subject to minimum classification and provisioning norms required under 'Housing Finance Company (Reserve Bank) Directions, 2021' issued by RBI from time to time.

All loan exposures to borrowers with instalment structure are stated at disbursed value after netting off:

- unearned income
- instalments appropriated up to the year end

Under Ind AS, the Group's assets have been classified as follows based on Exposure at Default:

- Stage 1: Performing Assets
- Stage 2: Under Performing Assets
- Stage 3: Non-Performing Assets

Under Ind AS, asset classification and provisioning moves from the 'rule based', incurred losses model to the Expected Credit Loss (ECL) model of providing for expected future credit losses. Thus, loan loss provisions are made on the basis of the Group's historical loss experience, future expected credit loss and after factoring in various macro-economic parameters

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD) - The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD) - LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

Exposure at Default (EAD) - EAD is based on the amounts the Group expects to be owed at the time of default. For a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

Forward-looking economic information (including management overlay) is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

Trade receivables

In respect of trade receivables, the Group applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables.

Other financial assets

In respect of its other financial assets, the Group assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

2.10. Provisions, contingent assets and contingent liabilities

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

2.11. Leases

Group as a Lessee:

At inception of a contract, Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

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The lease liability is measured at amortised cost using the effective interest method. It is re measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in 'borrowings (other than debt securities)' in the balance sheet.

2.12. Financial instruments

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

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through statement of profit and loss are recognised immediately in statement of profit and loss.

Financial assets

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers

Classification and Subsequent measurement of financial assets

Financial assets are classified in to three categories for subsequent measurement:

- Financial asset at amortised cost
- Financial asset at fair value through other comprehensive income (FVTOCI)
- Financial asset at fair value through profit and loss(FVTPL)

Financial asset at amortised cost

Financial instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss:

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

Financial assets (debt instruments) at FVOCI

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

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI. Financial assets included within the above category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Group recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

Financial Asset at FVTPL

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

De-recognition of financial assets

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Group's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Group has not retained control, it shall also derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

Financial liabilities

Debt and equity instruments issued by a Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

Subsequent measurement

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When 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 the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.13. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.14. Foreign currency

Functional and presentation currency

Items included in the consolidated financial statement of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements have been prepared and presented in Indian Rupees (INR), which is the Group's functional and presentation currency.

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

Transactions and balances

Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the Statement of Profit and Loss in the year in which they arise.

2.15. Insurance Claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

2.16. 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.

2.17. Share/Securities issue expense

Share/security issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. Share/security issue expenses in excess of the balance in the Securities Premium Account are expensed off in the Statement of Profit and Loss.

2.18. Borrowing Costs

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs primarily include interest on amounts borrowed for the revenue operations of the Group. These are expensed to the statement of profit and loss using the EIR. All other Borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

2.19. Assets held for sale

Assets acquired by the Group under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, has been classified as assets held for sale, as their carrying amounts will be recovered principally through a sale of asset. In accordance with Ind AS 105, the Group is committed to sell these assets and they are measured at the lower of their carrying amount and the fair value less costs to sell.

2.20. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). CODM is responsible for allocating the resources, assess the financial performance and position of the Group and make strategic decision.

2.21. Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. Actual results may differ from these estimates.

Significant management judgements:

Expected credit loss ('ECL') – The measurement of expected credit loss allowance for financial assets measured at amortised cost requires use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. likelihood of customers defaulting and resulting losses). The Group makes significant judgements with regard to the following while assessing expected credit loss:

- Determining criteria for significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

Significant estimates:

Provision for employee benefits – Provision for employee benefits, requires that certain assumptions such as expected future salary increases, average life expectancy and discount rates etc. are made in order to determine the amount to be recorded for retirement benefit obligations. Substantial changes in the assumed development of any of these variables may significantly change the Group's retirement benefit obligations.

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Standard issued but not yet effective

No new standards as notified by Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules are effective for the current year.

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

3. Cash and cash equivalents

Particulars	As at 31 March 2022
I. Cash on hand	117.26
II. Balances with banks (of the nature of cash and cash equivalents)	
(a) Balance with banks in current accounts	55.96
(b) Deposits with original maturity of less than 3 months	14,206.94
Sub-total (a and b)	14,262.90
Total (I and II)	14,380.16

4. Bank balance other than cash and cash equivalents

Particulars	As at 31 March 2022
I. Deposits with original maturity of more than 3 months	14,779.54
II. Deposit held as margin money under securitisation and borrowing agreements	3,869.67
Total	18,649.21

5. Loans

Particulars	As at 31 March 2022
At amortised cost	
Term loans	2,65,507.65
Staff loans	179.62
Total gross	2,65,687.27
Less: Impairment loss allowance	3,434.82
Total net	2,62,252.45
Secured by tangible assets	2,65,687.27
Total	2,65,687.27
Less: Impairment loss allowance	3,434.82
Total net	2,62,252.45
Loans in India	
Public sectors	-
Others (individuals and other corporates)	2,65,687.27
Total gross	2,65,687.27
Less: Impairment loss allowance	3,434.82
Total net	2,62,252.45

5.1 Loans granted are secured by equitable mortgage/registered mortgage of the property and/or undertaking to create a security by way of equitable mortgage of property.

5.2 Loan details

Particulars	Principal	Interest outstanding	Overcollateral	Effective interest rate adjustment	Total
As at 31 March 2022	2,68,794.77	620.02	218.80	(3,946.32)	2,65,687.27

5.3 There were no loans given against the collateral of gold jewellery and hence the percentage of such loans to the total outstanding asset is Nil.

5.4 Loans sanctioned but undisbursed amount to Rs.19,341.23 lakhs as on 31 March 2022.

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

5.5 The Group has securitised assets amounting to Rs.7,514.12 lakhs. These loan assets have not been de-recognised from the loan portfolio of the Group as these does not meet the de-recognition criteria. The Group is responsible for collection and servicing of this loan portfolio on behalf of buyers/investors. In terms of the said securitisation agreements, the Group pays to buyer/investor on monthly basis the prorated collection amount as per the respective agreement terms.

5.6 During the financial year 2021-22, the Group has assigned pools of certain loans amounting to Rs. 27,326.80 lakh by way of a direct assignment transactions. These loans have been de-recognised from the loan portfolio of the Group as the sale of loan assets is an absolute assignment and transfer on a 'no-recourse' basis. The Group continues to act as a servicer to the assignment transaction on behalf of assignee. In terms of the assignment agreements, the Group pays to assignees, on a monthly basis, the pro-rata collection amounts.

The management has evaluated the impact of assignment transactions done during the year for its business model. Based on the future business plan, the Group's business model remains to hold the assets for collecting contractual cash flows.

5.7 Expected credit loss

Expected credit loss is a calculation of the present value of the amount expected not to be recovered on a financial asset, for financial reporting purposes. Credit risk is the potential that the obligor and counterparty will fail to meet its financial obligations to the lender. This requires an effective assessment and management of the credit risk at both individual and portfolio level.

The references below show where the Group's impairment assessment and measurement approach is set out in these notes. It should be read in conjunction with the Summary of significant accounting policies.

(i) Definition of default

The Group considers a financial instrument as defaulted and considered it as Stage 3 (credit-impaired) for ECL calculations in all cases, when the borrower becomes more than 90 days past due on its contractual payments. 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 year, if the facility has not been previously derecognised and is still in the portfolio."

(ii) Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too."

iii) Loss given default

The Group segments its retail lending products into homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The data applied is collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types, loan to value (LTV) ratio, expected realisation rate, etc.) as well as borrower characteristics.

iv) Significant increase in credit risk

The Group continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12 month 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 significantly increased in credit risk when contractual payments are more than 30 days past due.

When estimating ECL on a collective basis for a group of similar assets, the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

v) Delinquency buckets have been considered as the basis for the staging of all loans with:

0-30 days past due loans classified as stage 1,

31-90 days past due loans classified as stage 2 and

> 90 days past due loans classified as stage 3

- Accounts restructured during COVID as per RBI notification and standard as on 31 March 2022 are grouped under Stage 2.

- Pursuant to the RBI circular dated 12 November 2021- "Prudential norms on income recognition, Asset classification, and Provisioning pertaining to Advances-Clarifications", the Group has aligned its system of asset classification norms as directed by RBI. Such alignment has resulted in transition of sub 90 DPD assets of INR 1,211.02 Lakhs as additional non-performing assets/Stage 3 as at 31 March 2022.

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

5.7 Expected credit loss (contd.)

vi) Macro economic factors

Macro-economic variables relevant to the underlying loan portfolio such as Gross Domestic Product, Inflation, Housing Price Index and 10 year bond yield were analysed for their correlation. Based on the analysis of trend, the Group has considered the 10 year bond yield as relevant macro-economic factor as it shows improved correlation with the portfolio performance.

vii) Credit quality of asset

The Group has classified all individual loans as amortised cost and has assessed it at the collective pool level. The individual loan book has been divided into the housing and non-housing (Loan against property) sub portfolios.

The vintage analysis methodology has been used to create the PD term structure which incorporates both 12 month (Stage 1 Loans) and lifetime PD (Stage 2 Loans). The vintage analysis captures a vintage default experience across a particular portfolio by tracking the yearly slippages from advances originating in a particular year. The vintage slippage experience/default rate is then used to build the PD term structure.

The workout methodology has been used to determine LGD wherein the recoveries of loans defaulted in past are tracked and discounted to the date of default using the effective interest rate. The worked out LGD for loans has been bucketed into various levels of collateral cover. LGD based on collateral cover has been applied to each loan in the portfolio based on specific collateral cover adjusted for the expected fall in valuation. The Group has used the adjusted collateral value based on management estimate to reflect the forward looking LGD given the expected fall in property price due to COVID19.

viii) An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans is, as follows:

Reconciliation of gross carrying amount balance is as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Balance as at 01 April 2021	1,93,430.38	4,993.66	4,934.38	2,03,358.42
Transfer to Stage 1	2,218.23	(1,530.37)	(687.86)	-
Transfer to Stage 2	(5,400.36)	6,532.42	(1,132.06)	-
Transfer to Stage 3	(2,543.74)	(1,049.85)	3,593.59	-
New financial assets originated	1,21,607.30	148.33	82.56	1,21,838.19
Financial assets that have been de-recognised/repaid	(54,296.16)	(398.97)	(1,086.70)	(55,781.83)
Balance as at 31 March 2022	2,55,015.66	8,695.22	5,703.90	2,69,414.79

Reconciliation of ECL balance is as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Balance as at 01 April 2021	1,377.81	153.37	1,569.15	3,100.33
Transfer to Stage 1	16.61	(11.21)	(5.40)	-
Transfer to Stage 2	(218.21)	324.36	(106.15)	-
Transfer to Stage 3	(639.41)	(244.88)	884.29	-
"ECL re-measurements due to changes in EAD/assumptions (net)"	654.15	232.79	(516.60)	370.34
New financial assets originated	509.13	5.98	21.89	537.00
Financial assets that have been de-recognised/repaid	(162.72)	(15.65)	(394.48)	(572.85)
Balance as at 31 March 2022*	1,537.36	444.76	1,452.70	3,434.82

*includes ECL amount of Rs.3.32 lakhs created on securitised loans derecognised from the books which has been adjusted from EAD as at 31 March 2022.

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

5.7 Expected credit loss (contd.)

ix) A comparison between provisions required under Income recognition, asset classification and provision norms (IRACP) and impairment allowances made under IND AS 109

As at 31 March 2022

Asset classification as per RBI Directions	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS*	Loss allowance as per Ind AS*	Net Carrying Amount	Provision required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard assets	Stage 1	2,55,015.67	1,536.26	2,53,479.41	815.98	720.28
	Stage 2	8,695.22	444.69	8,250.53	285.65	159.04
Sub-total		2,63,710.89	1,980.95	2,61,729.94	1,101.63	879.32
Non- performing assets (NPA)						
Substandard	Stage 3	4,475.84	1,100.26	3,375.58	920.27	179.99
Doubtful - up to 1 year	Stage 3	1,195.08	348.17	846.91	451.33	(103.16)
Doubtful - 1 to 3 years	Stage 3	5.33	0.41	4.92	5.33	(4.92)
Doubtful - More than 3 years	Stage 3	-	-	-	-	-
Sub-total for doubtful		1,200.41	348.58	851.83	456.66	(108.07)
Loss	Stage 3	27.65	1.71	25.93	27.65	(25.93)
Sub-total for NPA		5,703.90	1,450.55	4,253.35	1,404.57	45.98
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current (IRACP) norms	Stage 1	19,341.23	73.10	19,268.13	-	73.10
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		19,341.23	73.10	19,268.13	-	73.10
	Stage 1	2,74,356.90	1,609.36	2,72,747.54	815.98	793.38
	Stage 2	8,695.22	444.69	8,250.53	285.65	159.04
	Stage 3	5,703.90	1,450.55	4,253.35	1,404.57	45.98
Total	Total	2,88,756.02	3,504.60	2,85,251.42	2,506.20	998.39

* Does not includes ECL amount of Rs. 3.32 lakhs created on securitised loans derecognised from the books which has been adjusted from EAD and EIR impact.

6. Investments

Particulars	As at 31 March 2022
At fair value through profit and loss	
Investments in India	
Mutual funds	17,532.00
Total	17,532.00

7. Other financial assets

Particulars	As at 31 March 2022
Security deposits	261.88
Receivables on securitised loans (refer note a)	38.01
EIS receivable on direct assignment (refer note b)	5,903.74
Other receivables	32.38
Total gross	6,236.01

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

7. Other financial assets (contd.)

Particulars	As at 31 March 2022
Less: Impairment loss allowance (on EIS Receivable assets)	(40.80)
Total	6,195.21

Note:

- a) Receivables on securitised loans is amount receivable towards collections made, presently lying with buyers and recoverable by the Group as at the end of the year.
- b) Under Ind AS, with respect to Assignment deals, Group has created an Excess Interest Spread (EIS) receivable, with corresponding credit to Statement of Profit and loss for the year, which has been computed by discounting EIS to present value.

8. Current tax assets/ (liabilities) (net)

Particulars	As at 31 March 2022
Income tax advance/ (liabilities)(net)	(432.22)
Total	(432.22)

9. Deferred tax assets (net)

Particulars	As at 31 March 2022
Deferred tax assets	
Provision for employee benefits	110.80
Difference in written down value as per Companies Act and Income Tax Act	57.44
Impairment loss allowance on loans	893.13
Unamortised processing fees on loans	999.57
Lease liabilities	31.32
Provision for impairment on assets held for sale	15.41
Others	-
Deferred tax liabilities	
Unamortised borrowing cost	(331.57)
EIS receivable on direct assignment	(1,481.04)
Net deferred tax assets	295.06

Movement in deferred tax assets (net)

Particulars	As at 1 April 2021	(Charged)/ credited to statement of profit and loss	Credited/ (charged) to other comprehensive income	As at 31 March 2022
Deferred tax assets				
Provision for employee benefits	76.79	10.82	23.18	110.80
Difference in written down value as per Companies Act and Income Tax Act	53.40	4.04	-	57.44
Impairment loss allowance on loans	681.83	211.30	-	893.13
Unamortised processing fees on loans	804.07	195.50	-	999.57
Lease liability	26.11	5.21	-	31.32
Provision for impairment on assets held for sale	9.01	6.40	-	15.41
Others	1.10	(1.10)	-	0.00
Deferred tax liabilities				
Unamortised borrowing cost	(121.95)	(209.62)	-	(331.57)
EIS receivable on direct assignment	(596.71)	(884.33)	-	(1,481.04)
Net deferred tax assets	933.65	(661.78)	23.18	295.06

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

10. Property, plant and equipment

Gross block	Freehold land	Plant and equipment - computer and other related equipment	Office equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Right-of- use assets*	Total
Balance as at 01 April 2021	9.17	422.27	141.85	150.65	77.74	360.04	1,464.47	2,626.19
Additions during the year	-	223.25	48.83	0.44	214.42	20.96	447.87	955.77
Disposals/adjustments	-	(0.57)	(4.29)	(4.73)	(39.08)	(15.64)	(315.92)	(380.22)
Balance as at 31 March 2022	9.17	644.95	186.38	146.36	253.08	365.36	1,596.42	3,201.72
Accumulated depreciation								
Balance as at 01 April 2021	-	307.61	85.48	73.38	14.16	231.44	510.99	1,223.06
Depreciation charge for the year	-	89.73	30.27	12.36	24.29	55.72	383.19	595.56
Disposals/adjustments	-	(0.37)	(3.70)	(3.27)	(16.58)	(15.47)	(234.79)	(274.18)
Balance as at 31 March 2022	-	396.97	112.05	82.47	21.87	271.69	659.39	1,544.44
Net block								
Balance as at 31 March 2022	9.17	247.98	74.33	63.89	231.21	93.67	937.03	1,657.28

11. Other intangible assets

Gross block	Computer software
Balance as at 01 April 2021	304.65
Additions during the year	-
Disposal during the year	(24.47)
Balance as at 31 March 2022	280.18
Accumulated amortisation	
As at 01 April 2021	196.91
Amortisation charge during the year	58.34
Disposal during the year	(21.61)
Balance as at 31 March 2022	233.64
Net block	
Balance as at 31 March 2022	46.54

12. Other non-financial assets

Particulars	As at 31 March 2022
Prepaid expenses	427.86
Capital advances	40.35
Advance to employees	47.02
Advance to suppliers	112.44
Balance with government authorities	149.99
Total	777.66

13. Trade payables

Particulars	As at 31 March 2022
(i) total outstanding dues of micro enterprises and small enterprises (refer note 34)	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	459.41
Total	459.41

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

13. Trade payables (contd.)

Trade Payables ageing schedule as at 31 March 2022

Particulars	MSME	Others	Disputed dues – MSME	Disputed dues - Others
Less than 1 year	-	459.41	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
More than 3 years	-	-	-	-
Total	-	459.41	-	-

14. Debt securities (at amortised cost)

Particulars	As at 31 March 2022
Secured	
Non-convertible debentures (including interest accrued)	18,659.85
Total	18,659.85
Debt securities in India	18,659.85
Debt securities outside India	-
Total	18,659.85

- i) 150, @ 10.25% Secured listed non-convertible debentures (NCD) of face value Rs. 10,00,000 each aggregating to Rs. 1,500 lakhs repayable on 12 June 2023. The date of allotment was 12 June 2020. The amount outstanding as on 31 March 2022 Rs.1,500 Lakh. (These NCD having exclusive first charge floating via a deed of hypothecation over specific standard asset portfolio of receivables to the extent equal to an amount aggregating to the total outstanding such that the value of security shall be equal of 1.10 times)."
- ii) 5000, @ 8.68% Secured listed non-convertible debentures (NCD) of face value Rs.1,00,000 each aggregating to Rs. 5,000 lakhs repayable on 27 December 2023. The date of allotment is 22 June 2021. The amount outstanding as 31 March 2022 Rs. 5,000 Lakhs. (These NCD having exclusive first charge floating via a deed of hypothecation over specific standard asset portfolio of receivables to the extent equal to an amount aggregating to the total outstanding and interest accrued thereon shall be maintained at all times until the redemption of these NCD such that the value of security shall be equal of 1.28 times).
- iii) 500, @ 9.29% Secured listed non-convertible debentures of face (NCD) value Rs.10,00,000 each aggregating to Rs. 5,000 lakhs payable in 7 half yearly installment ending on 21 March 2025. The date of allotment of NCD was 23 November 2021. The amount outstanding as 31 March 2022 Rs. 5,000 lakhs. (These NCD are secured by way of a first ranking exclusive and continuing charge created pursuant to the deed of hypothecation over certain identified receivables of the Issuer. A security cover of 1.10 times of the value of the aggregate principal amount outstanding on the NCD and interest accrued thereon (if any) shall be maintained at all times until the redemption of these NCD).
- iv) 300, @ 8.75% Secured listed non-convertible debentures of face (NCD) value Rs.10,00,000 each aggregating to Rs. 3,000 lakhs repayable on 31 August 2026. The date of allotment of NCD was 31 August 2021. The amount outstanding as at 31 March 2022 Rs. 3,000 lakhs. (These NCD are secured by way of a first ranking exclusive and continuing charge created pursuant to the deed of hypothecation over certain identified receivables of the Issuer. A security cover of 1.10 times of the value of the aggregate principal amount outstanding on the NCD shall be maintained at all times until the redemption of these NCD).
- v) 350, @ 9.25% Secured listed non-convertible debentures of face (NCD) value Rs.10,00,000 each aggregating to Rs. 3,500 lakhs repayable on 15 September 2026. The date of allotment of NCD was 15 September 2021. The amount outstanding as 31 March 2022 Rs. 3,500 lakhs. (These NCD are secured by way of a first ranking exclusive and continuing charge created pursuant to the deed of hypothecation over certain identified receivables of the Issuer. A security cover of 1.28 times of the value of the aggregate principal amount outstanding on the NCD and interest accrued thereon (if any) shall be maintained at all times until the redemption of these NCD).

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

14. Debt securities (at amortised cost) (contd.)

vi) Amounts repayable from the date of balance sheet*

Particulars	As at 31 March 2022
less than 1 year	1,500.00
one to three years	10,000.00
three to five years	6,500.00
more than five years	-

*All the above mentioned repayments disclosed as per the contractual maturities of principal amount of debt securities.

15. Borrowings (Other than debt securities)

Particulars	As at 31 March 2022
At amortised cost	
(a) Term loans - Secured (including interest accrued)	
(i) from banks	1,24,741.85
(ii) from other parties	
- National housing bank	34,404.92
- Financial institutions	23,956.16
(b) Lease liabilities	1,061.43
(c) Liability against securitised assets (net of over collateralisation amount)	4,176.76
Total	1,88,341.12
Borrowings in India	1,88,341.12
Borrowings outside India	-
Total	1,88,341.12

- i) Secured term loans from National Housing Bank carry rate of interest in the range of 3% to 7.35% p.a. The loans are having tenure of 1 to 15 years from the date of disbursement and are repayable in quarterly or yearly installments. These loans are secured by hypothecation (exclusive charge) of certain loans given by the Group.
- ii) Secured term loans from banks and financial institutions include loans from various banks and financial institutions and carry rate of interest in the range of 7.5% to 11.2% p.a. The loans are having tenure of 34 to 120 months from the date of disbursement and are repayable in monthly or quarterly installments. These loans are secured by hypothecation (exclusive charge) of certain loans given by the Group.
- iii) The Group is not a declared willful defaulter by any bank or financial Institution or other lender, in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India, during the year ended 31 March 2022.
- iv) The Group has borrowings from banks and financial institutions on the basis of security of loans and the quarterly details filed by the Group with the banks and financial institutions are in accordance with the books of accounts of the Group for the respective quarters.
- v) The Group has not defaulted in the repayment of debt, borrowings(other than debt securities) and interes thereon for the year ended 31 March 2022.

Terms of principal repayment of borrowings as at 31 March 2022*

Particulars	Number of installments	Monthly repayment	Number of installments	Quarterly repayment
less than one year	557	31,201.15	112	16,448.85
one to three years	939	53,928.88	182	25,000.15
three to five years	542	28,868.31	113	12,636.96
more than five years	267	10,649.92	97	10,451.12

*All the above mentioned repayments disclosed as per the contractual maturities of principal amount of borrowings (other than debt securities).

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

15. Borrowings (Other than debt securities) (contd.)

Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

Particulars	Debt securities	Borrowings (other than debt securities)	Total
01 April 2021	8,222.38	1,40,906.65	1,49,129.03
Cash flows:			
-Repayments	(5,000.00)	(66,456.29)	(71,456.29)
-Proceeds	16,500.00	1,14,063.55	1,30,563.55
-Payment of lease liability	-	(446.22)	(446.22)
Non-cash:			
-Amortisation of upfront fees and others (net)	(137.98)	(261.35)	(399.33)
-Accrued interest (net)	(924.55)	84.32	(840.23)
-Recognition of lease liabilities	-	450.46	450.46
31 March 2022	18,659.85	1,88,341.12	2,07,000.96

16. Other financial liabilities

Particulars	As at 31 March 2022
Employee related payable	1,464.75
Payable towards assignment transactions	1,055.71
Advance received from customers	410.28
Payable towards securitisation transactions	305.99
Insurance payables	99.78
Total	3,336.51

17. Provisions

Particulars	As at 31 March 2022
Provisions for employee benefits	
- Provision for gratuity (Refer note 36)	365.01
- Provision for compensated absences	75.21
Impairment loss allowance on Undrawn commitments	73.10
Total	513.32

18. Other non-financial liabilities

Particulars	As at 31 March 2022
Book Overdraft	2,615.24
Statutory dues payables	151.80
Total	2,767.04

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

19. Equity share capital

Particulars	As at 31 March 2022
(a) Authorised capital	
8,10,00,000 equity shares of Rs. 10 each	8,100.00
(b) Issued capital	
4,37,06,655 equity shares of Rs. 10 each	4,370.67
(c) Subscribed and paid up capital	
4,37,06,655 equity shares of Rs. 10 each	4,370.67

(d) Reconciliation of the number of shares outstanding at the beginning and at the end of the period

Particulars	As at 31 March 2022
Equity shares outstanding at the beginning of the year	4,29,78,405
Issued during the year (Refer note (e) below)	7,28,250
Equity shares outstanding at the end of the year	4,37,06,655

(e) Issue of shares against exercise of ESOPs

- A) During the current year, the Board of Directors have approved allotment of 7,28,250 equity shares to 14 option holders, who exercised their options as per the following:
- 92,250 shares of Rs. 10 each at a premium of Rs. 3.27 each (aggregating to Rs. 12.24 lakhs) vide circular dated on 25 July 2021 & 06 January 2022.
 - 5,000 shares of Rs. 10 each at a premium of Rs. 4.18 each (aggregating to Rs. 0.71 lakhs) vide circular dated on 06 January 2022.
 - 50,000 shares of Rs. 10 each at a premium of Rs.10.32 each (aggregating to Rs. 10.16 lakhs) vide circular dated on 29 April 2021 & 25 July 2021.
 - 5,62,500 shares of Rs. 10 each at a premium of Rs.73.20 each (aggregating to Rs. 468 lakhs) vide circular dated on 25 July 2021 , 08 August 2021 & 23 August 2021
 - 12,000 shares of Rs. 10 each at a premium of Rs.108.48 each (aggregating to Rs. 14.22 lakhs) vide circular dated on 08 August 2021
 - 6,000 shares of Rs. 10 each at a premium of Rs.149.01 each (aggregating to Rs. 9.54 lakhs) vide circular dated on 08 August 2021
 - 500 shares of Rs. 10 each at a premium of Rs.169.92 each (aggregating to Rs. 0.90 lakhs) vide circular dated on 08 August 2021

(f) Terms and conditions of the main features of each class of shares

The Group has only one class of equity shares having a face value of Rs. 10 per share. Each shareholder is entitled to one vote per share. The Group will pay dividend as and when declared. The dividend as and when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Group after distribution of all preferential amounts in proportion to shareholding.

(g) Detail of shareholders holding 5 percent or more

Name of shareholders	As at 31 March 2022	
	No. of shares	% of holding
Nexus Ventures III Limited	99,61,798	22.79%
WestBridge Crossover Fund, LLC	1,08,54,151	24.83%
Milestone Trusteeship Services Private Limited acting as trustee for Madison India opportunity trust fund	23,79,954	5.45%
Aravali Investment Holdings	1,42,11,409	32.52%
Nexus Opportunity Fund II, Ltd.	29,10,037	6.66%

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

19. Equity share capital (contd.)

(h) Shares held by promoter

Name of Promoter	As at 31 March 2022		% change during the year
	No. of shares	% of holding	
Anil Mehta	8,20,367	1.88%	(25.11%)
WestBridge Crossover Fund, LLC (w.e.f 26 October 2021)	1,08,54,151	24.83%	
Aravali Investment Holdings (w.e.f 26 October 2021)	1,42,11,409	32.52%	

(i) Shares reserved for issue under options and contracts/commitments for the sale of shares

The Group has reserved 30,38,344 number of shares for a pool of employee stock options/right to subscribe to equity shares representing 6.50% of share capital for the benefit of employees on such terms and conditions as determined by the Investors and Board of Directors. This include 3,55,000 Rights to Subscribe to equity shares to Mr. Anil Mehta approved by Board of Directors in their meeting held on 28 April, 2016.

(i) The Group (except disclosed above) has not allotted any shares for consideration other than cash, bonus shares and shares bought back for the five years immediately preceding the reporting date.

(k) The Board of Directors have not proposed any dividend for the year ended 31 March 2022.

20. Other equity

Particulars	As at 31 March 2022
Securities premium	68,577.83
Statutory reserve	6,992.50
Employee share based payment reserve	833.95
Retained earnings	26,837.69
Total	1,03,241.97

Nature and purpose of other reserve

Securities premium

Securities premium represents premium received on issue of shares. The amount is utilised in accordance with the provisions of the Companies Act, 2013.

Statutory reserve

This reserve is created as per the provision of Section 29C of the National Housing Bank Act, 1987 (read with Section 36(1)(viii) of the Income-tax Act, 1961).

The Group transfers amount at least 20% of the total comprehensive income after tax to Statutory reserve.

Employee share based payment reserve

This reserve is used to recognise the fair value of the options issued to employees of the Group under Group's employee stock option plan.

Retained earnings

Retained earnings represents the amount of accumulated earnings of the Group.

21. Interest income (on financial assets measured at amortised cost)

Particulars	For the year ended 31 March 2022
Interest on loans	35,663.21
Interest on investments	566.16
Interest on deposits with banks	1,471.99
Income on securitised loans	63.38
Total	37,764.74

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

22. Fees and commission income

Particulars	For the year ended 31 March 2022
Fee based income	1,602.65
Total	1,602.65

23. Net gain on fair value changes

Particulars	For the year ended 31 March 2022
Net gain on financial instruments at fair value through profit or loss	
On trading portfolio	
- Investments	458.85
Total net gain on fair value changes	458.85
Fair value changes	
- Realised	428.13
- Unrealised	30.72
Total net gain on fair value changes	458.85

24. Other income

Particulars	For the year ended 31 March 2022
Marketing support income	1,172.55
Gain on termination of leases	8.22
Liabilities no longer required, written back	2.03
Total	1,182.80

25. Finance costs (on financial liabilities measured at amortised cost)

Particulars	For the year ended 31 March 2022
(a) Interest expenses on	
- Borrowings	13,264.25
- Debt securities	1,043.86
- Securitised loans	427.46
(b) Other borrowing costs	
- Securitisation expense	2.37
- Interest expense on lease liabilities	91.93
- Other interest expense	3.99
Total	14,833.86

26. Impairment on financial instruments (measured at amortised cost)

Particulars	For the year ended 31 March 2022
Impairment loss on loans	352.97
Net loans written off*	811.81
Impairment loss on EIS receivable	24.09
Total	1,188.87

*Net of bad debt recovery of INR 123.36 lakhs

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

27. Employee benefits expenses

Particulars	For the year ended 31 March 2022
Salaries, wages and bonus	8,913.41
Contribution to provident and other funds	540.92
Share based payments to employees	594.12
Staff welfare expenses	92.17
Total	10,140.62

28. Depreciation and amortisation

Particulars	For the year ended 31 March 2022
Depreciation of property, plant and equipment (Refer note 10)	595.56
Amortisation of intangible assets (Refer note 11)	58.34
Total	653.90

29. Other expenses

Particulars	For the year ended 31 March 2022
Legal and professional charges	260.40
Loan processing cost	284.48
Advertisement and marketing expenses	132.09
Rent and hire charges	84.53
Travelling and conveyance	213.49
Information technology expense	680.14
Communication expenses	80.94
Rates and taxes expenses	3.97
Repairs and maintenance - others	52.63
Office expenses	106.19
Electricity and water expenses	88.95
Printing, stationery and office supplies	24.43
Workshop, seminar and conference expenses	15.70
Insurance expenses	160.43
Directors' sitting fees	27.47
Auditor's remuneration (Refer note 29.1 below)	38.15
Bank charges	34.90
Loss on derecognition of property, plant and equipment	6.39
Corporate social responsibility expenses (Refer note 29.2 below)	146.54
Loss on Stock of Acquired Properties	12.30
Miscellaneous expenses	19.02
Total	2,473.14

29.1 Auditor's remuneration

Particulars	For the year ended 31 March 2022
a) As auditors	
- Statutory audit including limited review	31.00
- Certification and other charges	6.20
b) for re-imburement of expenses	0.95

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

29.2 Expenditure incurred on Corporate Social Responsibility (CSR)

As per section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules 2014, the Group is required to spend for CSR activities in accordance with its CSR policy. The details of the CSR expenses for the year are as under:

Particulars	For the year ended 31 March 2022
a) Gross amount required to be spent by the Company during the year	146.54
b) Amount spent during the year on:	
i) Construction/acquisition of any asset	-
ii) On purpose other than (a) above	
Contribution towards Trust/NGOs	146.54
c) Amount unpaid	-

30. Tax expense

Particulars	For the year ended 31 March 2022
In respect of the current year	3,183.62
	3,183.62
Deferred tax charge/(credit)	661.78
	661.78
Total income tax expense recognised (excluding tax recognised in other comprehensive income)	3,845.40

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate and the reported tax expense in statement of profit and loss, is as follows:

Particulars	For the year ended 31 March 2022
Profit before tax	16,690.11
Applicable tax rate	25.17%
Expected tax expense [A]	4,200.57
Effect of expenses that are not deductible in determining taxable profit	80.39
Deductions under section 80JJAA of the Income-tax Act, 1961	(52.80)
Deductions under Section 36(1)(viii) of the Income-tax Act, 1961	(382.76)
Total	3,845.40

With introduction of Taxation Laws (Amendment) Ordinance, 2019 in previous year, where section 115BAA was introduced in the Income-tax Act, 1961 proposing option to compute income tax liability at revised taxation rates, the Group has elected to exercise the option and thereby the applicable tax rates have reduced from 29.12% to 25.17%. The tax expense for the current financial year and previous financial year, has been computed considering the revised tax provisions.

Income tax expense recognised in other comprehensive income

Particulars	For the year ended 31 March 2022
Income tax relating to re-measurement loss on defined benefit plans	23.18
Total	23.18

31. Expenditure in foreign currency

Particulars	For the year ended 31 March 2022
Software license expense	197.67
Total	197.67

The Group's unhedged foreign currency exposure as on 31 March 2022 is Nil.

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

31. Expenditure in foreign currency (contd.)

For the year ended 31 March 2022

Particulars	Unhedged			Hedged through forward or derivative			Natural hedge
	<=1 year	> 1 year	Total	<=1year	> 1 year	Total	<=1 year
Foreign currency (FCY) receivables							
Exports	-	-	-	-	-	-	-
Loans to Joint Venture/Wholly Owned Subsidiary (JV/ WOS)	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
FCY payables							
Imports	-	-	-	-	-	-	-
Trade credits	-	-	-	-	-	-	-
External Commercial Borrowings (ECBs)	-	-	-	-	-	-	-
Other FCY loans	-	-	-	-	-	-	-
INR to USD swaps	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

32. Segment reporting

The Group is predominantly engaged in a single business segment i.e. providing housing loans and loan against properties in India only, which has similar nature of products and services, type/class of customers and the nature of the regulatory environment, risks and returns and accordingly there are no separately reportable business or geographical segments as per the Indian Accounting Standard ('Ind AS') 108 on Operating Segments. The aforesaid is in line with the way operating results are reviewed and viewed by the chief operating decision maker. Accordingly, the amounts appearing in these financial statements relate to the Group's single business segment.

33. Contingent liabilities and commitments

Particulars	For the year ended 31 March 2022
a) In respect of following:	
- Income tax matters	445.23
b) Commitments	
- Undrawn loans commitments	19,341.23
- Capital commitments	5.00

Note:

The Group received income tax notice under section 143(3) of the Income Tax Act, 1961 (the Act) dated 25 December 2019 for tax demand amounting to Rs. 445.23 lakhs on account of unexplained credit under Section 68 of the Act for assessment year 2017-18. In response to such notice, the Group has filed an appeal before Commissioner of Income Tax (Appeals). The Group has deposited Rs. 89.05 lakhs under protest. The legal proceeding when ultimately concluded will not, in the opinion of the management, have a material effect on the financial position of the Company. Above amount does not include the contingencies, the likelihood of which is remote.

34. Disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31 March 2022
(i) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;	
- Principal due	Nil
- Interest due	Nil
(ii) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	Nil

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

34. Disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (contd.)

Particulars	As at 31 March 2022
(iii) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	Nil
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil

35. Assets held for sale

The Company has obtained possession of certain properties mortgaged by customers, under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (The SARFAESI Act, 2002), which shall be sold to realise the loan and other amounts receivable by the Company. The Company is in the process of selling these properties and has classified these as assets held for sale.

36. Employee benefit plans

A) Defined contribution plans

Provident and other funds

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Company has no obligations other than this to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue.

Particulars	For the year ended 31 March 2022
Employer's contribution to provident and other funds	540.92
	540.92

B) Defined benefit plans

Gratuity

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk

The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk

The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31 March 2022 by Mr. Ashok Kumar Garg (FIAI M.No. 00057), Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

36. Employee benefit plans (contd.)

Principal assumptions	31 March 2022
Discount rate(s)	7.00%
Expected rate(s) of salary increase	10.00%
Retirement age	58
Withdrawal rate	8.00%
In service mortality	IALM (2012-14)

Amounts recognised in the statement of profit and loss in respect of these defined benefit plans are as follows:

Particulars	For the year ended 31 March 2022
Service cost:	
Current service cost	148.93
Interest cost	17.76
Components of defined benefit costs recognised in profit or loss	166.69
Remeasurement on the net defined benefit liability:	
Actuarial losses/(gains) arising from changes in financial assumptions	-
Actuarial (gains)/losses arising from experience adjustments	92.12
Components of defined benefit costs recognised in other comprehensive income	92.12

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

Particulars	As at 31 March 2022
Present value of funded defined benefit obligation	365.01
Fair value of plan assets	-
Net liability arising from defined benefit obligation	365.01

Movements in the present value of the defined benefit obligation are as follows:

Particulars	Year ended 31 March 2022
Opening defined benefit obligation	253.74
Current service cost	148.93
Interest cost	17.76
Remeasurement (gains)/losses:	
Actuarial losses/(gains) arising from changes in financial assumptions	-
Actuarial (gains)/losses arising from experience adjustments	92.12
Past service cost, including losses/(gains) on curtailments	-
Benefits paid	(147.54)
Closing defined benefit obligation	365.01

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase, mortality, etc. The sensitivity analysis below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by Rs. 37.95 lakhs (increase by Rs. 44.40 lakhs).

- If the expected salary growth increases (decreases) by 100 basis points, the defined benefit obligation would increase by Rs. 42.67 lakhs (decrease by Rs. 37.31 lakhs).

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

36. Employee benefit plans (contd.)

Sensitivities due to change in mortality rate and change in withdrawal rate are not expected to be material and hence impact of such change is not calculated.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Other disclosures

Maturity profile of defined benefit obligations

Particulars	As at 31 March 2022
Average duration of the defined benefit obligation (in years)	
Less than 1 year	7.03
Between 1-2 years	3.06
Between 2-5 years	9.82
Over 5 years	345.10

-The expected contributions to the plan for the next year is INR 219.03 lakh.

37. Maturity analysis of assets and liabilities

Assets	31 March 2022		
	Within 12 months	After 12 months	Total
Financial assets			
Cash and cash equivalents	14,380.16	-	14,380.16
Bank balance other than cash and cash equivalents	17,789.59	859.62	18,649.21
Loans	36,602.66	2,25,649.79	2,62,252.45
Investments	17,532.00	-	17,532.00
Other financial assets	2,225.83	3,969.38	6,195.21
Non-financial assets			
Current tax assets (net)	-	-	-
Deferred tax assets (net)	-	295.06	295.06
Property, plant and equipment	-	1,657.28	1,657.28
Other intangible assets	-	46.54	46.54
Other non-financial assets	556.52	221.14	777.66
Assets held for sale	336.54	-	336.54
Total assets	89,423.30	2,32,698.82	3,22,122.11
Liabilities			
Financial liabilities			
Trade payables	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	459.41	-	459.41
Debt securities	1,955.81	16,704.04	18,659.85
Borrowings (Other than debt securities)	47,675.60	1,40,665.52	1,88,341.12
Other financial liabilities	3,336.51	-	3,336.51
Non-financial liabilities			
Provisions	84.58	428.74	513.32
Current tax liabilities (Net)	432.22	-	432.22
Other non-financial liabilities	2,767.04	-	2,767.04
Total liabilities	56,711.17	1,57,798.29	2,14,509.47
Net	32,712.12	74,900.52	1,07,612.64

Classification of assets & liabilities under maturity buckets is based on estimates and assumptions of the company.

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

38. Financial instruments

38.1 Capital management

Capital

The Group maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the National Housing Bank (NHB) and Reserve Bank of India (RBI). The adequacy of the Group's capital is monitored using, among other measures, the regulations issued by NHB and RBI.

Capital management

The capital management objectives of the Group are:

- to ensure that the Group complies with externally imposed capital requirements, if any and maintains strong credit ratings and healthy capital ratios
- to ensure the ability to continue as a going concern
- to provide an adequate return to shareholders

Gearing ratio

The gearing ratio at the end of reporting period was as follows:

Particulars	As at 31 March 2022
Debt	
Borrowings(other than debt securities)	1,88,341.12
Debt securities	18,659.85
Cash and cash equivalents	(14,380.16)
Net debt	1,92,620.81
Total equity	1,07,612.64
Net debt to equity ratio	1.79

Management assesses the capital requirements of the Group in order to maintain an efficient overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends, issue new shares, moderate business growth or sell assets to reduce debt.

38.2 Categories of financial instruments

The carrying value of financial assets and financial liabilities are as follows:

As at 31 March 2022

Particulars	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value
Financial assets				
Cash and cash equivalents	-	-	14,380.16	14,380.16
Bank balance other than cash and cash equivalents	-	-	18,649.21	18,649.21
Loans	-	-	2,62,252.45	2,62,252.45
Investments	17,532.00	-	-	17,532.00
Other financial assets	-	-	6,195.21	6,195.21
Total financial assets	17,532.00	-	3,01,477.03	3,19,009.03
Financial liabilities				
Trade payables	-	-	459.41	459.41
Debt securities	-	-	18,659.85	18,659.85
Borrowings (Other than debt securities)	-	-	1,88,341.12	1,88,341.12
Other financial liabilities	-	-	3,336.51	3,336.51
Total financial liabilities	-	-	2,10,796.89	2,10,796.89

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

38.3 Fair value measurement of assets and liabilities

- Fair value hierarchy

Assets and liabilities are measured at fair value in the financial statements and are grouped into three levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- **Level 1:** Quoted prices (unadjusted) for identical instruments in an active markets;
- **Level 2:** Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and
- **Level 3:** Inputs which are not based on observable market data (unobservable inputs).

The following table shows the levels within the hierarchy of assets measured at fair value on a recurring basis:

As at 31 March 2022

Particulars	Level 1	Level 2	Level 3	Total
Asset measured at fair value on a recurring basis				
Financial Assets carried at fair value through profit and loss				
Investments in mutual fund	17,532.00			17,532.00
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	336.54	-	336.54

Valuation methodologies of financial instruments measured at fair value

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

- Mutual funds** - Units held in Mutual funds are valued based on their published Net asset value (NAV) and such instruments are classified under Level 1.
- Asset held for sale** - Assets held for sale valuation are basis independent valuations by a specialist in valuing these type of assets. The best estimate of fair value is current prices in an active market for similar assets.

38.4 Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

As at 31 March 2022

Particulars	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Cash and cash equivalents	14,380.16			14,380.16	14,380.16
Bank balance other than cash and cash equivalents	18,649.21			18,649.21	18,649.21
Loans	2,62,252.45			2,62,252.45	2,62,252.45
Other financial assets	6,195.21			6,195.21	6,195.21
	3,01,477.03	-	-	3,01,477.03	3,01,477.03
Financial liabilities					
Trade payables	459.41	-	-	459.41	459.41
Debt securities	18,659.85			18,659.85	18,659.85
Borrowings (Other than debt securities)	1,88,341.12			1,88,341.12	1,88,341.12
Other financial liabilities	3,336.51			3,336.51	3,336.51
	2,10,796.89	-	-	2,10,796.89	2,10,796.89

The management is of view that the fair value of bank balances and cash and cash equivalents, other bank balances, loans, other financial assets, trade payables, borrowings including debt securities and other financial liabilities that are being carried at amortised cost, approximates to their respective net carrying value.

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

38.5. Financial risk management

Risk Management

The Group's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Loan receivables, cash and bank balances, investments, financial assets measured at amortised cost	Expected loss analysis	Credit risk analysis, diversification of customers/asset base, high rated bank deposits, credit limits and collateral.
Liquidity risk	Business commitments and other liabilities	Rolling cash flow forecasts	Maintaining adequate cash reserves and undrawn credit facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds, and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks.

The Board has the overall responsibility of risk management. There are two committees of the Board which takes care of managing overall risk in the organisation. In accordance with the RBI guidelines to enable Housing Finance Companies to adopt best practices and greater transparency in their operations, the Board of Directors of the Group has constituted a Risk Management Committee to review risk management in relation to various risks, namely, credit risk, and operational risk, and an Asset Liability Management Committee (ALCO) to review the liquidity and market risk.

a) Credit risk

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to the Group. In its lending operations, the Group is principally exposed to credit risk.

The credit risk is governed by various product policies. The product policies outlines the type of products that can be offered, customer categories, the targeted customer profile and the credit approval process and limits. The Group measures, monitors and manages credit risk at an individual borrower level. The credit risk for individual borrowers is being managed at portfolio level for both Housing Loans and Non-housing Loans. The Group has a structured and standardised credit approval process, which includes a well-established procedure of comprehensive credit appraisal.

Credit risk arises from loan financing, cash and cash equivalents, investments and deposits with banks and financial institutions, as shown below:

Particulars	As at 31 March 2022
Loans	2,62,252.45
Cash and cash equivalents	14,380.16
Bank balance other than cash and cash equivalents	18,649.21
Investments	17,532.00
Other financial assets	6,195.21

Credit risk management

The Group assesses and manages credit risk based on internal credit rating system and external ratings.

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

38.5. Financial risk management (contd.)

Loans

The customers are primarily low and middle -income, salaried and self-employed individuals. The credit officers evaluate credit proposals on the basis of active credit policies as on the date of approval. The criteria typically include factors such as the borrower's income and obligations, the loan-to-value ratio and demographic parameters subject to regulatory guidelines. Any deviations need to be approved at the designated levels.

The various process controls such as PAN Number Check, CERSAI database scrubbing, Credit Bureau Report analysis are undertaken prior to approval of a loan. Individual loans are secured by the mortgage of the borrowers property.

Investments

Investments are generally made in mutual funds. Credit risk related to these investments is managed by monitoring the recoverability of such amounts continuously.

Other financial assets measured at amortised cost

Other financial assets measured at amortized cost includes security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

Management of the Group monitors forecast of liquidity position and cash and cash equivalents on the basis of expected cash flows. The Asset Liability Management Policy aims to align market risk management with overall strategic objectives, articulate current interest rate view and determine pricing, mix and maturity profile of assets and liabilities. The asset liability management policy involves preparation and analysis of liquidity gap reports and ensuring preventive and corrective measures. It also addresses the interest rate risk by providing for duration gap analysis and control by providing limits to the gaps.

The tables below analyse the financial assets and liabilities of the Group into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows except EIS receivables on direct assignment included in other financial assets. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Maturities of financial assets

31 March 2022	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Cash and cash equivalents	14,380.16	-	-	-	14,380.16
Bank balance other than cash and cash equivalents	17,789.59	784.18	75.44	-	18,649.21
Loans	37,114.84	73,535.98	58,811.42	99,952.55	2,69,414.79
Investments	17,532.00	-	-	-	17,532.00
Other financial assets	2,225.83	2,762.75	1,126.04	80.59	6,195.21
Total	89,042.42	77,082.91	60,012.90	1,00,033.14	3,26,171.37

Maturities of financial liabilities

The tables below analyse the financial liabilities of the Group into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 March 2022	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Borrowings (Other than debt securities)	47,972.87	78,929.03	41,505.27	21,101.04	1,89,508.21
Debt securities	1,963.93	10,000.00	6,846.26	-	18,810.19
Trade payables	459.41	-	-	-	459.41
Other financial liabilities	3,336.51	-	-	-	3,336.51
Total	53,732.72	88,929.03	48,351.53	21,101.04	2,12,114.32

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

38.5. Financial risk management (contd.)

- c. Public disclosure on Liquidity Risk of Group as on 31 March 2022 in accordance with RBI circular No. RBI/2019-20/88 DOR.NBFC(PD) CC. No.102/03.10.001/2019-20 dated 04 November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies (NBFCs) including Core Investment Companies and RBI circular No. RBI/2020-21/60 DOR.NBFC(HFC).CC.No.118/ 03.10.136/2020-21 dated 22 October 2020 for regulatory framework for Housing Finance Companies (HFCs).

Funding concentration based on significant counterparty*# (borrowings)

Number of significant counterparties	As at 31 March 2022	
	Amount	% of total liabilities
29	1,97,713.82	92.17%

*A significant counterparty is a single counterparty that has an amount outstanding for more than 1% of the total liabilities as on the reporting date.

Funding concentration based on significant instrument/product*#

Name of the instrument	As at 31 March 2022	
	Amount	% of total liabilities
Term loans from banks and financial institutions	1,49,495.11	46.41%
Term loans from National Housing Bank	34,415.56	10.68%
Non-convertible debentures	18,000.00	5.59%
Securitisation	4,176.76	1.30%
	2,06,087.43	

*A significant instrument/product is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the total liabilities.

Top 10 borrowings#

Particulars	As at 31 March 2022	
	Amount	% of total borrowings
Term Loan/NCD/Securitisation	1,20,527.77	58.48%

#All the above mentioned outstanding borrowings are disclosed at principal contractual liability.

Stock Ratios:

Particulars	As at 31 March 2022
Commercial papers issued to total liabilities	Nil
Commercial papers issued to total assets	Nil
NCD (original maturity < one year) to total liabilities	Nil
NCD (original maturity < one year) to total assets	Nil
Other short-term liabilities to total liabilities	3.06%
Other short-term liabilities to total assets	2.04%

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

38.5. Financial risk management (contd.)

c) Market risk

Interest rate risk

Liabilities

The policy of the Group is to minimise interest rate cash flow risk exposures on long-term loans and borrowings. As at 31 March 2022, the Group is exposed to changes in market interest rates through loans and bank borrowings at variable interest rates.

Interest rate risk exposure

Below is the overall exposure of the Group to interest rate risk:

Particulars	As at 31 March 2022
Variable rate borrowing	1,73,329.79
Fixed rate borrowing	28,580.89
Total borrowings	2,01,910.68

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates:

	Year ended 31 March 2022
Interest rate - Increase by 100 basis points*	1,368.45
Interest rate - Decrease by 100 basis points*	(1,368.45)

* Holding all other variables constant

39. Related party transactions

List of related parties:	
i. Holding Company	WestBridge Crossover Fund, LLC (w.e.f 26 October 2021)
ii. Key management personnel	a. Anil Mehta - Chairman and Non-Executive Director (w.e.f 23 November 2021, Managing Director and Chief Executive Officer (till 22 November 2021))
	b. Rupinder Singh- Managing Director and Chief Executive Officer (w.e.f. 23 November 2021)*
	b. Ashish Gupta - Chief Financial Officer
	c. Mukti Chaplot - Company Secretary
	d. GV Ravishankar - Nominee Director (till 26 October 2021)
	e. Anup Gupta - Nominee Director
	f. Sumir Chadha - Nominee Director
	g. Anisha Motwani - Independent Director (till 17 February 2021)
	h. Shailesh J Mehta - Nominee Director (w.e.f 03 November 2021, Independent Director till 2 November 2021)
	i. Rachna Dikshit - Independent Director (w.e.f 12 February 2021)
	j. Sudhin Choksey- Nominee Director (w.e.f. 3 November 2021)
	k. Sunil Bhumralkar- Additional Independent Director (w.e.f. 31 March 2022)
iii. Entities having significance influence	a. WestBridge Crossover Fund, LLC (Holder of Equity Shares) (till 25 October 2021)
	b. Nexus Ventures III Ltd, Mauritius (Holder of Equity Shares)
	c. Aravali Investment Holdings (Holder of Equity Shares)
iv. Relative of key management personnel - (where there are transactions)	Gaj Singh Mehta - Father of Anil Mehta
	Ankit Aggarwal - Husband of Mukti Chaplot

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

39. Related party transactions (contd.)

Transactions with related parties

Particulars	For the year ended 31 March 2022
Rent paid	3.41

Transaction with key management personnel

Particulars	For the year ended 31 March 2022
Short-term benefits	942.51
Contribution to pension funds and gratuity payment	178.81
Sitting fees	26.25
Proceeds from issue of equity shares	10.66
Sale of Assets	8.63

Amount payable to key management personnel

Particulars	As at 31 March 2022
Short-term benefits	379.56

Note 1: The KMPs are covered under the Group's gratuity policy, compensated absences policy and ESOP scheme along with other eligible employees of the Company. Proportionate amount of gratuity expenses, provision for compensated absences and ESOP expenses are not included in the aforementioned disclosures as it cannot be separately ascertained.

Note 2: The Company has incorporated wholly owned subsidiary India Shelter Capital Finance Limited on 24 March 2022 to carry on lending business as Non-Banking Finance Company subject to receipt of regulatory approvals.

Balances outstanding as at the year end

Particulars	As at 31 March 2022
Share capital	
WestBridge Crossover Fund, LLC	1,085.42
Aravali Investment Holdings	1,421.14
Nexus Ventures III Ltd	996.18
Anil Mehta	82.04
Ankit Aggarwal*	0.75
Ashish Gupta	1.00
Mukti Chaplot	1.35

*Holds equity shares allotted before 4 February 2020 on exercise on employee stock options.

40. Earnings per share

Particulars	For the year ended 31 March 2022
Profits for the year	12,844.71
Weighted average number of equity shares for calculating basic earnings per share	4,33,99,740
Effect of dilutive potential equity shares- Employee Stock Options and right to subscribe	4,88,921
Total weighted average number of equity shares for calculating diluted earnings per share	4,38,88,661
Earnings per share on profit for the year (Face value of Rs. 10 per share)	
a) Basic earnings per share (Rs.)	29.60
b) Diluted earnings per share (Rs.)	29.27

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

41. Lease related disclosures

The Group has leases for office building, branches and related facilities and cars. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right-of-use assets. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. Some leases contain an option to extend the lease for a further term.

A Lease payments not included in measurement of lease liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	31 March 2022
Short-term leases	84.53
Leases of low value assets	-
Variable lease payments	-

B Total cash outflow for leases for the year ended 31 March 2022 was Rs. 446.22 lakhs.

C The Group has total commitment for short-term leases as at 31 March 2022 Rs.Nil.

D Maturity of lease liabilities

The lease liabilities are secured by the related underlying assets. Future minimum lease payments were as follows:

31 March 2022	Minimum lease payments due						
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Lease payments	445.33	329.37	199.12	169.00	57.81	37.86	1,238.49
Interest expense	78.74	49.29	27.16	13.96	5.84	2.07	177.06
Net present values	366.59	280.08	171.96	155.04	51.97	35.79	1,061.43

E There are no variable lease agreements.

F Information about extension and termination options

As at 31 March 2022

Right of use assets	Number of leases	Range of remaining term	Average remaining lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination option
Office premises	104	1 to 7 years	2.60 years	104	-	104
Car lease	2	1-2 years	1.5 years	-	-	-

G The total future cash outflows as at 31 March 2022 for leases that had not yet commenced is of Rs. Nil.

42 Additional Information as required by paragraph 2 of the General Instruction for preparation of Consolidated Financial Statements to Division III-Schedule III to the Companies Act, 2013

As at 31 March 2022

	Net Assets i.e Total Assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As a %of consolidated net assets	Amount	As a %of consolidated profit and loss	Amount	As a %of other comprehensive income	Amount	As a %of consolidated total comprehensive income	Amount
Parent Company								
India Shelter Finance Corporation Limited	100%	1,07,612.64	100%	12,844.71	100%	(68.94)	100%	12,775.77
Indian Subsidiary								
India Shelter Capital Finance Limited	0%	-	0%	-	0%	-	0%	-

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

43. Employee Stock Option Scheme

The Group provides Employee Stock option schemes to its employees. For the year ended 31st March 2022 following Employee Stock Option Plans (ESOPs) were in existence. The relevant details of the schemes and the grants are as below:

Particulars	ESOP 2012				
Date of grant	01 October 2012	01 October 2013	15 March 2014	22 January 2015	08 June 2016
Exercise price	Rs. 13.27 per option	Rs. 14.18 per option	Rs. 16.84 per option	Rs. 20.32 per option	Rs. 83.20 per option
Vesting dates:					
Tranche I*	01 October 2013	01 October 2014	01 October 2014	21 January 2016	09 June 2017
Tranche II*	01 October 2014	01 October 2015	01 October 2015	21 January 2017	09 June 2018
Tranche III*	01 October 2015	01 October 2016	01 October 2016	21 January 2018	09 June 2019
Tranche IV*	01 October 2016	01 October 2017	01 October 2017	21 January 2019	09 June 2020

* Grant on 01 October 2012, 01 October 2013, 15 March 2014 and 22 January 2015 to be vested equally in each tranche. However, option granted on 08 June 2016 to be vested in the ratio of (3:5:5:7)

Particulars	ESOP 2017						
Date of grant	31 January 2018	15 February 2019	17 May 2019	13 August 2019	04 November 2019	01 July 2020	17 September 2020
Exercise price	Rs.118.48 per option	Rs. 159.01 per option	Rs. 179.92 per option	Rs. 184.55 per option	Rs. 189.56 per option	Rs. 197.80 per option	Rs. 197.80 per option
Vesting dates:							
Tranche I (10% of the options granted)	31 January 2019	15 February 2020	17 May 2020	13 August 2020	04 November 2020	01 July 2021	17 September 2021
Tranche II (20% of the options granted)	31 January 2020	15 February 2021	17 May 2021	13 August 2021	04 November 2021	01 July 2022	17 September 2022
Tranche III (30% of the options granted)	31 January 2021	15 February 2022	17 May 2022	13 August 2022	04 November 2022	01 July 2023	17 September 2023
Tranche IV (40% of the options granted)	31 January 2022	15 February 2023	17 May 2023	13 August 2023	04 November 2023	01 July 2024	17 September 2024

Particulars	ESOP 2021			
Date of grant	31 August 2021	02 November 2021	01 February 2022	31 March 2022
Exercise price	Rs.309.59 per option	Rs.315.57 per option	Rs.315.57 per option	Rs.340.71 per option
Vesting dates:				
Tranche I (20% of the options granted)	31-Aug-22	02-Nov-22	01-Feb-23	31-Mar-23
Tranche II (20% of the options granted)	31-Aug-23	02-Nov-23	01-Feb-24	31-Mar-24
Tranche III (20% of the options granted)	31-Aug-24	02-Nov-24	01-Feb-25	31-Mar-25
Tranche IV (20% of the options granted)	31-Aug-25	02-Nov-25	01-Feb-26	31-Mar-26
Tranche V (20% of the options granted)	31-Aug-26	02-Nov-26	01-Feb-27	31-Mar-27

Reconciliation of options under each plan

Particulars	ESOP 2012		ESOP 2017		ESOP 2021	
	Number of options	Amount	Number of options	Amount	Number of options	Amount
Outstanding as at 01 Apr 2021	8,09,750	511.43	5,41,000	968.27	-	-
Granted during the year	-	-	-	-	19,04,595	5,973.66
Forfeited during the year	-	-	-	-	22,500	69.99
Exercised during the year	7,09,750	491.11	18,500	24.66	-	-
Expired during the year	-	-	-	-	-	-
Outstanding as at 31 March 2022	1,00,000	20.32	5,22,500	943.61	18,82,095	5,903.67
Exercisable at the end of the year	1,00,000	-	1,67,000	273.91	-	-

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

43. Employee Stock Option Scheme (contd.)

The value of the underlying shares has been determined by an independent valuer. The following assumptions were used for calculation of fair value of grants in accordance with Black Scholes model, for options granted during the financial year:

Particulars	
Risk free interest rate	5.19% to 6.38%
Expected life of option	3.6 yrs to 5.6 yrs
Expected Volatility	24% to 29%
Dividend yield	0%

The risk free interest rates are determined based on the Government bond yields with maturity equal to the expected term of the option. Volatility calculation is based on historical stock prices of relevant index using standard deviation of daily change in index price. The historical period is taken into account to match the expected life of the option. Dividend yield has been considered taking into account the historical and expected rate of dividend on equity share price as on grant date.

44. Disclosure pursuant to Reserve Bank of India notification RBI/2021-22/85 DOR.STR.REC.51/21.04.177/2021-22 dated 24 September 2021

A) Disclosure as per NHB guidelines for securitisation transactions as an originator :

S . No	Particulars	As at 31 March 2022
1	No. of special purpose vehicle's (SPV's) sponsored by HFC for securitisation transaction	4
2	Total amount of securitised assets as per books of SPVs sponsored by the HFC	4,273.68
3	Total amount of exposures retained by the HFC to comply with MRR	
	i) Off-balance sheet exposures	
	a) First loss	-
	b) Others	-
	ii) On-balance sheet exposures	
	a) First Loss- Cash collateral	603.12
	b) Others- Over collateral	1,118.82
4	Amount of exposures to securitisation transactions other than MRR	
	i) Off-balance sheet exposures	
	a) Exposure to own securitisations	
	First loss	-
	Others	-
	b) Exposure to third party securitisation	
	First loss	-
	Others	-
	ii) On-balance sheet exposures towards credit enhancement	
	a) Exposure to own securitisations	
	First loss	638.05
	Others	205.17
	b) Exposure to third party securitisation transaction	
	First loss	-
	Others	-
5	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	3,205.77
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	-
7	Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.	
	Credit Enhancement- Cash collateral	
	(a) Amount paid	237.23
	(b) Repayment received	26.12
	(c) Outstanding amount"	603.12

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

44. (contd.)

S. No	Particulars	As at 31 March 2022
8	Average default rate of portfolios observed in the past- Mortgage backed securities	1.85%
9	Amount and number of additional/top up loan given on same underlying asset.	-
10	Investor complaints	
	(a) Directly/Indirectly received and;	-
	(b) Complaints outstanding	-

B) Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

During the year, the Company has not sold any financial assets to Securitisation / Reconstruction Company for Asset Reconstruction.

45 During the year, the Company has not sold any financial assets to Securitisation / Reconstruction Company for Asset Reconstruction (31 March 2021: Nil)

(a) Details of loans not in default transferred through assignment during the year ended 31 March 2022.

Entity	Bank/ Financial Institutions
Count of loan accounts assigned	3,714
Amount of loan account assigned	27,326.80 Lakh
Retention of beneficial economic interest (MRR)	10%
Weighted average maturity (Residual Maturity)	8.93 Years
Weighted average holding period	1.55 Years
Coverage of tangible security coverage (LTV)	40.32%
Number of transactions	7
Rating wise distribution of rated loans	Unrated

(b) The Group has not acquired any loan in default during the year ended 31 March 2022.

(c) The Group has not transferred/acquired any stressed loan during the year ended 31 March 2022.

46 The COVID-19 pandemic has adversely impacted the economic activities across the globe and changed the customer behaviour, which may persist. Based on the available information from internal and external sources, the Group has used prudent judgements, estimates and possible forward-looking scenarios to assess the impact of COVID-19 on the provisions in accordance with the expected credit loss (ECL) method on loans and other financial assets. Given the dynamic and evolving nature of the pandemic, these estimates are subject to uncertainties and may be affected by the severity, duration of the pandemic and other variables.

47 Key Analytical Ratios

Particulars	As at 31 March 2022
Debt -Equity Ratio	1.92 times
Total Debts to Total Assets	0.64
(Debt securities+ Borrowings {Other than Debt Securities}/Total Assets)	
Net Profit Margin (%)	28.67%
(PAT/Revenue from operation)	
Gross NPA ratio (DPD> 90 days)	1.63%
(Gross DPD 90+ loans/Gross Loan Assets)	
Gross NPA ratio	2.12%
(Gross Stage 3 loans/Gross Loan Assets)	
Net NPA ratio	1.60%
(Net Stage 3 loans/Net Loan Assets)	
Provision Coverage ratio	25.43%
(Stage 3 Provision/Gross Stage 3 loans)	

Summary of the significant accounting policies and other explanatory information on consolidated financial statements for the year ended 31 March 2022

(All amounts in Rs. lakh, unless otherwise stated)

48 The Group does not hold any immovable property other than disclosed in Note 10 as on 31 March 2022. All the lease agreements are duly executed in favour of the Group for properties where the Group is the lessee.

49 No proceedings have been initiated or pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder, as at 31 March 2022.

50 The Group does not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended 31 March 2022.

51 The Group 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 2022 are held by the Group in the form of short term deposits/ investments till the time the utilisation is made subsequently.

52 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 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 2022.

53 The Group has not traded or invested in Crypto currency or Virtual Currency during the year ended 31 March 2022.

54 The Group, as part of its normal business, grants loans and advances, makes investment, provides guarantees to and accept from its customers, other entities and persons. These transactions are part of Group's normal business, which is conducted ensuring adherence to all regulatory requirements.

Other than the transactions described above, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group 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 Group (Ultimate beneficiaries). The Group has also not received any fund from any parties (Funding party) with the understanding that the Group 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

55 All charges or satisfaction are registered with ROC within the statutory period for the financial years ended 31 March 2022. No charges or satisfactions are yet to be registered with ROC beyond the statutory period.

For **T R Chadha & Co LLP**
Chartered Accountants
Firm's Registration No.: 006711N/N500028

Aashish Gupta
Partner
Membership No.: 097343

Place: Gurugram
Date: 12 May 2022

For and on behalf of the Board of Directors of
India Shelter Finance Corporation Limited

Anil Mehta
Chairman and
Non-Executive Director
DIN: 02132315

Ashish Gupta
Chief Financial Officer

Rupinder Singh
Managing Director and
Chief Executive Officer
DIN: 09153382

Mukti Chaplot
Company Secretary
Membership No. 38326

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