DIRECTORS' REPORT

To,
The Members,

We are pleased to present the 14th (Fourteenth) Directors' Report of Shubham Housing Development Finance Company Limited ("the Company" or "Shubham") for the year ended 31st March 2023. This Report includes the Audited Financial Statements, Management Discussion and Analysis Report (MDAR), Corporate Governance Report, CSR Annual Report and other annexures, which form an integral part of this Report. It aims to provide stakeholders with a comprehensive insight into the company's financial position and operational area, thereby enabling a clear understanding of its business and operational status.

1. FINANCIAL HIGHLIGHTS:

Brief summary of the audited financials of the Company for the financial year ended 31.03.2023

(Figures in Rs. Crores)

Particulars	**Year ended 31.03.2023**	**Year ended 31.03.2022**
Revenue from Operations	448.94	347.43
Other Income	4.59	2.85
Total Income	**453.53**	**350.28**
Profit before Depreciation & amortization	121.36	36.36
Less: Depreciation & amortization	7.08	5.42
Profit after depreciation & amortization	114.27	30.94
Provision for Tax including Deferred Tax	22.51	6.03
Total Tax Expense	22.51	6.03
Profit after Tax	91.76	24.91

2. REVIEW OF BUSINESS:

During the period under review, your Company, fueled by the commitment to deliver unparallel service to the customers, impacting their lives positively, empowering them financially and expansion of footprints in new geographies, has achieved remarkable performance marked by Revenue of Rs. 448.94 Crores and Profit After Tax (PAT) of Rs. 91.76 crores which indicates year on year growth of 29% in Revenue and growth of 268% in PAT. During the year ended March 31, 2023, the Company, while experiencing rising cost of borrowings and ever-increasing competition from banks and new entrants in the market, has disbursed loan of Rs. 1,703 Crore as against Rs. 976 Crore in the previous year which is a 75% growth over the previous year, while maintaining healthy Net Interest Margin (NIM) of 9.25%[1].

During the period under review, the Company has expanded its footprint into new geographies of southern India besides penetrating deeper into existing territories. The number of branches as on March 31, 2023 increased to 137 which gave needed impetus to the business and led to the Asset under Management (AUM) of the Company surging by 30% and loan book by 20%.

[1] NIM/Average of Owned AUM *100

Your Company has met the Principal Business Criteria ('PBC') as defined in RBI Circular on Review of Regulatory framework for Housing Finance Companies dated October 22, 2020. Percentage of total assets towards housing finance as on March 31, 2023 was 61.47%.

3. CHANGE IN NATURE OF BUSINESS, IF ANY:

The Company is a financial institution, registered as a housing finance Company with National Housing Bank (NHB). The main business of the Company is of lending money in India for purchase, construction, renovation or improvement of residential houses or lending money against housing property for business/certain other end uses. All other activities of the Company revolve around the main business. During the year under review, there was no change in the nature of business.

4. DIVIDEND:

The Board of Directors of the Company has not recommended any dividend for the financial year ended March 31, 2023

5. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

No material changes and commitments occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report, which may have any adverse effect on the financial position of your Company.

6. TRANSFER TO RESERVES:

As per Section 29C of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to special reserve. During the year under review, your Company has transferred an amount of Rs.18.35 Crores to special reserve. The said reserves stood at Rs. 48.26 Crores. The balance in retained earnings as on March 31, 2023 stood at Rs. 179.84 Crores.

7. RESOURCE MOBILISATION:

A. Debentures:

i) Non-Convertible Debentures:

During the period under review the Company did not raise any funds by way of fresh issue of Non-Convertible Debentures (NCDs). Details of NCDs issued in the previous years by the Company which are listed on Debt Segment of BSE Ltd. and their principal outstanding as of March 31, 2023 along with the ratings assigned by the rating agencies are as under:

S. No.	ISIN	Amount (in Crores)	Ratings	Listed/ Unlisted
1	INE967Q08021	12.49	[ICRA]A (Stable)	Listed
3	INE967Q07023	10.00	[CRISIL]A (Stable)	Listed
4	INE967Q07031	19.98	[CRISIL]A (Stable)	Listed
	Total	**42.47**		

The instruments with these ratings are considered to have an adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

The Company is in compliance with the provisions of Chapter XI {(Guidelines on Private Placement of Non-Convertible Debentures (NCDs)} of Master Directions- Housing Finance Companies (Reserve Bank of India), 2021 and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. The Company is regular in making payment of principal and interest on the NCDs and there has been no instance of default(s) during the year under review. The Company further affirms that:

(a)	The total number of non-convertible debentures which have not been claimed by the Investors or not paid by the Company after the date on which the non-convertible debentures became due for redemption	- Nil
(b)	The total amount in respect of such debentures remaining unclaimed or unpaid beyond the date referred to in above para (a)	- Nil

ii) Optionally Convertible Debentures (OCDs)

During the year under review, the Company issued 183,567 8% Unsecured Optionally Convertible Debentures (OCD) to its Whole Time Directors at a price of Rs. 2829.04/- per OCD, partly paid up at Rs. 140/- per OCD. Each OCD issued can be converted into one equity share of the Company after making the OCD fully paid up at the option of OCD holder. During the period under review, the outstanding principal of OCD stood at Rs. 3.27 Crores.

B. Term Loans and other Borrowings

During the year under review, the Company availed Rs. 75 Crore of refinance facility from NHB under various refinance schemes of NHB. Further, the Company has also raised funds by way of borrowing from term loans. As on March 31, 2023, the total outstanding borrowing excluding NCDs stood as Rs. 1763.64 Crores.

C. Assignment of Loans

During the period under review, the Company assigned the receivables of housing loan portfolio and non-housing loan portfolio aggregating to Rs. 32.21 Crores.

D. Refinance from NHB

As on 31.03.2023, the outstanding balance under refinance facility schemes of NHB stood at Rs. 296.10 Crores, which helped the Company to reduce the cost of its incremental borrowings.

E. Commercial Papers

During the period under review, the Company did not raise any money by way of issue of Commercial Papers. The Company redeemed Commercial Papers amounting to Rs. 40 Crores during the year. The Company has been regular in redemption of commercial papers and there was no instance of default(s) during the year under review. As on date, no commercial paper is lying with the Company in respect of which redemption amount has not been claimed by the investors or not paid by the Company.

F. Equity funds raise Series E

During the period under review, your Company has raised Series E funds of Rs. 600 Crores by issuing 20 Equity Shares having face value of Rs. 10/- each at a premium of Rs. 2819.04/- per share and 16,43,650, 0.01% Series E2 Compulsory Convertible Preference Shares ('**Series E2 CCPS**') having face value of Rs. 20/- each at a premium of Rs. 2809.04/- per share to

British International Investment plc ('**BII**') and Asian Development Bank ('**ADB**') and 4,77,194, 0.01% Series E1 Compulsory Convertible Preference Shares ('**Series E1 CCPS**') having face value of Rs. 20/- each at a premium of Rs. 2809.04/- per share to Topaz Inclusion PTE. Ltd. ('**LF**') and PI Opportunities Fund -I Scheme II ('**PIOF II**').

8. DEPOSITS:

The Company is registered as a non-deposit taking Housing Finance Company with NHB. Being a non-deposit taking HFC, your Company has not accepted any public deposit. Therefore, provisions of Section 73 of the Companies Act, 2013 ("Act") read with applicable rules thereto and disclosure requirements under Para 44 of the Master Direction – Non-Banking Financial – Housing Finance Company (Reserve Bank) Directions, 2021 are not applicable. The Company further affirms that:

(a) the total number of accounts of public deposit of the Company which have not been claimed by the depositors or not paid by the company after the date on which the deposit became due for repayment; and - N.A.
(b) the total amount due under such accounts remaining unclaimed or unpaid beyond the date referred to in above para (a). - N.A.

9. INVESTOR EDUCATION AND PROTECTION FUND

No dividend has been declared since the inception of the Company, therefore the provisions of Section 125 of the Companies Act, 2013 do not apply.

10. SHARE CAPITAL:

The Capital structure of the Company is as follows:-

A. Authorized Share Capital

The Authorized Share Capital of the Company as at March 31, 2023 was Rs. 12,00,00,000/- (Rupees twelve crore) divided into –

(i) 27,00,000 Equity Shares of face value of Rs. 10/- each aggregating to Rs. 2,70,00,000;
(ii) 50,00,000 Compulsory Convertible Preference Shares (CCPS) of face value of Rs. 10/- each aggregating to Rs. 5,00,00,000
(iii) 21,50,000 CCPS of face value of Rs. 20/- each aggregating to Rs. 4,30,00,000/

B. Issued and Paid-up Share Capital

i. Equity Shares

The issued and paid-up equity share capital of the Company as at 31.03.2023 was Rs. 2,01,42 020/- divided into 20,14,202 equity shares of Rs. 10/- each. During the period under review, the Company has issued the following equity shares:

Date of Board Meeting	**No of shares/FV/Premium**
May 18, 2022	Conversion of 10,70,492 Convertible Preference shares into the equivalent equity shares having face value of Rs. 10/-
June 27, 2022	Fresh issue of 20 equity shares having face value of Rs. 10/- each at a premium of Rs. 2819.04/- per share

ii. Compulsorily Convertible Preference Shares

The issued and paid-up preference share capital of the company as at 31.03.2023 was Rs. 7,67,15,650/- divided into 34,29,877 preference shares of Rs. 10/- each and 21,20,844 preference shares of Rs. 20/- each. During the period under review, the Company has issued the following Compulsorily Convertible Preference Shares (CCPS):

Date of Board Meeting	**No of shares/FV/Premium**
June 27, 2022	4,77,194, 0.01% Series E1 Compulsory Convertible Preference Shares ('**Series E1 CCPS**') having face value of Rs. 20/- each at a premium of Rs. 2809.04/- per share
June 27, 2022	16,43,650, 0.01% Series E2 Compulsory Convertible Preference Shares ('**Series E2 CCPS**') having face value of Rs. 20/- each at a premium of Rs. 2809.04/-

11. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

The Company has an optimum combination of Executive Directors, Non-Executive Directors and Independent Directors on the Board who are from financial services background and possesses relevant skills and experience.

A. Independent Directors

The Company has the following Independent Directors on the Board of the Company:

S. No.	**Name**	**Designation**	**DIN**
1	Mr. Vinod Rai*	Non-Executive Independent Director	00041867
2	Mr. Rakesh Rewari*	Non-Executive Independent Director	00286853
3	Ms. Latika Thukral	Non-Executive Independent Director	08680862
4	Mr. Manoj Dattatraya Rane	Non-Executive Independent Director	02653448

*serving second term of 5 years upon members' approval through special resolution

B. Non-Executive Directors

In pursuance of the Articles of Association of the Company, the investors are entitled to nominate their representative to be appointed as the director(s) on the Board of the Company. In this regard, Board comprises of following Non-executive Directors nominated by different investor groups of the Company:

S. No.	**Name**	**Designation**	**DIN**
1	Mr. Rahul Chandra	Non-Executive Nominee Director	01213049
2	Mr. Manoj Jaiswal	Non-Executive Nominee Director	07873564
3	Mr. Pranav Kumar	Non-Executive Nominee Director	07896173
4	Mr. Gaurav Malhotra	Non-Executive Nominee Director	07640504
5	Mr. Saravanan Nattanmai*	Non-Executive Nominee Director	06989767

6	Mr. Rahul Garg*	Non-Executive Nominee Director	06939695
7	Vishal Tulsyan*	Non-Executive Nominee Director	00139754

**During the period under review, Mr. Vishal Tulsyan and Mr. Rahul Garg resigned from the Board w.e.f. May 18, 2022 and March 31, 2023 respectively and Mr. Saravanan Nattanmai was appointed as an Additional Nominee Director on the Board of the Company w.e.f. March 31, 2023 till the date of ensuing annual general meeting of the Company.*

C. Executive Director

Mr. Sanjay Chaturvedi and Ms. Rupa Basu are the Whole-Time Directors on the Board of the Company.

D. Directors whose appointment/re-appointment proposed in ensuing AGM

(i) Retiring Directors proposed for re-appointment in ensuing AGM

In pursuance to provisions of Section 152 of the Companies Act,2013, Mr. Rahul Chandra, Director and Mr. Manoj Jaiswal, Director, shall retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offer themselves for re-appointment. Being Investor Nominee Directors, Company has received suitable nomination for such re-appointment from respective Investors. The Board recommends their re-appointment.

(ii) Regularization of Mr. Saravanan Nattanmai as a Non-Executive Nominee Director

The Board appointed Mr. Saravanan Nattanmai as an Additional Director designated as Nominee Director to hold the office with effect from 31.03.2023 till the ensuing AGM of the Company. The confirmation of his appointment will be done in the ensuing AGM.

E. Key Managerial Personnel

Following are the Key Managerial Personnel as per the provisions of the Companies Act, 2013 and rules made thereunder:

Sr. No.	Name	Designation
1	Mr. Sanjay Chaturvedi	CEO and Whole Time Director
2	Ms. Rupa Basu	Whole-Time Director
3	Mr. Vishal Kanodia	CFO*
4	Ms. Neeta Kamra	Company Secretary

** Mr. Shashank Jain – CFO retired from the Company on July 31, 2022 and with effect from August 1, 2022 Mr. Vishal Kanodia was appointed as CFO of the Company*

12. BOARD EVALUATION

The major role of the Board in a Company is to provide strategic directions, monitor the management and to provide support and advice. The effectiveness of the Board depends on a variety of factors such as Board Structure, Functioning of the Board, Business Strategy Governance, Financial Reporting Process, Internal Audit and Controls, Monitoring, Supporting and Advisory role. A Board evaluation is a process that measures the accountability, transparency and effectiveness of board members.

In accordance with the provisions of Companies Act, 2013 and the rules made thereunder, the Company evaluates the performance of the Board, Committees of the Board and that of Individual Directors. The Board, on the basis of performance evaluation in a manner prescribed by Recruitment, Compensation and Nomination Committee, carries out an annual performance

evaluation of its own performance, the directors individually including Independent Directors, Committees of the Board and the Chairman of the Board. The Performance Evaluation Process is a questionnaire-based assessment, which sets broad parameters for evaluation of the performance of the Board, its Committees and of individual directors including Chairman of Board respectively. Its main objectives are to ensure effective and efficient Board operations towards corporate goals and objectives, to identify ways to improve Board member's functioning and to assess the balance of skills, knowledge and experience on the Board.

The performance of Non-Independent Directors, the Board as a whole and the Chairman of Board were evaluated at the meeting of Independent Directors held on March 22, 2023. The performance of Independent Directors and the Committees of Board were evaluated at the Board meeting held on May 24, 2023.

13. FIT AND PROPER CRITERIA

The Reserve Bank of India notified the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (RBI HFC Master Directions) on February 17, 2021, for housing finance companies. These directions inter-alia require all the housing finance companies to put in place Internal Guidelines on Corporate Governance and Policy on 'Fit & Proper' Criteria for Director(s) at the time of their appointment and on a continuing basis, with the approval of the Board of Directors of the Company. The Company had put the Internal Guidelines on Corporate Governance and Policy on 'Fit & Proper' Criteria for Director(s) in place. The Internal guidelines on corporate governance adopted by the Company is available on https://www.shubham.co/internal-guidelines-on-corporate-governance.php.

14. DECLARATION BY DIRECTORS

All the Directors of the Company have confirmed that they satisfy the "fit and proper" criteria as prescribed under Chapter IX of RBI Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (RBI HFC Master Directions) issued on February 17, 2021 and are not disqualified from being appointed/continuing as Directors in terms of section 164(2) of the Companies Act, 2013.

15. ANNUAL DECLARATION FROM INDEPENDENT DIRECTORS

All Independent Directors have submitted the declaration of independence, pursuant to the provisions of Section 149(7) of the Companies Act 2013 stating that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013. They have also affirmed compliance with Rule 6 of Companies (Appointment and Qualifications of Directors) Rules, 2014 certifying their eligibility as Independent Directors and confirming that they are not disqualified from continuing in their roles.

16. THE DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

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

17. DIRECTORS' RESPONSIBILITY STATEMENT:

In compliance with the provisions of Section 134(3)(c) of the Companies Act, 2013, your Directors confirm that:-

(a) in the preparation of the annual accounts, the applicable accounting standards were followed along with proper explanation relating to material departures, if any;

(b) 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 the company at the end of the financial year and of the profit and loss of the company for that period;

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

(d) the Directors have prepared the annual accounts on a going concern basis;

(e) 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.

18. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ("the RBI HFC Master Directions 2021"), a detailed Note on the Company's operational and financial performance is given in the "Management Discussion and Analysis Report" which is annexed to this Report as **Annexure I**

19. AUDITORS:

A. Statutory Auditors

M/s MSKA & Associates, Chartered Accountants (Firm Registration No. 105047W) were appointed as Statutory Auditors of the Company at the 13th Annual General Meeting (AGM) of the Company held on May 31, 2022 to hold the office for their remaining tenure of 2 years till the conclusion of 15th AGM, subject to their satisfaction of eligibility norms as per the requirements set out in Reserve Bank of India Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021

The audit for FY 2022–23 was carried out by M/s. MSKA & Associates, Chartered Accountants, Statutory Auditors of the Company. As a result, no comments are required under Section 134 of the Act.

The Report of Statutory Auditors on accounts and financial statements for Financial Year 2022-23, is annexed as **Annexure - VII**

B. Secretarial Auditors

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s Naveen Narang & Associates, Practicing Company Secretaries, as the Secretarial Auditor of the Company to conduct Secretarial Audit of the Company for FY 2022-23. Being eligible, they have been re-appointed for FY'24.

The Report of Secretarial Auditor for FY'23 is annexed to this Report as **Annexure – VI**

C. Internal Auditors

The Board of Directors on the recommendation of the Audit Committee approved the appointment of M/s. Mazars Advisory LLP as the internal auditors of the Company to conduct the internal audit for Financial Year 2023. Being eligible, they have been re-appointed for FY'24.

D. Auditor's Qualification/Reservation/Adverse Remark

Neither of the aforesaid statutory auditors nor secretarial auditors have expressed any adverse qualification/ reservation/ remark in their Report for financial year 2022-23 which requires any explanation or comments from the Board. The Notes on financial statements referred to in the Auditors' Report are self- explanatory and do not call for any further comments and explanations.

E. Reporting of frauds by auditors

During the period under review, the Statutory Auditors and the Secretarial Auditors have not reported any instances of fraud committed in the Company by its officer or employees to the Audit committee under Section 143(12) of the Companies Act, 2013 read with Rule 13 of Chapter X Companies (Audit and Auditors) Rules, 2014, details of which are required to be disclosed in this report.

20. INTERNAL FINANCIAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENTS

The Company has laid down adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no material weaknesses were observed in the design and operations of the same.

21. LOAN / GUARANTEE / INVESTMENTS:

Your Company being a housing finance company, the disclosures regarding particulars of loans made, guarantees given and securities provided in the ordinary course of its business, are exempted as per the provisions of section 186(11) of the Companies Act, 2013. Further, disclosures regarding loans and advances given to Directors & Senior Officers of the Company are given in Annexure V-B of this Report.

22. CONTRACTS / ARRANGEMENT WITH RELATED PARTIES:

In line with the requirements of the Act and the directions issued by the RBI, your Company has formulated a policy on Related Party Transactions, which describes the transactions requiring requisite approvals, reporting and disclosures of transaction between the Company and its related parties. The said policy has also been uploaded on the Company's website www.shubham.co

All the related party transactions entered into by the Company, during the financial year, were in its ordinary course of business and on an arm's length basis. There are no materially significant related party transactions entered into by the Company with its Promoters, Key Management Personnel or other designated persons which may have potential conflict with the interest of the Company at large. None of the transactions with related parties fall under the scope of Section 188(1) of the Act and hence the Information on transactions with related parties pursuant to Section 134(3) (h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 required to be given in the prescribed form AOC-2 are not applicable. Further it is confirmed that except as provided under notes to accounts and herein, none of the directors had any pecuniary relationship or transactions with the Company during the year under review.

Pursuant to the RBI HFC Master Directions 2021, the Related Party Transaction Policy of the Company forms part of this Board's Report.

23. DISCLOSURE AS PER REGULATION 53(F) OF SEBI LODR, 2015

Your Company does not have any holding or subsidiary company. Further, relevant additional disclosures pursuant to regulation 53(f) of SEBI (LODR), 2015 are provided in notes forming part of the financial statements enclosed with this report.

24. PARTICULARS OF EMPLOYEES:

In accordance with the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and particulars of the top ten employees in terms of remuneration drawn and of the aforesaid employees are set out in the **Annexure IV** to the Directors' Report. In terms of the provisions of Section 136(1) of the Companies Act, 2013 read with the rule, the Directors' Report is being sent to all shareholders of the company excluding the annex. Any shareholder interested in obtaining a copy of the annex may write to the Company.

25. EMPLOYEE STOCK OPTION SCHEME

The Company grants share-based benefits to eligible employees with a view to attracting and retaining the best talent, encouraging employees to align individual performances with Company objectives and promoting increased participation by them in the growth of the Company.

A. Employee Stock Option Plan 2013 (ESOP 2013)

During the FY2013-14, the Company issued 119,047 equity shares to the Shubham Employees Welfare Trust (Trust) which was for granting Employee Stock Options (Options) to the Company's employees/eligible persons. A resolution was passed in the Board Meeting of the Company dated 31.10.2013 authorizing the Board/"Recruitment, Compensation and Nomination Committee" (RCNC) to issue such Options to employees. Each Option, upon satisfying all such conditions as may be prescribed in accordance with the ESOP 2013, is exercisable for one equity share of face

value of Rs. 10/- each fully paid up on payment to the Trust such price as may be determined in accordance with ESOP 2013. If an Option expires or becomes un-exercisable without having been exercised in full, such options, would be available to the RCNC for granting to other employees/eligible persons.

The Options granted under ESOP 2013 shall vest after a minimum period of one (1) year and a maximum of four (4) years from the date of grant of the Option. The exact period after which the Options would vest shall be determined by the RCNC, subject to the aforesaid limits regarding the minimum and maximum vesting period. There shall be a minimum period of one year between the grant of an Option and vesting of the Option.

B. Employee Stock Option Scheme 2020 (ESOP Scheme 2020)

During the FY'20, the shareholders of the Company passed special resolution in the extra-ordinary general meeting of the Company held on 30.03.2020 authorizing Board/"Recruitment, Compensation and Nomination Committee" (RCNC) to create, offer, issue and allot from time to time such Employee Stock Options (Options) not exceeding 1,27,889 Options to employees/eligible persons under the "Employee Stock Option Scheme 2020" (ESOP Scheme 2020). Each such Option, upon satisfying all such conditions as may be prescribed in accordance with the ESOP Scheme 2020, is exercisable for one equity share of face value of Rs. 10/- fully paid up on payment to the Company such price as may be determined in accordance with ESOP Scheme 2020. However, if an Option expires or becomes un-exercisable without having been exercised in full, such Option would be available to the RCNC for granting to other employees/eligible persons.

The Options granted under ESOP Scheme 2020, shall vest after a minimum period of one year and a maximum period of four (4) years from the date of grant of the Option. The exact period for which the Option would vest shall be determined by the RCNC, subject to the aforesaid limits regarding the minimum and maximum vesting period. There shall be a minimum period of one year between the grant of an Option and vesting of the Option.

C. Employee Stock Option Plan 2022 (ESOP Scheme 2022)

During the financial year 2022-23, the shareholders of the Company passed special resolution in the extra-ordinary general meeting of the Company held on June 27, 2022 authorizing Board/Compensation Committee to create, offer, issue and allot from time to time such Employee Stock Options not exceeding 163,667 to employees under the Employee Stock Option Scheme 2022 ('ESOP Scheme 2022'). Each such stock option, upon satisfying all such conditions as may be prescribed in accordance with the ESOP Scheme 2022, is exercisable for one (1) equity share of face value of Rs. 10/- fully paid up on payment to the Company such price as may be determined in accordance with ESOP Scheme 2022.

D. Employee Stock Options (ESOPs):

In pursuance of Rule 12 of Companies (Share Capital and Debentures) Rules, 2014, ESOPs disclosures is as under:

Particulars	Pool-1	Pool-2	Pool-3	Employee Stock Options
	@ Rs. 10 ESOP 2013	@ Rs. 1166 ESOP 2020	@ Rs. 2829.04 - ESOP 2022	-

Options Granted during the year	26850	28004	-	-
Options Vested during the year	15477	10090	-	-
Options Exercised during the year	0	0	-	-
Total number of shares arising out of exercise of options	0	0	-	-
Options lapsed during the year	6312	7038	-	-
Exercise Price	10	1166	2829.04	Rs. 10/- (ESOP 2013) & Rs. 1166/- (ESOP Scheme 2020)
Variation of Terms of Options	Accelerated vesting approved by NRC for Ex CFO	-	-	No
Money realized by exercise of Options	0	0	0	Nil
Total number of Options in force	115992	63642	0	-
Employee-wise Details of Options Granted During the Year 2023: -				
(i) Key Managerial Person:	26350	725	0	Nil
(ii) Any other employee receiving grant in any one year of option amounting to five percent or more of options granted during that year:	Nil	1742	0	Nil
(iii) 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 the company at the time of grant.	Nil	Nil	Nil	Nil

26. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO:

Information in accordance with the provision of Section 134 (3) (m) of the Companies Act, 2013, read with Rule 8 of Companies (Account) Rules 2014 regarding conservation of energy technology absorption and foreign exchange earnings and outgo is as under:

A. Conservation of Energy

Your Company is engaged in mainly providing loans for affordable housing. As the Company has not undertaken manufacturing activity, the disclosure under the applicable rules is not required to be provided. However, your Company has generally taken reasonable efforts to conserve energy.

B. Technology Absorption

The Company has not imported any technology. Hence, the requirement of technology absorption is not applicable.

C. Foreign Exchange Earnings and Outgo

The Foreign Exchange earnings and outgo of the company during the period under review are as follows:

(i)	Foreign Exchange Earnings	:	Nil
(ii)	Foreign Exchange Outgo	:	Nil

27. COST RECORDS AND COST AUDIT

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

28. CORPORATE SOCIAL RESPONSIBILITY (CSR):

Your Company has in place Corporate Social Responsibility Policy (CSR Policy), in compliance with the provisions of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, which, inter-alia, lay down the guidelines and mechanism for undertaking socially useful projects for welfare and sustainable development of the community at large. As per the requirements of Section 135 of the Companies Act, 2013, the Company constituted a CSR Committee to monitor CSR activities of the Company. The Board approved CSR Policy of the Company is available on the website of the Company at https://www.shubham.co/corporate-social-responsibility-policy.php

The Corporate Social Responsibility Committee assists the Board in fulfilling its duty towards the community and society at large by identifying the activities and programs that can be undertaken by the Company, in terms of the CSR Policy of the Company. The composition of the CSR Committee and its terms of reference are given in the Report on Corporate Governance forming part of this Annual Report.

During the year under review, your Company was required to spent 2% of its average net profits (computed as per the relevant provisions of the Companies Act, 2013) of the preceding years on CSR projects. Annual Report on CSR activities in **Annexure -V-A** forms part of this Directors' report.

29. VIGIL MECHANISM:

Pursuant to the provisions of Section 177 (9) & (10) of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014, the Company has in place a Whistle Blower Policy, which provides for a vigil mechanism that encourages and supports its Directors and employees to report instances of illegal activities, unethical behavior, actual or suspected, fraud or violation of the Company's Code of Conduct and Code of Business Ethics. It also provides for adequate safeguards against victimization of persons who use this mechanism and direct access to the Chairperson of the Audit Committee in exceptional cases. Contact details of Vigilance

Officer/Chairperson of the Audit Committee are disclosed in Vigil Mechanism Policy which is available on Company's website www.shubham.co.

During the year under review, your Company did not receive any complaints under Vigil Mechanism Policy.

30. PREVENTION, PROHIBITION & REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

As per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has in place a Policy on Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace and has a robust mechanism to redress the complaints reported thereunder. An Anti-Sexual Harassment Committee is in place, which comprises of internal and external members who have experience in the subject field (composition details and number of meetings held during FY'23 are set forth in Corporate Governance Report annexed hereto)

Pursuant to the provisions of Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the complaints received thereunder and the details relating thereto are as follows:

a) Number of complaints received in the year : NIL
b) Number of complaints disposed of during the year : N.A.
c) Number of cases pending more than ninety days : N.A.
d) Number of workshops or awareness program against sexual harassment carried out: 03
e) Nature of action taken by the employer or district officer : N.A.

It may be mentioned here that the Company has zero tolerance towards any action on the part of any executive/staff which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to upholding and maintaining the dignity of every woman executive/staff working in the Company.

31. THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR:

During the year under review, there was no application filed by or against the Company for corporate insolvency process under IBC before the NCLT.

32. THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE-TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF - Not applicable

33. MARKETING AND BRANDING

Through its targeted branding and marketing endeavors, your company continuously works towards accomplishing its vision of facilitating home ownership to every Indian. Additionally, the company has widened its customer base and improved its services, particularly for the Lower and Middle Income (LMI) market. Company believes in handholding the consumer in his journey of owning a home of his own.

34. RBI/NHB GUIDELINES

Your Company has a valid NHB License for carrying on business of a Housing Finance Company. The company endeavors to ensure full compliance with RBI/NHB Directions, Notifications, Circulars and guidelines issued from time to time. The Compliance status is periodically reviewed by the Board in its meetings. Company submits all the required monthly/quarterly/half yearly or other periodical RBI/NHB reports/returns, intimation of opening/closing (shifting/relocation) of branches, within the prescribed time limit. The Company diligently resolves and complies with observations/recommendations issued by NHB during its routine periodical inspection. There have not been any adverse observations by regulator which may impact the continuity of business by the Company. Your Company satisfies the criteria of being a "Financial Institution" under SARFAESI Act notified by RBI in its notification dated 25.08.2021. Hence, being eligible, the company can take action against defaulting borrower(s) under SARFAESI Act.

35. PENALTIES IMPOSED BY NHB

No Fines/Penalties have been levied by the NHB/RBI during the period under review.

36. SECRETARIAL STANDARDS

Company complies with all the applicable mandatory secretarial standards issued by the Institute of Company Secretaries of India.

37. COMMITTEES

The Company in line with the provisions of the Companies Act, 2013 and rules made thereunder and RBI Master Directions, has constituted various committees at board level. These committees are constituted to enable better and focused attention to the operations of the Company. At regular intervals, the Board reviews the functioning and conformity with the corporate governance standards. Details of various committee constituted by the Board, are as follows:

a. Audit Committee,
b. Asset Liability Management Committee,
c. Banking & Borrowing Committee,
d. Corporate Social Responsibility Committee,
e. IT Strategy Committee,
f. Risk Management Committee,
g. Review Committee and
h. Recruitment Compensation and Nomination Committee

The Composition of the above committees and their terms of reference/scope are provided under Corporate Governance Report annexed to Board's Report as **Annexure – II**

38. RISK MANAGEMENT

The Company has to manage various risks such as credit risk, liquidity risk, interest rate risk and operational risk. Your Company has a comprehensive Risk Management Policy in place and has laid down a well-defined risk management framework to identify, assess and monitor various elements of risk involved in the business and strengthen controls to mitigate risks. As mandated

under the Master Directions on HFC issued by the Reserve Bank of India on 17.02.2021, the Company has a Risk Management Committee which is responsible for putting in place a progressive risk management system, risk management policy and strategy to be followed by the Company. The Risk Management Committee periodically reviews the robustness of the Risk Management Policy.

At present the Company has not identified any element of risk which may threaten the existence of the Company.

39. CODE AND POLICIES & COMPLIANCES

Your Company has formulated various Policies and Codes in compliance with provisions of Directions and Guidelines issued by the Reserve Bank of India (RBI) to ensure high ethical standards in the overall functioning of the organization. The said Policies and Codes are periodically reviewed by the Board of Directors. The key Policies and Codes as approved by the Board of Directors and the respective compliance thereunder are detailed herein below:

- **Policy on Know Your Customer & Anti Money Laundering Measures**

Your Company has a Board approved policy on Know Your Customer (KYC) & Anti Money Laundering Measures (AML) in place and adheres to the said Policy. The said Policy is in line with the Master Direction - Know Your Customer (KYC) Direction, 2016 issued by RBI.

Your Company has adhered to the compliance requirements in terms of the said policy including the monitoring and reporting of cash and suspicious transactions. The Company furnishes to Financial Intelligence Unit, India (FIU), in the electronic mode, information of all cash transactions of the value of more than Rupees ten lakh or its equivalent in foreign currency and suspicious transactions whether or not made in cash identified in terms of the said Policy. Your Company is registered with FIU. During the year under review, KYC & AML Policy was revised from time to time to align the same with the amendments in Master Direction - Know Your Customer (KYC) Direction, 2016.

- **Fair Practice Code**

Your Company has in place a Fair Practice Code (FPC), which includes practices to be followed by staff while dealing with the customers approaching for obtaining a loan and for transactions with customers after the loan has been granted/disbursed. The FPC captures the spirit of the guidelines provided in the RBI HFC Master Directions 2021. Your Company places compliance report on FPC periodically before Board, periodicity of which has been decided by the Board.

- **Policy on Fit and Proper Criteria for the Directors**

Your Company has a Policy on Fit and Proper Criteria for the Directors, in accordance with the RBI HFC Master Directions 2021 which inter-alia, lays down the fit and proper criteria of the Directors at the time for their appointment/ reappointment and on a continuing basis.

- **Internal Guidelines on Corporate Governance**

Your Company has the Internal Guidelines on Corporate Governance in accordance with the RBI HFC Master Directions 2021, which inter-alia, defines the responsibilities of the Company towards its various stakeholders and lays down the Corporate Governance practices of the Company.

- **Related Party Transaction Policy**

Your Company has in place Related Party Transaction Policy which describes the related party transactions requiring requisite approvals and requirements of appropriate reporting and disclosure of transactions between the Company and its related parties. The said policy also defines the materiality of related party transactions and lays down the procedures of dealing with such transactions.

Pursuant to the RBI HFC Master Directions 2021, the Related Party Transaction Policy of the Company forms part of this Board's report under the Corporate Governance Section.

40. REMUNERATION POLICY:

The "Recruitment, Compensation and Nomination Committee" has put in place a policy, namely, Remuneration Policy, to identify persons who are qualified to become directors, key managerial personnel & senior management personnel and recommend to the Board their appointment/re-appointment and removal and to formulate criteria for determining qualifications, positive attributes and independence of a director. The Policy also lays down remuneration criteria for the Directors. The extract of the policy is placed in the Corporate Governance Report annexed to this Report. Full contents of Policy are available on Company's website www.shubham.co.

41. CUSTOMER COMPLAINTS:

In accordance with the RBI HFC Master Directions 2021, the details of the customer complaints are stated hereunder:

Sr. No.	Particulars	Current Year ended 31.03.2023	Previous Year ended 31.03.2022
1	No. of complaints pending at beginning of the year.	1	0
2	No. of Complaints received during the year.	32	45
3	No. of Complaints redressed during the year	33	44
4	No. of complaints pending at end of the year.	0	1

42. ANNUAL RETURN:

The Annual Return of the Company for the financial year ended 31.03.2023 is placed on website of the Company www.shubham.co.

43. CORPORATE GOVERNANCE

A detailed Corporate Governance Report has been annexed to this Report as **Annexure – II**

44. GENERAL:

a) During the current financial year, the Company has shifted its registered office to 608-609, 6th Floor, Block-C Ansal Imperial Tower, Community Center, Naraina Vihar, New Delhi-110028 with effect from May 8, 2023.

b) Company has established connectivity with both the depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, Members are requested to avail the facility of dematerialization of shares with either of the Depositories as aforesaid. The Company does not have any Subsidiary, Joint Venture or Associate Companies as on March 31, 2023.

c) There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

d) There is no application made or any proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016 during the year.

e) The Government of India has set up the Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI) under section 21 of the SARFAESI Act, 2002 to have a central database of all mortgages created by lending institutions. The object of this registry is to compile and maintain data relating to all transactions secured by mortgages. Accordingly, your Company is registered with CERSAI and has been submitting data in respect of its loans.

f) Company has taken "Green Initiative" and accordingly has been sending Annual Report/Notice of AGM in electronic mode to those Shareholders whose email ids are registered with the Company and /or the Depository Participants.

g) As mandated in RBI Circular, the Company has obtained Legal Entity Identifier Registration Number which is valid till September 2023 and shall be renewed accordingly.

45. APPRECIATION:

The Board takes this opportunity to place on record its appreciation to all employees for their hard work, spirited efforts, dedication and loyalty to Shubham. The employees have worked based on principles of honesty, integrity and fair play and this has helped Shubham in maintaining its growth.

The Board also wishes to place on record its appreciation to shareholders, referral associates, NHB, RBI, rating agencies, auditors, financial institutions and banks for their continued support.

For and on behalf of the Board of
Shubham Housing Development Finance Company Limited

Sanjay Chaturvedi
Director
DIN: 01636432
D-305, Ground Floor,
Sarvodaya Enclave,
New Delhi

Rupa Basu
Director
DIN: 08068918
S-10A, Windsor Court,
DLF, Phase-IV,
Gurugram-122009

Date: 24.05.2023
Place: Gurugram

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT (ANNEXURE -I)

Global Economy Outlook

In the beginning of financial year 2022-23, the Global Economy was set poised for a gradual recovery from the powerful blows of the Covid 19 pandemic, but then came yet another shock by the outbreak of war between Russia and Ukraine, which led to supply chain disruptions, high inflation and rapid surge in food, energy and commodity prices. Countries across the world started facing inflation at decadal highs and persistent demand-supply imbalances. Moreover, the Global economy was even more battered when Central Banks world over started tightening their monetary policies aggressively and rapidly increasing their interest rates to contain rising inflation. This prompted Multilateral institutions, including the International Monetary Fund (IMF), to revise global growth projections downwards besides highlighting rising risks of recession. For emerging market economies (EMEs), these risks were magnified as their currency started depreciating against the US dollar and consequentially witnessing capital outflows and foreign exchange reserve depletion. In the latter half of FY 2022-23 improvement in supply conditions revived some hopes of cooling down of persistent inflation, which were however washed out by the fresh turbulence of the banking sector turmoil in some advanced economies. Bank failures and contagion risk brought the financial stability issues to the forefront. Given the stubbornness in inflation, central banks continued to tighten monetary policy, although at a reduced pace. Inflation globally has moderated in recent months, but its descent to the target is proving to be long and arduous.

According to IMF's World Economic Outlook (Apr'23 edition), the world's economic growth is projected to have fallen from 3.4% in 2022 to 2.8% in 2023 and thereafter settling at 3.0% in 2024. Global inflation will decrease, although more slowly than initially anticipated, from 8.7% in 2022 to 7.0% in 2023 and 4.9% in 2024. Despite these reductions, inflation has remained at elevated levels and is far from its target range.

Indian Economy – Overview & Outlook

Overview

In this hostile international environment, the Indian economy remained resilient, drawing strength from its macroeconomic fundamentals. Indian financial system remained robust and stable. Banks and corporates are healthier than before the crisis. India is widely seen as a bright spot in an otherwise gloomy world. Inflation in India has moderated, the current account deficit has narrowed, and foreign exchange reserves are comfortable now. Fiscal consolidation is also ongoing. The Indian banking system remains stable and resilient, credit growth is robust and domestic financial markets have evolved in an orderly manner.

As per the RBI Governor statement released on April 06, 2023, India's real gross domestic product (GDP) is expected to have recorded a growth of 7.0 per cent in 2022-23. PMI manufacturing remained robust at 56.4 in March, recording expansion for the 21st consecutive month due to favourable domestic demand. Services sector activity exhibited buoyancy. PMI services remained in expansion zone at 57.8 in March, driven by favourable demand conditions and new business gains.

The government's focus on capital expenditure, capacity utilisation above long-period average and moderating commodity prices should further bolster manufacturing and investment activity.
Indian Economy has proved remarkably resilient to the ongoing impacts of the deteriorating external environment, growing faster than most major emerging market economies. India's strong economic

performance enabled it to surpass the UK and become the world's fifth-largest economy. India is widely regarded as one of the fastest-growing major economies. The momentum of India's economic growth positions it on a path to become the third economic superpower, with ambitions to reach the $10-trillion mark by 2035 from its current fifth spot on the World Economic League Table. Considering the structural strength, positive growth outlook, and reasonable valuations, India presents itself as an attractive investment destination compared to its peers.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Housing finance market in India had a sound, stable and sustainable growth. Housing finance industry is highly competitive and HFCs, like ours, compete against Banks/NBFCs. Asset under management (AUM) of Housing finance companies (HFCs) are set to grow at a higher pace in current financial year as compared to previous financial year. *However, despite higher growth, they are expected to lose their market share to banks. Data shows that banks have been consistently acquiring HFCs' market share for quite some time now and this trend is unlikely to change in the near term. Affordable housing is the only area where HFC's have grown comparatively quicker. This is because competition from banks is relatively less in that segment.*[2] Your Company primarily focuses on this affordable housing segment where the Company serves the economically weaker sections (EWS), lower-income groups (LIG), and middle-income groups (MIG) segments. The affordable housing segment can be segmented based on income profiles (EWS/LIG/MIG), source of income (formal/informal salaried/self-employed), and ticket size, which typically determine the yields. Since its customer base primarily consists of individuals from the EWS/LIG segments mainly from informal salaried and self-employed class, with an average ticket size of around INR 1 million, the focused approach of HFCs enables them to benefit from stronger pricing power on the loan portfolio, contributing to overall profitability.

The ability of Banks and large NBFCs to tap cheaper funds in this rising interest rates scenario has been continuously exerting pressure on HFCs to offer competitive interest rates to attract new customers besides maintaining healthy Net Interest Margins (NIM) on their loan portfolio. Your Company is however better placed in terms of brand, management, quality portfolio and has demonstrated its ability to tap cheaper funds by recent equity infusion to the tune of Rs. 600 Crores in June'22 from marquee investors like Asian Development Bank, British International Investment, Topaz Inclusion Pte Ltd and PI Opportunities Fund.

The demand for housing in India shall continue to grow due to rapid increase in income levels, per capita income, emergence of nuclear families and moderation in housing prices. This growth has been given a further impetus by the Pradhan Mantri Awas Yojana [PMAY] for which government earmarked Rs. 48,000 crores in 2022-23 and 'Housing for All' scheme for affordable housing. These initiatives by the government have acted as enablers for the sector, facilitating increased demand for home loans and supporting the growth of Affordable Housing Finance Companies (AHFCs). The discontinuation of certain schemes, such as the CLSS scheme under PMAY, is not expected to have a material impact on housing demand, as the underlying demand drivers remain strong.

[2] Source: CRISIL report

Factors likely to impact growth of industry:-

Affordable Housing Finance (AHF) Industry in India face some challenges that can impact its growth. These challenges include economic slowdowns, rise in non-performing assets, funding difficulties, etc..

Lately increase in unemployment has emerged as one of the biggest challenges facing the housing market. Companies like Amazon, Zomato, Byju, etc. announced lay-offs and restructuring recently to achieve cost efficiency in their operations. This blip in unemployment may impact the housing sector. The affected economy and job market may lead to a decrease in demand for homes as people would defer their plans to buy or invest in property.

These concerns are anticipated to persist and interrelate with each other, evolving over time. These economic downturns can lead to a decline in housing demand and loan disbursements, while a higher NPA ratio can adversely affect the financial well-being of companies in the housing finance industry. Additionally, intensified competition from Banks may exert pressure on margins. Moreover, a lack of awareness among potential borrowers regarding the benefits and availability of AHF options can hinder market penetration. To address this, we actively engage with customers, launch awareness campaigns, and educate the target audience about our offerings and eligibility criteria to stimulate demand.

Regulatory Structure & Developments

Earlier National Housing Bank was set up as a principal agency to regulate the housing finance institutions. But with the amendment in National Housing Bank Act, 1987 in 2019 powers for regulation of Housing Finance Companies (HFCs) was conferred upon Reserve Bank of India (RBI) which formulated a revised framework for HFCs namely Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and slew of other regulatory measures. However, responsibility of enforcement of RBI regulations rests with the NHB through its routine inspections of HFCs. Hence, it can be said that for HFCs, there is a two-fold regulatory structure, i.e., RBI and NHB. The RBI is continuously working towards bringing NBFC (including HFC) sector under the broader regulatory framework. With the intent of harmonizing the regulatory measures of NBFCs including HFCs with the Banking Regulations, RBI is gradually enforcing these regulations with NBFCs in a phased manner. These policies are made for better transparency, adoption of good corporate governance practices, customer protection and fair dealing, ease of doing business, to curb the unfair trade practices and for the development of NBFCs/HFCs sector.

During the financial year 2022-23, RBI issued following key guidelines:-

- Digital Lending Guidelines
- Scale based regulations comprising of regulations for
  (i) Implementation of Core Financial Service Solution effective from October 01, 2022.
  (ii) Framework for Compliance function and role of Chief Compliance Officer effective from October 01, 2023.
  (iii) Disclosures in Financial Statements for the year ending March 31, 2023 and onwards.
  (iv) Compensation of Key Managerial Personnel (KMP) and Senior Management effective from April 01, 2023
  (v) Loans and Advances to the Directors, Senior Officers and their relatives effective from October 01, 2022

(vi) Implementation of Internal Capital Adequacy Assessment Process effective from October 01, 2022

Further, the Company had issued certain Non-Convertible Debentures through private placements which were listed on Bombay stock exchange. Accordingly, regulatory framework of Securities and Exchange Board of India (SEBI) with respect to the listed debt securities of the Company applied to the Company during the financial year 2022-23. The Company has largely complied with all the applicable regulations, guidelines, and laws and no such breach has come to notice of the management of the Company which could threaten the continuity of the business of the Company.

Affordable Housing: **Opportunity & Challenges**

Opportunities

With the ongoing urbanization, the demand for housing in India is ever-increasing alongside the growing population. Traditionally, banks have been the most significant player in the housing finance market, holding the bulk of India's total home loan portfolio. Banks are also responsible for disbursing most of the housing loans to higher-income bracket customers. Borrowing needs to be facilitated for the low-income housing market which provides a significant opportunity for existing and new housing finance companies. The economically weaker section of the population is primarily dependent on informal sources of borrowing to construct houses, as it does not have access to institutional sources. This presents a substantial opportunity for niche housing finance companies like ours that focus on lending to lower and middle-income segments. HFCs can increasingly focus on affordable housing segments to bolster their margins amidst competition from banks in the prime housing space.

Given the banks' large balance sheets, chasing small-ticket loans (~Rs1mn) with higher customer and credit risk, may not be optimally remunerative. Hence, Affordable Housing Finance Companies' (AHFCs) like ours deep distribution has enabled them to better serve the demand in far-flung markets. Further, AHFCs' customers are typically self-employed or cash-salaried without any or inadequate formal income proof, making it difficult for banks to underwrite.

Fueled by the commitment to serve the underserved to the last mile, we have further expanded our geographical presence by opening new territories in South India and deepening our presence in existing states. We have opened 19 new branches in South territories & 39 new branches in existing states. Through the establishment of new branches and leveraging our expertise, we aim to extend our reach, cater to new homebuyers, and drive the growth of our loan portfolio. By strategically entering underserved geographies, we are committed to addressing the pressing need for housing finance in these regions, providing access to those with limited options.

Challenges

Rising interest rates and property prices and the resultant moderation in home affordability can impact the sales growth of HFCs. These factors along with rising inflation may impact borrowers' cash flows which could also hit the asset quality. Ever increasing competitions from banks and larger NBFCs will continue to exert pressure on HFCs to offer competitive interest rates to attract new customers which shall impact the ability of HFCs to maintain healthy Net Interest Margins (NIM) on their loan portfolio. In the current rate environment, higher cost of borrowings is likely to weigh on margins as competition from banks and inflationary environment would make full transmission of repo rate hike difficult. Historically, companies have mitigated margin pressure by improving

efficiency which shall remain a key factor to be seen. High employee attrition rates in the sector add to operational challenges, impacting productivity and increasing costs.

Recent shift of focus of housing finance companies towards the hitherto unexplored affordable housing segment have brought them new opportunities and new avenues of growth however the nature of underlying borrower base comprising low-and-middle-income self-employed customers who are relatively more vulnerable to economic cycles and have limited income buffers to absorb income shocks could keep the portfolio risk perception of these Companies high which could remain a challenge.

We acknowledge the favourable growth prospects in the industry while also recognizing the potential challenges that lie ahead. To address these challenges, we remain vigilant and continuously refine our strategies and risk management practices to navigate them effectively. By focusing on prudent risk management, customer centric approach, operational efficiency, maintaining credit quality, sustainable growth and driving innovation, we aim to mitigate risks and sustain our profitability in a dynamic business environment to deliver long-term value to our stakeholders.

SEGMENT-WISE OR PRODUCT WISE PERFORMANCE

In terms of lending operations, cumulative loan sanctions life to date, aggregated to ₹ 6936 Cr. (₹5104 Cr. at end of the previous financial year) – mainly to middle and lower income urban families who are generally excluded from the mainstream banking sector. As on 31st March, 2023, Assets Under Management (AUM) of the company stood at ₹ 3114.04 Crs (₹ 2401.32 Cr. at end of the previous financial year). The Company currently operates in 12 states – Delhi, Gujarat, Haryana, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Uttarakhand, Uttar Pradesh, Telangana, Tamil Nadu, and Andhra Pradesh.

In terms of portfolio quality, the Company had 1074 loan accounts as on year end - 31.03.2023 – which were classified as non-performing assets ("NPAs") as per the prudential guidelines issued by the RBI. The amount of such Gross NPAs was ₹ 54.07 Crores (PY ₹ 81.41 Crores) which was 1.80% (PY 3.59%) of the owned portfolio as on March 31, 2023. The Company has created necessary provisions in accordance with the NHB Directions, after which Net NPAs stood at ₹ 37.82 Crores (PY ₹ 55.79 Crores) and 1.27 % (PY 2.49%) of the owned portfolio as at 31.03.2023. The moderation in GNPA during the year indicates the ability of the Company to recover from the delinquent accounts, contain further slippages and sourcing and underwriting good quality business.

In terms of funding, the Company has demonstrated its ability to raise fresh funds from marquee investors by raising fresh equity to the tune of Rs. 600 Crores from Asian Development Bank, British International Investment, Topaz Inclusion and PI Opportunities Fund in June'22. Fresh funds infusion along with retained profits has increased the net worth of the Company to ₹ 1237.59 Crores (PY ₹ 549.85 Crores).

Besides above, we enjoy the patronage from various lending partners which includes the State Bank of India, largest nationalized bank, HDFC Bank, Kotak Mahindra Bank, Axis Bank, DCB Bank, Yes Bank, etc., leading private sector commercial banks and National Housing Bank under its various refinance schemes. The Company's loan portfolio continues to qualify as priority sector as defined by the Reserve Bank of India ("RBI"). Based on our excellent relationships with our current lenders and the company's financial and portfolio performance, we are confident of arranging additional debt to cover projected growth plans.

The Company is very well capitalized with capital adequacy ratio at 61.34 % of risk weighted assets, as against the minimum requirement of 15%.

The mentioned figures are as per IndAS financials

FUNDING SOURCES

The Company has a diversified lender mix, with participation from banks, financial institutions, NBFCs and NHB. As on March 31, 2023, the Company had INR 1806 crores of debt on its balance sheet. During the year under review, the Company managed to successfully raise INR 730 Crores from leading private banks, public sector banks, financial institutions and NHB through borrowings and INR 28.99 crores (Pool – INR 32.21 Crores) through sale of its loan receivables (direct assignment). In addition, Company re-negotiated lower rate of interest with the lenders on its existing loan facilities and onboarded new lenders and raised fresh loans at competitive rates despite the increasing interest rate scenario in general market.

As a result, we were able to arrest the increase in overall cost of borrowing funds which barely inched up from 9.0% in FY'22 to 9.1% in FY'23.

OUTLOOK

We are a part of a nation that holds only 2.4 per cent of the world's land while our population is 18 per cent of the world's population. We can witness the hardship of allotting land for housing by merely looking at the ratio of land and people. Living in a country where every individual must have dreamt of their own home once in their life, the sector of housing finance itself becomes a paramount one for the economy. Traditionally, banks have been the major players in the housing finance sector. Though the major drawback that has been seen in recent years is that only a major chunk of the elite class receives these loans, be it for any use and the class that needs it the most, remains abandoned from the privilege of getting any loans. This gap could be filled by the HFCs having mastered the art of assessing the creditworthiness of certain niche customer segments, mostly those having informal income and the unbanked segments of society, which the banks have been staying away from.

Housing Finance Sector Overview

According to reports, 13 per cent of India's GDP will be generated by the housing industry by 2025. Also, it is predicted that the real estate sector will be Rs 65,000 crores by 2040. According to industry experts, urban areas have a shortage of 10 million units, and it is estimated that 25 million units of affordable housing will be required by 2030 to meet the growth in the country's urban population. This will lead to an exponential increase in the housing loan demand[3]

According to a recent report by Morgan Stanley, India is likely to add 12 crore people to the world's population between 2021 and 2031, and the per capita income is expected to increase 2.3x, from $2,278 in 2021 to $5,242 in 2031. Households with annual income of above $10,000 are likely to increase twofold by 2031. There can be requirement of 26-27 million additional houses between 2021 and 2031, the report said.[4]

Factors such as preference for homeownership post COVID, rising income levels, nuclear households, urbanisation, improved affordability and continued support of fiscal incentives for home loans are some of the reasons for strong demand for home loans. The housing market continued to witness a trend of increased number of first-time homebuyers and those moving up the property

[3] Elets The Banking and Finance Magazine edition Dec. 03, 2022
[4] Financial express edition April 25, 2023

ladder by opting for larger homes or acquiring homes in another location. However, the segment has witnessed a slowdown due to inflation over the last couple of months, increasing construction cost and interest rates and most HFCs are gradually lowering their on-book liquidity to reduce the negative carry thereon.

Low Penetration: Given the low mortgage to GDP penetration at 11% in India and the continued shortage of housing, the scope to grow the mortgage market in India remains immense. There was increased demand in the commercial real estate sector as well. There was strong demand for office space across the major metro cities, with demand largely stemming from IT, e-commerce and the professional services sectors.

Growing Preference for Homeownership: The COVID-19 pandemic has caused a shift in people's attitudes toward homeownership, with many individuals now prioritising the acquisition of a home over renting. This change can be attributed to the social distancing measures and isolation protocols implemented during the phased lockdowns, leading people to recognize the benefits of having a spacious residence with distinct areas for work, study, and leisure. As a result, people have become more aware of the value of owning a home that can provide a sense of security and stability during uncertain times.

Government/regulator Initiatives & liquidity measures: The Indian housing finance sector is recording multi-year growth on account of a growing population. Budget announcements related to credit allocation in PM Aawas Yojana (PMAY) and urban infrastructure development fund are set to trigger acceleration in credit demand for housing finance companies. The higher allocation may lead to higher loan demand in the lower income segment. The union budget for financial year 2023-24 has increased the outlay for PM Awas Yojana by 66% to Rs 79,000 crore. The PMAY allocation increase would boost demand for home loans from the economically weaker and middle-income segment. In the last years' budget, Rs 48,000 crore was allocated for the completion of 80 lakh houses under PMAY. The programme has been extended to December 31, 2024, to complete the houses sanctioned till March 31, 2022. As of November 2022, more than 1.20 crore houses have been sanctioned under PMAY.

Lower delinquencies:- The sentimental value that customers attach to their homes indeed helps to prevent delinquencies, and the secured and usually appreciating nature of the collateral aids in making recoveries and keeping losses from defaults to a minimum.

With a stable outlook for the Affordable Housing Finance sector and our strategic positioning within the market, Shubham Housing is poised for continued growth and sustained success in the coming years.

RISK AND CONCERNS

The Company manages various risks such as credit risk, liquidity risk, interest rate risk, operational risk using a comprehensive and well-defined Risk Management Policy and Framework to identify, assess and monitor various elements of risk and strengthen controls to mitigate risks. As mandated under the RBI HFC Master Directions 2021, the Company has constituted a Risk Management Committee which is responsible for reviewing the risk management practices followed by the Company.

The Risk Management committee and the Asset Liability Management Committee review and monitor these risks at regular intervals. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The Company manages its credit risk through regular review of credit policy in line with the business requirements and market conditions. The Company also regularly analyses portfolio trends and leverages information from credit, collections and fraud risk management teams to identify areas of policy intervention.

The Company has also adopted and successfully leveraged fintech tools like Karza, Perfios and Hunter to effectively contain risk of fraud or misrepresentation.

The Company monitors its Asset Liability Mismatch on an ongoing basis to mitigate the liquidity risk, while interest rate risks arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles.
Operational risks arising from inadequate internal processes, people and systems or from external events are adequately addressed by the internal control systems and are continuously reviewed and monitored. The Senior Management Team regularly assesses the risks and takes appropriate measures to mitigate them. Process improvements and quality control are ongoing activities and are built into the employees' training modules as well. The Company has well documented systems and procedures to ensure better control over transaction processing and regulatory compliance.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a well-placed, proper, adequate and documented internal control system commensurate with the size and nature of its business. The primary objective of the internal control system is to ensure that all its assets are safeguarded and protected and to prevent any revenue leakage and losses to the Company. Such controls also enable reliable financial reporting.

The Company has an Internal Auditor for conducting regular process audits to examine the adequacy of controls and compliance with policies, plans and statutory requirements. Significant audit observations and follow-up actions thereon are reported to the Audit Committee. The Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

The Audit Committee oversees the functioning of the audit team and reviews the effectiveness of internal control at all levels apart from laying down constructive suggestions for improving the audit function in the Company. The present reporting structure ensures independence of the internal audit function and embodies best corporate governance practices.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCES

Financial Performance during FY'23

The financial performance during the period under review, is as under:

i. Company earned an income of Rs. 448.94 crores from its operations (PY Rs. 347.43 crores).
ii. Company made a Profit Before Tax (PBT) of Rs. 114.27 crores (PY Rs. 30.94 crores).
iii. After providing Rs. 22.51 crores for tax, Profit After Tax (PAT) of the company is Rs. 91.76 crores (PY Rs. 24.91 crores, after providing Rs. 6.03 crores for tax).

iv. Reserves and Surplus as at 31.03.2023 for Company is Rs. 1227.91 Crores (PY Rs. 544.41 Crores). Company has transferred Rs. 18.35 Crores to Special Reserve u/s 29C of NHB Act.

v. Company has availed of Rs. 37 Crores from NHB as refinance under regular refinance scheme of NHB and Rs. 38 Crores under Additional Special Refinance Facility (ASRF).

Business Update/Operational Performance:

Company continues to be one of the fastest growing housing finance companies servicing the low and medium-income customers in the informal segment. During FY23, the assets under management grew by about 30% over FY22. The number of active loans grew by about 20%. The business has witnessed a disbursement momentum of more than Rs. 150 crores per month since Nov 2022 and achieved high monthly disbursement of Rs. 227 crores in the month of March 2023.

Portfolio Quality-:

As an HFC, the Company is exposed to credit risks along with risks associated with the real estate sector. It has been our endeavour to put in place people, processes and controls to address all the relevant risks to the portfolio.

The Company's portfolio originated in the last five years continues to show significantly lower risk as compared to the historical portfolio and has performed at par with its peer group having similar size and scale of operations and target market. Further, the Company's portfolio performance has been slightly better than that of the overall mortgage industry as analysed from data provided by the credit bureau. The expertise and strength of collections, recovery, sales and service teams combined with the superior quality of the recent portfolio ensured that the company recovered swiftly from the COVID-19 pandemic impact. With some strategic shuffling in the focus areas of collection and recovery team, company observed better rollbacks from higher buckets to current buckets. Company ended the FY23 with a significantly lower bounce rate of 17% that was around 22-23% levels pre-COVID. The Company also ended the year with higher collection efficiency than pre-COVID levels.

The Company halved its GNPA and ended the year with a GNPA of 1.80% compared to 3.59% at the beginning of the year. The Company continues to follow a provisioning policy that is highly prudent. The Company has adopted the best practices in the expected credit loss methodology for provisions and maintained a healthy provision coverage ratio of 64%.

Asset Liability Management:

We have always focused on maintaining adequate liquidity, minimizing risk and ensuring that capital is deployed responsibly. Over the review period, the Company planned the treasury activities well to ensure adequate liquidity as required to support its fast-growing business. Accordingly, the Company held INR 154 Crores in cash, bank balances and liquid investments as on March 31, 2023. This is in addition to the sanctioned but un-availed lines of Rs. 495 Crores as of March 2023 against the 6-month debt obligation of Rs. 364 Crores. This, along with the expected inflows from advances, sufficiently covers the repayment obligations including interest and operating expenses.

The Company has historically maintained a prudent approach to liquidity and cash management. The treasury team undertakes daily tracking of the Company's liquidity and cash flow position, which is further complemented by regular stress tests and scenario analysis accounting for idiosyncratic or market-wide stress. The Company regularly makes adjustments and undertakes remedial measures to ensure its liquidity and solvency position is not compromised under any situation.

The Company had a total borrowing of Rs. 1806 Crores as on 31 March 2023. The Company has a robust Asset Liability Management Committee ('ALCO') which meets every quarter and continuously monitors asset-liability mismatches to ensure that there are no imbalances on either side of the Balance Sheet and review macroeconomic conditions affecting housing finance business, liquidity situation and interest rate environment, and provide direction to treasury on fund planning and business metrics.

The ALM position of Shubham Housing is based on the maturity buckets as per the prescribed guidelines. The Company assesses behavioral maturity pattern of its assets and liabilities and maintains adequate liquidity for its business. The Company has maintained its ALM position well within the 10%,10% and 20% negative mismatch permissible for 0 to 7 days and 8 to 14 days and 15 to 30/31 days respectively, and cumulative mismatch up to 1-year bucket under the extant NHB norms. Its liquid investments as on 31 March 2023 were Rs.154.3 Crore.

Technology:

Information Technology is core for the operations of the Company and plays a very pivotal role in scaling up the business with increased productivity, reduced cost of delivery, fast turnaround time and increased customer satisfaction. The Company has designed its customer acquisition processes with the same guiding principles for it to be quick, efficient, and digitized to a large extent. As part of its strategic initiatives Shubham Housing is going forward with the launch of Shubh FTR a cloud-based sales automation and execution platform which would help business increase its sales and manage pipelines. Further we are also working to upgrade our core lending stack to a new version of Finnone Neo 6.5 the next-generation digital lending software solution which helps financial institutions digitize their business processes for the complete loan life cycle. The Company carries out audits of its IT core systems from external agencies at regular intervals. The external agency's suggestions and recommendations are reported to IT Strategy Committee and/or Audit Committee and implemented where found necessary. The Company firmly believes that information security should be the key focus of any organization and therefore has developed a layered approach on critical aspects like data privacy and cyber security for its IT ecosystem.

Customer Service:

The Company continues to keep the customer at the center of all its processes and policies. The disintermediation initiative taken by the company enabling faster resolution of customers' queries has been welcomed at large by our customers. This has also resulted in overall reduction in the number of complaints.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Employees' contribution is vital to the Company's performance both qualitative and quantitative. Accordingly, the Company's performance management system & developmental initiatives are used effectively to improve staff capabilities in areas such as leadership, team building, knowledge accessibility and productivity enhancement. Specialized Training and Development Department, headed by a senior officer and is providing additional impetus to the growing training needs of the employees. During the year, all Training & Developmental activities were moved to Virtual Mode. Extensive on-the-job coaching and enhanced virtual training programs in various other functional areas were conducted during the year to upgrade the skills of employees and achieve functional effectiveness.

In addition, executives were seconded to various external training programs and seminars on risk management, regulatory know-your-customer guidelines, anti-money laundering and the fair

practices code. These training programs enabled the staff members to sharpen their knowledge in their areas of responsibility. New employees are put through an induction program covering business requirements, company's processes, regulatory prescriptions and contours of personality development. There are no material developments in the human resources/industrial relations front adversely affecting the company's business. One on One Development coaching was introduced for select senior employees through an external coach.

The Human Resource Management System will be migrated to new State of the Art System wherein all Human Resource related Information, Activities & Transactions will be done.

The number of permanent employees on the rolls of Company as on 31.03.2023 was 2465.

Cautionary Statement

Some of the statements made in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws & regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic & overseas markets in which the Company operates, changes in the government regulations, tax laws & other statutes and other incidental factors.

For and on behalf of the Board of
Shubham Housing Development Finance Company Limited

Sanjay Chaturvedi
Director
DIN: 01636432
D-305, Ground Floor,
Sarvodaya Enclave,
New Delhi

Rupa Basu
Director
DIN: 08068918
S-10A, Windsor Court,
DLF, Phase-IV,
Gurugram-122009

Place: Gurugram
Date: 24.05.2023

CORPORATE GOVERNANCE REPORT (ANNEXURE -II)

PHILOSOPHY

At Shubham Housing, Corporate Governance is all about maintaining a valuable relationship and trust with all our stakeholders, i.e., regulators, shareholders, creditors, government agencies, bankers, employees & lenders. The Company considers stakeholders as partners in its success and therefore remains committed towards maximizing stakeholders' value. The Company firmly believes that corporate governance is a set of principles, systems and practices through which the Board of Directors of the Company ensures integrity, transparency, fairness and accountability in the Company's relationship with all its stakeholders. The code of corporate governance is based on the principle of making all the necessary decisions and disclosures, accountability and responsibility towards various stakeholders, complying with all the applicable laws and a continuous commitment of conducting business in a transparent and ethical manner. These principles are ingrained in the Company's culture and the corporate governance practices of the Company revolve around these principles.

The Company has, over the years, built goodwill by nurturing long-term relationships with its stakeholders including bankers, regulators, government agencies, employees, investors, creditors, customers and shareholders. The Company strives to provide all its stakeholders an access to clear, adequate and factual information relating to the Company. The Company endorses timely and balanced disclosure of all material information concerning the Company to all its stakeholders and protection of its rights and interests. In addition, the Company has, inter-alia, adopted a Policy against Sexual Harassment in the Workplace, a Fit and Proper Policy for ascertaining the fit and proper criteria of the directors, an Anti-Bribery and Anti-Corruption Policy, an Anti-Money Laundering Policy, a Gifts and Hospitality Policy, Code of Conduct for employees and Vigil Mechanism to enhance the levels of Corporate Governance in the Company. This promotes accountability of its management, and the Board of Directors of the Company acknowledges its responsibility towards all the stakeholders for creation and safeguarding their wealth.

The Company is also in compliance with the Corporate Governance Guidelines provided in the RBI HFC Master Directions 2021 and other applicable statutory Guidelines issued by RBI from time to time.

At Shubham, it is imperative that the affairs of the company are conducted in a fair and transparent manner. Gaining and maintaining the trust of our stakeholders is contingent upon our integrity. Our culture, policies, and dealings with our stakeholders all demonstrate the values we uphold in our corporate governance. Our corporate governance practices and overall success hinge significantly on integrity and transparency, which also helps us consistently win and keep the confidence of our stakeholders.

In all of our business functions, Shubham is dedicated in identifying, upholding, and applying the foremost standard of corporate governance.

Our corporate governance is a declaration of the principles we uphold by managing our operations and collaborating with our stakeholders. Our company is emerging as a pioneer in implementing widely accepted corporate governance norms and adhering to them.

A step towards Environment, Social and Governance

Shubham believes that environmental and social considerations are the fundamental cornerstones of its business for aligning towards sustainable development goals. ESG is deep-rooted in the transactional appraisal process to access environmental and social risks at all relevant stages and accordingly state covenants to meet environmental and social compliance. We proactively engage with the stakeholders and have developed a broader, inclusive, and continuous process of engagement plan for superior transparency, integrity, and fairness. Shubham has worked relentlessly to strengthen our sustainability effort, environment, our employees, and stakeholders. We also devised gender inclusiveness program to provide healthy work environment, women

empowerment, and thickening the scope of healthcare support to women employees. Shubham Housing being one of the earlier entrants in the affordable housing space, has been at the forefront of bringing the underserved segment to the formal credit fold. At Shubham Housing, we realized that there is a huge population that has the ability to pay but cannot evidence that on paper. Through our innovative underwriting mechanisms, digital first processes, strong risk parameters and diversified distribution, we have been able to disburse loans to 65,000+ customers amounting to over Rs. 5500 crores life to date till March 2023. We are committed to providing housing finance solutions to millions of Indians and ensuring that they build better lives through our products and services.

As a growing business we are cognizant of the importance of Environmental and Social elements in our business operations. This is gaining immense traction amongst businesses that care, incorporating practices that address the triple bottom line of people, planet, and profit.

By taking a loan from Shubham, our customers aspire to build a better life for themselves and their families. They do this through a) better living standards, b) access to quality education, c) access to better sanitation, d) better financial management. Through our business model, Shubham is directly or indirectly contributing to the following UN Sustainable Development Goals (SDGs) – 1) No Poverty, 2) Good Health and Well Being, 3) Quality Education, 4) Clean Water and Sanitation, 5) Decent Work and Economic Growth, 6) Sustainable Cities and Communities.

We have always been a financially inclusive organization. In FY 23, our portfolio to lower income segment groups[5] stood at 73%, while our annual disbursements to them was at 62%. This goes to show the growing appetite of lower income households in purchasing an asset class that was traditionally unavailable to them.

Women empowerment is one of the key priorities for sustainable and inclusive development. At Shubham, we pride ourselves in having 91% of women customers[6] in our Portfolio as of FY 23 and 90% of new loans disbursed in FY 23 were to women borrowers. We will continue to make efforts and promote women-based applications through our special programs and activities.

We have always invested in digitally enabled tools that benefit our customers and our internal processes. In FY 23, a perfect example of digitization that also reduced our carbon footprint was the automation of our customer onboarding process using Shubh FTR application. The traditional paper-based loan origination process has been replaced by an automated and streamlined software solution. This digital transformation has not only enhanced our speed and accuracy but also has led to the saving of 3,90,000 sheets of paper.

We have minimized our energy use in our Corporate Office at Gurgaon by installing Solar rooftop Panels. Our monthly consumption has been reduced by ~7,810 units (KWH). This translates to a reduction in dependency on the power company by ~35%. During the period of Aug ’22 – Mar ’23, we had also given excess units generated from solar back to the power company. We as an organization are powering our way towards a greener future.

We also conduct regular informational programs on specific days such as Earth Day, World Water Day, World Heart Day, World Health Day, Nutrition Week. We have ensured that we are compliant on Fire Safety and that our people are adequately trained.

[5] EWS and LIG customers

[6] Where women are either the main applicant or co-applicant

Furthermore, for our employees' safety and security, we have provided Term life insurance cover which is 5 times their annual compensation. Group personal accidental policy also covers accidental cases & the company also contributes a portion of the health insurance premium for our employees.

In a growing organization, e- waste management needs to be addressed through an e-waste management policy. Through the implementation of this policy, we have safely handled and disposed of 710 kg of e-waste. This is done through a certified organization that specializes in e-waste disposal.

To ensure our operations are further integrated with our Environmental and Social goals, we have developed an Environment and Social Management System that we intend to implement in the coming financial year. This shows our commitment to ensuring that our loans and our customers are contributing positively towards the external environment.

While we have initiated our Environmental and Social journey, Shubham is committed towards bringing best practices on board that impact the lives of our stakeholders in the most sustainable way. We are building a responsible and inclusive business portfolio by financing customers who are building the next phase of their lives, ensuring the wellbeing of our employees, and contributing to society through our CSR initiatives. Our focus will continue to be on building a business that brings value to all our stakeholders.

1. BOARD OF DIRECTORS

a. Composition and size of the Board:

The Company acknowledges and appreciates the contribution that a diverse Board makes to its success. A diversified board, in our opinion, reaps the advantage of differences in thought, standpoint, regional and commercial experience, cultural and territorial origins, ages, nationalities, race, gender, expertise, and competencies, including specialization in finance, international business, leadership, information technology, banking, board service and governance, advertising and promotion, Environmental, Social, and Governance (ESG), risk management, and cybersecurity, among other things.

b. Role of Board –

The Board's primary mission is trusteeship, which entails preserving and maximizing shareholder value. The Board has an obligation to take care as trustees to make sure that the Company has defined objectives which are in line with shareholder's value and its development. The Board is also responsible for:

- Monitoring the effectiveness of the Company's governance practices and making changes as necessary.
- Employing adequate control in order to guarantee that the Company is managed effectively to achieve stakeholders' ambitions and societal expectations.
- Giving the Company strategic direction and maintaining efficient management oversight.
- Making independent business decisions.
- Positioning enough non-executive board members in charge of jobs where there is a chance of a conflict of interest so that they can make independent decisions.
- Examining and supervising the company's approach, significant action plans, risk policy, yearly budgets, and corporate goals; establishing performance goals; keeping an eye on

execution and overall performance; and supervising significant capital investments, deals, and divestitures.

The Board gathers at least once every three months to discuss agenda items and the quarterly results. When required, additional meetings are held. The Board members ought to diligently prepare for, and actively participate in all meetings and any applicable committees. Each member is responsible for making sure that their other obligations do not materially conflict with their obligations towards the Company.

The Company maintains an appropriate mix of executive, non-executive and independent directors to maintain the independence of the Board and separate its functions of governance and management. As on 31.03.2023 the board comprises of 11 (Eleven) Directors, who bring in a wide range of skills and experience. All the Directors of the Company, except the two Whole Time Directors, are non-executive Directors. Out of the nine non-executive Directors, four are Independent Directors. Except as disclosed in Notes to Accounts, none of the Directors have any pecuniary relationships. None of the Directors of the Company are related to each other. All Directors are appointed by the members of the Company.

Composition of the Board											
Sl. No.	**Name of Director**	**Director since**	**Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)**	**DIN**	**Number of Board Meetings**		**No. of other Directorships**	**Remuneration**			**No. of shares held in and convertible instruments held in the NBFC**
					Held	**Attended**		**Salary and other compensation**	**Sitting Fee (Rs. In Lacs)**	**Commission**	
1	Mr. Sanjay Chaturvedi	23-02-2010	Executive	01636432	10	8	0	Rs. 2,33,50,100	-	-	250000 ES*; 155875 OCDs**
2	Ms. Rupa Basu	13-11-2018	Executive	08068918	10	8	0	Rs. 2 26 22 015	-	-	250000 ES*; 171016 OCDs**
3	Mr. Vinod Rai	06-11-2015	Chairman, Non-Executive Independent	00041867	10	5	6	-	6.75	-	Nil
4	Mr. Rakesh Rewari	06-11-2015	Non-Executive Independent	00286853	10	6	6	-	9.30	-	Nil
5	Ms. Latika Thukral	07-02-2020	Non-Executive Independent	08680862	10	6	0	-	5.70	-	Nil
6	Mr. Manoj Dattatraya Rane	11-11-2020	Non-Executive Independent	02653448	10	7	0	-	7.65	-	Nil

7	Mr. Rahul Chandra	18-04-2012	Non-Executive	01213049	10	4	5	-	-	-	Nil
8	Mr. Manoj Jaiswal	14-09-2020	Non-Executive	07873564	10	8	6	-	-	-	Nil
9	Mr. Rahul Garg	24-01-2018	Non-Executive	06939695	10	7	0			-	Nil
10	Mr.Vishal Tulsyan	13-11-2018	Non-Executive	00139754	2	0	0	-	-	-	Nil
11	Mr. Pranav Kumar	27-06-2022	Non-Executive	07896173	4	3	1	-	-	-	Nil
12	Mr. Gaurav Malhotra	27-06-2022	Non-Executive	07640504	4	4	3	-	-	-	Nil
13	Mr. Saravanan Nattanmai	31-03-2023	Non-Executive	06989767	0	N.A.	2	-	-	-	Nil

***ES= equity shares**

****OCDs = Optionally convertible debentures; where one unit of debenture held is convertible into one equity share**

Details of change in composition of the Board during the current and previous financial year

During the current FY'23 and previous FY'22, some of the directors resigned from the Board and some were appointed. The below table contain the details of the same:

Financial Year 2022-23				
Sl. No.	**Name of Director**	**Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)**	**Nature of change (resignation, appointment)**	**Effective date**
1	Mr.Vishal Tulsyan	Non-Executive Director	Resignation	18.05.2022
2	Mr. Pranav Kumar	Non-Executive Director	Appointment	27.06.2022
3	Mr. Gaurav Malhotra	Non-Executive Director	Appointment	27.06.2022
4	Mr. Rahul Garg	Non-Executive Director	Resignation	31.03.2023
5	Mr. Saravanan Nattanmai	Non-Executive Director	Appointment	31.03.2023

Financial Year 2021-22				
Sl. No.	**Name of Director**	**Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)**	**Nature of change (resignation, appointment)**	**Effective date**
1	Mr. Sandeep Marian Farias	Non- Executive director	Resignation	16.09.2021

c. Board meetings and attendance:

During 2022-23, ten (10)) Board meetings were held and the gap between two consecutive Board meetings did not exceed 120 days. The required quorum was present at all the meetings. Due to business exigencies, certain decisions were taken by the Board and its Committees by way of resolutions passed through circulation, from time to time.

Meetings of Board during the financial year ended 31.03.2023 were held as follows:

Sr. No.	Date of Meeting
1	13.05.2022
2	18.05.2022

3	02.06.2022
4	14.06.2022
5	27.06.2022(1)
6	27.06.2022(2)
7	14.07.2022
8	09.08.2022
9	11.11.2022
10	13.02.2023

d. Separate Meeting of Independent Directors:

As per the requirement of Schedule IV of the Companies Act, 2013, during the year under review, a separate meeting of the independent directors of the Company was held 22.03.2023 without the presence of non-independent directors and members of the management except Company Secretary and Chief Financial Officer. All the 4 independent directors were present at the meeting, wherein they inter-alia, reviewed the performance of non-independent directors and the Board as a whole; reviewed the performance of the Chairman of the Company, considering the views of the executive directors and the non-executive directors; and assessed the quality, quantity and timeliness of flow of information between the company management and the Board.

e. Details of any relationship amongst the directors inter-se:

The directors are duly appointed through assessment by the Remuneration, Compensation and Nomination Committee and further, recommended to the Board of Directors to approve their appointment, subject to the approval of the shareholders in general meeting. Except as disclosed under financial statements our directors do not have any relationship with each other.

2. COMMITTEES OF THE BOARD:

The Board has constituted various committees to facilitate focused attention on important issues. The Committees deliberate and decide on the issues falling within their terms of reference and make recommendations to the Board, wherever necessary. The frequency of the committee meetings is decided by the board in line with the statutory provisions. All the committees meet as per the frequency given under the statutory provisions and as and when required. The Board is presented with the committees' recommendations for approval. All the committees' recommendations for the year were accepted by the Board.

Details of Committees with respect to, inter-alia, their composition, number of meetings held during the year under review, attendance and terms of reference, have been set out below-

I. Audit Committee

The Audit Committee is constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 and as per the provisions of the RBI HFC Master Directions 2021.

a. Terms of Reference –

Besides including the matters specified for Audit Committee under Section 177 of the Act, terms of reference of this Committee includes the following:

- ✓ Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

- ✓ Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the auditors and the fixation of audit fees.
- ✓ Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- ✓ Approval of the Changes made in the Accounting Policy.
- ✓ Approval or any subsequent modification of transactions of the Company with related parties.
- ✓ Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
    - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of the provisions of Section 134 of the Companies Act, 2013.
    - Major accounting entries involving estimates based on the exercise of judgment by management
    - Significant adjustments made in the financial statements arising out of audit findings**.**
    - Compliance with listing and other legal requirements relating to financial statements**.**
    - Disclosure of any related party transactions**.**
    - Audit report with specific reference to qualifications therein, if any.
- ✓ Reviewing, with the management, the quarterly /half yearly, as applicable, from time to time, financial statements before submission to the board for approval.
- ✓ Monitoring the end use of funds raised through public offers and related matters. In case the funds are raised through listed Non-Convertible Securities (NCS), then end use of funds shall be monitored by the audit committee, whether the NCS were issued on private placement basis or public issue and the statement indicating deviation in use of funds, if any, shall be placed before Audit Committee for quarterly review.
- ✓ Reviewing, with the management, performance of auditors, and their independence and adequacy of the internal control systems and effectiveness of audit process.
- ✓ Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- ✓ Discussion with internal auditors about any significant findings and follow up there on.
- ✓ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- ✓ Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- ✓ To investigate the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- ✓ To review the functioning of the Whistle Blower mechanism/Vigil Mechanism, in case the same exists.
- ✓ Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- ✓ To Review the

- Management discussion and analysis of financial condition and results of operations
- Statement of related party transactions (as defined under the provisions of Companies Act, 2013), submitted by management
- Management letters / letters of internal control weaknesses issued by the statutory auditors
- Internal audit reports relating to internal control weaknesses
- Transactions of Inter-corporate loans and investments, if any
- Valuation of undertakings or assets of the company, wherever it is necessary

✓ To perform such other functions as the Board may delegate and duties, acts, deeds and things required to be done in pursuance of the requirements set out in the policy of the Company and the provisions of Companies Act, 2013 and any other law applicable on the Company.

b. Details of composition of the Audit Committee and attendance of Members:

During the period under review, the Audit Committee met 5 times on 18.05.2022, 06.07.2022, 09.08.2022, 11.11.2022 and 13.02.2023. There has been no instance when the recommendation of Audit Committee has not been accepted by the Board. Constitution of the Audit Committee and attendance details during the financial year ended 31.03.2023 are given below:

Sr. No	Name of Members	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the Company
				Held	Attended	
1	Mr. Rakesh Rewari	01-04-2016	Chairman Independent Director	5	5	Nil
2	Mr. Vinod Rai	06-12-2019	Member, Independent Director	5	5	Nil
3	Mr. Rahul Garg*	23-02-2018	Member, Non-Executive Director	5	5	Nil
4	Mr. Manoj Jaiswal**	31-03-2023	Member, Non-Executive Director	0	N.A.	Nil

**ceased to be a member w.e.f. March 31, 2023*

***became member w.e.f. March 31, 2023*

II. Assets Liability Management Committee (ALM Committee)

The Company had constituted the Asset Liability Management Committee (ALCO) as per the provisions of the Master Direction NBFC-HFC (Reserve Bank) Directions, 2021.

a. Terms of Reference

The terms of reference for the ALM Committee includes:

✓ To review liquidity, investment of funds and yield on deployment of funds.

✓ To review the cost of borrowings and lending rate of the Company.

✓ To review asset- liabilities of the Company, any mismatch therein, ALM statements and stress analysis

✓ To perform such other functions as the Board may delegate and duties, acts, deeds and things required to be done in pursuance of the requirements set out in the policy of the Company and the NHB/RBI Regulations and any other law applicable on the Company.

b. Details of the composition of the ALM Committee and attendance of Members:

During the period under review, this Committee met 6 times on 20.05.2022, 15.06.2022, 09.08.2022, 11.11.2022, 28.12.2022 and 13.02.2023. Constitution of the Assets Liability Management Committee and attendance details during the financial year ended 31.03.2023 are given below:

Sr. No	Name of Members	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the Company
				Held	Attended	
1	Mr. Sanjay Chaturvedi	15-06-2011	Chairman, Executive Director	6	6	250,000 Equity shares
2	Mr. Rakesh Rewari	19-02-2016	Member Independent Director	6	6	Nil
3	Mr. Manoj Dattatraya Rane	28-05-2021	Member Independent Director	6	5	Nil
4	Mr. Manoj Jaiswal	28-05-2021	Member, Non-Executive Director	6	6	Nil
5	Mr. Rahul Chandra*	10-11-2016	Member, Non-Executive Director	2	2	Nil
6	Mr. Vinod Rai**	04-08-2022	Member Independent Director	1	1	Nil

**ceased to be a member w.e.f. August 4, 2022*

***ceased to be a member w.e.f. August 9, 2022*

III. <u>Banking & Borrowing Committe</u>The Banking and Borrowing Committee is authorized by the Board to do all such acts, deeds and things and decide on all such matters as may be delegated to the Committee from time to time. Such authorizations inter-alia includes to decide on matters w.r.t borrow funds from Banks/FIs, operations of the Bank, deal with various banks from time to time, other borrowings etc., opening and closing of current/cash credit account and inclusion and deletion of the authorized signatories to the said current/ cash credit account opened in the name of the Company.

a. Terms of Reference

The terms of reference for the Banking & Borrowing Committee include:

- ✓ To negotiate/execute/sign/modify/cancel any document/resolution related to borrowing of any nature from any Bank/Institution within the overall limit set by the Board/shareholders, from time to time and matters incidental thereto.
- ✓ To execute/sign any resolution and other related forms/documents for opening/modifying/closing of Bank Account(s), Net Banking Facilities, other products and services and other related activities, from time to time
- ✓ To negotiate/execute/sign/modify/cancel any document/resolution related with the securitization, assignment, selling or otherwise dispose off the loan receivables/book debts

of the Company and other related activities within the threshold limit as approved by the Board/ Shareholders from time to time.

- ✓ To delegate/modify/withdraw such authority to such persons as deemed fit including as Power of Attorney, from time to time.
- ✓ To review its scope and its performance at least annually.
- ✓ To perform such other functions as the Board may delegate and duties, acts, deeds and things required to be done in pursuance of the requirements set out in the policy of the Company and any other law applicable on the Company.

b. Details of the composition of Banking and Borrowing Committee and attendance;

During the period under review, the Banking & Borrowing Committee met 12 times on 02.06.2022, 17.06.2022, 24.06.2022, 30.06.2022, 30.08.2022, 27.09.2022 , 30.09.2022, 25.11.2022, 23.12.2022, 28.02.2023, 20.03.2023, 23.03.2023. Constitution of the Banking & Borrowing Committee and attendance details during the financial year ended 31.03.2023 are given below:

Sr. No	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the Company
				Held	Attended	
1	Mr. Sanjay Chaturvedi	26-02-2013	Chairman, Executive Director	12	12	250,000 Equity shares
2	Mr. Rahul Chandra*	26-02-2013	Member, Non-Executive Director	4	0	Nil
3	Ms. Rupa Basu	23-02-2018	Member, Executive Director	12	12	250,000 Equity shares

**ceased to be a member w.e.f. August 9, 2022*

IV. Corporate Social Responsibility Committee (CSR Committee)

The Corporate Social Responsibility (CSR) committee monitors implementation of the CSR Policy and apprises the Board accordingly. The CSR budget of the company and actual spent on CSR activity during FY'23 is enclosed hereto in CSR report of the Company.

a. Terms of Reference

The terms of reference for the CSR Committee include:

- ✓ Formulating and recommending to the Board of Directors the CSR Policy and activities to be undertaken.
- ✓ Recommending the amount of expenditure for the CSR activities,
- ✓ Recommending to the Board the CSR Projects to be undertaken and manner of implementation.
- ✓ Monitoring CSR Projects and satisfying itself about the utilization of funds disbursed in CSR Projects.
- ✓ To perform such other functions as the Board may delegate and duties, acts, deeds and

things required to be done in pursuance of the requirements set out in the policy of the Company, Companies Act, 2013 and rules thereto and any other law applicable on the Company.

b. Details of the composition of the CSR Committee and attendance of Members:

During the period under review, the CSR Committee met 1 time on 11.11.2022. Constitution of the CSR Committee and attendance details during the financial year ended 31.03.2023 are given below:

Sr. No	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the Company
				Held	Attended	
1	Ms. Rupa Basu	13-11-2018	Chairperson, Executive Director	1	1	250,000 Equity shares
2	Ms. Latika Thukral	07-02-2020	Member, Independent Director	1	1	Nil
3	Mr. Sanjay Chaturvedi	23-02-2018	Member, Executive Director	1	1	250,000 Equity shares

V. IT Strategy Committee

Information is a valuable asset and information pertaining to customers is also a great responsibility. Safeguarding business information and IT Infrastructure from any kind of cyber security threat is a top priority and this is done through effective monitoring and implementation of risk mitigation measures.

Your company has a proper IT framework that covers all IT processes and is aligned with the best available security measures. Our Information Technology Policy and Information Security Management System Framework provides complete protection of business information at all levels.

Your company has established the IT committed in pursuance of the RBI's Master Direction – Information Technology framework for the NBFC Sector in Board Meeting 13.11.2018 to enhance the safety, security and efficiency of the Company and their customers.

During the period under review, the IT Strategy Committee met 2 times on 11.07.2022 and 06.01.2023.

a. Terms of Reference

The terms of reference for the IT Committee includes:

- ✓ To review IT Strategy and policy documents.
- ✓ To ascertain whether management has implemented processes and practices that ensure that IT delivers value to the business.
- ✓ To ensure IT investments represent a balance of risks and benefits.

- ✓ To review IT related outsourced activities and other IT governance items like BCP drill, IS Audit, etc.
- ✓ To perform such other functions as the Board may delegate and duties, acts, deeds and things required to be done in pursuance of the requirements set out in the policy of the Company and the NHB/RBI Regulations and any other law applicable on the Company.

b. Details of the composition of the IT Strategy Committee and attendance of Members:

Sr. No	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the Company
				Held	Attended	
1	Mr. Rakesh Rewari	13-12-2019	Chairman, Independent Director	2	2	Nil
2	Ms. Rupa Basu	13-11-2018	Member, Executive Director	2	1	250,000 Equity shares
3	Mr. Rahul Chandra	13-11-2018	Member, Non-Executive Director	2	2	Nil
4	Mr. Sanjay Chaturvedi	13-11-2018	Member, Executive Director	2	2	250,000 Equity shares

VI. Risk Management Committee

The Company has set up a Risk Management Committee to identify the risks impacting the business of the Company and to take appropriate measures to mitigate the same.

a. Terms of Reference

The terms of reference for the Risk Management Committee includes:

- ✓ Review portfolio trends including coincidental delinquency, portfolio growth, origination trends, collections performance and Expected Credit Loss update
- ✓ Review results of periodic exercises such as mark to market analyses, portfolio benchmarking with industry using credit bureau information, scorecard performance etc.
- ✓ Review enterprise risk monitoring results through KRI update, periodic stress testing results and Risk & Control Self-Assessment update and discuss corrective actions for areas of breach as applicable
- ✓ Suggest, as applicable, new areas of analysis that the company should conduct and present in the next meeting
- ✓ Review all credit policy changes and new product proposals/launches since the previous meeting.

b. Details of the composition of the Risk Management Committee and attendance:

During the period under review, the Risk Management Committee met 2 times on 09.08.2022 and 08.02.2023. Constitution of the Risk Management Committee and attendance details during the financial year ended 31.03.2023 are given below:

Sr. No	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the Company
				Held	Attended	
1	Mr. Vinod Rai	19-02-2016	Chairman, Independent Director	2	2	Nil
2	Mr. Sanjay Chaturvedi	04-06-2013	Member, Executive Director	2	2	250,000 Equity shares
3	Mr. Rakesh Rewari	04.08.2022	Member, Independent Director	2	2	Nil
4	Mr. Saravanan Nattanmai	31-03-2023	Member, Non-Executive Director	2	0	Nil
5	Mr. Manoj Dattatraya Rane	04.08.2022	Member, Independent Director	2	2	Nil
6	Mr. Pranav Kumar	04.08.2022	Member, Non-Executive Director	2	2	Nil
7	Mr. Rahul Garg*	23-02-2018	Member, Non-Executive Director	2	2	Nil
8	Ms. Latika Thukral**	04.08.2022	Member, Independent Director	2	1	Nil
9	Ms. Rupa Basu***	13.11.2018	Member, Executive Director	0	N.A.	250,000 Equity shares

**ceased to be a member w.e.f. March 31, 2023*
***ceased to be a member w.e.f. August 9, 2022*
****ceased to be a member w.e.f. August 4, 2022*

VII. Review Committee

The Company has set up a Review Committee to identify the willful defaulters and to take appropriate action against them.

a. Terms of Reference

The terms of reference for the Review Committee includes:

- ✓ To review the order passed by the Identification Committee and decide whether to declare the party to be a willful defaulter
- ✓ To approve for the appropriate penal action including initiating criminal proceedings based on the facts of individual case if required
- ✓ To perform such other functions as the Board may delegate and duties, acts, deeds and things required to be done in pursuance of the requirements set out in the policy of the Company and the NHB/RBI Regulations and any other law applicable on the Company.

b. Details of the composition of the Review Committee and attendance:

During the period under review, the Review Committee was not required to hold its meeting as no case was identified as willful defaulter by the Identification Committee for being reviewed by the Review

Committee.

Sr. No	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the Company
				Held	Attended	
1	Mr. Sanjay Chaturvedi	17-06-2020	Chairman, Executive Director	-	-	250,000 Equity shares
2	Mr. Rahul Garg*	17-06-2020	Member, Non-Executive Director	-	-	Nil
3	Mr. Saravanan Nattanmai**	31-03-2023	Member, Non-Executive Director	-	-	Nil
4	Ms. Latika Thukral	17-06-2020	Member, Independent Director	-	-	Nil

VIII. RECRUITMENT, COMPENSATION AND NOMINATION COMMITTEE (RCNC)

Recruitment, Compensation and Nomination Committee (RCNC) comprises four members and all the four members comprising the committee are non-executive directors.

a. Terms of Reference:

Besides including the matters specified for Nomination and Remuneration Committee under Section 178 and other applicable provisions, if any, of the Act, terms of reference of RCNC are as follows:

- ✓ To review and approve goals and objectives relevant to the compensation of the employees drawing remuneration equal to or more than Rs. 50 Lakhs p.a., to evaluate their performances in light of these goals and objectives and other factors it deems appropriate and based on this review and evaluation, recommend to the Board their compensation;
- ✓ To formulate and oversee the Company's compensation plans and equity-based plans and recommend changes therein to the Board. The Committee shall exercise all the authority of the Board with respect to the administration of such plans, including the granting of awards under the Company's compensation plans and equity-based plans;
- ✓ To review and approve compensation, benefits and terms of employment of the Company's executive officers and such other senior executives identified by the Committee after consultation with the Company's Management;
- ✓ To review the Company's recruitment, retention, compensation, termination and severance policies for directors, key managerial personnel and senior management;
- ✓ To identify persons who are qualified to become directors, key managerial personnel and senior management personnel and recommend to the Board their appointment/re-appointment and removal and to formulate criteria for determining qualifications, positive attributes and independence of a director and to make recommendations to Board regarding their remuneration.
- ✓ To review the compensation of non-executive directors (including sitting fees) for service on the Board and its committees and recommend changes in compensation to the Board;

- ✓ To carry out evaluation of performance of Board as a whole, Committees thereof and that of Individual Director including Executive, Non-Executive Directors and Chairman of Board or in substitution thereof to specify the manner in which evaluation of performance of Board as a whole, its Committees and that of individual directors shall be carried out.
- ✓ To review the Company's compensation policies and practices to determine whether they create risk-taking incentives that are reasonably likely to have a material adverse impact on the Company;
- ✓ To periodically review and assess the adequacy of this policy and recommend any proposed changes to the Board for approval; and
- ✓ To issue such guidelines, procedures, formats, reporting mechanism and manuals as appropriate, to supplement and implement Remuneration Policy of the Company.
- ✓ To administer, implement and review from time to time the Remuneration Policy of the Company.
- ✓ To perform such other functions as the Board may delegate and; duties, acts, deeds and things required to be done in pursuance of the requirements of policy of the Company and the provisions of Companies Act, 2013 and rules thereto and any other law applicable on the Company.

b. Details of the composition of the RCNC and attendance of Members:

During the period under review, this Committee met 1 time on 17.05.2022 Constitution of the Committee and attendance details during the financial year ended 31.03.2022 are given below:

Sr. No	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the Company
				Held	Attended	
1	Ms. Latika Thukral	07-02-2020	Chairperson, Independent Director	1	1	Nil
2	Mr. Vinod Rai	18-05-2016	Member Independent Director	1	1	Nil
3	Mr. Rahul Chandra*	17-06-2020	Member, Non-Executive Director	1	1	Nil
4	Mr. Rahul Garg**	29-06-2021	Member, Non-Executive Director	1	1	Nil
5	Mr. Rakesh Rewari***	04-08-2022	Member, Independent Director	0	N.A.	Nil
6	Mr. Saravanan Nattanmai****	31-03-2023	Member, Non-Executive Director	0	N.A.	Nil

**ceased to be member w.e.f. August 04,2022*
***ceased to be member w.e.f. March 31, 2023*
****ceased to be member w.e.f. August 04,2022*
*****became member w.e.f. March 31, 2023*

3. General Body Meetings

There are certain matters for which the approval of the members is required. The Company in compliance with the Companies Act, 2013, send notice to all the members along with the agenda notes. In case of urgent matters, the Company convened the extra-ordinary general meetings with due consent of the members.

During the period under review, the following general meetings of the members were held:

Sl. No.	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special resolutions passed
1	13th Annual General Meeting	31-05-2022, Registered Office	• Issue and Offer of Optionally Convertible Debentures to Whole Time Directors • Amendment in ESOP, 2013 • Amendment in ESOP, 2020
2	1st (22-23) Extra-Ordinary General Meeting	15-06-2022 Corporate Office	• To offer and issue equity shares, Series E1 Compulsorily Convertible Preference Shares and Series E2 Compulsorily Convertible Preference Shares by way of preferential allotment on a private placement basis and to approve and circulate the private placement offer letter cum application form and other ancillary actions
3	2nd (22-23) Extra-Ordinary General Meeting	27-06-2022, Registered Office	• To approve and adopt the amended and restated articles of association of the Company. • To approve and adopt ESOP scheme 2022 of the Company
4	3rd (22-23) Extra-Ordinary General Meeting	07-07-2022, Corporate Office	• To offer and issue optionally convertible debentures by way of preferential allotment on a private placement basis and to approve and circulate the private placement offer letter cum application form and other ancillary actions
re5	4th (22-23) Extra-Ordinary General Meeting	24-08-2022 Corporate Office	• Amendment in Articles • Amendment in ESOP, 2013 • Amendment in ESOP, 2020

4. Details of non-compliance with requirements of Companies Act, 2013 – Nil

5. Details of penalties and strictures – Nil

6. Breach of covenant of loan availed or debt securities issued – Nil

7. Divergence in Asset Classification and Provisioning – Nil

8. RELATED PARTY TRANSACTION POLICY

The policy on the related party transactions is annexed to this report as **Annexure – III**

9. EXTRACT OF POLICY ON DIRECTORS' APPOINTMENT & REMUNERATION

(Full policy may be accessed on the website of Shubham www.shubham.co)

1. **Applicability-** This policy is applicable on:

a. Directors viz. Executive, Non-executive and Independent
b. Key Managerial Personnel (KMP) and
c. Senior Management Personnel (SMP)

2. **Selection and Performance Evaluation criteria for Directors, SMP and KMP of the Company**

(i) **Selection Criteria:** The Recruitment Compensation and Nomination Committee ('Committee' or 'RCNC') shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and recommend his/her appointment, as per Company's Policy.

(ii) A person should possess adequate qualifications, expertise and experience for the position he/she is considered for appointment. RCNC has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position. In addition, he should satisfy "fit and proper criteria" formulated by Company in line with RBI guidelines, for being appointed and continuance in the Board.

(iii) The 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.

2.1 Evaluation & Manner

Notwithstanding anything contained herein, the Committee shall carry out evaluation of performance of Board as a whole, Committees thereof and that of Individual Director including Executive, Non-Executive Directors and Chairman of Board or in substitution thereof Committee shall specify the manner in which evaluation of performance of Board as a whole, its Committees and that of individual directors shall be carried out and shall review its implementation and compliance.

2.2 Policy on Remuneration to Directors/KMP/Senior Management Personnel

A. **Remuneration to Managing Director / Whole-time Directors:**

(i) Remuneration/Commission etc. to be paid to Managing Director/Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013.

(ii) The Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

(iii) ESOP and other share based payments shall be given as per applicable provisions of Companies Act.

B. **Remuneration to Non- Executive / Independent Directors:**

(i) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Committee and approved by the Board of Directors.

(ii) All the remuneration of the Non-Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Committee and approved by the Board of Directors or shareholders, as the case may be.

(iii) Commission: The Independent Directors may be paid remuneration by way of commission for each financial year.

a) Total commission pay out to all Independent Directors (including non-executive directors) in aggregate shall be restricted to a limit of 1% of net profits of the Company as determined in accordance with Section 198 of the Companies Act, 2013, further subject to recommendation by the NRC and determination by the Board, as further subject to approval by the shareholders of the Company at the Annual General Meeting.

b) The Independent Directors may be paid remuneration in case of no profits or inadequate profit in addition to the sitting fees as per the provisions of Schedule V of the Act

c) NRC shall recommend quantum of commission which, in its best judgement and opinion is commensurate with the level of engagement each Independent Director would have with SMP/KMP and/or other Board members, towards providing inputs, insights and guidance on various matters of importance from time to time

(iv) An Independent Director shall not be eligible to get ESOP and also shall not be eligible to participate in any share base payment schemes of the Company.

(v) Any remuneration paid to Non-Executive / Independent Directors for services rendered which are of professional in nature, shall not be considered as part of the remuneration for the purposes of Para (ii) above if the following conditions are satisfied:

a. The Services are rendered by such Director in his capacity as the professional; and

b. in the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

(vi) ESOP and other share base payments shall be granted to Directors (other than Independent Directors) as per ESOP scheme.

(vii) The directors shall be covered under Directors & Officer Liability Insurance (D&O) Policy of the Company.

C. <u>Remuneration to Key Managerial Personnel and Senior Management</u>:

The Company shall endeavour to keep the remuneration reasonable and based on the relevant factors including adherence to statutory requirements, industry practices, key responsibility areas assigned and the achievements thereof. The increments shall usually be linked to the individual's performance as well the performance of the Company. The total compensation may comprise fixed and variable pay components aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types of risks. The Company shall ensure that the compensation outcomes are symmetric with risk outcomes, compensation pay-outs are sensitive to the time horizon of the risks, and the mix of cash, equity and other forms of compensation are consistent with risk alignment.

a. The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.

b. ESOPs and other share -based payments shall be granted as per ESOP scheme.

c. The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, Mediclaim, personal accident insurance and life insurance coverage as per policy of the Company in addition to the CTC, etc. as decided from to time.

d. The Incentive pay shall be decided based on the balance between the performance of the Company and the performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

e. Company shall adopt the following principles for compensation while deciding compensation for the SMP/KMP:

I. Fixed Pay/Compensation:

Total Fixed CTC is comprising of Guaranteed Cash (includes Base Pay, HRA, Allowances), Benefits to be costed (e.g. Car Lease/ Driver Pay/ Accommodation) and all the Retirals (Statutory contributions made towards PF, Pension, Gratuity, this may issue include additional contributions such as NPS, Superannuation etc., if applicable)

II. Variable Pay, its proportion and deferral:

Variable compensation which may be in the form of share-linked instruments, or a mix of cash and share-linked instruments. The share-linked instruments shall be in conformity with relevant statutory provisions. The KMP, SMP may also be eligible for Long Term Incentive Plan in the form of stock options, retention cum loyalty bonus or any other equivalent instruments.

III. Proportion of Variable Pay:

The Key performance Indicators (KPIs) of the Senior Management and KMP are defined at the beginning of the performance measurement period. The variable pay is based on the performance of the individual based on these KPIs. At a higher level of responsibility, the proportion of variable pay (including stock options) is higher. The variable pay can be reduced to zero based on the performance at an Individual and Company level. There should be a proper balance between cash and share linked instruments in the variable pay for the senior management. Performance measures and their relation to remuneration packages should be clearly defined at the beginning of the performance measurement period to ensure that the employees perceive the incentive mechanisms.

IV. Deferral of Variable Pay:

Not all the variable pay compensation awarded after performance assessment may be paid immediately. Certain portion of variable pay, as decided by the NRC of the Company, may be deferred to the time horizon of the risks. The portion of deferral arrangement may be made applicable for both cash and non-cash components of the variable pay. A deferral period for such an arrangement may be decided by NRC of the Company.

2.3 Performance Evaluation of SMP/KMP

To evaluate the performance of KMP/SMP, the Company shall follow a detailed process of Performance Evaluation:

i. Key Results Areas (KRAs) shall be established for each member that will be derived from the overall strategy of the organization and shall incorporate policy, as considered directives provided by the Board.
ii. The performance against these KRAs shall be reviewed by WTD&CEO of the Company
iii. At the end of the Performance Review period, there shall be a formal Performance assessment by the WTD&CEO of the Company. The feedback from NRC members, as appropriate, shall also be taken into consideration.
iv. Final rating shall be provided along with salary increment on Fixed Compensation and Nomination Committee shall be responsible for Variable Compensation, as applicable.
v. Removal of any SMP/KMP shall be subject to the performance and behavior of the individual and the decision for the administration, removal of such personnel shall be recommended by the NRC to the Board.

10. DISCLOSURES UNDER SECTION II OF PART II OF SCHEDULE V

(i) all elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the Directors;

S. No.	Name of Director	Salary	Benefits	Bonuses	Stock Options	Pensions	Other Particulars
		(₹ in crores)					
1.	Mr. Sanjay Chaturvedi	1.98	-	0.49	-	-	-
2.	Ms. Rupa Basu	1.98	-	0.49	-	-	-

(ii) details of fixed component and performance linked incentives along with the performance criteria;

S. No.	Name of Director	Fixed Component	Performance Linked Incentives	Performance Criteria
1.	Mr. Sanjay Chaturvedi	1.98	0.49	Linked Company's performance on all parameters
2.	Ms. Rupa Basu	1.98	0.49	Linked Company's performance on all parameters

(iii) service contracts, notice period, severance fees; and

S. No.	Name of Director	Service Contracts	Notice Period	Severance fees
1.	Mr. Sanjay Chaturvedi	Executed	90 days	Nil
2.	Ms. Rupa Basu	Executed	90 days	Nil

(iv) stock option details, if any, and whether the same has been issued at a discount as well as the

period over which accrued and over which exercisable.

S. No.	Name of Director	No. of Stock Options (Granted/Vested/Exercised)	Details
1.	Mr. Sanjay Chaturvedi	Nil	NA
2.	Ms. Rupa Basu	Nil	NA

11. OTHER DISCLOSURES

- In line with RBI Guidelines and other applicable laws, the Company has framed internal guidelines on corporate governance with the approval of the Board of Directors and those corporate governance guidelines has been published on the company's website (www.shubham.co) for the information of various stakeholders.
- None of the directors of the Company is disqualified for being director under the provisions of Section 164 of Companies Act, 2013 as on 31.03.2023. Further, none of the directors proposed for re-appointment in the ensuing AGM is disqualified to be re-appointed under the applicable laws.
- The Company has maintained statutory books and registers required to be maintained under the provisions of Companies Act, labour laws, RBI guidelines and other applicable laws, if any.
- The Company is registered on the SCORES platform, in order to handle investor complaints electronically in the manner specified by the Securities Exchange and Board of India (SEBI).
- The Company has not received a single complaint of Investors during the period under review.
- In pursuance of Regulation 52 of SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015, Board of the Company approved quarterly and year to date financial results for the period ended 30.06.2022, 30.09.2022, 31.12.2022 and 31.03.2023 with limited review report of statutory auditors thereon. Same were published in The Financial Express, a widely circulating English National Daily newspaper.
- The Company furnished periodical returns and reports to Debenture trustees as per applicable laws.
- The Company has appointed Registrar and Share Transfer Agent registered with SEBI for all activities in relation to both Physical and Electronic Transfer facility as required under Regulation 7(2) of SEBI (LODR) Regulations, 2015.

For and on behalf of the Board of
Shubham Housing Development Finance Company Limited

Sanjay Chaturvedi
Director
DIN: 01636432
D-305, Ground Floor,
Sarvodaya Enclave,
New Delhi

Rupa Basu
Director
DIN: 08068918
S-10A, Windsor Court,
DLF, Phase-IV,
Gurugram-122009

Place: Gurugram
Date: 24.05.2023

RELATED PARTY TRANSACTION POLICY (ANNEXURE III)

1. Prelude

Related Party Transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of Related Party Transactions as prescribed under the Companies Act, 2013 ("the Act") read with the Rules made thereunder, Board of Shubham Housing Development Finance Company Limited has framed this Policy on Related Party Transactions. This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee.

Section 177(4) of the Act deals with approval or any subsequent modification of transactions of the Company with related parties by the Audit Committee.

All Related Party Transactions pursuant to section 188 of the Act which are not in the ordinary course of business and / or not on an Arms' length basis require prior approval of the Board and if such transactions cross the threshold limits prescribed under the Act, such transactions also require the approval of shareholders of the Company and the Related Party/ies with whom transactions are being entered shall abstain from voting on such resolution(s).

It also requires specified Related Party Transactions to be disclosed in the Board's Report along with the justification for entering into such transactions.

As per the requirements of Notification No. NHB. HFC.CG-DIR.1/MD&CEO/2016 dated 9th February 2017 issued by the National Housing Bank (NHB) read with Circular No. NHB (ND)/DRS/Policy Circular No.79/2016-17 dated 27th April 2017 vide which the NHB notified the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, the company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

2. Intent of the Policy

The Objective of this policy is to set out (a) the materiality thresholds for related party transactions and (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, and any other laws and regulations as may be applicable to the Company; and (c) lay down the guiding principles and mechanism to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

3. Applicability and Legal Framework

This Policy shall apply on transactions entered into by Company with Related Party/ies and shall be governed by the Act read with Rules made thereunder, as may be in force from time to time and regulations, if any, of NHB and other statutory laws, if applicable in this regard. Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

4. Definitions

The Company shall be responsible, among others, for the following:

- "**Act**" means Companies Act, 2013, originally framed or altered from time to time.
- **"Arm's Length basis"** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. [Explanation (b) to Section 188(1) of the Act].
- **"Audit Committee"** means the Audit Committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act.
- **"Board of Directors"** or **"Board"** means the Board of Directors of SHDFC, as constituted from time to time.
- **"Company" or "SHDFC" means** Shubham Housing Development Finance Company Limited.
- **"Control"** shall have the same meaning as defined in the Act.
- **"Key Managerial Personnel** in relation to a Company, shall be as defined in the Act.
- **"Omnibus Approval"** shall mean a blanket pre activity approval by the Audit Committee subject to compliance of the conditions as laid in this Policy
- **"Ordinary course of business"** would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per Memorandum and Articles of Association.
- **"Related Party"**, for the purpose of this Policy, with reference to a Company, shall mean a Related Party as defined in Section 2(76) of the Act.
- **"Related Party Transaction"** means specified transaction mentioned in clause
    - to (g) of sub-section (1) of Section 188 of the Act .
- **"Relatives"** with reference to any person shall have the meaning as defined in Section 2(77) of the Act.
- A **"transaction"** with a related party shall be construed to include single transaction or a group of transactions in a contract.

Any other term not defined herein shall have the same meaning as defined in the Act or any other applicable law or regulation.

5. Policy on Related Party Transactions

Audit Committee shall review this Policy, on such intervals as it deems fit and may recommend to Board amendments to this Policy.

All Related Party Transactions (before being entered into) must be reported to the Audit Committee for its approval in accordance with this Policy.

In cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

5.1 Identification of potential related parties and transactions

Every Director will be responsible for providing a declaration in format provided by Company from time to time, containing the following information to the Company Secretary on an annual basis (preferably in first board meeting of beginning of financial year) and whenever there is a change in the information provided:

- Names of his/her Relatives;
- Partnership firms in which he/she or his/her Relative is a partner;
- Private Companies in which he/she or his/her relative is a member or Director;
- Public Companies in which he/she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;

- Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his/her advice, directions or instructions (other than advice, directions or instructions given to such Body Corporate in professional capacity); and
- Persons on whose advice, directions or instructions, he/she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Each director is responsible for providing Notice to the Company Secretary of any potential Related Party Transaction, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee and the Board.

Provided that every Key Managerial Personnel who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his concern or interest to the Company. Provided further that in case of a proposed contract or arrangement, the disclosure shall be made on or before the meeting of Board at which the question of entering into the contract or arrangement is first taken into consideration or if he was not, at the date of that meeting, concerned or interested in the proposed contract or arrangement, on or before first meeting of Board held after he becomes so concerned or interested. In case of other contract or arrangement, the required disclosure shall be made on or before the first meeting of the Board held after the Key Managerial Personnel becomes concerned or interested in the contract or arrangement.

5.2 Approval of Related Party Transactions

5.2.1 Prior approval of Audit Committee

All Related Party Transactions of the Company shall require prior approval of Audit Committee, whether at a meeting or by resolution by circulation. Any member of the Audit Committee who has a potential interest in any Related Party Transaction will not remain present at the meeting when such Related Party Transaction is considered.

The approval of the Audit Committee will be sought in the following manner:

a. All Related Party Transactions will be submitted to the Audit Committee for prior approval irrespective of whether such transactions are in the ordinary course of business and / or at arm's length or not.
b. Where the Company has entered into a master agreement with a related party, which stipulates details of every transaction like nature of the transaction, basis of pricing, credit terms etc., the prior approval once given by the Audit Committee would suffice and Audit Committee would only note the transactions that are entered into pursuant to such master agreement and will not require any further approval of the Audit Committee unless there is any change in the terms of the master agreement.

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

a. The Audit Committee shall, after obtaining the approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
b. The criteria for making the omnibus approval shall include the following:-

- Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year.
- The maximum value per transaction which can be allowed.
- Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval.
- Review, at such interval as the Audit Committee may deem fit, of related party transactions entered into by the Company pursuant to each of the omnibus approval made.
- Transactions which cannot be subject to the omnibus approval by the Audit Committee. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-
  a. Repetitiveness of the transactions (in past or in future)
  b. Justification for the need of omnibus approval.

c. The Audit Committee shall satisfy itself on the need for omnibus approval and that such approval is in the interest of the Company;
d. Such omnibus approval shall specify (i) the name/s of the related party (ii) nature and duration of transaction (iii) maximum amount of transaction that can be entered into, (iv) the indicative base price/current contracted price and the formula for variation in the price, if any and (v) such other conditions as the Audit Committee may deem fit;
e. Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. One Crore per Transaction.

The Audit Committee shall review at such intervals as the Audit Committee may deem fit, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals given.

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

Without prejudice to generality of provision contained in 5.2.1(b)(v), omnibus approval shall not be granted for transactions in respect of selling or disposing of the undertaking of the Company.

5.2.2. Prior approval of Board of Directors under the Act

Transactions with the related parties within the scope of Section 188 of the Act, other than transactions which are in the Ordinary Course of Business and at Arm's Length basis shall require prior approval of the Board of Directors.

Where any Director is interested in any contract or arrangement with a related party, such Director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

5.2.3 Shareholders' approval requirements:

If the following transactions with related parties are likely to exceed the thresholds prescribed under the Act, the same will require prior approval of the Board of Directors and the Shareholders:

- Not in the ordinary course of business but at arm's length; or
- In the ordinary course of business but not at arm's length; or
- Not in the ordinary course of business and not at arm's length basis.

No member of the Company shall vote on resolution if such a member is a related party in the context of the contract or arrangement which is being considered under the Act.

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the prior consent of the Board or approval by a resolution in the general meeting 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 shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

6. Scope/Limitation

In the event of any conflict between the provisions of this Policy and of the Companies Act, 2013 or any other statutory enactments, rules, the provisions of Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

7. Disclosures

This policy shall be hosted on the Company's website. Every Related Party Transaction entered into by the Company shall be referred to in the Board's report. Necessary entries shall be entered in the Register of Contracts required to be maintained under the Companies Act, 2013.

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES (ANNEXURE V-A)

PURSUANT TO RULE 8 OF COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014

1. Brief outline on CSR Policy of the Company

At Shubham Housing, we intend to make a positive difference to society and contribute our share towards the social cause for betterment of society.

The Company's Corporate Social Responsibility Policy ("Policy") was initially formulated on November 10, 2016, basis the recommendation by CSR committee and approval by Board of Directors. Thereafter, it has been reviewed from time to time. The Policy aligns with the provisions of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Companies Act, 2013.

The Policy lays down the criteria for identifying programmes eligible to be sponsored by the Company under CSR. Programmes that are eligible in accordance with the Act and are consistent with the CSR themes of the Company shall be eligible for grants. Your Company may undertake CSR programmes either by itself or through entities/NGOs satisfying the criteria enumerated in Rule 4 of the Companies (CSR Policy) Rules, 2014.

CSR themes of the Company mainly include:

1. Health
2. Education with special focus on special needs children/girls
3. Measures for reducing inequalities faced by socially and economically backward groups.

CSR programs and estimated expenditures with other details are recommended by the CSR Committee to the Board for approval. All CSR programs are monitored periodically and status report is placed in CSR Committee. Your Company will continue to support social projects that are consistent with the policy. The Company's full CSR policy has been uploaded on the website of the Company under the web-link: www.shubham.co.

2. Composition of the CSR Committee:

S. No.	Name of Director	Designation/Nature of Directorship	Meetings held during the year (Nos.)	Meetings attended during the year (Nos.)
1	Ms. Rupa Basu	Executive Director	1	1
2	Ms. Latika Thukral	Non-Executive Independent Director	1	1
3.	Mr. Sanjay Chaturvedi	Executive Director	1	1

3. **Weblink of the company where the composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed: www.shubham.co**

4. **the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.** Not Applicable

5. **(a) Average net profit of the company as per sub-section (5) of section 135.** Rs. 47,14,17,904/-
   (b) Two percent of average net profit of the company as per sub-section (5) of section 135. Rs. 94,28,358
   (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years. Nil
   (d) Amount required to be set-off for the financial year, if any. Nil
   (e) Total CSR obligation for the financial year [(b)+(c)-(d)]. Rs. 94,28,358

6. **(a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).** Rs. 94,28,400
   (b) Amount spent in Administrative overheads. Nil
   (c) Amount spent on Impact Assessment, if applicable. N.A.
   (d) Total amount spent for the Financial Year [(a)+(b)+(c)]. Rs. 94,28,400
   (e) CSR amount spent or unspent for the Financial Year: Nil

Total Amount Spent for the Financial Year. (in Rs.)	**Amount Unspent (in Rs.)**				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		**Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).**		
FY 2022-23	**Amount**	**Date of Transfer**	**Name of the fund**	**Amount**	**Date of Transfer**
Rs. 94,28,400	NA	NA	NA	NA	NA

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

S. No.	**Particular**	**Amount (In Rs.)**
(i)	Two percent of average net profit of the company as per section 135(5)	94,28,358
(ii)	Total amount spent for the Financial Year	94,28,400
(iii)	Excess amount spent for the financial year [(ii)-(i)]	42
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	42*

*****Board has not resolved any amount to be carried forward for set-off in succeeding financial years.

7. **Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:** Nil

8. **Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:** No

9. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135.** N.A.

For and on behalf of the Board of
Shubham Housing Development Finance Company Limited

Sanjay Chaturvedi
CEO/Director

Rupa Basu
Chairperson of CSR Committee

Place: Gurugram
Date: 24.05.2023

LOAN AND ADVANCES TO DIRECTORS AND SENIOR OFFICERS OF THE COMPANY (ANNEXURE V-B)

DISCLOSURES PURSUANT TO THE RBI'S SCALE BASED REGULATION ON LOANS & ADVANCES TO DIRECTORS, SENIOR OFFICERS AND THEIR RELATIVES

Loans & Advances to Directors, Senior Officers* and their relatives

Details	Current Year FY 2022-23	Previous Year FY 2021-22
Directors and their relatives	Nil	Nil
Entities associated with directors and their relatives	Nil	Nil
Senior Officers and their relative	**Advance:** • Given during the year - Rs. 40 Lakhs • Repaid during the year - Rs. 40 Lakhs • O/s Balance as on 31.03.2023 - Nil	Nil

*Senior Officer shall mean personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

NAVEEN NARANG & ASSOCIATES
COMPANY SECRETARIES

OFFICE: H-3/63, FIRST FLOOR,
VIKASPURI, NEW DELHI – 110018
PHONE: 91-11-45113039, 9818005476
e-mail: naveen@csnaveennarang.com

SECRETARIAL AUDIT REPORT
For the financial year ended 31st March, 2023

To,
The Members,
Shubham Housing Development Finance Company Limited
D-305, Ground Floor, Sarvodaya Enclave,
New Delhi 110017

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Shubham Housing Development Finance Company Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

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

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

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

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

(iii) The Depositories Act, 1996 and the Regulations and Bye Laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')

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

Jyoti Narang

M/S NARANG & ASSOCIATES NEW DELHI

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time; **Not applicable to the Company during the audit period**

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not applicable to the Company during the audit period**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; **Not applicable to the Company during the audit period**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not applicable to the Company during the audit period**

and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not applicable to the Company during the audit period**

(vi) Other laws applicable specifically to the Company namely:

National Housing Bank Act, 1987 (including Regulatory Framework for Housing Finance Companies (HFCs) issued by RBI)

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Jyoti Narang

NARANG & ASSOCIATES NEW DELHI

We further report that

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

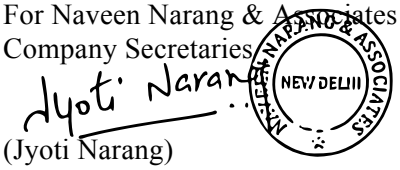
Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period there were no material events in the Company, which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc

For Naveen Narang & Associates
Company Secretaries



(Jyoti Narang)
Partner
Membership No. 5698, C.P. No. 5199
UDIN: F005698E000322179
PR No. 3434/2023

Place: Delhi
Date: May 17, 2023

(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,
Shubham Housing Development Finance Company Limited
D-305, Ground Floor, Sarvodaya Enclave,
New Delhi 110017

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

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

3. We have not verified the correctness and appropriateness of financial records and Books of accounts of the Company.

4. Wherever required, we have obtained the Management 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. Our 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.

For Naveen Narang & Associates
Company Secretaries

Jyoti Narang

(Jyoti Narang)
Partner
Membership No. 5698, C.P. No. 5199

Place: Delhi
Date: May 17, 2023

MSKA & Associates
Chartered Accountants

HO
602, Floor 6, Raheja Titanium,
Western Express Highway,
Geetanjali Railway Colony, Ram Nagar,
Goregaon (E), Mumbai 400063, INDIA
Tel: +91 22 6831 1600

INDEPENDENT AUDITOR'S REPORT

To the Members of Shubham Housing Development Finance Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Shubham Housing Development Finance Company Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (Including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 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 March 31, 2023, and its profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	Impairment of loans including Expected Credit Losses Total Loans (gross) as at March 31, 2023: Rs 3,00,544.46 lacs Impairment Provision as at March 31, 2023: Rs. 3,451.41 lacs (Refer Note 7 of the financial statements) Ind AS 109 - 'Financial Instruments', requires the Company to provide for impairment of its financial assets using the expected credit loss (ECL) approach involving an estimation of probability of loss on financial assets over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. The Company has Board approved policy on ECL to ensure the compliance with Ind AS 109 requirements and the basis of all assumptions for underling inputs to ECL model. The Company has developed models that derive key assumptions used within the provision calculation such as probability of default (PD) and loss given default (LGD). The output of these models is then applied to the provision calculation with other information including the exposure at default (EAD). In the process, a significant degree of judgement has been applied by the management including but not limited to the following matters: a) Grouping of loan portfolio under various categories on the basis of homogeneity and thereby expected to demonstrate similar credit characteristics;	Our audit procedures in respect of this area included: Process understanding and Test of Controls: a) Understood the Company's accounting policies for impairment of loan and evaluated the appropriateness of the same with the principles of Ind AS 109 - 'Financial Instruments'. b) Obtained an understanding of Management's process of ECL computation and verified design, implementation and the operating effectiveness of the controls for staging of loans based on their past due status on a test check basis. Verified samples of performing loans (stage 1) to assess whether any loss indicators were present requiring them to be classified under stage 2 or Stage 3. c) Verified the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets for determining the probability of default (PD) and loss given default (LGD) rates. d) Verified the input data used for determining the PD and LGD rates and further verified the data with the underlying books of accounts and records on a test check basis. e) Tested assumptions used by the management in determining the overlay for macro-economic and other factors. Test of Details: f) Assessed the additional considerations applied by the management for staging of loans as Significant Increase in Credit Risk (SICR) / default in view of Company's policy on moratorium and reschedulement / restructuring of loans

	b) Estimation of losses in respect of groups of loans which had no/ minimal defaults in the past; c) Staging of loans and estimation of behavioural life (i.e., classification in 'significant increase in credit risk' (SICR) and 'Default' categories); d) Management overlay for macro-economic factors and estimation of their impact on the credit quality; and e) Increased level of data inputs for capturing the historical data to calculate the Probability of Default ('PDs') and Loss Given Default ("LGD"). Given the high degree of management's judgement involved in estimation of ECL, we have identified this as a key audit matter.	in accordance with the regulations issued in this respect. g) Verified the impairment allowance under Ind AS 109 and the provisioning required under IRACP (including standard asset provisioning) to determine the need to create an Impairment Reserve. h) Involved internal experts to gain an understanding of the ECL model used by the Company to ensure compliance with relevant IndAs. i) Verified the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. j) Verified the ECL provision on restructured cases pursuant to the RBI circular on a test check basis. k) Assessed the adequacy and appropriateness of the disclosures included in the financial statements in respect of expected credit losses in accordance with the requirements of Ind AS 107 - 'Financial Instruments: Disclosures' and Ind AS 109.
2	<u>Information Technology General Control (ITGC)</u> The financial accounting and reporting systems of the Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. The reliability and security of IT systems plays a key role in the business operations of the Company. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data	Our audit procedures in respect of this area included: a) Involvement of our specialized experts on the IT infrastructure and applications relevant to financial reporting. b) Obtained an understanding of IT applications landscape implemented at the Company followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology. c) Verified IT general controls (logical access, changes management and aspects of IT operational controls). This included verifying that access to systems were reviewed and authorized.

	that is processed by the applications and is ultimately used for financial reporting. Therefore, on account of the pervasive nature of the IT environment, high level automation and the dependence on the complex IT systems for preparation of financial statements, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is identified as a key audit matter.	d) Verified relevant controls operating over the information technology and information system in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations on a test check basis. e) Verified the Company's periodic review of access rights. We also verified requests of changes to systems for approval and authorization. f) Verified the design and operating effectiveness of certain automated and IT dependent manual controls that were considered as key internal controls over financial reporting.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report and the annexures thereto but does not include the financial statements and our auditor's report thereon. The Director's report and the annexures thereto is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Director's report and the annexures thereto, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), 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.

   (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".



(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 40 to the financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 7 to the financial statements;

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

iv.

(1) The Management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall 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 - Refer Note 51(ix) to the financial statements;

(2) The Management has represented that, to the best of it's knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries - Refer Note 51(x) to the financial statements; and

(3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard 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 (1) and (2) above, contain any material mis-statement.

v. The Company has neither declared nor paid any dividend during the year; and

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023, reporting under this clause is not applicable.



3. In our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 23117812BGXQVR2964

Mumbai
May 24, 2023

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SHUBHAM HOUSING DEVELOPMENT FINANCE COMPANY LIMITED FOR THE YEAR ENDED MARCH 31, 2023

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i)

(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) Property, Plant and Equipment and right of use assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in the financial statements are held in the name of the Company. Further, the Company has repossessed properties under The Securitisation And Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 from the borrowers who have defaulted their loan repayments. Such properties are acquired to recover the loans from the borrower and accordingly disclosed as Assets held for sale. (Refer Note 14 to the Financial Statements)

(d) According to the information and explanations given to us, the Company has not revalued its property, plant and equipment (including Right of Use assets) and its intangible assets. Accordingly, the requirements under paragraph 3(i)(d) of the Order are not applicable to the Company.

(e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i)(e) of the Order are not applicable to the Company.

ii)

(a) The Company is involved in the business of rendering services. Accordingly, the provisions stated in paragraph 3(ii)(a) of the Order are not applicable to the Company.

(b) The Company has been sanctioned working capital limits in excess of Five crore Rupees in aggregate from Banks on the basis of security of loans. Quarterly returns / statements are filed with such Banks are in agreement with the books of account.

iii)

(a) Since the Company's principal business is to give loans, the provisions stated in paragraph 3(iii)(a) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the investments made, guarantees provided, securities given and the terms and conditions of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the interest of the Company.

(c) The Company, being a Non-Banking Financial Company - Housing Finance Company, is registered under provisions of The National Housing Bank Act, 1987 and rules made thereunder, in pursuance of its compliance with provisions of the said Act / Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms and generally accepted business practices by the lending institutions, repayments scheduled are stipulated basis the nature of the loan products. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amount, due date for repayment or receipt and the extent of delay in this report (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause), in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business - Refer Note 7.1 to the financial statements.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the details of amount overdue for more than ninety days are as follows:

No. of Cases	Total overdue (Rs. In Lacs) *	Remarks (specify whether reasonable steps have been taken by the Company for recovery of principal amount and interest)
1,074	5,363.60	Yes #

* Amount overdue classified under Stage 3 - Refer Note 7.1(i) to the financial statements.
The Company has taken all reasonable steps including legal actions to ensure recovery of principal and interest.

(e) Since the Company's principal business is to give loans, the provisions stated in paragraph 3(ii)(e) of the Order are not applicable to the Company.

(f) According to the information and explanations provided to us, the Company has not granted loans and / or advances in the nature of loans which are either repayable on demand or without specifying any terms or period of repayment. Hence, the requirements under paragraph 3(iii)(f) of the Order are not applicable to the Company.

iv) In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.

v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.

vi) The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3(vi) of the Order are not applicable to the Company.

vii)

(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax and cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax are as follows: (Refer Note 40 to the financial statements.)

Name of the statute	Nature of dues	Amount (Rs. In Lacs)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961	Income tax	111.21	A.Y 2018-19	CIT(A)	-
Income Tax Act, 1961	Income tax	74.82	A.Y 2020-21	CIT(A)	-

viii) According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.

ix)

(a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or other lender.

(c) In our opinion and according to the information and explanations provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

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(e) The Company does not have any subsidiaries, associates or joint ventures. Accordingly, the provisions stated in paragraph 3(ix)(e) of the Order are not applicable to the Company.

(f) The Company does not have any subsidiaries, associates or joint ventures. Accordingly, the provisions stated in paragraph 3(ix)(f) of the Order are not applicable to the Company.

x)

(a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated in paragraph 3 (x)(a) of the Order are not applicable to the Company.

(b) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment or private placement of shares or fully, partly or optionally convertible debentures during the year and the requirements of Section 42 and section 62 of the Act have been complied with. The amount raised has been used for the purposes for which they were raised.

xi)

(a) During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company nor on the Company.

(b) We have not come across any instance of material fraud by the Company or on the Company during the course of audit of the financial statement for the year ended March 31, 2023, accordingly the provisions stated in paragraph (xi)(b) of the Order is not applicable to the Company.

(c) As represented to us by the management, there are no whistle-blower complaints received by the Company during the course of audit. Accordingly, the provisions stated in paragraph 3(xi)(c) of the Order is not applicable to company.

xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) (a) to (c) of the Order are not applicable to the Company.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.

xiv)

(a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered internal audit reports issued by internal auditors during our audit in accordance with the guidance provided in SA 610 - 'Using the work of Internal Auditors'.

xv) According to the information and explanations given to us, in our opinion during the year the Company has not entered into non-cash transactions with directors or persons connected with

its directors and hence, provisions of section 192 of the Act are not applicable to Company. Accordingly, the provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi)

(a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) In our opinion, the Company has not conducted any Non-Banking Financial or Housing Finance activities without any valid Certificate of Registration from National Housing Bank. Hence, the reporting under paragraph clause 3 (xvi)(b) of the Order are not applicable to the Company.

(c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(c) of the Order are not applicable to the Company.

(d) The Company does not have any CIC as part of its group. Hence the provisions stated in paragraph clause 3 (xvi) (d) of the order are not applicable to the Company.

xvii) According to the information explanation provided to us, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph 3 (xvii) of the Order are not applicable to the Company.

xviii) There has been no resignation of the statutory auditors during the year. Hence, the provisions stated in paragraph 3 (xviii) of the Order are not applicable to the Company.

xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, 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) According to the information and explanations given to us, the provisions of section 135 of the Act are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred as on March 31, 2022 to any Fund specified in Schedule VII to the Act or to the special account. Accordingly, the provisions of paragraph 3(xx) (a) and (b) of the Order are not applicable to the Company.



xxi) According to the information and explanations given to us, the Company does not have any Subsidiary, Associate or Joint Venture. Accordingly, reporting under clause 3(xxi) of the Order is not applicable.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 23117812BGXQVR2964

Mumbai
May 24, 2023

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SHUBHAM HOUSING DEVELOPMENT FINANCE COMPANY LIMITED

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Shubham Housing Development Finance Company Limited on the Financial Statements for the year ended March 31, 2023

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

Opinion

We have audited the internal financial controls with reference to financial statements of Shubham Housing Development Finance Company Limited ('the Company') as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, 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 (ICAI) (the 'Guidance Note').

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 with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 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 judgement, 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 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 unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With reference to 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.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 23117812BGXQVR2964

Mumbai
May 24, 2023

MSKA & Associates
Chartered Accountants

HO
602, Floor 6, Raheja Titanium,
Western Express Highway,
Geetanjali Railway Colony, Ram Nagar,
Goregaon (E), Mumbai 400063, INDIA
Tel: +91 22 6831 1600

Auditor's Additional Report

To,
The Board of Directors,
Shubham Housing Development Finance Company Limited.

1. This report is issued in accordance with the requirements of para 69 and 70 of Chapter XII - Auditor's Report of Master Direction Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 vide Ref. No. RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 (hereinafter referred to as the "Mater Directions") issued by the Reserve Bank of India ("the RBI") as amended from time to time.

2. We have audited the accompanying financial statements of Shubham Housing Development Finance Company Limited (hereinafter referred to as the "Company") comprising the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, on which we have issued our report dated May 24, 2023.

Management's Responsibility for the Financial Statements

3. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

4. The Management of the Company is also responsible for compliance with the National Housing Bank Act, 1987 and other relevant Directions, Circulars, Notifications, Guidelines applicable to Housing Financial Companies issued by the National Housing Bank (hereinafter referred to as "the NHB") and the RBI and for providing all the required information to the NHB and the RBI.

Auditor's Responsibility

5. Pursuant to the requirements of the Directions referred to in paragraph 1 above, it is our responsibility to examine the audited books and records of the Company for the year ended March 31, 2023 and report on the matters specified in paragraph 70.1 of 'Chapter XII - Auditor's Report' of the Master Directions to the extent applicable to the Company.

6. We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, "Quality Control for Firms that Perform Audit and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements".

Opinion

8. Based on our examination of the audited books and records of the Company for the year ended March 31, 2023 as produced for our examination and the information and explanations given to us, we report that:

8.1 The Company is engaged in the business of Housing finance and has obtained a certificate of registration No. 06.136.16 dated June 23, 2016 from the NHB. The Company was in compliance with Principal Business Criteria as on March 31, 2022. In the first quarter of the current year the Company raised Equity of Rs. 600 crore for business expansion which resulted into the departure from minimum 60% housing finance to total assets (netted off by intangible assets) ratio as laid down under Paragraph 4.1.17 of the Master Directions. The Company had reported this matter to the NHB vide letter dated August 31, 2022 submitted via email dated September 27, 2022.

The Company has achieved Principal Business Criteria as per Paragraph 4.1.17 of the Master Directions as on March 31, 2023.

8.2 The Company is meeting the required net owned fund requirement as prescribed under Section 29A of The National Housing Bank Act, 1987.

8.3 The Company is in compliance with the provisions of Section 29C of National Housing Bank Act, 1987.

8.4 The total borrowings of the Company are within the limits prescribed under paragraph 27.2 of the Master Directions.

8.5 The Company has complied with the prudential norms on income recognition, Indian Accounting Standards, asset classification, loan-to-value ratio at the time of granting of loans, provisioning requirements, disclosure in balance sheet, investment in real estate, exposure to capital market and engagement of brokers, and concentration of credit/investments as specified in the Master Directions.

8.6 The capital adequacy ratio disclosed in the half-yearly statutory return submitted to the NHB basis the unaudited books and records in terms of the 'Master Circular - Returns to be submitted by Housing Finance Companies (HFCs)' vide Ref. No. NHB(ND)/DOS/Sup. Circular No.7/2021-22 dated December 31, 2021 has been correctly determined and it is in compliance with the minimum capital to risk weighted asset ratio (CRAR) prescribed therein.

8.7 The Company has furnished, basis the unaudited books and records, within the stipulated period the half-yearly statutory return as specified in the 'Master Circular - Returns to be submitted by Housing Finance Companies (HFCs)' vide Ref. No. NHB(ND)/DOS/Sup. Circular No.7/2021-22 dated December 31, 2021 to the NHB.

Head Office: 602, Floor 6, Raheja Titanium, Western Express Highway, Geetanjali Railway Colony, Ram Nagar, Goregaon (E), Mumbai 400063, INDIA, Tel: +91 22 6238 0519
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8.8 The Company is not required to furnish the quarterly statutory return to the NHB, on Statutory Liquid Assets since it is not a deposit accepting Housing Finance Company, as specified in the 'Master Circular - Returns to be submitted by Housing Finance Companies (HFCs)' vide Ref. No. NHB(ND)/DOS/Sup. Circular No.7/2021-22 dated December 31, 2021.

8.9 The Company has complied with the requirements contained in the Master Directions in the case of opening of new branches / offices or in the case of closure of existing branches / offices.

8.10 The Company has complied with the provisions contained in paragraph 18 of the Master Directions. Further, the Company has not granted any loans against the securities specified under paragraph 3.1.3 and paragraph 3.1.4.

8.11 The Board of Directors of the Company has passed a resolution on May 18, 2022 for non-acceptance of public deposits.

8.12 The Company has not accepted any public deposits during the year ended March 31, 2023.

Restriction on Use

9. This report is addressed to Board of Directors and provided to the Management of the Company solely for the purpose of compliance with requirement of the Directions for its onward submission to the NHB. It should not be used by any other person or for any other purpose. M S K A & Associates shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment.

10. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership Number: 117812
UDIN: 23117812BGXQVT1371

Mumbai
May 24, 2023

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Shubham Housing Development Finance Company Limited
Balance Sheet as at March 31, 2023
(All amount in Rs. lakhs, unless stated otherwise)

Particulars	Note	As at March 31, 2023	As at March 31, 2022
ASSETS			
Financial assets			
Cash and cash equivalents	6A	15,432.24	12,724.49
Bank balance other than cash and cash equivalents	6B	509.10	3,032.61
Loans	7	2,97,093.05	2,25,191.23
Investments	8	3,227.68	5,135.40
Other financial assets	9	3,143.52	3,090.12
Non-financial assets			
Current tax assets (net)		720.33	727.25
Deferred tax assets (net)	34	1,239.87	1,028.86
Property, plant and equipment	10	845.60	479.12
Intangible assets under development	11	43.40	33.30
Intangible assets	12	116.78	105.27
Right-of-use assets	38	721.33	612.33
Other non-financial assets	13	2,879.15	533.17
Assets held for sale	14	1,695.29	1,384.30
Total assets		**3,27,667.34**	**2,54,077.45**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables	15		
I) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises		45.24	2.26
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		757.14	501.71
II) Other payables		-	-
a) Total outstanding dues of micro enterprises and small enterprises		-	-
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	16	4,574.18	12,736.20
Borrowings (other than debt securities)	17	1,76,037.05	1,67,329.48
Other financial liabilities	18	21,791.31	17,657.95
Non-financial liabilities			
Provisions	19	451.29	535.29
Other non-financial liabilities	20	251.66	329.30
Total liabilities		**2,03,907.87**	**1,99,092.19**
Equity			
Equity share capital	21	201.42	94.37
Instruments entirely equity in nature	22	767.16	450.03
Other equity	23	1,22,790.89	54,440.86
Total equity		**1,23,759.47**	**54,985.26**
Total liabilities and equity		**3,27,667.34**	**2,54,077.45**
Significant accounting policies	1-5		

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

As per our report of even date

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number 105047W

Swapnil Kale
Partner
Membership No. 117812

Place: Mumbai
Date: May 24, 2023

For and on behalf of the Board of Directors of
Shubham Housing Development Finance Company Limited

Sanjay Chaturvedi
Director
DIN : 01636432

Rupa Basu
Director
DIN : 08068918

Vishal Kanodia
Chief Financial Officer

Neeta Kamra
Company Secretary
(M. No.: ACS 22892)

Place: Gurugram
Date: May 24, 2023

Shubham Housing Development Finance Company Limited
Statement of profit and loss for the year ended March 31, 2023
(All amount in Rs. lakhs, unless stated otherwise)

Particulars	Note	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from operations			
Interest income	24	41,243.05	32,458.75
Fee and commission income	25	1,750.07	1,052.41
Net gain on fair value change	26	1,275.60	566.89
Net gain on derecognition of financial instruments under amortised cost category	27	544.53	394.83
Other operating income	28	80.68	270.21
Total revenue from operations		**44,893.93**	**34,743.09**
Other income	29	459.10	285.36
Total income		**45,353.03**	**35,028.45**
Expenses			
Finance costs	30	16,176.57	15,789.36
Impairment on financial instruments	31	435.16	2,659.21
Employee benefits expenses	32	12,701.39	10,115.90
Depreciation, amortization and impairment	10, 12, 38	708.35	541.58
Other expenses	33	3,904.11	2,828.14
Total expenses		**33,925.58**	**31,934.19**
Profit before tax		**11,427.45**	**3,094.26**
Tax expense:	34		
(1) Current tax		2,480.66	724.12
(2) Deferred tax (credit)		(229.38)	(120.97)
Profit for the year		**9,176.17**	**2,491.11**
Other comprehensive income			
Items that will not be reclassified to the statement of profit and loss			
a) Remeasurements of defined employee benefit plans		72.97	(52.09)
b) Income tax relating to items that will not be reclassified to profit or loss		(18.37)	13.11
Other comprehensive income		**54.60**	**(38.98)**
Total comprehensive income for the year		**9,230.77**	**2,452.13**
Earnings per equity share	35		
Basic (Rs.)		129.99	45.76
Diluted (Rs.)		125.05	44.62
Nominal value per share (Rs.)		10.00	10.00
Significant accounting policies	1-5		

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

As per our report of even date

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number 105047W

Swapnil Kale
Partner
Membership No. 117812

Place: Mumbai
Date: May 24, 2023

For and on behalf of the Board of Directors of
Shubham Housing Development Finance Company Limited

Sanjay Chaturvedi
Director
DIN : 01636432

Rupa Basu
Director
DIN : 08068918

Vishal Kanodia
Chief Financial Officer

Neeta Kamra
Company Secretary
(M. No.: ACS 22892)

Place: Gurugram
Date: May 24, 2023

Shubham Housing Development Finance Company Limited
Statement of Cash Flow as at March 31, 2023
(All amount in Rs. lakhs, unless stated otherwise)

Particulars	Audited March 31, 2023	Audited March 31, 2022
Cash flow from operating activities		
Profit before tax	11,427.45	3,094.26
Adjusted for:		
Depreciation, amortisation and impairment	708.35	541.58
Interest on lease liability	45.71	44.75
Provision for expected credit loss	(226.58)	828.95
EIR adjustment	1,006.17	494.06
Net gain on sale of investments	(1,275.60)	(566.89)
Provision for loss on asset held for sale	31.55	(456.27)
Provision for dimunation in value of Investment	336.62	-
Loss on sale of fixed assets	4.62	2.99
Loan assets written off	91.02	235.56
Acquired properties written off	-	4.62
Loss on sale/settlement of acquired properties	200.32	1,805.94
OCI impact of Gratuity	72.97	(52.09)
Share based payments expense	422.40	280.21
Operating profit before working capital changes	**12,845.00**	**6,257.67**
Adjusted for net changes in working capital:		
Increase in financial assets and other assets	(73,234.69)	(32,291.29)
(Decrease)/Increase in financial liability and other liabilities	4,188.53	(5,844.82)
Cash used in operating activities	**(56,201.16)**	**(31,878.44)**
Taxes paid (net off refunds)	(2,473.62)	(1,244.26)
Net Cash used in operating activities	**(58,674.78)**	**(33,122.70)**
Cash flows from investing activities		
Purchase of property, plant and equipment including intangible assets under development	(743.37)	(326.25)
Proceeds from sale of property, plant and equipment	3.24	1.25
Purchase of investments	(1,67,559.93)	(1,44,100.00)
Proceeds from sale of investments	1,68,835.53	(4,899.37)
Purchase of securities receipts	-	1,44,666.89
Proceeds from redemption of security receipts	1,571.10	251.66
Net Cash generated/ (used in) from investing activities	**2,106.57**	**(4,405.82)**
Cash flows from financing activities		
Proceeds from borrowings including debts securities	73,256.99	99,400.00
Repayment of borrowings including debts securities	(72,667.30)	(79,073.16)
Payment of principal portion of lease liabilities	(384.31)	(328.92)
Payment of interest on lease liabilities	(45.71)	(44.75)
Proceeds from issue of shares (net of share issue expenses)	59,116.29	-
Net Cash generated from financing activities	**59,275.96**	**19,953.17**
Net increase in cash and cash equivalents	**2,707.75**	**(17,575.35)**
Cash and cash equivalents at the beginning of the year	12,724.49	30,299.84
Cash and cash equivalents at the end of the year	**15,432.24**	**12,724.49**
Cash and bank balance include:		
Cash-on-hand	292.59	305.64
Cheques in hand	108.21	70.00
Balance with banks		
In current accounts	10,021.59	8,342.07
Deposits with original maturity of less than three months	3,502.74	2,005.04
Balance with cash credit facilities	1,507.11	2,001.74
Cash and cash equivalents at the end of the year	**15,432.24**	**12,724.49**

The accompanying notes are an integral part of the financial statements

As per our report of even date

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number 105047W

Swapnil Kale
Partner
Membership No. 117812

Place: Mumbai
Date: May 24, 2023

For and on behalf of the Board of Directors of
Shubham Housing Development Finance Company Limited

Sanjay Chaturvedi
Director
DIN : 01636432

Rupa Basu
Director
DIN : 08068918

Vishal Kanodia
Chief Financial Officer

Neeta Kamra
Company Secretary
(M. No.: ACS 22892)

Place: Gurugram
Date: May 24, 2023

Shubham Housing Development Finance Company Limited
Statement of changes in equity for the year ended March 31, 2023
(All amount in Rs. lakhs, unless stated otherwise)

A. Equity Share Capital

Particulars	March 31, 2023		March 31, 2022	
Equity shares of Rs. 10 each issued, subscribed and fully paid	**Nos.**	**Amount**	**Nos.**	**Amount**
Balance beginning of the year	9,43,690	94.37	9,43,690	94.37
Equity share capital issued during the year (refer note 22)	10,70,512	107.05	-	
Balance at end of the reporting year	20,14,202	201.42	9,43,690	94.37

B. Instruments entirely equity in nature

Particulars	March 31, 2023		March 31, 2022	
Compulsorily convertible preference shares ('CCPS')				
CCPS of Rs. 10 each issued, subscribed and fully paid	**Nos.**	**Amount**	**Nos.**	**Amount**
Balance at the beginning of the reporting year	45,00,369	450.03	45,00,369	450.03
Equity share capital issued during the year	10,50,352	317.13	-	-
Balance at end of the reporting year	55,50,721	767.16	45,00,369	450.03

C. Other equity

Particulars	Reserve and surplus					Total
	Securities premium	Statutory Reserve	Share based payment reserve	Retained earnings	Equity Component of compound financial Instrument	
As at April 1, 2022	**39,461.27**	**2,991.09**	**1,389.29**	**10,588.19**	**11.02**	**54,440.86**
Profit for the year	-	-	-	9,176.17	-	9,176.17
Other comprehensive income for the year	-	-	-	54.60	-	54.60
Total Comprehensive Income for the year	-	-	-	9,230.77	-	**9,230.77**
Equity component of compound financial Instrument	-	-	-	-	4.75	4.75
Share issue Expense	(883.80)	-	-	-	-	(883.80)
Share based Payments	-	-	422.40	-	-	422.40
Dividends	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-
Security premium received on issue of equity shares	59,575.91	-	-	-	-	59,575.91
Transfer of retained earning to statutory reserve	-	1,835.23	-	(1,835.23)	-	-
As at March 31, 2023	**98,153.38**	**4,826.32**	**1,811.69**	**17,983.73**	**15.77**	**1,22,790.89**

Particulars	Reserve and surplus					Total
	Securities premium	Statutory Reserve	Share based payment reserve	Retained earnings	Equity Component of compound financial Instrument	
As at April 1, 2021	**39,690.27**	**2,492.87**	**1,109.08**	**8,634.28**	**11.02**	**51,937.52**
Profit for the year	-	-	-	2,491.11	-	**2,491.11**
Other comprehensive income for the year	-	-	-	(38.98)	-	**(38.98)**
Total Comprehensive Income for the year	-	-	-	2,452.13	-	**2,452.13**
Equity component of compound financial Instrument	-	-	-	-	-	-
Share issue Expense	(229.00)	-	-	-	-	**(229.00)**
Share based Payments	-	-	280.21	-	-	**280.21**
Dividends	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-
Transfer of retained earning to statutory reserve	-	498.22	-	(498.22)	-	
As at March 31, 2022	**39,461.27**	**2,991.09**	**1,389.29**	**10,588.19**	**11.02**	**54,440.86**

The accompanying notes are an integral part of the financial statements
As per our report of even date

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number 105047W

Swapnil Kale

Swapnil Kale
Partner
Membership No. 117812

Place: Mumbai
Date: May 24, 2023

For and on behalf of the Board of Directors of
Shubham Housing Development Finance Company Limited

Chaturved Rupa Basu

Sanjay Chaturvedi
Director
DIN : 01636432

Rupa Basu
Director
DIN : 08068918

Vishal Kanodia

Vishal Kanodia
Chief Financial Officer

Neeta

Neeta Kamra
Company Secretary
(M. No.: ACS 22892)

Place: Gurugram
Date: May 24, 2023

Note 1: Corporate information

Shubham Housing Development Finance Company Limited (CIN:U65921DL2010PLC199469) ("the Company") is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is registered as a housing finance Company registered with National Housing Bank (NHB) vide registration No. 06.136.16 and is engaged in the long term financing activity in the domestic markets to provide housing finance. The Company's redeemable non-convertible debentures are listed on BSE Limited.

Note 2: Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013 (the "Act"), other relevant provisions of the Act, guidelines issued by the National Housing Bank and Reserve bank of India as applicable to an HFCs and other accounting principles generally accepted in India. Any application guidance / clarifications / directions issued by NHB/RBI or other regulators are implemented as and when they are issued / applicable, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. Accounting policies have been consistently applied except where a newly issued Ind AS is initially adopted or a revision to an existing Ind AS required a change in the accounting policy hitherto in use.

The financial statements have been prepared on a historical cost basis, except derivative financial instruments, other financial assets held for trading and financial assets and liabilities designated at fair value through profit or loss (FVTPL) or through other comprehensive income (FVOCI) instruments all of which are measured at fair value.

Note 3: Presentation of financial statements

The Balance Sheet, Statement of Profit and Loss and Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III of the Companies Act, 2013 (the 'Act'). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS-7.

A summary of the significant accounting policies and other explanatory information is in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as specified under Section 133 of the Companies Act, 2013 (the 'Act') including applicable Ind AS and accounting principles generally accepted in India.The Company presents its Balance Sheet in order of liquidity.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

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

The financial statements are presented in Indian Rupees (Rs.) and all values are rounded to the nearest lakhs, except when otherwise indicated.

Note 4: Significant accounting policies

4.1. Recognition of income and expense

4.1.1 Interest income

The Company earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Interest revenue is recognized using the effective interest rate method (EIR). The effective interest method calculates the amortized cost of a financial instrument and allocates the interest income. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company recognise the interest on receipt basis. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income.

Payment hierarchy

For all loans the Company follows payment hierarchy on monthly basis as given below:

a. First adjustment will be against principal due
b. Second adjustment will be against interest due
c. Amount received will be adjusted on FIFO basis (first in fist out basis)against fees/charges and penal interest only after all the principal due and interest due are paid off. Same payment hierarchy will be followed on loan account becoming 90 days overdue (NPA) and even thereafter.





4.1.2 Fee and commission income not integral to effective interest rate (EIR) method under Ind AS 109 and Income from services and distribution of financial products

The Company recognises the fee and commission income like application fees, penal interest, cheque bounce charges, notice pay recovery from employee, other income etc. not integral to EIR under Ind AS 109 in accordance with the terms of the relevant customer contracts / agreement and when it is confirmed that the Company will collect the consideration for items. Revenue in the form of income from financial advisory (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable, in accordance with Ind AS 115 - Revenue from contracts with customers.

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

4.1.3 Dividend income

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

4.1.4 Interest expense

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

4.2. 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.

4.2.1 Financial Assets

4.2.1.1 Initial recognition and measurement

Financial assets, with the exception of loans and advances to the 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. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

4.2.1.2 Classification and Subsequent measurement

On initial recognition, depending on the Company's business model for managing the financial assets and its contractual cash flow characteristics, a financial asset is classified as measured at;

1) amortised cost;
2) fair value through other comprehensive income (FVTOCI); or
3) fair value through profit and loss (FVTPL).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost using Effective Interest Rate (EIR) method if it meets both of the following conditions and is not recognised as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVTOCI – equity investment). This election is made an investment – by –investment basis. All financials assets not classified and measured at amortized cost or FVTOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate the financials assets that otherwise meets the requirements to be measured at amortized cost or at FVTOCI or at FVTPL, if doing so eliminates or significantly reduces the accounting mismatch that would otherwise arise.

Financial assets at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses if any and impairment are recognised in the statement of profit or loss. Any gain or loss on de-recognition is recognised in the statement of profit and loss.





Financial assets at FVTPL:

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss. The transaction costs and fees are also recorded related to these instruments in the statement of profit and loss.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Financial assets(other than Equity Investments) at FVTOCI:

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the statement of profit and loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the statement of profit and loss.

Equity investments at FVTOCI and FVTPL:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

4.2.2. Financial Liabilities

4.2.2.1. Initial recognition and measurement

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as such on initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

4.2.2.2. Classification and Subsequent measurement

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

Financial Liabilities held at amortised cost:

The Company's loans and borrowings are generally classified in this category. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 as finance costs in the statement of profit and loss.

Financial guarantees and undrawn loan commitments

Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium/deemed premium received. Subsequent to initial recognition, the Company's liability under each guarantee is measured at the higher of the amount initially recognised and the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss.

The premium/deemed premium is recognised in the statement of profit and loss on a straight-line basis over the life of the guarantee.

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet.

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4.2.3. Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

4.2.4. De-recognition of financial assets and liabilities

4.2.4.1. Financial Assets

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

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

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

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

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company must remit any cash flows it collects on behalf of the eventual recipients without material delay.

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

A transfer only qualifies for derecognition if either:

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Company would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Securitization and Assignment

In case of transfer of loans through securitisation and direct assignment transactions, the transferred loans are de-recognised and gains/losses are accounted for, only if the Company transfers substantially all risks and rewards specified in the underlying assigned loan contract.

In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions, the difference between the carrying amount and the consideration received are recognised in the Statement of Profit and Loss.

4.2.4.2. Financial Liabilities

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





4.3. Impairment of financial assets

4.3.1. Overview of the ECL principles

The Company is recording the allowance for expected credit losses for all loans, together with loan commitments and financial guarantee contracts, (in this section all referred to as 'financial instruments'). Equity instruments are not subject to impairment under Ind AS 109.

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

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting year, of whether a financial instrument's credit risk has increased significantly since initial recognition.

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

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12mECLs.

Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2 or Stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired. The Company records an allowance for the LTECLs.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition or write off of the financial asset.

4.3.2 Computation of ECLs

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

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

- PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed year, if the facility has not been previously derecognised and is still in the portfolio.
- EAD - The Exposure at Default is an exposure including interest accured wherever applicable but not due and charges if any at a reporting date.
- LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The maximum year for which the credit losses are determined is the expected life of a financial instrument.

The mechanics of the ECL method are summarised below:

Stage 1: The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to an EAD and multiplied by the expected LGD.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

Stage 3: For loans considered credit-impaired inclusive of all loan classified as NPA persuant to the RBI circular RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021 the Company recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Loan commitments: When estimating LTECLs for undisbursed loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

For loan commitments, the ECL is recognised within Provisions.





4.3.3. Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, Unemployment rates, etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

4.4. Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in forms of underlying property. Collateral, unless repossessed, is not recorded on the Company's books of accounts. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on periodic basis for repossessed stock.

To the extent possible, the Company uses active market data and value assessed by certified third party valuers for valuing financial assets held as collateral.

4.5. Collateral repossessed

In its normal course of business, the Company does not repossess properties or other assets in its portfolio but to mitigate the credit risk on financial assets, the Company seeks to use collateral, where possible as per the powers conferred on the Non-Banking Finance Companies under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("SARFAESI"). The Company generally engages external or internal agents to recover funds at auctions in compliance of SARFAESI by way of repossession of properties to settle outstanding debt. Any surplus funds are returned to the customers/obligors. The residential properties under legal repossession processes are treated as assets held for sale at (i) fair value less cost to sell or (ii) principle outstanding, whichever is less, at the repossession date.

4.6 Write-offs

Financial assets are written off either partially or in their entirety only when the recovery possibility from these properties seems remote, despite legal remedies and other actions taken by the Company. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to statement of profit and loss account.

4.7. Forborne and modified loans

The Company sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Company considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Company would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Company's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

When the loan has been renegotiated or modified but not derecognised, the Company reassesses whether there has been a significant increase in credit risk. The Company also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum 12-month probation period. In order for the loan to be reclassified out of the forborne category, the customer has to satisfy the performance of the loan during probation period.





4.8. Determination of fair value

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.
For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

4.9 Leases:

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

Company as a lessee

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

i) Right-of-use assets

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

The right-of-use assets are also subject to impairment. (Refer to the accounting policies on Impairment of non-financial assets.)

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the transition date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Company's lease liabilities are included in Other financial liabilities.

iii) Short-term leases and leases of low-value assets

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

4.10. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprises of cash balance with bank and highly liquid investments with maturity period of three months or less from the date of investment.





4.11. Property, plant and equipment

Property, plant and equipment (PPE) are stated at cost of acquisition less accumulated depreciation. The cost of an item of Property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of 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 included in the statement of profit and loss when the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

Building stated at its cost of acquisition less depreciation. Cost of a building includes purchase price and all the incidental charges for the acquisition. Building is capitalised with remaining life at the time of acquisition from its original life.

Depreciation is provided over the useful life of the asset as per "Part C" of Schedule-II of Companies Act 2013 except for Computer and data processing units where the management's estimates of the useful life of such fixed assets is higher/lower than the life arrived at on the basis of Schedule II of the ACT. Accordingly based on the internal technical evaluation, the Company has depreciated computer and data processing units over a period of 5 years. The management believes that said usefule lives best represent the period over which management expect to use these assets. Depreciation rates have been worked out by applying written down value method. The Company has used the following useful lives to provide depreciation on its PPE and Building.

- Computers and data processing units	5 years
- Office equipment	5 years
- Furniture and fixtures	10 years
- Building	34 years

4.12. Capital work-in-progress

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress" and carried at cost, comprising direct cost, related incidental expenses and attributable interest.

4.13. Other Intangible assets

The Company's other intangible assets mainly include the value of computer software and Brand and Trade Marks

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

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortization is calculated using the straight-line method to the cost of intangible assets to their residual values over their estimated useful life of 3, 5 and 10 years.

4.14. Intangible assets under development

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

4.15. Investment in Security receipts

The Investment made by the Company in Security Receipts (SR) are valued, as guided by the RBI Directions, at lower of the following:

a) Net Asset Value (NAV) declared by the Asset Reconstruction Company based on the recovery ratings received for such instruments; and

b) face value of the SRs reduced by the notional provisioning rate applicable if the loans had continued on the books of the Company.

4.16. Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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





4.17. Retirement and other employee benefits

Short term employee benefits

All employee benefits payable/ available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the statement of profit and loss in the period in which the employee renders the related service.

Post-employment benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the Projected Unit Credit Method.
Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The Company has taken a policy from an Insurance Company to cover its liabilities towards employees' gratuity. Net unfunded / funded obligation is disclosed in the Balance Sheet as the case may be.

Past service costs are recognised in profit or loss on the earlier of:

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

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

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

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absence as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes.

Share-based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company`s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting year, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in statement of profit and loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

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4.18. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

4.19. Taxes

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date.

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss.

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax assets/liabilitiese expense is recognized in the statement of profit and loss except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss.

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





4.20. Assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated,
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and

Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Assets held for sale to owners are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

4.21. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss attributable to equity holder of the Company by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

4.22. Foreign currency

The Company's financial statements are presented in Indian Rupees (Rs.) which is also the Company's functional currency.

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

Income and expenses in foreign currencies are initially recorded by the Company at the exchange rates prevailing on the date of the transaction.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss.

4.22 **Foreign currency (continued)**

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

4.23. Contingent liabilities and assets

The Company does not recognize a contingent liability but discloses its existence in the financial statements contingent liability is disclosed in the case of:

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

Contingent liabilities are reviewed at each balance sheet date. Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

5. Significant accounting judgements, estimates and assumptions

In the process of applying the Company's accounting policies, management has made the following Significant judgements and estimates, which have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.





5.1. Business model assessment

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

The Company considers the frequency, volume and timing of sales in prior years, the reason for such sales, and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an holistic assessment of how Company's stated objective for managing the financial assets is achieved and how cash flows are realised. Therefore, the Company considers information about past sales in the context of the reasons for those sales, and the conditions that existed at that time as compared to current conditions.

Based on this assessment and future business plans of the Company, the management has measured its financial assets at amortised cost except investment in security receipts as the asset is held within a business model whose objective is to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principle and interest ('the 'SPPI criterion').

5.2. Fair value of financial instruments

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

5.3. Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

5.4. Impairment of financial asset

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

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's model, which assigns Probability of default (PDs).
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Life Time Expected Credit Loss (LTECL) basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PDs, EADs and LGDs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

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

5.5 Defined employee benefit assets and liabilities

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

5.6 Share based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.





5.7 Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

5.8 Determining the lease term of contracts with renewal and termination options – Company as lessee

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

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.





Note 6A: Cash and cash equivalents

Particulars	March 31, 2023	March 31, 2022
Cash-on-hand	292.59	305.64
Balance with banks		
In current accounts	10,021.59	8,342.07
Deposits with original maturity of less than three months	3,502.74	2,005.04
Cheques in hand	108.21	70.00
Balance with cash credit facilities	1,507.11	2,001.74
Total	**15,432.24**	**12,724.49**

Balances with banks deposit earns interest at fixed rates based on bank deposit rates. Short-term deposits are made for varying periods of between seven day and hundred days, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Note 6B: Bank balance other than above

Particulars	March 31, 2023	March 31, 2022
Bank deposits (more than 3 months & upto 12 months)	308.09	2,832.61
Bank deposits with maturity of more than 12 months	201.01	200.00
Total	**509.10**	**3,032.61**
The above bank deposits include deposits under lien as per following details:		
Pledge with bank for obtaining bank overdraft facilities	303.13	305.00
For bank guarantee to National Housing Bank for refinance	200.00	200.00

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Note 7: Loans

Particulars	March 31, 2023	March 31, 2022
At Amortised cost:		
Loan assets	3,00,537.60	2,28,869.06
Staff advances	6.86	14.36
Total Gross	**3,00,544.46**	**2,28,883.42**
Less: Impairment loss allowance	3,451.41	3,692.19
Total Net	**2,97,093.05**	**2,25,191.23**
Secured by tangible assets		
(Hypothecation of equitable mortgage of immovable property etc.)	3,00,464.42	2,28,764.51
Covered by bank/government guarantees	39.52	66.53
Unsecured	40.52	52.38
Total Gross	**3,00,544.46**	**2,28,883.42**
Less: Impairment loss allowance	3,451.41	3,692.19
Total Net	**2,97,093.05**	**2,25,191.23**
Loan in India		
Public sector	-	-
Others	3,00,544.46	2,28,883.42
Total Gross	**3,00,544.46**	**2,28,883.42**
Less: Impairment loss allowance	3,451.41	3,692.19
Total Net	**2,97,093.05**	**2,25,191.23**

i) Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

ii) Loans granted by the Company are secured by equitable mortgage/registered mortgage of the property and/or undertaking to create a security and/or hypothecation of assets and/or assignments of life insurance policies.

iii) Loan commitment amount is Rs. 15,971.29 lakhs as on March 31, 2023 (Rs. 7,476.76 lakhs as on March 31, 2022) (Refer note 19.1)

iv) During the year, the Company has assigned a pool of certain loans amounting to Rs. 3,221.21 lakhs by way of direct assignment transactions. These loan assets 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. (Refer note 3 of Annexure 1 of the financial statements) The Company continues to act as a servicer to the assignment transaction on behalf of assignee. In terms of the assignment agreement, the Company pays to assignee, on a monthly basis, the pro-rata collection amounts.

v) No loan carried at fair value.

vi) The company is not granting any Loans against security of shares as collateral or against own shares of the Company.

vii) The Company is not granting any loans against gold/gold jewellery as collateral.

viii) Breakup of loans assets

Particulars	March 31, 2023	March 31, 2022
Term Loans	2,98,911.14	2,26,963.08
Minimum retention requirement ("MRR") of securitised loans	102.46	179.89
Minimum retention requirement ("MRR") of assigned loans	1,524.00	1,726.09
Total	**3,00,537.60**	**2,28,869.06**





ix) Breakup of Impairment loss allowance

Particulars	March 31, 2023	March 31, 2022
Impairment loss allowance		
On term Loans	3,425.79	3,666.14
On MRR of securitised loans	1.02	2.54
On MRR of assigned loans	24.60	23.51
Total	**3,451.41**	**3,692.19**

Note 7.1 Credit Quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of companies risk assessment model and ECL allowances are calculated on individual/collective basis are set out in Note 44.

i) Loans to customers as of March 31, 2023

Risk categorisation	Home loans and Self Construction	Home Improvement and LAP	Plot plus Self Construction	LAP for Construction & HL Project	Total
Stage 1	1,90,835.03	73,780.27	5,313.51	13,923.29	2,83,852.10
Stage 2	6,371.61	3,187.32	136.51	-	9,695.44
Stage 3	2,720.47	2,525.53	117.60	-	5,363.60
Total	**1,99,927.11**	**79,493.12**	**5,567.62**	**13,923.29**	**2,98,911.14**

ii) Loans to customers as of March 31, 2022

Risk categorisation	Home loans and Self Construction	Home Improvement and LAP	Plot plus Self Construction	LAP for Construction & HL Project	Total
Stage 1	1,50,495.99	48,703.29	2,987.70	5,831.62	2,08,018.60
Stage 2	7,015.11	3,659.55	129.28	-	10,803.94
Stage 3	4,615.88	3,292.09	232.57	-	8,140.54
Total	**1,62,126.98**	**55,654.93**	**3,349.55**	**5,831.62**	**2,26,963.08**

iii) Impairment allowance for loans to customers as of March 31, 2023

Risk categorisation	Home loans and Self construction	Home Improvement and LAP	Plot plus Self Construction	LAP for Construction & HL Project	Total
Stage 1	664.85	562.25	31.62	64.34	1,323.06
Stage 2	322.62	160.36	7.00	-	489.98
Stage 3	816.78	760.73	35.24	-	1,612.75
Total	**1,804.25**	**1,483.34**	**73.86**	**64.34**	**3,425.79**

iv) Impairment allowance for loans to customers as of March 31, 2022

Risk categorisation	Home loans and Self construction	Home Improvement and LAP	Plot plus Self Construction	LAP for Construction & HL Project	Total
Stage 1	296.61	237.67	13.51	29.21	577.00
Stage 2	338.35	182.23	6.84	-	527.42
Stage 3	1,452.55	1,035.98	73.19	-	2,561.72
Total	**2,087.51**	**1,455.88**	**93.54**	**29.21**	**3,666.14**

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Note: 7.1.1 Home Loans and self construction

The Company has considered loans (excluding the minimum retention requirement of securitisation and assignment deals) for the purpose of this disclosure.

An analysis of risk categorisation, changes in the gross carrying amount and the corresponding ECL allowances

7.1.1.1 Analysis of risk categorisation

As at March 31, 2023

Risk Categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	1,30,408.87	5,743.27	1,385.26	1,37,537.40
Medium risk	59,915.74	226.76	204.52	60,347.02
High risk	510.42	401.58	1,130.69	2,042.69
Total	**1,90,835.03**	**6,371.61**	**2,720.47**	**1,99,927.11**

7.1.1.1 Analysis of risk categorisation

As at March 31, 2022

Risk Categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	1,02,137.42	6,507.53	3,756.07	1,12,401.02
Medium risk	48,131.59	268.97	247.72	48,648.28
High risk	226.98	238.61	612.09	1,077.68
Total	**1,50,495.99**	**7,015.11**	**4,615.88**	**1,62,126.98**

7.1.1.2 Reconciliation of gross carrying amount

As at March 31, 2023

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2022	**1,50,495.99**	**7,015.11**	**4,615.88**	**1,62,126.98**
New assets originated or purchased	81,432.71	17.84	42.60	81,493.15
Assets derecognised or repaid (excluding write offs)	(28,493.66)	(957.58)	(968.42)	(30,419.66)
Transfers from Stage 1	(2,685.58)	1,844.60	840.98	-
Transfers from Stage 2	995.59	(1,736.96)	741.37	-
Transfers from Stage 3	2,125.00	250.95	(2,375.95)	-
Changes to contractual cash flows due to modifications not resulting in derecognition	(13,035.02)	(62.35)	(220.75)	(13,318.12)
Amounts written off	-	-	44.76	44.76
Gross carrying amount as at March 31, 2023	**1,90,835.03**	**6,371.61**	**2,720.47**	**1,99,927.11**

As at March 31, 2022

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2021	**1,26,257.07**	**9,328.40**	**2,159.92**	**1,37,745.39**
New assets originated or purchased	52,466.46	23.44	-	52,489.90
Assets derecognised or repaid (excluding write offs)	(21,326.34)	(2,292.03)	(1,952.07)	(25,570.44)
Transfers from Stage 1	(5,922.21)	3,847.69	2,074.52	-
Transfers from Stage 2	1,372.39	(4,086.61)	2,714.22	-
Transfers from Stage 3	72.48	3.59	(76.07)	-
Changes to contractual cash flows due to modifications not resulting in derecognition	(2,423.86)	190.63	(425.25)	(2,658.48)
Amounts written off	-	-	120.61	120.61
Gross carrying amount as at March 31, 2022	**1,50,495.99**	**7,015.11**	**4,615.88**	**1,62,126.98**

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7.1.1.3 Impairment allowance for loans to customers

As at March 31, 2023

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2022	**296.61**	**338.35**	**1,452.55**	**2,087.51**
Assets derecognised or repaid	(58.23)	(49.26)	(304.75)	(412.24)
New assets originated	281.67	0.53	12.77	294.97
				(165.99)
Impact on ECL of Exposures transferred between stages during the year	(533.64)	15.84	351.81	
Transfers from Stage 1	(6.68)	4.09	2.59	-
Transfers from Stage 2	16.41	(65.90)	49.49	-
Transfers from Stage 3	668.71	78.97	(747.68)	-
Impairment allowance for loans to customers as at March 31, 2023	**664.85**	**322.62**	**816.78**	**1,804.25**

As at March 31, 2022

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2021	**400.12**	**364.28**	**739.10**	**1,503.50**
Assets derecognised or repaid	(68.15)	(91.37)	(668.26)	(827.78)
New assets originated	103.28	0.32	-	103.60
	(192.41)	202.50	1,298.10	1,308.19
Impact on ECL of Exposures transferred between stages during the year				
Transfers from Stage 1	(27.21)	17.04	10.17	-
Transfers from Stage 2	56.27	(155.64)	99.37	-
Transfers from Stage 3	24.71	1.22	(25.93)	-
Impairment allowance for loans to customers as at March 31, 2022	**296.61**	**338.35**	**1,452.55**	**2,087.51**

7.1.2 Home Improvement and LAP

An analysis of risk categorisation, changes in the gross carrying amount and the corresponding ECL allowances

7.1.2.1 Analysis of risk categorisation

As at March 31, 2023

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	35,625.15	2,680.52	1,233.86	39,539.53
Medium risk	37,887.10	127.32	86.23	38,100.65
High risk	268.02	379.48	1,205.44	1,852.94
Total	**73,780.27**	**3,187.32**	**2,525.53**	**79,493.12**

As at March 31, 2022

Risk Categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	26,726.89	3,281.42	2,607.55	32,615.86
Medium risk	21,714.36	105.87	200.76	22,020.99
High risk	262.04	272.26	483.78	1,018.08
Total	**48,703.29**	**3,659.55**	**3,292.09**	**55,654.93**

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7.1.2.2 Reconciliation of gross carrying amount

As at March 31, 2023

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2022	**48,703.29**	**3,659.55**	**3,292.09**	**55,654.93**
New assets originated or purchased	39,500.34	23.56	35.96	39,559.86
Assets derecognised or repaid (excluding write offs)	(12,320.46)	(528.85)	(612.98)	(13,462.29)
Transfers from Stage 1	(1,706.59)	1,093.70	612.90	0.01
Transfers from Stage 2	425.63	(1,118.54)	692.91	-
Transfers from Stage 3	1,118.69	175.57	(1,294.27)	(0.01)
Changes to contractual cash flows due to modifications not resulting in derecognition	(1,940.63)	(117.67)	(246.26)	(2,304.56)
Amounts written off	-	-	45.18	45.18
Gross carrying amount as at March 31, 2023	**73,780.27**	**3,187.32**	**2,525.53**	**79,493.12**

As at March 31, 2022

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2021	**41,765.01**	**5,499.54**	**2,021.42**	**49,285.97**
New assets originated or purchased	22,275.89	21.70	1.15	22,298.74
Assets derecognised or repaid (excluding write offs)	(7,921.86)	(1,461.52)	(1,752.65)	(11,136.03)
Transfers from Stage 1	(3,864.91)	2,175.77	1,689.14	-
Transfers from Stage 2	806.69	(2,627.09)	1,820.39	(0.01)
Transfers from Stage 3	127.67	5.93	(133.60)	-
Changes to contractual cash flows due to modifications not resulting in derecognition	(4,485.20)	45.22	(456.20)	(4,896.18)
Amounts written off	-	-	102.44	102.44
Gross carrying amount as at March 31, 2022	**48,703.29**	**3,659.55**	**3,292.09**	**55,654.93**

7.1.2.3 Impairment allowance for loans to customers

As at March 31, 2023

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2022	**237.67**	**182.23**	**1,035.98**	**1,455.88**
Assets derecognised or repaid	(60.88)	(26.37)	(192.90)	(280.15)
New assets originated	303.48	0.71	10.78	314.97
Impact on Year end ECL of Exposures transferred between stages during the year	(268.58)	(6.23)	267.45	(7.36)
Transfers from Stage 1	(8.61)	5.38	3.24	0.01
Transfers from Stage 2	7.13	(50.61)	43.47	(0.01)
Transfers from Stage 3	352.04	55.25	(407.29)	-
Impairment allowance for loans to customers as at March 31, 2023	**562.25**	**160.36**	**760.73**	**1,483.34**

7.1.2.3 Impairment allowance for loans to customers

As at March 31, 2022

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2021	**348.04**	**207.27**	**716.44**	**1,271.75**
Assets derecognised or repaid	(67.34)	(44.95)	(624.83)	(737.12)
New assets originated	112.11	0.43	0.36	112.90
Impact on Year end ECL of Exposures transferred between stages during the year	(204.25)	108.68	903.92	808.35
Transfers from Stage 1	(35.17)	19.57	15.60	-
Transfers from Stage 2	40.75	(110.79)	70.04	-
Transfers from Stage 3	43.53	2.02	(45.55)	-
Impairment allowance for loans to customers as at March 31, 2022	**237.67**	**182.23**	**1,035.98**	**1,455.88**





7.1.3 Plot plus self construction

An analysis of risk categorisation, changes in the gross carrying amount and the corresponding ECL allowances

7.1.3.1 Analysis of risk categorisation -loan balances

As at March 31, 2023

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	2,762.99	123.33	81.77	2,968.09
Medium risk	2,521.63	4.89	5.96	2,532.48
High risk	28.89	8.29	29.87	67.05
Grand Total	**5,313.51**	**136.51**	**117.60**	**5,567.62**

As at March 31, 2022

Risk Categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	1,709.58	129.28	209.61	2,048.47
Medium risk	1,278.12	-	2.53	1,280.65
High risk	-	-	20.43	20.43
Total	**2,987.70**	**129.28**	**232.57**	**3,349.55**

7.1.3.2 Reconciliation of gross carrying amount

As at March 31, 2023

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2022	**2,987.70**	**129.28**	**232.57**	**3,349.55**
New assets originated or purchased	3,343.40	-	-	3,343.40
Assets derecognised or repaid (excluding write offs)	(834.43)	(13.60)	(50.35)	(898.38)
Transfers from Stage 1	(111.98)	62.83	49.15	-
Transfers from Stage 2	16.10	(31.37)	15.28	0.01
Transfers from Stage 3	105.13	8.19	(113.32)	-
Changes to contractual cash flows due to modifications not resulting in derecognition	(192.41)	(18.82)	(16.81)	(228.04)
Amounts written off	-	-	1.08	1.08
Gross carrying amount as at March 31, 2023	**5,313.51**	**136.51**	**117.60**	**5,567.62**

As at March 31, 2022

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2021	**2,799.71**	**372.09**	**65.18**	**3,236.98**
New assets originated or purchased	944.94	-	-	944.94
Assets derecognised or repaid (excluding write offs)	(689.54)	(68.84)	(65.17)	(823.55)
Transfers from Stage 1	(188.43)	75.13	113.28	(0.02)
Transfers from Stage 2	47.53	(230.28)	182.73	(0.02)
Transfers from Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	73.49	(18.82)	(75.96)	(21.29)
Amounts written off	-	-	12.51	12.51
Gross carrying amount as at March 31, 2022	**2,987.70**	**129.28**	**232.57**	**3,349.55**





7.1.3.3 Impairment allowance for loans to customers

As at March 31, 2023

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2022	**13.51**	**6.84**	**73.19**	**93.54**
Assets derecognised or repaid	(3.30)	(0.28)	(15.85)	(19.43)
New assets originated	19.02	-	-	19.02
Impact on year end ECL of Exposures transferred between stages during the year	(30.34)	(1.95)	13.02	(19.27)
Transfers from Stage 1	(0.59)	0.27	0.32	-
Transfers from Stage 2	0.24	(0.46)	0.22	-
Transfers from Stage 3	33.08	2.58	(35.66)	-
Impairment allowance for loans to customers as at March 31, 2023	**31.62**	**7.00**	**35.24**	**73.86**

As at March 31, 2022

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2021	**14.35**	**9.80**	**22.24**	**46.39**
Assets derecognised or repaid	(3.49)	(2.38)	(22.22)	(28.09)
New assets originated	4.44	-	-	4.44
Impact on year end ECL of Exposures transferred between stages during the year	(1.57)	4.32	68.09	70.84
Transfers from Stage 1	(1.22)	0.51	0.71	-
Transfers from Stage 2	1.00	(5.41)	4.37	(0.04)
Transfers from Stage 3	-	-	-	-
Impairment allowance for loans to customers as at March 31, 2022	**13.51**	**6.84**	**73.19**	**93.54**

7.1.4 LAP for Construction & HL Project

An analysis of risk categorisation, changes in the gross carrying amount and the corresponding ECL allowances

7.1.4.1 Analysis of risk categorisation

As at March 31, 2023

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	809.19	-	-	809.19
Medium risk	13,114.10	-	-	13,114.10
High risk	-	-	-	-
Total	**13,923.29**	**-**	**-**	**13,923.29**

As at March 31, 2022

Risk Categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	243.74	-	-	243.74
Medium risk	5,587.88	-	-	5,587.88
High risk	-	-	-	-
Total	**5,831.62**	**-**	**-**	**5,831.62**

MSKA & ASSOCIATES Chartered Accountants

Shubham Housing Development Finance Co. Ltd. Gurugram

7.1.4.2 Reconciliation of gross carrying amount

As at March 31, 2023

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2022	**5,831.62**	**-**	**-**	**5,831.62**
New assets originated or purchased	11,472.92	-	-	11,472.92
Assets derecognised or repaid (excluding write offs)	(3,145.22)	-	-	(3,145.22)
Transfers from Stage 1	-	-	-	-
Transfers from Stage 2	-	-	-	-
Transfers from Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	(236.03)	-	-	(236.03)
Amounts written off	-	-	-	-
Gross carrying amount as at March 31, 2023	**13,923.29**	**-**	**-**	**13,923.29**

As at March 31, 2022

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2021	**3,592.34**	**-**	**-**	**3,592.34**
New assets originated or purchased	4,464.59	-	-	4,464.59
Assets derecognised or repaid (excluding write offs)	(1,561.12)	-	-	(1,561.12)
Transfers from Stage 1	-	-	-	-
Transfers from Stage 2	-	-	-	-
Transfers from Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	(664.19)	-	-	(664.19)
Gross carrying amount as at March 31, 2022	**5,831.62**	**-**	**-**	**5,831.62**

7.1.4.3 Impairment allowance for loans to customers

As at March 31, 2023

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2022	**29.21**	**-**	**-**	**29.21**
Assets derecognised or repaid	(15.75)	-	-	(15.75)
New assets originated	53.00	-	-	53.00
Impact on ECL of Exposures transferred between stages during the year	(2.12)	-	-	(2.12)
Impairment allowance for loans to customers as at March 31, 2023	**64.34**	**-**	**-**	**64.34**

As at March 31, 2022

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2021	**19.58**	**-**	**-**	**19.58**
Assets derecognised or repaid	(8.50)	-	-	(8.50)
New assets originated	22.35	-	-	22.35
Impact on ECL of Exposures transferred between stages during the year	(4.22)	-	-	(4.22)
Impairment allowance for loans to customers as at March 31, 2022	**29.21**	**-**	**-**	**29.21**

The Company has considered loans (excluding the minimum retention requirement of securitisation and assignment deals) for the purpose of this disclosure.





Note 7.2 Impairment assessment

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.

- Definition of default and cure

The Company considers a financial instrument as defaulted and classifies it as Stage 3 (credit-impaired) for ECL calculations typically when the borrower becomes 91 days past due on contractual payments or classified as NPA as per RBI directions. The Company may also classify a loan in Stage 3 if there is significant deterioration in the loan collateral, deterioration in the financial condition of the borrower or an assessment that adverse market conditions may have a disproportionately detrimental effect on the loan repayment.

- Probability of default ('PD')

The account level delinquency has been considered while assigning Probability of Default (PD) at a portfolio level. The PDs are computed for homogenous portfolio segments.

- Exposure at default ('EAD')

The outstanding balance as at the reporting date is considered as EAD by the Company. Considering that PD determined above factors in amount at default, there is no separate requirement to estimate EAD.

- Loss given default ('LGD')

The Company uses historical loss data LGD for identified homogenous pools for the purpose of calculating LGD. The estimated recovery cash flows are discounted such that the LGD calculation factors in the NPV of the recoveries.

- Significant increase in credit risk

The Company evaluates the loans on an ongoing basis. The Company also assesses if there has been a significant increase in credit risk since the previously risk taking into consideration both qualitative and quantitative information. One key factor that indicates significant increase in credit risk is when contractual payments are more than 30 days past due.

- Grouping financial assets measured on a collective basis

The Company calculates ECLs on a collective basis on the following asset classes:

1) Home Loans and self construction
2) Home Improvement and Loans against properties
3) Plot plus self construction
4) LAP for Construction & HL Project

The Company has designed and operates its risk assessment model that factors in both quantitative as well as qualitative information on the loans and the borrowers. The model uses historical empirical data to arrive at factors that are indicative of future credit risk and segments the portfolio on the basis of combinations of these parameters into smaller homogenous portfolios from the perspective of credit behaviour.

The Company groups these exposure into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans. Asset class such as Home Loans and self construction, Home Improvement and Loans against properties and LAP for Construction including HL project are mix of Housing and Non Housing loans and based on customer profiling and associated risk attached.

Note 7.3 Collateral

The Company is in business of secured lending and all loans are adequately covered by either residential collateral or commercial collateral. The collaterals are assessed at the time of origination and are being reassessed as and when required. The illustrative factors considered while evaluation of collateral are liquidity, enforceability, marketability, ease and efficiency in custody & settlement and free from all encumbrances in the relevant jurisdictions and complied with local by laws. The assessment of collateral is undertaken by empanelled team of independent and qualified technical / legal agencies. The Company has specified the maximum loan-to value ratio for various types of asset to be accepted as collateral. Such ratios commensurate with the relative risk of the assets as prescribed by NHB and provides an adequate buffer against potential losses.

The Company did not hold any financial instrument for which no loss allowance is recognised because of collateral as at March 31, 2023 and March 31, 2022. There was no change in the Company's collateral policy during the year.





Note 8: Investments

Particulars	As at March 31, 2023				
		Fair Value			
	amortised Cost	through other comprehensive income	through profit or loss	Others	Total
Mutual funds	-	-	-	-	-
Security receipts	-	-	3,564.30	-	3,564.30
Total (A)	**-**	**-**	**3,564.30**	**-**	**3,564.30**
Investments outside India	-	-	-	-	-
Investments in India	-	-	3,564.30	-	3,564.30
Total (B)	**-**	**-**	**3,564.30**	**-**	**3,564.30**
Total (A) to tally with Total (B)	-	-	3,564.30	-	3,564.30
Less: Allowance for Impairment loss (C)	-	-	336.62	-	336.62
Total Net D = (A) -(C)	**-**	**-**	**3,227.68**	**-**	**3,227.68**

Particulars	As at March 31, 2022				
		Fair Value			
	Amortised Cost	through other comprehensive income	through profit or loss	Others	Total
Note 8: Investments					
Security receipts	350.54	-	4,784.86	-	5,135.40
Total (A)	**350.54**	**-**	**4,784.86**	**-**	**5,135.40**
Investments outside India	-	-	-	-	-
Investments in India	350.54	-	4,784.86	-	5,135.40
Total (B)	**350.54**	**-**	**4,784.86**	**-**	**5,135.40**
Total (A) to tally with Total (B)	350.54	-	4,784.86	-	**5,135.40**
Less: Allowance for Impairment loss (C)	-	-	-	-	-
Total Net D = (A) -(C)	**350.54**	**-**	**4,784.86**	**-**	**5,135.40**

Note 9: Other financial assets

Particulars	March 31, 2023	March 31, 2022
Excess Interest Spread (EIS) Receivable*	2,552.59	2,670.72
Security deposit	278.76	206.80
Receivables from employees**	179.76	77.07
Balance with government authorities	-	22.30
Other receivables	175.16	165.40
Gross	**3,186.27**	**3,142.29**
Impairment loss allowance on EIS receivable	(26.05)	(37.70)
Impairment loss allowance on receivable from employees & other	(16.70)	(14.47)
Net	**3,143.52**	**3,090.12**

*Under Ind AS, with respect to Assignment deals, Company has created an EIS receivable (with corresponding credit to statement of profit and loss), which has been computed by discounting EIS to present value.

** Receivables from employees includes medical insurance receivable from employee of Rs 121.52 lakhs through reduction from their gross pays, hence ECL provision on the same has not been created.





Note 10: Property, plant and equipment

Particulars	Building	Computers	Office equipment	Furniture and fittings	Total
Cost:					
As at April 1, 2021	-	**543.47**	**113.94**	**142.39**	**799.80**
Additions	-	266.12	12.25	16.47	294.84
Disposals	-	(9.55)	(3.27)	(2.15)	(14.97)
As at March 31, 2022	-	**800.04**	**122.92**	**156.71**	**1079.67**
Additions	126.96	382.79	59.45	117.91	687.11
Disposals	-	(22.13)	(8.89)	(9.45)	(40.47)
As at March 31, 2023	**126.96**	**1160.70**	**173.48**	**265.17**	**1,726.31**
Accumulated Depreciation:					
As at April 1, 2021	-	**292.62**	**69.71**	**46.80**	**409.13**
Additions	-	153.79	21.21	27.15	202.15
Disposals	-	(6.90)	(2.58)	(1.25)	(10.73)
As at March 31, 2022	-	**439.51**	**88.34**	**72.70**	**600.55**
Additions	0.04	252.40	25.37	34.96	312.77
Disposals	-	(18.48)	(7.39)	(6.74)	(32.61)
As at March 31, 2023	**0.04**	**673.43**	**106.32**	**100.92**	**880.71**
Net book value					
As at March 31, 2022	-	**360.53**	**34.58**	**84.01**	**479.12**
As at March 31, 2023	**126.92**	**487.27**	**67.16**	**164.25**	**845.60**

Note 1:- No asset revalued during the year
Note 2:- No asset acquired through business combination

Title deeds of immovable property not held in name of the Company

Relevant line item in the Balance Sheet	PPE	PPE	Investment property	Non-current asset held for sale	Others
Description of item of property	**Land I Building**	**Land I Building**	**Land I Building**	**Land I Building**	**Land I Building**
Gross carrying value (Refer Note 14)	-	-	-	1,850.15	-
Title deeds held in the name of	-	-	-	Borrower	-
Whether title deed holder is a promoter*, director or relative **of promoter/director or employee of promoter/director	-	-	-	No	-
Property held since which date#	-	-	-	-	-
Reason for not being held in the name of the company#	-	-	-	-	-

*Promoter here means promoter as defined in the Companies Act, 2013.

**Relative here means relative as defined in the Companies Act, 2013.

#In its normal course of business, the Company does not repossess properties or other assets in its portfolio but to mitigate the credit risk on financial assets, the Company seeks to use collateral, where possible as per the powers conferred on the Non-Banking Finance Companies under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("SARFAESI"). The Company generally engages external or internal agents to recover funds at auctions in compliance of SARFAESI Act 2002 by way of repossession of properties to settle possible outstanding debt but not to acquire the above said property in satisfaction of debt. Any surplus funds are returned to the customers/obligors and also reserve the rights to recover the balance amount post settlement of the property in auction, settlement with customer, private treaty or any other method of settlement. The residential properties under legal repossession processes are treated as assets held for sale at (i) fair value less cost to sell or (ii) principle outstanding, whichever is less, at the repossession date are shown above.





Note 11: Intangible assets under development

Particulars	Intangible assets under development	Capital work in progress	Total
Cost:			
As at April 1, 2021	**11.79**	-	**11.79**
Additions	31.32	-	31.32
Capitalised during the year	(9.81)	-	(9.81)
As at March 31, 2022	**33.30**	-	**33.30**
Additions	66.78	-	66.78
Capitalised during the year	(56.68)	-	(56.68)
As at March 31, 2023	**43.40**	-	**43.40**

(a) Intangible assets under development ageing schedule

Intangible assets under development	Amount in Intangible asset under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	41.83	-	-	-	41.83
Projects temporarily suspended	-	-	-	1.57	1.57

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

Intangible assets under development	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Training module upgrade and customisation	1.57	-	-	-

Note 12: Intangibles

Particulars	Softwares	Brand and Trade Marks	Total
Cost:			
As at April 1, 2021	**387.98**	**0.32**	**388.30**
Additions	9.81	-	9.81
Capitalised during the year	-	-	-
Disposals	(9.83)	-	(9.83)
As at March 31, 2022	**387.96**	**0.32**	**388.28**
Additions	56.68	-	56.68
Capitalised during the year	-	-	-
Disposals	(34.91)	-	(34.91)
As at March 31, 2023	**409.73**	**0.32**	**410.05**
Accumulative amortisation:			
As at April 1, 2021	**246.31**	**0.12**	**246.43**
Amortisation charge for the year	46.35	0.06	46.41
Disposals	(9.83)	-	(9.83)
As at March 31, 2022	**282.83**	**0.18**	**283.01**
Amortisation charge for the year	45.11	0.06	45.17
Disposals	(34.91)	-	(34.91)
As at March 31, 2023	**293.03**	**0.24**	**293.27**
Net book value:			
As at March 31, 2022	**105.13**	**0.14**	**105.27**
As at March 31, 2023	**116.70**	**0.08**	**116.78**

Note 13: Other non-financial assets

Particulars	March 31, 2023	March 31, 2022
Prepaid expenses	207.50	418.86
Advances to vendors	37.03	7.26
Other advances #	79.39	70.58
Deferred lease expenses	33.62	36.47
Advance EMI on borrowings	2,521.61	-
Total	**2,879.15**	**533.17**

#includes mainly branch imprest and recoverable from parties





Note 14: Assets held for sale

Particulars	March 31, 2023	March 31, 2022
Assets held for sale	1,850.15	1,507.61
Less: Impairment loss allowance (refer note 31)	(154.86)	(123.31)
Total	**1,695.29**	**1,384.30**

Assets obtained by taking possession of collateral

The Company obtained the following assets during the year by taking possession of collateral held as security against loans and advances and held at the year end. The Company's policy is to realise collateral on a timely basis. The Company does not use non-cash collateral for its operations.

Particulars	March 31, 2023	March 31, 2022
Residential properties acquired under SARFAESI	1,850.15	1,507.61
Total assets obtained by taking possession of collateral	**1,850.15**	**1,507.61**

Note 15: Payables

Particulars	March 31, 2023	March 31, 2022
Trade payables		
Total outstanding dues of Micro Enterprises and Small Enterprises*	45.24	2.26
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	757.14	501.71
Other payables*	-	-
Total outstanding dues of Micro Enterprises and Small Enterprises*	-	-
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	-	-
Total	**802.38**	**503.97**

*The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on information received and available with the Company, there are no amounts payable other than disclosed above to Micro and Small Enterprises as follows:

Particulars	March 31, 2023	March 31, 2022
Principal amount remaining unpaid to supplier as at the end of the year	45.24	2.26
Interest due on the principal remaining outstanding as at the end of the year	-	-
Interest paid under the Micro, Small and Medium Enterprises Development Act, 2006 beyond the appointed day during the year	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
Interest accrued and remaining unpaid at the end of the year	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the Micro, Small and Medium Enterprises Development Act, 2006	-	-

Trade Payables ageing schedule

	Outstanding for following periods from due date of payment				
Particulars	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i)MSME	22.84	-	-	-	**22.84**
(ii)Others	25.48	-	-	6.55	**32.03**
(iii) Unbilled dues- MSME	155.25	-	-	-	**155.25**
(iv) Unbilled dues- Others	592.26	-	-	-	**592.26**
(v) Payment due date not specified	-	-	-	-	**-**





Note 16: Debt Securities

Particulars	March 31, 2023	March 31, 2022
At Amortised Cost:		
Secured		
Redeemable non-convertible debentures		
- From Other parties	2998.14	2990.68
Unsecured		
Optionally convertible debentures#		
- From Other parties (refer note 41)	327.22	74.97
Redeemable non-convertible debentures		
- From Other parties	1,248.82	5,739.07
Commercial papers	-	3,931.48
Total	**4,574.18**	**12,736.20**
Debt securities including commercial papers in India	3,325.36	8,997.08
Debt securities outside India	1,248.82	3,739.12
Total	**4,574.18**	**12,736.20**

Detail of Redeemable Non-Convertible Debentures (inclusive of Interest accrued on debentures)

Particulars/ISIN No.	INE967Q08013	INE967Q08021	INE967Q07023	INE967Q07031
Date of allotment	28-Mar-2016	21-Jun-2016	12-Jun-2020	29-Jun-2020
Date of redemption	15-Apr-2022	21-Jun-2023	12-Jun-2023	29-Jun-2023
Nominal value per debenture (Rs. in Lakhs)	10	10	10	10
Total number of debentures (Nos.)	200	750	100	200
Face value (Rs.)	10	10	10	10
Rate of Interest P.A.	13.00%	12.3%##	10.00%	10.00%
Interest Type	Fixed	Fixed	Fixed	Fixed
Listed/unlisted	Unlisted	Listed on BSE	Listed on BSE	Listed on BSE
Secured/unsecured	Unsecured	Unsecured	Secured*	Secured*
Outstanding as at March 31, 2023 ^	**-**	**1,291.70**	**1,005.21**	**2,150.68**
Outstanding as at March 31, 2022 ^	**2,000.00**	**3,876.37**	**1,005.20**	**2,150.68**

All Non convertible debentures are redeemable at par and are privately placed.

* Secured Non convertible debentures are secured by first pari passu and continuing charge on all current and future standard book debts of the Company.

The Company had Issued optionally convertible debentures which has been treated as Compound financial instrument and split accounting is followed. Interest component is classified as "liability" and residual amount is classified as "Equity".

excluding withholding tax

^Outstanding as per contractual repayment schedule.

Note 17: Borrowings (other than debt securities)

Particulars	March 31, 2023	March 31, 2022
At Amortised Cost		
Secured		
Term loans		
- from National Housing Bank#	29,610.73	32,423.80
- from Banks^	1,33,247.24	1,10,085.16
- from Financial institution^	13,179.08	24,600.56
Loan repayable on demand		
Bank overdraft**	-	219.96
Unsecured		
Term loans		
- from Financial institutions	-	-
Total	**1,76,037.05**	**1,67,329.48**
Borrowings in India	1,76,037.05	1,67,329.48
Borrowings outside India	-	-
Total	**1,76,037.05**	**1,67,329.48**

Secured term loans from National Housing Bank carry rate of interest in the range of 4.86% to 9.00% p.a. The loans are having tenure of 1 to 15 years from the date of disbursement and are repayable in quarterly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company. Loans from National Housing Bank to the extent of Rs 5,691.26 lakhs (Previous year Rs 7,476.24 lakhs) have been guaranteed by Bank guarantee of HDFC Bank Limited (Rs. 200.00 lakhs).

^ Secured term loans from Banks and various financial institutions carries rate of interest in the range of 7.84% to 11.90% p.a. The loans are having tenure of 3 to 10 years from the date of disbursement and are repayable in monthly or quarterly or Half yearly instalments or yearly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company.

Personal Guarantees from Promoters amount to Rs. 1,33,468.99 lakhs (Previous year Rs. 1,14,126.22 lakhs).

There are no defaults as on balance sheet date in repayment of borrowing & debt security and interest thereon.

The Company has not utilized any funds raised on short-term basis for long term purposes.





Note 17: Borrowings (other than debt securities) (continued)

Terms of repayment of term loans as at March 31, 2023

Repayments	Monthly repayment schedule		Quarterly repayment schedule		Total	
	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount
Due within 1 Year	654	28,423.79	145	20,237.65	799	48,661.44
Due 1 to 3 Years	963	45,125.71	215	27,302.98	1178	72,428.69
Due 3 to 5 Years	576	28,609.59	136	16,385.65	712	44,995.24
>5 Years	112	4,929.53	49	6,094.23	161	11,023.76
Total	**2305**	**1,07,088.62**	**545**	**70,020.51**	**2850**	**1,77,109.13**

- Interest rate ranges from 4.86% p.a. to 11.90% p.a. as at March 31, 2023.
- Installment and amount are as per actual repayment schedule.

Terms of repayment of term loans as at March 31, 2022

Repayments	Monthly repayment schedule		Quarterly repayment schedule		Total	
	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount
Due within 1 Year	932	27,947.53	127	17,253.80	1059	45,201.33
Due 1 to 3 Years	1161	42,111.99	220	28,434.36	1381	70,546.35
Due 3 to 5 Years	542	23,109.90	114	11,184.97	656	34,294.87
>5 Years	180	7,072.57	97	10,941.34	277	18,013.91
Total	**2815**	**1,00,241.99**	**558**	**67,814.47**	**3373**	**1,68,056.46**

- Interest rate ranges from 4.86% p.a. to 12.25% p.a. as at March 31, 2022.
- Installment and amount are as per actual repayment schedule.

Note 18: Other financial liabilities

Particulars	March 31, 2023	March 31, 2022
Interest accrued but not due		
On debentures	203.22	289.97
On term loans from banks	415.72	261.01
On term loans from Financial institutions	25.91	30.07
On refinance from National Housing Bank	561.07	-
On overdraft facilities from banks	-	3.47
Loan liabilities	3,570.11	696.33
Book overdraft	13,297.58	13,246.02
Advances from customers	283.06	195.58
Payable towards collections in derecognised assets	559.13	649.94
Employee benefits payable	1,245.19	871.04
Lease liability	682.58	607.96
Others	947.74	806.56
Total	**21,791.31**	**17,657.95**

Note 19: Provisions

Particulars	March 31, 2023	March 31, 2022
Provision for employee benefits		
- Compensated absences (refer note 36)	340.72	337.02
- Gratuity (refer note 36)	54.80	168.35
ECL for undisbursed loan commitment (refer note 19.1)	55.77	29.92
Total	**451.29**	**535.29**





Note 19.1: Loan commitment

The table below shows the credit quality and the maximum exposure for credit risk based on the Company's internal credit rating system and year-end stage classification for loan commitments.

Note 19.1.1: Credit quality of exposure

As at March 31, 2023

Risk Categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	4,087.35	40.65	21.26	4,149.26
Medium risk	11,796.37	10.34	-	11,806.71
High risk	1.35	2.03	11.95	15.33
Total	**15,885.07**	**53.02**	**33.21**	**15,971.30**

As at March 31, 2022

Risk Categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	2,541.94	61.21	59.56	2,662.71
Medium risk	4,801.89	-	-	4,801.89
High risk	2.19	-	9.97	12.16
Total	**7,346.02**	**61.21**	**69.53**	**7,476.76**

Note 19.1.2: An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to other undrawn commitments is, as follows:

Reconciliation of gross carrying amount as at March 31, 2023

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at March 31, 2022	7,346.02	61.21	69.53	7,476.76
New assets originated or purchased	9,380.88	-	-	9,380.88
Assets derecognised or repaid (excluding write offs)	(5,337.70)	(44.54)	(44.74)	(5,426.98)
Transfers from Stage 1	(79.45)	59.74	19.71	-
Transfers from Stage 2	2.40	(5.08)	2.68	-
Transfers from Stage 3	13.96	-	(13.96)	-
Changes to contractual cash flows due to modifications not resulting in derecognition	(1,080.08)	(37.15)	(11.79)	(1,129.02)
Amounts written off	-	-	-	-
Gross carrying amount as at March 31, 2023	**10,246.03**	**34.18**	**21.43**	**10,301.64**

Reconciliation of gross carrying amount as at March 31, 2022

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2021	7,796.64	109.35	26.18	7,932.17
New assets originated or purchased	6,024.87	-	-	6,024.87
Assets derecognised or repaid (excluding write offs)	(5,652.16)	(34.90)	(26.18)	(5,713.24)
Transfers from Stage 1	(62.76)	27.14	35.62	-
Transfers from Stage 2	4.50	(38.41)	33.91	-
Transfers from Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	(765.07)	(1.97)	-	(767.04)
Amounts written off	-	-	-	-
Gross carrying amount as at March 31, 2022	**7,346.02**	**61.21**	**69.53**	**7,476.76**





Note 19.1.2: An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to other undrawn commitments (continued)

Reconciliation of ECL balance as at March 31, 2023

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at April 1, 2022	14.48	2.02	13.42	29.92
Assets derecognised or repaid	(10.37)	(1.34)	(8.64)	(20.35)
New assets originated	43.39	-	-	43.39
Impact on ECL of exposures transferred between stages during the year	(2.28)	0.91	4.18	2.81
Transfers from Stage 1	(0.17)	0.13	0.04	-
Transfers from Stage 2	0.03	(0.14)	0.11	-
Transfers from Stage 3	2.70	-	(2.70)	-
ECL allowance as at March 31, 2023	**47.78**	**1.58**	**6.41**	**55.77**

Reconciliation of ECL balance as at March 31, 2022

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at April 1, 2021	21.48	1.50	5.37	28.35
Assets derecognised or repaid	(15.39)	(0.32)	(5.38)	(21.09)
New assets originated	11.69	-	-	11.69
Impact on ECL of exposures transferred between stages during the year	(3.32)	1.31	12.99	10.98
Transfers from Stage 1	(0.19)	0.08	0.10	(0.01)
Transfers from Stage 2	0.21	(0.55)	0.34	-
Transfers from Stage 3	-	-	-	-
ECL allowance as at March 31, 2022	**14.48**	**2.02**	**13.42**	**29.92**

Note 20: Other non-financial liabilities

Particulars	March 31, 2023	March 31, 2022
Statutory dues payable	206.50	236.99
Other payables	45.16	92.31
Total	**251.66**	**329.30**

Note 21: Equity Share Capital

Details of authorized, issued, subscribed and paid up share capital

Particulars	March 31, 2023	March 31, 2022
Authorised:		
27,00,000 (Previous year 27,00,000) Equity Shares of Rs.10/- each	270.00	270.00
	270.00	**270.00**
Issued, Subscribed and Paid-up:		
Issued and Subscribed Capital		
20,14,182 (Previous year 9,43,690) Equity Shares of Rs.10/- each Fully paid	201.42	94.37
Called-Up and Paid Up Capital - Fully Paid-Up		
20,14,182 (Previous year 9,43,690) Equity Shares of Rs.10/- each Fully paid	201.42	94.37
Total	**201.42**	**94.37**

Shares held by promoters at 31.03.2023

	Equity Shares held by promoters* at 31.03.2023			
S.NO	**Promoter Name**	**No of Shares**	**% of Total Shares**	**% Change during the year**
1	Mr. Sanjay Chaturvedi	2,50,000	12.41	-
2	Ms. Rupa Basu	2,50,000	12.41	-
Total		**5,00,000**	**24.82**	-

*Promoter here means promoter as defined in the Companies Act, 2013

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Note 21.1 The reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Rs. In Lakhs	No. of shares	Rs. In Lakhs
Equity shares at the beginning of year	9,43,690	94.37	9,43,690	94.37
Add: shares issued/converted during the year	10,70,492	107.05	-	-
Equity Share Allotted during the year	20	0.00	-	-
Equity share at the end of year	**20,14,202**	**201.42**	**9,43,690**	**94.37**

Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares	% of holding	No. of shares	% of holding
Promoters:				
Mr. Sanjay Chaturvedi	2,50,000	12.41	2,50,000	26.49
Ms. Rupa Basu	2,50,000	12.41	2,50,000	26.49
Non-Promoters:				
PI OpportunitiesFund I- Scheme II	4,61,092	22.89	-	-
Topaz Inclusion Pte. Ltd.	3,91,867	19.46	-	-
PI Opportunities Fund I	2,36,818	11.76	76,818	8.14
Helion Venture Partners II LLC	1,63,763	8.13	93,763	9.94
Shubham Employees Welfare Trust	1,19,047	5.91	1,19,047	12.62
Motilal Oswal Financial Services Limited	1,02,309	5.08	-	-
Elevar Equity Mauritius	-	-	93,763	9.94
Total	**19,74,896**	**98.05**	**8,83,391**	**93.62**

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Rights, preferences and restrictions attached to Equity shares

The Company has only one class of equity shares having the par value of each share is Rs. 10. Each shareholder shall have voting right equal to shareholding percentage of the total of the shares issued including compulsorily convertible preference shares on an as if converted basis.In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amount, in proportion to their shareholding.

Note 22: Instruments entirely equity in nature

Particulars	As at March 31, 2023	As at March 31, 2022
Authorised :		
50,00,000 (Previous year 50,00,000) Preference Shares of Rs. 10/- each	500.00	500.00
21,50,000 (Previous year 21,50,000) Preference Shares of Rs. 20/- each	430.00	430.00
	930.00	**930.00**
Issued, Subscribed and Paid-up:		
2,85,664 (Previous year 5,71,328) Compulsorily convertible preference shares of Rs. 10 each-Series A	28.57	57.13
4,24,713 (Previous year 5,29,424) Compulsorily convertible preference shares of Rs. 10 each-Series B	42.47	52.94
9,77,361 (Previous year 13,84,888) Compulsorily convertible preference shares of Rs. 10 each-Series C	97.74	138.49
17,42,129 (Previous year 20,14,729) Compulsorily convertible preference shares of Rs. 10 each-Series D	174.21	201.47
21,20,844 (Previous year Nil) Compulsorily convertible preference shares of Rs. 20 each-Series E	424.17	-
Total	**767.16**	**450.03**

The Company has raised funds through Series E Round from Private Equity Investors namely British International Investment, Topaz Inclusion Pte. Ltd. (LeapFrog), Asian Development Bank and its existing investor Premji Invest aggregating to ~Rs.600 crores in June 2022 by issuing Compulsorily Convertible Preference Shares and Equity Shares. The funds will enable the Company to accelerate it's growth and enable a larger platform to provide affordable housing finance to customers across India.





Note 22: Instruments entirely equity in nature (continued)

Rights, preference and restrictions attached to Compulsorily convertible preference shares ('CCPS')

The Company has issued its compulsorily convertible preference shares of face value of Rs. 10/- each in series A, B, C , D and of face value of Rs. 20/- each in Series E. Each shareholder of the Company is entitled to vote in proportion of the share of paid-up capital of the Company held by the Shareholder. The shares will carry a non-cumulative dividend right of 0.01% per annum if decided by the board on the subscription amount in preference to other class of shares as and when and if declared by the Board. The shares are convertible in ratio of 1 equity share for 1 CCPS.

For series A shares, the shares will be automatically converted into equity shares either 2 days prior to filing of the draft red herring prospectus in connection with the occurrence of the qualified Initial Public Offer (IPO) or the last date on which all convertible instruments of a company undertaking an IPO must be converted into Equity Shares under applicable law or on 31 July 2029, whichever is earlier.

For series B shares, the shares will be automatically converted into equity shares either 2 days prior to filing of the draft red herring prospectus in connection with the occurrence of the qualified IPO or the last date on which all convertible instruments of a company undertaking an IPO must be converted into Equity Shares under applicable law or on 25 July 2032, whichever is earlier.

For series C shares, the shares will be automatically converted into equity shares either 2 days prior to filing of the draft red herring prospectus in connection with the occurrence of the qualified IPO or the last date on which all convertible instruments of a company undertaking an IPO must be converted into Equity Shares under applicable law or on 25 July 2032, whichever is earlier

For series D shares, the shares will be automatically converted into equity shares either 2 days prior to filing of the draft red herring prospectus in connection with the occurrence of the qualified IPO or the last date on which all convertible instruments of a company undertaking an IPO must be converted into Equity Shares under applicable law or on 23 January 2037, whichever is earlier

For series E1 shares, the shares will be automatically converted into equity shares either 2 days prior to filing of the draft red herring prospectus in connection with the occurrence of the qualified IPO or the last date on which all convertible instruments of a company undertaking an IPO must be converted into Equity Shares under applicable law or September 26, 2041 whichever is earlier.

For series E2 shares, the shares will be automatically converted into equity shares either 2 days prior to filing of the draft red herring prospectus in connection with the occurrence of the qualified IPO or the last date on which all convertible instruments of a company undertaking an IPO must be converted into Equity Shares under applicable law or June 26, 2041, whichever is earlier.

Details of compulsorily convertible preference shares held by shareholders holding more than 5% of the aggregate shares in the Company
Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of CCPS	% of holding	No. of CCPS	% of holding
Series A - Compulsorily convertible preference shares				
Helion Venture Partners II LLC	2,85,664	100.00%	2,85,664	50.00%
Elevar Equity Mauritius	-	0.00%	2,85,664	50.00%
Series B - Compulsorily convertible preference shares				
PI Opportunities Fund I	3,20,022	75.35%	3,20,022	60.44%
Helion Venture Partners II LLC	1,04,701	24.65%	1,04,701	19.78%
Elevar Equity Mauritius	-	0.00%	1,04,701	19.78%
Series C - Compulsorily convertible preference shares				
India Business Excellence Fund- IIA	3,72,141	38.08%	4,34,933	31.41%
Helion Venture Partners II LLC	2,52,066	25.79%	2,52,066	18.20%
Elevar Equity Mauritius	-	0.00%	2,52,066	18.20%
Motilal Oswal Financial Services Limited	1,04,461	10.69%	2,20,260	15.90%
PI Opportunities Fund I	2,06,610	21.14%	2,06,610	14.92%
Series D - Compulsorily convertible preference shares				
PI Opportunities Fund I	16,83,263	96.62%	18,43,263	91.49%
Series E1 - Compulsorily convertible preference shares				
Topaz Inclusion Pte. Ltd.	2,40,082	50.31%	-	0.00%
PI Opportunities Fund I	2,37,112	49.69%	-	0.00%
Series E2 - Compulsorily convertible preference shares				
Asian Development Bank	6,53,923	39.78%	-	0.00%
British International Investment plc (formerly known as CDC Group plc),	9,89,727	60.22%	-	0.00%





Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2023
(All amount in Rs. lakhs, unless stated otherwise)

Note 22.1 The reconciliation of compulsorily convertible preference shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Rs. In Lakhs	No. of shares	Rs. In Lakhs
Series A - Compulsorily convertible preference shares				
Shares at the beginning of year	5,71,328	57.13	5,71,328	57.13
Add/(Less): shares issued/(converted) during the year	(2,85,664)	(28.56)	-	-
Share at the end of year	**2,85,664**	**28.57**	**5,71,328**	**57.13**
Series B - Compulsorily convertible preference shares				
Shares at the beginning of year	5,29,424	52.94	5,29,424	52.94
Add/(Less): shares issued/(converted) during the year	(1,04,701)	(10.47)	-	-
Share at the end of year	**4,24,723**	**42.47**	**5,29,424**	**52.94**
Series C - Compulsorily convertible preference shares				
Shares at the beginning of year	13,84,888	138.49	13,84,888	138.49
Add/(Less): shares issued/(converted) during the year	(4,07,527)	(40.75)	-	-
Share at the end of year	**9,77,361**	**97.74**	**13,84,888**	**138.49**
Series D - Compulsorily convertible preference shares				
Shares at the beginning of year	20,14,729	201.47	20,14,729	201.47
Add/(Less): shares issued/(converted) during the year	(2,72,600)	(27.26)	-	-
Share at the end of year	**17,42,129**	**174.21**	**20,14,729**	**201.47**
Series E - Compulsorily convertible preference shares				
Shares at the beginning of year	-	-	-	-
Add/(Less): shares issued/(converted) during the year	21,20,844	424.17	-	-
Share at the end of year	**21,20,844**	**424.17**	**-**	**0.00**
Total	**55,50,721**	**767.16**	**45,00,369**	**450.03**

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Note 23: Other equity

Particulars	March 31, 2023	March 31, 2022
Share premium account		
Opening balance	39,461.27	39,690.27
Addition/(Deduction) (refer note 22)	58,692.11	(229.00)
Closing balance	98,153.38	39,461.27
Statutory reserve under Section 29C of the NHB Act, 1987		
Opening balance	2,991.09	2,492.87
Addition/(Deduction) (refer note 2 of Annexure 1)	1,835.23	498.22
Closing balance	4,826.32	2,991.09
Share based payment reserve		
Opening balance	1,389.29	1,109.08
Addition/(Deduction) (refer note 47)	422.40	280.21
Closing balance	1,811.69	1,389.29
Retained earnings		
Opening balance	10,588.19	8,634.28
Profit for the year	9,176.17	2,491.11
Transfer to other reserves	(1,835.23)	(498.22)
Remeasurement of defined employee benefit plans	54.60	(38.98)
Closing balance	17,983.73	10,588.19
Equity component of compound financial Instrument	15.77	11.02
Total	**1,22,790.89**	**54,440.86**

Nature and purpose of reserves:

Share premium account
Share Premium Account is used to record the premium on issue of shares. The reserve is utilised in accordance with provisions of the Companies Act, 2013.

Statutory reserve under Section 29C of the NHB Act, 1987 *(refer note 2 of annexure 1)*
Section 29C (i) of The National Housing Bank Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1) (viii) of Income tax Act 1961, is considered to be an eligible transfer. During the year ended March 31, 2023, the Company has transferred an amount of Rs.1541.99 lakhs (Previous year: 484.34 lakhs) to special reserve in terms of Section 36(1) (viii) of the Income Tax Act 1961 considered eligible for statutory reserve u/s 29C of NHB Act 1987 and Rs. 293.24 lakhs (Previous year: Rs. 13.88 lakhs) to the reserve in terms of Section 29C of the National Housing Bank ("NHB") Act, 1987.

Share Based Payments Reserve
This Reserve relates to stock options granted by the Company to employees under ESOP Scheme 2013 and under ESOP Scheme 2020. This Reserve is transferred to both Equity and Securities Premium Account on exercise of vested options.

Note 24: Interest income

Particulars	March 31, 2023	March 31, 2022
On financial assets measured at amortised cost		
Interest on term loans	40,664.05	32,108.90
Interest income on deposits with banks	565.20	342.14
Others	13.80	7.71
Total	**41,243.05**	**32,458.75**





Note 25: Fee and commission income

Particulars	March 31, 2023	March 31, 2022
Application fee	1,112.69	688.45
Other fee income	637.38	363.96
Total	**1,750.07**	**1,052.41**

Credit compliance and loan advisory fees

The performance obligation in regards of arrangements where fees is charged per transaction executed is recognised at point in time when the amount is realised.

Geographical markets		
India	1,750.07	1,052.41
Outside India	-	-
Total revenue from contracts with customers	**1,750.07**	**1,052.41**
Timing of revenue recognition		
Services transferred at a point in time	1,750.07	1,052.41
Services transferred over time	-	-
Total revenue from contracts with customers	**1,750.07**	**1,052.41**





Note 26: Net gain on fair value change

Particulars	March 31, 2023	March 31, 2022
Net gain on instruments on sale through profit or loss		
-Realised	1,275.60	566.89
Total	**1,275.60**	**566.89**

Note 27: Net gain on derecognition of financial instruments under amortised cost category

Particulars	March 31, 2023	March 31, 2022
Net gain on derecognition of financial instruments	544.53	394.83
Total	**544.53**	**394.83**

Note 28: Other operating income

Particulars	March 31, 2023	March 31, 2022
Recovery from assets written off	30.95	214.04
Recovery from acquired properties	49.73	56.17
Total	**80.68**	**270.21**

Note 29: Other income

Particulars	March 31, 2023	March 31, 2022
Marketing support income	427.49	277.10
Miscellaneous income	31.61	8.26
Total	**459.10**	**285.36**

Note 30: Finance costs

Particulars	March 31, 2023	March 31, 2022
On financial liabilities measured at amortised Cost:		
Interest on debt securities	735.76	1,516.78
Interest on borrowings (other than debt securities)	15,366.28	14,187.59
Interest on cash credit facilities and overdraft	28.82	40.24
Interest on lease liability	45.71	44.75
Total	**16,176.57**	**15,789.36**

Note 31: Impairment on financial instruments

Particulars	March 31, 2023	March 31, 2022
Loans		
Loans assets and EIS receivable	(252.43)	827.38
Recoverable from employees & other	2.23	(0.88)
Loan commitment (refer note 19)	25.85	1.57
Loans write off	91.02	235.56
Loss on sale of loan assets to ARC	-	245.91
Others		
Assets held for sale (refer note 14)	31.55	(456.27)
Loss on sale and settlement of assets acquired	200.32	1,805.94
Provision for dimunation in value of Investment	336.62	-
Total	**435.16**	**2,659.21**

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Note 32: Employee benefits expenses

Particulars	March 31, 2023	March 31, 2022
Salaries and wages	11,311.75	9,052.05
Share based payments to employees	422.40	280.21
Contribution to provident and other funds	598.69	503.89
Provision for Gratuity (refer note 36)	124.78	116.26
Provision for Compensated Absences (refer note 36)	89.64	59.38
Staff welfare expenses	154.13	104.11
Total	**12,701.39**	**10,115.90**

Note 33: Other expenses

Particulars	March 31, 2023	March 31, 2022
Rent	338.40	204.84
Rates and taxes	9.66	29.21
Printing and stationery	107.86	66.53
Brokerage & commission	10.98	3.40
Advertisements and sales promotion	94.28	70.49
Legal and professional	394.37	395.66
Auditors's fees and expenses *	82.80	66.65
Loan acquisition	350.83	213.96
Information technology support	742.56	634.97
Postage, telegrams and telephones	72.59	64.42
Corporate social responsibility (refer note 45)	94.28	92.68
Storage	24.65	19.25
Communication	86.51	71.12
Travelling and conveyance	310.91	155.53
Repairs and maintenance	162.66	116.40
Insurance	121.96	84.54
Offices supplies	90.74	34.84
Bank charges	386.26	198.48
Net loss on derecognition of property, plant and equipment	4.62	2.99
Electricity and water charges	134.34	83.20
Acquired properties written off	-	4.62
Director's sitting fees	32.05	27.14
Customer service	210.95	131.46
Miscellaneous	39.85	55.76
Total	**3,904.11**	**2,828.14**

(A) Payment to auditor*:

Particulars	March 31, 2023	March 31, 2022
- Statutory audit	50.00	50.00
- Limited review	16.00	8.50
- Certification fee	10.00	6.50
- Tax audit#	5.00	0.75
- Outlays	1.80	0.90
Total	**82.80**	**66.65**

*The figures are exclusive of GST
Payment to another auditor





Note 34: Current tax & Deferred tax

The components of income tax expense for the years ended March 31, 2023 and March 31, 2022 are:

Profit or loss section	March 31, 2023	March 31, 2022
Current income tax:		
Current income tax charge	2,480.66	724.12
Adjustments in respect of current income tax of previous year	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(229.38)	(120.97)
Income tax expense reported in the statement of profit or loss	**2,251.28**	**603.15**

Other Comprehensive Income section	March 31, 2023	March 31, 2022
Deferred tax:		
Relating to origination and reversal of temporary differences	(18.37)	13.11
Income tax expense reported in the Other Comprehensive section	**(18.37)**	**13.11**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2023 & March 31, 2022

Particulars	March 31, 2023	March 31, 2022
Accounting profit before tax from continuing operations	**11,427.45**	**3,094.26**
Tax at statutory Income Tax rate of @25.17% (Previous year 25.17%)	2,876.06	778.76
Other permanent difference	157.26	106.29
Impact of tax deduction under Section 36(1)(viii) of Income-tax Act 1961	(388.09)	(121.90)
Others (including rate change)	(375.58)	(173.11)
Tax on other comprehensive Income	(18.37)	13.11
Tax at effective Income Tax rate of @ 19.70% (Previous year 19.49%)	**2,251.28**	**603.15**
Income tax expense reported in the statement of profit and loss	**2,251.28**	**603.15**

Deferred Tax

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

Particulars	Deferred tax assets	Deferred tax liabilities	Net Deferred tax asset	Income statement	OCI
	March 31, 2023	March 31, 2023	March 31, 2023	2022-23	2022-23
Property, plant & equipment	25.99	-	25.99	(6.50)	-
Un-amortised loan origination costs (net of un-amortised proces	-	(270.95)	(270.95)	34.12	-
Deduction for provision for doubtful debt u/s 36(1)(viia) of The Income- tax Act, 1961	-	(196.64)	(196.64)	114.50	-
Expected credit loss (ECL)	889.24	-	889.24	57.03	-
Provision for acquired properties held for sale	38.97	-	38.97	(7.94)	-
Disallowance as per section 43B of income tax act 1961	99.54	-	99.54	9.29	18.37
Employee stock option compensation expenses	309.62	-	309.62	40.04	-
Allowance amount for share issue expenses	224.06	-	224.06	(224.06)	-
EIR on processing fees of loans	769.97	-	769.97	(225.09)	-
EIS receivable	-	(642.44)	(642.44)	(29.73)	-
Others	2.26	-	2.26	0.31	-
Right of use assets net of lease liabilities	-	(9.75)	(9.75)	8.65	-
Total	**2,359.65**	**(1,119.78)**	**1,239.87**	**(229.38)**	**18.37**

Particulars	Deferred tax assets	Deferred tax liabilities	Net Deferred tax asset	Income statement	OCI
	March 31, 2022	March 31, 2022	March 31, 2022	2021-22	2021-22
Property, plant & equipment	19.49	-	19.49	(1.41)	-
Un-amortised loan origination costs (net of un-amortised processing fee)	-	(236.83)	(236.83)	89.40	-
Deduction for provision for doubtful debt u/s 36(1)(viia) of The Income- tax Act, 1961	-	(82.14)	(82.14)	(0.67)	-
Expected credit loss (ECL)	946.27	-	946.27	(208.63)	-
Provision for acquired properties held for sale	31.03	-	31.03	114.84	-
Disallowance as per section 43B of income tax act 1961	127.20	-	127.20	36.09	(13.11)
Employee stock option compensation expenses	349.66	-	349.66	(70.53)	-
Allowance amount for share issue expenses	-	-	-	23.63	-
EIR on processing fees of loans	544.88	-	544.88	(103.72)	-
EIS receivable	-	(672.17)	(672.17)	(22.64)	-
Others	2.57	-	2.57	0.13	-
Right of use assets net of lease liabilities	-	(1.10)	(1.10)	22.54	-
Total	**2,021.10**	**(992.24)**	**1,028.86**	**(120.97)**	**(13.11)**





Note 35: Earning per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

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

Particulars	March 31, 2023	March 31, 2022
Following reflects the profit and share data used in EPS computations:		
Basic		
Weighted average number of equity shares for computation of Basic EPS (in Nos.)	70,59,402	54,44,059
Net profit for calculation of basic EPS (In Lakhs)	9,176.17	2,491.11
Basic earnings per share (In Rs.)	**129.99**	**45.76**
Diluted		
Weighted average number of equity shares for computation of Diluted EPS (in Nos.)	73,51,060	55,94,247
Net profit for calculation of Diluted EPS (in Rs.)	9,192.51	2,496.26
Diluted earnings per share (In Rs.)	**125.05**	**44.62**
Reconciliation of profit for calculation of diluted EPS		
Net profit for calculation of basic EPS (Rs. in lakhs)	9,176.17	2,491.11
Interest on optionally convertible debentures (net of provision)	16.34	5.15
Net profit for calculation of Diluted EPS (Rs. in lakhs)	**9,192.51**	**2,496.26**
Reconciliation of Weighted average number of shares outstanding		
Weighted average number of equity shares for computation of Basic EPS	70,59,402	54,44,059
Optionally convertible debentures	2,91,658	1,50,188
Weighted average number of equity shares for computation of Diluted EPS	**73,51,060**	**55,94,247**
Nominal/Face Value of equity shares (In Rs.)	**10**	**10**

Note 36: Retirement benefit plan

i) Defined contribution plan

During the year, the Company has recognised the following amounts in the statement of profit and loss:

Particulars	March 31, 2023	March 31, 2022
Employer's Contribution to Employee's Provident Fund	514.67	432.19

Provident fund is a defined contribution plan. The contribution towards provident fund has been deposited with Regional Provident Fund Commissioner and is charged to Statement of Profit and Loss.

ii) Defined benefit plan

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:





Note 36: Retirement benefit plan (continued)

The actuarial assumptions used to determine benefit obligations as at March 31, 2023 and March 31, 2022 are as follows:

Particulars	March 31, 2023	March 31, 2022
Discount Rate	7.25%	4.85%
Salary escalation rate	10.00%	10.00%
Rate of Employee Turnover:		
Business year	18.00%	8.00%
Manager year	76.00%	40.00%
Executive year	74.00%	65.00%

Balance sheet reconciliation

Particulars	March 31, 2023	March 31, 2022
Opening net liability	168.35	104.12
Expenses recognized in Statement of Profit and Loss	124.78	116.26
Expenses recognized in OCI	(72.97)	52.09
(Employer's Contribution)	(165.34)	(104.12)
Net liability recognized in the balance sheet	**54.82**	**168.35**

Cash Flow Projection

Maturity analysis of the benefit payments from the fund

Particulars	March 31, 2023	March 31, 2022
Projected benefits payable in future years from the date of reporting		
1st following year	259.04	109.69
2 to 5 years	244.02	281.71
6 to 10 years	86.87	137.31
More than 10 years	49.09	169.18

Sensitivity analysis

Particulars	March 31, 2023	March 31, 2022
Projected benefit obligation on current assumptions		
Delta effect of +1% change in rate of discounting	(12.72)	(25.79)
Delta effect of -1% change in rate of discounting	13.59	28.92
Delta effect of +1% change in rate of salary increase	13.11	27.23
Delta effect of -1% change in rate of salary increase	(12.52)	(24.86)
Delta effect of +50%/+5% change in rate of employee turnover	(35.33)	(59.39)
Delta effect of -50%/-5% change in rate of employee turnover	71.69	118.81

Other Benefits

The Company operates compensated absences plan, where in every employee is entitled to the benefit equivalent to 21 days leave salary for every completed year of service subject to maximum 42 accumulation of leaves. The salary for calculation of earned leave is last drawn salary. The same is payable during the service, early retirement, withdrawal of scheme, resignation by employee and upon death of employee.

Note 37: Segment information

The Company's main business is financing by way of loans for purchase or construction of residential houses, commercial real estate and certain other purposes in India. All other activities of the Company revolve around the main business. Accordingly, there are no separate reportable segments as per IND-AS 108 dealing with Operating Segment.





Note 38: Leases where the Company is a Lessee

The Company's lease asset class primarily consist of leases for buildings, car and office premises . Generally, the Company is restricted from assigning and subleasing the leased assets. The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Building and office premises	**March 31, 2023**	**March 31, 2022**
Opening net carrying balance	**612.33**	**433.66**
Additions	459.40	484.49
Deletion	-	(12.82)
Depreciation	(350.40)	(293.00)
Closing net carrying balance	**721.33**	**612.33**

Set out below are the carrying amounts of lease liabilities (included under Other financial liability) and the movements during the year:

Particulars	**March 31, 2023**	**March 31, 2022**
Opening Balance	607.96	520.55
Additions	458.93	429.17
Deletions	-	(12.84)
Accretion of interest	45.71	44.75
Payments	(430.02)	(373.67)
Closing Balance	**682.58**	**607.96**

Set out below are the undiscounted potential future rental payments relating to periods following the exercise of termination options that are not included in the lease term

Particulars	**Within five years**	**More than five years**	**Total**
March 31, 2023			
Termination options expected to be exercised	153.44	-	**153.44**
March 31, 2022			
Termination options expected to be exercised	443.81	-	**443.81**

Amounts recognized in the statement of Profit and Loss	**March 31, 2023**	**March 31, 2022**
Depreciation expense		
Depreciation on right of use assets	350.40	293.00
Other expenses		
Short-term lease rent expense	326.03	197.56
Finance cost		
Interest expense on lease liability	45.71	44.75
Currency translation gains on lease liability	-	-
Currency translation losses on lease liability	-	-

The Company had total cash outflows for leases of Rs. 654.08 (in lakhs) for the year ended March 31, 2023 (Rs. 567.73 (in lakhs) in March 31, 2022).

Amount recognised in statement of cash flow

Particulars	**Year ended March 31, 2023**	**Year ended March 31, 2022**
a) cash payments for the principal portion of the lease liability within financing activities;	384.31	328.92
b) cash payments for the interest portion of the lease liability within financing activities applying the requirements in Ind AS 7, Statement of Cash Flows, for interest paid; and	45.71	44.75
c) short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities.	219.65	194.06

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Note 39: Change in liabilities arising from financing activities

Particulars	April 1, 2022	Cash flows (net)	Other*	March 31, 2023
Debt securities including commercial papers	12,736.20	(8,243.01)	80.99	4,574.18
Borrowings other than debt securities	1,67,329.48	8,832.70	(125.13)	1,76,037.05
Total	**1,80,065.68**	**589.69**	**(44.14)**	**1,80,611.23**

Particulars	April 1, 2021	Cash flows (net)	Other*	March 31, 2022
Debt securities	11,278.35	1,500.00	(42.15)	12,736.20
Borrowings other than debt securities	1,48,867.47	18,826.84	(364.83)	1,67,329.48
Total	**1,60,145.82**	**20,326.84**	**(406.98)**	**1,80,065.68**

**Other column represents amortisation of transaction cost*

Note 40: Contingent liabilities and commitments

i) Contingent liabilities

a) Income tax

Subsequent to March 31, 2021, Company has a demand order of Rs. 111.21 lacs for AY 2018-19 under section 156 of Income Tax Act 1961 based on assessment done under section 143(3). Management is of view that probability of demand raised by AO is very remote. Hence, no provision has been recorded in books of accounts as of March 31, 2021. Further, the Company has filed an appeal on May 24, 2021 before CIT (A) against the said order.

Subsiquently on the same ground as above, the Assessing Oficer raised a demand order of Rs. 74.82 lacs for AY 2020-21 under section 156 of Income Tax Act 1961 based on assessment done under section 143(3). As the said matter is already subjudice before CIT Appeal for AY 2018-19 with a view that probability of demand raised by AO is very remote. Hence, no provision has been recorded in books of accounts as of March 31, 2023 and the Company filed an appeal against the said order as well on October 19, 2022 before CIT (A).

b) The Company has given Bank Guarantees for refinance facilities from NHB of Rs. 200 lakhs (March 31, 2022: 200 lakhs).

c) The Company's pending litigations comprise of claims against the Company primarily by the customers. The Company has reviewed all its pending litigations and proceedings and assessed that it does not have a material impact and hence the same is not disclosed in the financial statements.

ii) Commitments

Particulars	March 31, 2023	March 31, 2022
Undisbursed amount of loans sanctioned (refer note 19.1)	15,971.30	7,476.76
Property, plant and equipment	31.26	127.03

Note 41: Related party disclosures

As per Ind AS 24, the disclosures of transactions with the related parties are given below:

a) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

Key Management Personnel

Mr. Sanjay Chaturvedi	Wholetime Director
Ms. Rupa Basu	Wholetime Director
Mr. Vinod Rai	Independent Director
Mr. Rakesh Rewari	Independent Director
Mr. Latika Thukral	Independent Director
Mr. Manoj Dattatraya Rane	Independent Director
Mr. Rahul Garg	Nominee Director (cessation dated March 31, 2023)
Mr. Sarvanan Nattanmai	Additional Nominee Director (w.e.f. March 31, 2023)
Mr. Manoj Jaiswal	Nominee Director
Mr. Rahul Chandra	Nominee Director
Mr. Pranav Kumar	Nominee Director (w.e.f. June 27, 2022)
Mr. Gaurav Malhotra	Nominee Director (w.e.f. June 27, 2022)
Mr. Shashank Jain	Chief Financial Officer (cessation dated July 31, 2022)
Mr. Vishal Kanodia	Chief Financial Officer (w.e.f. August 1, 2022)
Ms. Neeta Kamra	Company Secretary & Compliance Officer

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Note 41: Related party disclosures (continued)

Post Employment Benefits for the benefits of employees of the Company

Shubham Employees' Welfare Trust
Shubham Gratuity Trust

b) The nature and volume of transactions carried out with the above related parties in the ordinary course of business are as follows :

Payments to key managerial personnel*

Particulars	March 31, 2023	March 31, 2022
Short term benefits (remuneration)	644.37	564.48
Share based payment#	127.99	27.12

*The amount excludes provision made for gratuity and leave encashment which are provided for a group of employees on overall basis.

Share based payments includes the expenses booked during the year on proportionate basis as per vesting schedule against ESOPs granted to the KMPs basis of option valuation for respective equity settled grants till March 31, 2023.

Transactions during the year

Particulars	March 31, 2023	March 31, 2022
Key management personnel:		
Optionally Convertible debentures issued	256.99	-
Sitting fees paid	29.40	24.90
Interest paid on Optionally convertible debentures	21.84	6.88

The Company has not entered into any non-cash transactions with it's directors or persons connected with them.

Shubham Gratuity Trust:		
Contribution to Gratuity Trust	165.35	104.12
Reimbursement from Trust	65.14	22.19

Balances at year end

Particulars	March 31, 2023	March 31, 2022
Key management personnel		
Optionally Convertible debentures	342.99	85.99
Interest outstanding	0.05	-
ESOPs outstanding #	418.88	290.89
Receivable from Gratuity trust		
Gratuity amount receivable	1.27	9.67

#ESOPs outstanding includes proportionate liability outstanding in the books as per vesting schedule with respective option valuation of the grants.

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Note 42: Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is total debt divided by net worth. The Company's policy is to keep the gearing ratio at reasonable level of 6-8 times in imminent year while the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (the "RBI Master Directions") currently permits HFCs to borrow up to 13 times of their net owned funds ("NOF") on or after 31st March 2023. The Company includes with in debt, its all interest bearing loans and borrowings.

Debt to Net worth ratio is as under:

Particulars	March 31, 2023	March 31, 2022
Debts	1,80,611.23	1,80,065.68
Net worth*	1,17,224.42	51,691.06
Debt to Net worth (in times)	1.54	3.48

*Net worth has been calculated as per RBI directions (Net Owned Funds)

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

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Note 43 : Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations:

	March 31, 2023			March 31, 2022		
Assets	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial assets						
Cash and cash equivalents	15,432.24	-	15,432.24	12,724.49	-	12,724.49
Bank balance other than cash and cash equivalents	308.09	201.01	509.10	2,832.61	200.00	3,032.61
Loans	10,640.75	2,86,452.30	2,97,093.05	10,457.56	2,14,733.67	2,25,191.23
Investments	968.31	2,259.37	3,227.68	1,027.08	4,108.32	5,135.40
Other financial assets	1,189.22	1,954.30	3,143.52	901.82	2,188.30	3,090.12
Non-financial assets						
Current tax assets (net)	720.33	-	720.33	727.25	-	727.25
Deferred tax assets (net)	-	1,239.87	1,239.87	-	1,028.86	1,028.86
Property, plant and equipment	-	845.60	845.60	-	479.12	479.12
Capital work-in-progress	-	-	-	-	-	-
Intangible assets under development	-	43.40	43.40	-	33.30	33.30
Intangible assets	-	116.78	116.78	-	105.27	105.27
Right-of-use assets	-	721.33	721.33	-	612.33	612.33
Other non-financial assets	2,879.15	-	2,879.15	533.17	-	533.17
Assets held for sale	-	1,695.29	1,695.29	-	1,384.30	1,384.30
Total assets	**32,138.09**	**2,95,529.25**	**3,27,667.34**	**29,203.98**	**2,24,873.47**	**2,54,077.45**
LIABILITIES						
Financial liabilities						
Trade Payables						
(i) total outstanding dues of micro enterprises and small enterprises	45.24	-	45.24	2.26	-	2.26
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	757.14	-	757.14	501.71	-	501.71
Debt Securities	4,246.96	327.22	4,574.18	8,501.24	4,234.96	12,736.20
Borrowings (other than debt securities)	48,356.29	1,27,680.76	1,76,037.05	45,157.79	1,22,171.69	1,67,329.48
Other financial liabilities	21,425.00	366.31	21,791.31	17,324.79	333.16	17,657.95
Non-financial liabilities						
Provisions	342.56	108.73	451.29	328.48	206.81	535.29
Other Non-financial Liabilities	251.66	-	251.66	329.30	-	329.30
Total liabilities	**75,424.85**	**1,28,483.02**	**2,03,907.87**	**72,145.57**	**1,26,946.62**	**1,99,092.19**
Net	**(43,286.76)**	**1,67,046.23**	**1,23,759.47**	**(42,941.59)**	**97,926.85**	**54,985.26**

On the basis of ageing as given in the ALM above, expected dates of realization of assets and payment of financial liabilities along with maturity analysis and management plans to raise funds, the Company is capable of meeting its liabilities as and when they fall due within a period of one year from the balance sheet date.

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Note 44: Financial risk management

44.1 Introduction and risk profile

Whilst risk is inherent in the Company's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk, interest rate risk and market risk. It is also subject to various operating and business risks. The Company also has a system of internal controls to reduce the residual risk in each of these categories and the effectiveness of these controls is assessed periodically.

44.1.1 Risk management structure and policies

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Risk Management Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Management Committee is responsible for managing risk decisions and monitoring risk levels and reports to the Board.

The Risk Management Committee is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The departments works closely with and reports to the Risk Management Committee, to ensure that procedures are compliant with the overall framework.

The departments is also responsible for monitoring compliance with risk principles, policies and limits across the Company, including monitoring the actual risk of exposures against authorised limits and the assessment of risks of new products and structured transactions. The Company's treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

44.2 Credit Risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. Credit risk in the Company is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the business function and approvers in the credit risk function. Board approved credit policies and procedures mitigate the Company's prime risk which is the default risk. There is a robust Credit Risk Management set-up in the Company at various levels.

1. There are Credit teams to ensure implementation of various policies and processes through random customer visits and assessment, training of branch staff on application errors, liaison with other institutions to obtain necessary information/loan closure documents, as the case may be, and highlight early warning signals and industry developments enabling pro-active field risk management.
2. The credit sanction is done through a delegation matrix where credit sanctioning powers are defined for respective levels.
3. Portfolio analysis and reporting is used to identify and manage credit quality and concentration risks.
4. Credit risk monitoring for the Company is broadly done at two levels: account level and portfolio level. Account monitoring aims to identify weak accounts at an incipient stage to facilitate corrective action. Portfolio monitoring aims towards managing risk concentration in the portfolio as well as identifying stress in certain occupations, markets and states.

44.2.1 Analysis of risk concentration

The Company's concentrations of risk are managed based on Loan to value (LTV) segregation, employment type and geographical spread. The following tables stratify credit exposures from housing and other loans to customers by these metrics. LTV is calculated as the ratio of gross amount of the loan - or the amount committed for loan commitments - to the value of the collateral. The value of the collateral for housing and other loans is based on collateral value at origination.

Loans to Customers:

As at March 31, 2023

LTV bucket	Stage 1	Stage 2	Stage 3	Total
<=40	65,946.39	2,280.66	2,166.66	70,393.71
40-60	86,568.40	2,856.99	1,395.04	90,820.43
60-70	43,880.52	1,385.53	526.84	45,792.89
70-80	36,607.36	1,479.40	607.82	38,694.58
>80	50,849.43	1,692.85	667.25	53,209.53
Total	**2,83,852.10**	**9,695.43**	**5,363.61**	**2,98,911.14**

Sector/Employment	Stage 1	Stage 2	Stage 3	Total
Housing:				
Salaried	1,25,659.18	3,242.54	1,133.64	1,30,035.36
Self Employed	74,997.46	3,737.10	2,159.90	80,894.46
Non-Housing:				
Salaried	24,250.63	882.44	596.80	25,729.87
Self Employed	58,944.83	1,833.35	1,473.27	62,251.45
Total	**2,83,852.10**	**9,695.43**	**5,363.61**	**2,98,911.14**

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Shubham Housing Development Finance Co. Ltd.

44.2.1 Analysis of risk concentration (continued)

Geographical Concentration	Stage 1	Stage 2	Stage 3	Total
Maharashtra	1,00,048.37	3,175.61	1,834.52	1,05,058.50
Delhi	48,019.54	937.16	247.53	49,204.23
Uttar Pradesh	40,375.87	1,547.86	830.50	42,754.23
Haryana	28,180.09	957.81	396.77	29,534.67
Madhya Pradesh	17,216.44	826.27	722.09	18,764.80
Rajasthan	14,573.62	767.72	688.86	16,030.20
Gujarat	14,831.01	451.46	235.74	15,518.21
Punjab	12,584.51	573.52	252.93	13,410.96
Uttarakhand	4,581.99	147.57	39.07	4,768.63
Telangana	1,519.54	-	-	1,519.54
Bihar	636.04	163.50	56.77	856.31
Andhra Pradesh	587.05	-	-	587.05
Jharkhand	408.54	80.43	47.50	536.47
Chhattisgarh	289.49	66.52	11.33	367.34
Total	**2,83,852.10**	**9,695.43**	**5,363.61**	**2,98,911.14**

As at March 31, 2022

LTV bucket	Stage 1	Stage 2	Stage 3	Total
<=40	47,194.31	2,816.32	2,785.81	52,796.44
40-60	58,356.01	3,145.63	2,517.39	64,019.03
60-70	28,373.73	1,602.21	795.18	30,771.12
70-80	32,717.41	1,634.00	1,114.32	35,465.73
>80	41,377.14	1,605.78	927.84	43,910.76
Total	**2,08,018.60**	**10,803.94**	**8,140.54**	**2,26,963.08**

Sector/Employment	Stage 1	Stage 2	Stage 3	Total
Housing:				
Salaried	96,089.39	3,112.01	2,165.27	1,01,366.67
Self Employed	51,418.87	4,385.56	3,069.25	58,873.68
Non-Housing:				
Salaried	22,694.59	996.42	863.85	24,554.86
Self Employed	37,815.75	2,309.95	2,042.17	42,167.87
Total	**2,08,018.60**	**10,803.94**	**8,140.54**	**2,26,963.08**

Geographical Concentration	Stage 1	Stage 2	Stage 3	Total
Maharashtra	75,706.66	3,149.65	2,712.06	81,568.37
Delhi	33,911.96	971.79	407.78	35,291.53
Uttar Pradesh	30,585.13	1,790.67	1,293.87	33,669.67
Haryana	17,839.27	964.05	610.33	19,413.65
Rajasthan	13,327.47	1,000.71	893.24	15,221.42
Madhya Pradesh	12,105.43	1,192.90	1,036.53	14,334.86
Gujarat	10,857.78	610.89	480.04	11,948.71
Punjab	8,810.21	494.91	294.13	9,599.25
Uttarakhand	3,367.68	179.53	89.52	3,636.73
Bihar	675.74	242.18	120.02	1,037.94
Jharkhand	538.74	90.82	79.31	708.87
Chhattisgarh	292.53	115.84	123.71	532.08
Telangana	-	-	-	-
Andhra Pradesh	-	-	-	-
Total	**2,08,018.60**	**10,803.94**	**8,140.54**	**2,26,963.08**

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Shubham Housing Development Finance Co. Ltd. Gurugram

44.3 Liquidity risk

Liquidity Risk refers to the risk that the Company can not meet its financial obligations. The objective of Liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirement. The unavailability of adequate amount of funds at optimum cost and co-terminus tenure to repay the financial liabilities and further growth of business may result in Asset Liability Management (ALM) mismatch caused by a difference in the maturity profile of Company assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. The Company manages liquidity risk by 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.

The table below summaries the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities:

As at March 31, 2023

Particulars	Up to 1 year	1-3 years	3-5 years	5 years above	Total
Cash and bank balances	15,741.34	-	-	200.00	15,941.34
Loans	56,460.83	1,09,288.07	1,06,771.09	7,10,168.16	9,82,688.16
Investments	1,069.29	1,603.94	891.08	-	3,564.30
Other financial assets	1,189.22	1,654.86	292.52	6.92	3,143.52
Total	**74,460.68**	**1,12,546.87**	**1,07,954.69**	**7,10,375.08**	**10,05,337.32**
Borrowings (including debt securities)	67,205.48	88,540.18	50,601.96	11,824.06	2,18,171.68
Trade payables	802.38	-		-	802.38
Other financial liabilities (Other than lease liability)	21,108.73	-	-	-	21,108.73
Lease liability	316.27	354.95	11.36	-	682.58
Total	**89,432.86**	**88,895.13**	**50,613.32**	**11,824.06**	**2,40,765.37**

As at March 31, 2022

Particulars	Up to 1 year	1-3 years	3-5 years	5 years above	Total
Cash and bank balances	15,557.10	200.00	-	-	15,757.10
Loans	39,907.52	80,144.90	82,557.13	3,90,985.99	5,93,595.54
Investments	1,027.08	2,054.16	2,054.16	-	5,135.40
Other financial assets	901.81	1,053.07	837.52	297.72	3,090.12
Total	**57,393.51**	**83,452.13**	**85,448.81**	**3,91,283.71**	**6,17,578.16**
Borrowings (including debt securities)	68,082.53	89,804.82	40,050.37	20,094.00	2,18,031.72
Trade payables	503.97	-	-	-	503.97
Other financial liabilities (Other than lease liability)	16,243.62	-	-	-	16,243.62
Lease liability	343.90	449.54	5.80	-	799.24
Total	**85,174.02**	**90,254.36**	**40,056.17**	**20,094.00**	**2,35,578.55**

44.4 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factors. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of interest rate risk.

Interest rate risk

The Company is subject to interest rate risk, primarily since it lends to customers at rates and for maturity periods that may differ from funding sources. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the Company seek to optimize borrowing profile between short-term and long-term loans. The Company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks.

The Company mitigates its interest rate risk by keeping a balanced portfolio of fixed and variable rate loans and borrowings.





44.4 Market risk (continued)

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss:

(a) Loans (at floating rate)

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Basis points	Effect on profit before tax	Basis points	Effect on profit before tax
Increase in basis points	50	1,464.23	50	1,088.31
Decrease in basis points	-50	(1,464.23)	-50	(1,088.31)

(b) Borrowings (other than debt securities) (at floating rate)

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Basis points	Effect on Profit before tax	Basis points	Effect on Profit before tax
Increase in basis points	50	855.54	50	748.11
Decrease in basis points	-50	(855.54)	-50	(748.11)

Note 45: Corporate social responsibility

In accordance with section 135 (5) of the Companies Act, 2013 ('the Act'), the company is required to spend a certain amount as expenditure towards Corporate Social Responsibility (CSR). The proviso to section 135 (5) of the Act provides that if the specified amount is not spent by the company during the year, the Directors' Report should disclose the reasons for not spending the amount. In accordance with the above section, the amount which is not spent as per the provisions of the Act on CSR activities, the company is not required to create provision in the financial statement. The Company has not created any provision with regard to the CSR activities in the Financial Statement.

(a) CSR Contribution other than Related Party

As at March 31, 2023

Nature of Activity	To be incurred	Incurred	Shortfall	Total
Construction/acquisition of any asset	-	-	-	-
Education and welfare	94.28	94.28	-	**94.28**

As at March 31, 2022

Nature of Activity	To be incurred	Incurred	Shortfall	Total
Construction/acquisition of any asset	-	-	-	-
Education and welfare	92.02	92.68	-	**92.68**

(b) CSR Contribution with Related Party

Contribution to a trust controlled by the company in relation to CSR expenditure Nil (Previous Year Nil)

(c) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.

Note 46: Expenditure in foreign currency

Particulars	March 31, 2023	March 31, 2022
Other service charges	-	11.03
Total	-	**11.03**





Note 47: Employee Stock Option Plan

(i) Details of the plan are given below:

During the year, the shareholders of the Company passed special resolution in the extra-ordinary general meeting of the Company held on June 27, 2022 authorizing Board/Compensation Committee to create, offer, issue and allot from time to time such Employee Stock Options not exceeding 163,667 to employees under the Employee Stock Option Scheme 2022 ('ESOP Scheme 2022'). Each such stock option, upon satisfying all such conditions as may be prescribed in accordance with the ESOP Scheme 2022, is exercisable for one (1) equity share of face value of Rs. 10/- fully paid up on payment to the Company such price as may be determined in accordance with ESOP Scheme 2022

The shareholders of the Company passed special resolution in the extra-ordinary general meetings of the Company in previous years authorizing Board/Compensation Committee to create, offer, issue and allot from time to time such Employee Stock Options not exceeding 1,27,889 and 1,19,047 to employees under the Employee Stock Option Scheme 2020 ('ESOP Scheme 2020') and ESOP Scheme 2013 respectively. Each such stock option, upon satisfying all such conditions as may be prescribed in accordance with the ESOP Scheme 2020 and ESOP Scheme 2020, is exercisable for one (1) equity share of face value of Rs. 10/- fully paid up on payment to the Company such price as may be determined.

If an Employee Stock Option expires or becomes un-exercisable without having been exercised in full, such options, would be available to the Compensation Committee for granting to other employees.

The Employee Stock Options granted under ESOP Scheme 2013, ESOP Scheme 2020 and ESOP Scheme 2022 shall vest for a minimum period of one (1) year and a maximum of four (4) years from the date of grant of the option. The exact period for which the options would vest shall be determined by the Compensation Committee, subject to the aforesaid limits regarding the minimum and maximum vesting period. There shall be a minimum period of one year between the grant of options and vesting of option.

Details of all grants in operation during the year ended March 31, 2023 are as given below:

Particular	Date of Grant	Option Granted	Exercise Price	Method of Settlement	Vesting Period	Fair Value on Grant Date
ESOP Scheme 2013						
Series I	1 May 2015 and 24 Aug 2015	17,442	10	Equity	1-4 years	955.28 to 956.74
Series II	1 Oct 2017	17,800	10	Equity	1-4 years	1,158.76 to 1,160.10
Series III	1 Jul 2018	12,500	10	Equity	1-4 years	1,379.06 to 1,380.74
Series IV	1 May 2019, 1 Oct 2019 and 1 Jan 2020	41,900	10	Equity	1-4 years	1,490.20 to 1,491.79 and 1,206.82 to 1,208.50
Series V	1 May 2021	500	10	Equity	1-4 years	2,675.86 to 2,677.49
Series VI	1 June 2022 and 1 Jan 2023	26,850	10	Equity	1-4 years	2,821.16 and 3,002.19
ESOP Scheme 2020						
Series I	01-May-20	25,000	1166.41	Equity	1-4 years	392.81 to 560.85
Series II	1 May 2021	10,895	1166.41	Equity	1-4 years	1690.95 to 1932.32
Series III	1 June 2022	28,762	1166.41	Equity	1-4 years	1957.11 and

Vesting conditions:

The Compensation Committee, in its discretion, at the time of each Grant, may lay down certain performance metrics on the achievement of which the The Options would vest only if the Option Grantee continues to be in employment of the Company on the date that they are due to vest. No options would vest in case employment is severed and in such case the date of resignation / termination shall be considered for reckoning the period of vesting.

The company has not grant any ESOP from the Scheme 2022

(ii) The expense recognised for employee services received during the year is shown in the following table:

Particulars	March 31, 2023	March 31, 2022
Expense arising from equity-settled share-based payment transactions	422.40	280.21
Total	**422.40**	**280.21**

(iii) Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements during the year:

As at March 31, 2023

Particulars	ESOP Scheme Series-I & II	ESOP Scheme Series-I to V
Outstanding at April 1, 2022	37,870	96,454
Granted during the year	33,137	26,850
Forfeited during the year	(2,575)	-
Exercised during the year	-	-
Expired during the year	(3,775)	(6,312)
Outstanding at March 31, 2023	**64,657**	**1,16,992**
Exercisable at March 31, 2023	21,101	75,917
Weighted average exercise prices (WAEP) (Rs.)	1,166	10

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Note 47: Employee Stock Option Plan (continued)

As at March 31, 2022

Particulars	ESOP Scheme 2020	ESOP Scheme 2013
	Series-I & II	Series-I to V
Outstanding at April 1, 2021	25,000	96,954
Granted during the year	12,870	500
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	(1,000)
Outstanding at March 31, 2022	**37,870**	**96,454**
Exercisable at March 31, 2022	7,500	69,928
Weighted average exercise prices (WAEP) (Rs.)	1,166	10

1 Weighted average remaining contractual life for the share options outstanding as at March 31, 2023 was 0.58 years and 1.96 years (Previous year 0.65 years and 1.41) for ESOP Scheme 2013 and ESOP Scheme 2020 respectively.

2. Weighted average fair value of options granted during the year was Rs. 2,821.16 & Rs. 3,002.19 and Rs. 1,957.11 & Rs. 1,998.48 (Previous year was Rs. 2,676.67 and Rs. 1818.31) for ESOP Scheme 2013 and ESOP Scheme 2020 respectively.

3 Exercise prices for options outstanding at the end of the year was Rs. 10 and Rs. 1,166 per option (Previous year Rs. 10 and 1166 per option) for ESOP Scheme 2013 and ESOP Scheme 2020 respectively.

The following tables list the inputs to the Black-Scholes Model used for the options granted:

Particulars	Fair value on Grant date	Expected volatility (%)	Risk free interest rate (%)	Dividend yield (%)	Expected maturity from date of vestimg
ESOP Scheme 2013					
Series I	962.56	13.95 and 15.74	7.90 to 8.03 and 8.05 to 8.30	Nil	Up to 3 years
Series II	1,166.41	11.67	6.70 to 7.01	Nil	Up to 3 years
Series III	1,386.30	10.87	8.07 to 8.36	Nil	Up to 3 years
Series IV	1,497.67 and 1,215.00	13.5 to 14.12 and 41.43 to 49.63	7.30 to 7.66 and 6.23 to 6.80	Nil	Up to 3 years
Series V	2,676.67	43.80 to 44.06	4.47 to 5.81	Nil	Up to 5.50 years
Series VI	2,821.16 and	43.94 to 45.00	6.50 to 7.03 and	Nil	Up to 4.50 years
ESOP Scheme 2020					
Series I	1,175.00	45.32 and 47.03	4.58 to 5.91	Nil	up to 3 years
Series II	1,818.31	43.80 to 44.06	4.70 to 5.81	Nil	Up to 5.50 years
Series III	1,998.48	45.00 to 45.68	6.50 to 7.18	Nil	Up to 5.50 years





Note 48: Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments other than those with carrying amounts that are approximates of fair value. This table does not include the fair values of non–financial assets and non–financial liabilities.

As at March 31, 2023

Particulars	Carrying value	Fair Value			
		Level I	Level II	Level III	Total
Financial assets					
Investments	3,564.30	-	-	3,227.68	**3,227.68**
Asset held for sale	1,695.29	-	-	3,084.21	**3,084.21**
Financial liabilities					
Debt Securities at fixed rate	4,246.97	-	4,254.69	-	**4,254.69**
Borrowings (Other than debt securities) at fixed rate	5,990.83	-	5,557.62	-	**5,557.62**

As at March 31, 2022

Particulars	Carrying value	Fair Value			
		Level I	Level II	Level III	Total
Financial assets					
Investments	5,135.40	-	-	5,310.67	**5,310.67**
Asset held for sale	1,384.30	-	-	2,674.13	**2,674.13**
Financial liabilities					
Debt Securities at fixed rate	8,729.75	-	8,804.29	-	**8,804.29**
Borrowings (Other than debt securities) at fixed rate	18,366.73	-	18,993.58	-	**18,993.58**

There have been no transfers between Level 1, Level 2 and Level 3 for the year ended March 31, 2023, March 31, 2022

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables.

The management assessed that cash and cash equivalents, investments, other financial assets, trade payables, and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Assets held for sale - Real estate properties are valued on the basis of a well progressed sale process with price quotes from real estate agents.

Investments in Security Receipts - The Valuation is based on the net asset value determined by the asset manager or as per Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated Sep 24,2021 .

Debt securities and Borrowings - The fair value of certain fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans. The fair value of floating rate borrowings are deemed to be equivalent to the carrying value.

Note 49: Transfers of financial assets that are derecognised in their entirety

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS. Thus, Pre-transition securitisation deals continues to be de-recognised in their entirety. The table below outlines details for each type of continued involvement relating to transferred assets derecognised in their entirety.

Particulars	Carrying amount of continuing involvement in statement of financial position		Fair value of continuing involvement		Maximum exposure to loss
	Balance with banks	Loans	Balance with banks	Loans	
Type of continuing involvement : Securitisation					
March 31, 2023	-	102.46	-	102.46	**102.46**
March 31, 2022	-	179.89	-	179.89	**179.89**

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Note 50: Additional disclosures required by Reserve bank of India

Additional information required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 vide reference no. RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21, dated Feb 17, 2021 and additional disclosure required in terms of Notifications –Scale Based Regulation (SBR): A Revised regulation framework for NBFCs vide reference no. DOR.CRE.REC.No.60/03.10.001/2021-22, dated October 22, 2021 is given in **Annexure 1**.

Note 51: Additional regulatory disclosures

i) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken.

ii) The Company does not have any Benami Property where any proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

iii) The Company has submitted the quarterly return or statements of current assets with banks or financial institutions in agreement with the books of accounts for borrowings taken on the basis of security of current assets.

iv) The Company is not declared a willful defaulter by any bank or financial Institution or other lender during the year.

v) Relationship with Struck off Companies:

Detail of transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

Name of struck off Company	Nature of transactions	Balance outstanding	Relationship
Ramol India Pvt Ltd Details are verified as on March 31, 2023	Direct Selling Agent (DSA)	0.05	-

vi) The Company does not have any pending charges or satisfaction yet to be registered with ROC beyond the statutory period.

vii) The Company does not have any layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

viii) The Company has not opted for any Scheme of Arrangements which has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

ix) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall

- 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 to or on behalf of the Ultimate Beneficiaries;

x) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall

- 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 to or on behalf of the Ultimate Beneficiaries;

xi) The Company does not have any transaction which not have been recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961). Also, there is no previously unrecorded income and related assets which need to be recorded in the books of account during the year.

xii) Liquidity coverage ratio not applicable to the company.

Note 52: Previous year figures regrouping

Previous year figures have been regrouped/reclassified wherever applicable.

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number 105047W

Swapnil Kale
Partner
Membership No. 117812

Place: Mumbai
Date: May 24, 2023

For and on behalf of the Board of Directors of
Shubham Housing Development Finance Company Limited

Sanjay Chaturvedi
Director
DIN : 01636432

Rupa Basu
Director
DIN : 08068918

Vishal Kanodia
Chief Financial Officer

Neeta Kamra
Company Secretary
(M. No.: ACS 22892)

Place: Gurugram
Date: May 24, 2023

Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2023

Part A of Annexure 1 to Note 50 of the Financial Statements

Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 vide reference no. RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21, dated Feb 17, 2021 and other regulatory disclosures.

Note 1: Capital

(Amount in crores)

Particulars	March 31, 2023	March 31, 2022
Capital to Risk Assets Ratio (CRAR) (%)	61.31%	36.85%
CRAR - Tier I Capital (%)	60.62%	36.13%
CRAR - Tier II Capital (%)	0.69%	0.72%
Amount of subordinated debt raised as Tier- II Capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

Note 2: Reserve Fund u/s 29C of NHB Act, 1987

(Amount in crores)

Particulars	March 31, 2023	March 31, 2022
Balance at the beginning of the year		
Statutory reserve under Section 29C of the NHB Act,1987	3.75	3.61
Amount of special reserve under section 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	26.16	21.32
Total	**29.91**	**24.93**
Addition / appropriation/ withdrawal during the year		
Add: Amount transferred under Section 29C of the NHB Act, 1987	2.93	0.14
Add: Amount of special reserve under Section 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	15.42	4.84
Less: Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
Less: Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
Total	**18.35**	**4.98**
Balance at the end of the year		
Statutory reserve under section 29C of the NHB Act, 1987	6.68	3.75
Amount of special reserve under section 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	41.58	26.16
Total	**48.26**	**29.91**

Note 3: Details of loans transferred/acquired during the year ended March 31, 2023 under the Master Direction - RBI (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021 are given below:

(i) Details of stressed loans transferred/acquired:

(Amount in crores)

Sr. No.	Particulars	To ARC	To permitted transferees	To other transferees
(i)	No. of accounts	-	-	-
(ii)	Aggregate principal outstanding of loans transferred	-	-	-
(iii)	Weighted average residual tenure of the loans transferred (in years)	-	-	-
(iv)	Net book value of the loans transferred (at the time of transfer)	-	-	-
(v)	Aggregate consideration	-		
(vi)	Aggregate consideration realised in respect of loans transferred in earlier years	-	-	-

Note:- The Company has not acquired/transferred stressed loan.

Note:- Details of ratings of security receipts are as below:

(Amount in crores)

Particulars	Rating Agency	Recovery rating	Outstanding as on March 31, 2023
Security Receipts-1	Acuité Ratings & Research Limited	ACUITE RR1+	1.76
Security Receipts-2	Infomerics Valuation and Rating Private Limited	IVR RR1	33.88

(ii) Details of loans not in default transferred/acquired through assignment:

(Amount in crores)

Sr. No.	Particulars	Transferred	Acquired
(i)	Aggregate amount of loans transferred	32.21	-
(ii)	Weighted average maturity (in years)	7.61	-
(iii)	Weighted average holding period (in years)	2.92	-
(iv)	Retention of beneficial economic interest by obligator (%)	10%	-
(v)	Tangible security coverage (%)	100%	-
(vi)	Rating wise distribution of rated loans	Not Applicable	-

Note:- 1) The Company has not agreed to replace loans transferred to transfree(s) or pay damages arising out of any representation or warranty.

2) No stressed loans have been transferred and acquired during the year

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Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2023

Note 4: Investments (Amount in crores)

Sr. No.	Particulars	March 31, 2023	March 31, 2022
	Value of Investments		
(i)	Gross value of Investments		
	(a) In India	35.64	51.35
	(b) Outside India	-	-
(ii)	Provisions for Depreciation		
	(a) In India	3.37	-
	(b) Outside India	-	-
(iii)	Net value of Investments		
	(a) In India	32.28	51.35
	(b) Outside India	-	-
	Movement of provisions held towards depreciation on investments		
(i)	Opening Balance	-	-
(ii)	Add: Provisions made during the year	3.37	-
(iii)	Less: Write-off/Written-back of excess provisions during the year	-	-
(iv)	Closing Balance	3.37	-

Note 5: Derivative
Forward Rate Agreement (FRA) / Interest Rate Swap (IRS) (Amount in crores)

Sr. No.	Particulars	March 31, 2023	March 31, 2022
(i)	The notional principal of swap agreements	-	-
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(iii)	Collateral required by the HFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps	-	-
(v)	The fair value of the swap book	-	-

Exchange Traded Interest Rate (IR) Derivative (Amount in crores)

Sr. No.	Particulars	Amount
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	-
	(a)	
	(b)	
	(c)	
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2023 (instrument-wise)	-
	(a)	
	(b)	
	(c)	
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-
	(a)	
	(b)	
	(c)	
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-
	(a)	
	(b)	
	(c)	

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Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2023

Note 5: Derivative (Continued)

Risk Exposure in Derivatives

(i) Qualitative Disclosure - There is no derivative transaction during the year.

(ii) Quantitative Disclosure

(Amount in crores)

Sr. No.	Particulars	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional principal amount)	-	-
(ii)	Marked to market position (1)		
	(a)Assets+	-	-
	(b)liability-	-	-
(iii)	Credit exposure	-	-
(iv)	Unhedged Exposures	-	-

Note 6: Securitization

a) Securitisation and Minimum Retention Requirement

(Amount in crores)

Sr. No.	Particulars	March 31, 2023 No./Amount	March 31, 2022 No./Amount
1	No of SPV's sponsored by the HFC for Securitisation transactions	2	2
2	Total amount of securitized assets as per books of the SPVs sponsored	-	-
3	Total amount of exposure retained by the company toward the MRR as on the date of balance sheet		
(i)	Off balance sheet exposures towards credit enhancements		
	a) First loss	-	-
	b) Others	-	-
(ii)	On balance sheet exposures towards credit enhancements		
	a) First loss	-	-
	b) Others	1.02	1.80
4	Amount of exposures to securitisation transaction other than MRR		
(i)	Off balance sheet exposures towards credit enhancements		
a)	Exposures to own securitisation		
	a) First loss	-	-
	b) Others	-	-
b)	Exposures to third party securitisation		
	a) First loss	-	-
	b) Others	-	-
(ii)	On balance sheet exposures towards credit enhancements		
a)	Exposures to own securitisation		
	a) First loss	-	-
	b) Others	-	-
b)	Exposures to third party securitisation		
	a) First loss	-	-
	b) Others	-	-

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Notes to Financial Statements for the year ended March 31, 2023

Note 7: Asset Liability Management
Maturity pattern of certain items of assets and liabilities as at March 31, 2023

(Amount in crores)

Particulars	1 Day to 7 Days	8 to 14 Days	15 Days to 30/31 Days	Over one month upto 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from banks	8.70	0.82	16.92	23.92	45.96	95.28	180.10	559.89	337.37	63.83	**1,332.78**
Market borrowings	17.73	1.27	2.26	4.93	46.63	28.73	52.78	160.54	112.11	46.35	**473.33**
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances*	16.04	12.53	27.50	31.17	36.15	184.10	341.69	1,103.85	589.97	645.10	**2,988.10**
Investments	0.22	0.22	0.45	0.89	0.89	2.67	5.35	16.04	8.91	-	**35.64**
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

Note: In computing the above information certain estimates, assumptions and adjustments have been made by the Management.
* Advances are net of Stage3 ECL and excluding the minimum retention requirement of securitisation deals.

Maturity pattern of certain items of assets and liabilities as at March 31, 2022

(Amount in crores)

Particulars	1 Day to 7 Days	8 to 14 Days	15 Days to 30/31 Days	Over one month upto 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from banks	8.52	0.59	15.51	17.91	29.70	74.80	148.92	493.34	224.54	89.20	**1,103.03**
Market borrowings	17.32	0.77	24.20	8.32	70.19	36.01	83.83	250.23	116.49	90.26	**697.62**
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances*	14.99	10.95	23.89	28.46	33.50	141.57	315.51	952.50	412.32	278.15	**2,211.83**
Investments	-	-	-	2.57	2.57	2.57	2.56	20.54	20.54	-	**51.35**
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

Note: In computing the above information certain estimates, assumptions and adjustments have been made by the Management.
* Advances are net of Stage3 ECL and excluding the minimum retention requirement of securitisation deals.

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Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2023

Note 8: Exposure
A) Exposure to Real Estate Sector*

(Amount in crores)

Sr. No.	Category	March 31, 2023	March 31, 2022
a)	**Direct exposure**		
(i)	**Residential Mortgages**		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:	1,980.23	1,601.81
(ii)	**Commercial Real Estate**		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	20.21	0.22
(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures -**		
	(a) Residential	-	-
	(b) Commercial Real Estate	-	-
b)	**Indirect exposure**		
	Fund based and non-fund based exposure on NHB and HFCs	-	-
	Total Exposure to Real Estate Sector	2,000.44	1,602.03

*The Company has considered only housing loans for the purpose of determing the exposure to real estate sector.

B) Exposure to Capital Market

The Company does not have any capital market exposure as on 31 March 2023.

(Amount in crores)

Sr. No.	Category	March 31, 2023	March 31, 2022
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows / issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total Exposure to Capital Market	-	-

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Notes to Financial Statements for the year ended March 31, 2023

Note 8: Exposure (Continued)

c) Details of financing of parent company products

The Company does not have any parent company. Hence, disclosure with respect to details of financing of parent company products is not applicable on the Company.

d) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC

During the year ended March 31, 2023 and March 31, 2022, the Company's credit exposure (whether in term of sanctioned amount or entire amount outstanding, whichever is higher) to single borrowers and group of borrowers were within the limit prescribed by National Housing Bank for Housing Finance Companies.

e) Unsecured Advances

i) The Company has not given any unsecured loan given to borrowers during current year and previous year.

ii) The total amount advance for which intangible securities such as charge over rights, licenses, authority, etc. has been taken as also the estimated value of such intangible collateral- Nil

Note 9: Exposure to group companies engaged in real estate business

(Amount in crores)

Sr.No.	Description	Amount (in crore)	% of owned fund
(i)	Exposure to any single entity in a group engaged in real estate business	-	-
(ii)	Exposure to all entities in a group engaged in real estate business	-	-

Note 10: Registration obtained from other financial sector regulators

The Company has not obtained registration from any other financial sector regulators.

Note 11: Penalties imposed by NHB and other regulators

During the year there is no penalty (Previous year Rs. Nil) imposed on the company.

Note 12: Related Party Transactions

i) All material transaction with related party disclosed under note no. 41 in the financial statements.
ii) Policy on dealing with related party transactions displayed on the website.

Note 13: Group Structure

The Company does not have any parent company or any subsidiary, so group structure is not applicable.

Note 14: Rating assigned by Credit Rating Agencies and migration of rating during the year

During the year, ICRA, CRISIL and India Ratings has affirmed company's Long-Term Rating A with stable. The Company carries following ratings from ICRA & CRISIL and India Ratings:

Instrument	Rating	
	March 31, 2023	March 31, 2022
Non-convertible Debentures (Unsecured)	[ICRA]A (Stable)	[ICRA]A- (Stable)
Term Loans	[ICRA]A (Stable), [IND]A (Stable)	[ICRA]A- (Stable)
Non-convertible Debentures (Secured)	[CRISIL]A (Stable)	[CRISIL]A- (Stable)
Commercial paper (Unsecured)	[ICRA]A1	[ICRA]A1

Note 15: Net Profit or Loss for the period, prior period items and changes in accounting policies

Prior period expenses of Rs. Nil (previous year- Rs. Nil).

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Note 16: Revenue Recognition

During the year, there are no circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

Note 17: Consolidated Financial Statements (CFS)

The Company does not have any subsidiary, associate or joint venture accordingly consolidation of financial statements is not applicable.

Note 18: Provisions and Contingencies

(Amount in crores)

Sr. No.	Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	March 31, 2023	March 31, 2022
(i)	Provision for depreciation on investment	3.37	-
(ii)	Provision made towards Income tax	24.81	7.24
(iii)	Provision towards Non-Performing Assets	(9.51)	10.84
(iv)	Provision for Standard Assets	7.02	(2.59)
(v)	Provision for loan commitments	0.26	0.02
(vi)	Provision for EIS receivable & Securitised MRR	(0.13)	0.02
(vii)	Provision for Standard Assets- Teaser Loan	-	-
(viii)	Provision for Standard Assets- CRE	-	-
(ix)	Provision for Standard Assets- CRE-RH	0.10	0.00
(x)	Provision for Assets acquired under SARFAESI	0.32	(4.56)
(xi)	Provision for recoverable from employees & others	0.02	(0.01)
(xii)	Provision for Gratuity	1.25	1.16
(xiii)	Provision for Compensated Absences	0.90	0.59

Note 19: Break up of Loan & Advances and Provisions thereon

(Amount in crores)

Particulars	Housing		Non-Housing	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Standard assets				
a) Total outstanding amount	1,969.22	1,550.05	981.06	638.17
b) Provision made	10.31	6.71	7.94	4.34
Sub-standard assets				
a) Total outstanding amount	21.31	52.16	14.60	29.02
b) Provision made	6.38	16.41	4.38	9.13
Doubtful assets-I				
a) Total outstanding amount	10.02	0.14	7.85	0.01
b) Provision made	3.00	0.04	2.35	-
Doubtful assets-II				
a) Total outstanding amount	0.20	0.05	0.02	0.03
b) Provision made	0.06	0.02	0.01	0.01
Doubtful assets-III				
a) Total outstanding amount	0.04	-	0.03	-
b) Provision made	0.04	-	0.03	-
Loss assets				
a) Total outstanding amount	-	-	-	-
b) Provision made	-	-	-	-
Total				
a) Total outstanding amount	**2,000.79**	**1,602.40**	**1,003.56**	**667.23**
b) Provision made	**19.79**	**23.18**	**14.71**	**13.48**

The Company has considered loans (excluding the minimum retention requirement of securitisation deals) for the purpose of this disclosure.





Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2023

Note 20: Draw down from reserves

During the year, there have been no draw down from the statutory reserves (previous year - Rs. Nil).

Note 21: Concentration of public deposits

The Company did not have any public deposits

(Amount in crores)

Particulars	March 31, 2023	March 31, 2022
Total Deposits of twenty largest depositors	-	-
Percentage of Deposits of twenty largest depositors to Total Deposits of the HFC	-	-

Note 22: Concentration of Loan and advances

(Amount in crores)

Particulars	March 31, 2023	March 31, 2022
Total loans and advances to twenty largest borrowers*	84.36	41.90
Percentage of loans and advances to twenty largest borrowers to total advances of the Company*	2.81%	1.85%

*Largest borrowers represent highest loan outstanding at reporting period

Note 23: Concentration of all exposure (including off-balance sheet exposure)

(Amount in crores)

Particulars	March 31, 2023	March 31, 2022
Total exposure to twenty largest borrowers/customers	124.22	51.06
Percentage of exposures to twenty largest borrowers/customers to total exposure of Company	3.93%	2.18%

Note 24: Concentration of Non-Performing Assets (NPAs)

(Amount in crores)

Particulars	March 31, 2023	March 31, 2022
Total exposure to top ten NPA accounts	2.89	3.44

Note 25: Sector-wise NPAs

(Amount in crores)

Sr. No.	Particulars	March 31, 2023		March 31, 2022	
		Rs.	%	Rs.	%
	Housing Loans:				
(a)	Individuals	31.57	1.58%	52.35	3.27%
(b)	Builders/Project Loans	-	-	-	-
(c)	Corporates	-	-	-	-
(d)	Others	-	-	-	-
	Non-Housing Loans:				
(a)	Individuals	22.50	2.24%	29.06	4.36%
(b)	Builders/Project Loans	-	-	-	-
(c)	Corporates	-	-	-	-
(d)	Others	-	-	-	-

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Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2023

Note 26: Movement of Non-Performing Assets (NPAs)

(Amount in crores)

Sr. No.	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
I	**Net NPAs to Net Advances (%)***	**1.27%**	**2.50%**
II	**Movement of NPAs (Gross)**		
	a) Opening balance	81.41	42.47
	b) Additions during the year	26.82	78.96
	c) Reductions during the year	54.16	40.02
	d) Closing balance	**54.07**	**81.41**
III	**Movement of Net NPAs**		
	a) Opening balance	55.79	27.69
	b) Additions during the year	19.14	54.11
	c) Reductions during the year	37.11	26.01
	d) Closing balance	**37.82**	**55.79**
IV	**Movement of provisions for NPAs and Contingencies (excluding provisions on standard assets)**		
	a) Opening balance	25.62	14.78
	b) Provision made during the year	7.68	24.85
	c) Written-off/Write back of excess provisions	17.05	14.01
	d) Closing balance	**16.25**	**25.62**

* (Gross stage III loans EAD - impairment loss allowance for stage III) / (Gross total loans EAD -Impairment loss allowance for stage III)

Note 27: Overseas Assets

The Company does not hold any overseas assets

(Amount in crores)

Particular	March 31, 2023	March 31, 2022
Overseas Assets	-	-
Total		

Note 28: Off-balance Sheet SPVs sponsored

The Company does not have any off-balance sheet Special Purpose Vehicle (SPV) sponsored which required to be consolidated as per accounting norms (previous year- Nil).

Name of the SPV sponsored	
Domestic	**Overseas**
-	-





Note 29: A comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 'Financial instruments' as per RBI circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13-03-2020.

(Amount in crores)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	2,852.95	13.32	2,839.63	9.34	3.98
	Stage 2	97.33	4.93	92.40	3.69	1.24
Subtotal performing assets		**2,950.28**	**18.25**	**2,932.03**	**13.03**	**5.22**
Non-Performing Assets (NPA)						
Substandard	Stage 3	**35.91**	**10.76**	**25.15**	**5.50**	**5.26**
Doubtful assets						
Up to 1 year	Stage 3	17.87	5.35	12.52	7.28	(1.93)
1 to 3 years	Stage 3	0.22	0.07	0.15	0.13	(0.06)
More than 3 years	Stage 3	0.07	0.07	-	0.08	(0.01)
Subtotal- Doubtful		**18.16**	**5.49**	**12.67**	**7.49**	**(2.00)**
Loss Assets	Stage 3	-	-	-	-	-
Loan commitments	Stage 1	158.85	0.48	158.37	-	0.48
	Stage 2	0.53	0.02	0.51	-	0.02
	Stage 3	0.33	0.07	0.26	-	0.07
Subtotal of loan commitments		**159.71**	**0.57**	**159.14**	-	**0.57**
Grand Total	Stage 1	3,011.80	13.80	2,998.00	9.34	4.46
	Stage 2	97.86	4.95	92.91	3.69	1.26
	Stage 3	54.40	16.32	38.08	12.99	3.33
	Total	**3,164.06**	**35.07**	**3,128.99**	**26.02**	**9.05**

The Company has considered loans (excluding the minimum retention requirement of securitisation deals) for the purpose of this disclosure.

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Notes to Financial Statements for the year ended March 31, 2023

Note 30: Customer Complaints#

1. No of Customer Complaints

Sr. No.	Particulars	March 31, 2023	March 31, 2022
(a)	No. of complaints pending at the beginning of the year	1	-
(b)	No. of complaints received during the year	32	45
(c)	No. of complaints redressed during the year	33	44
(d)	No. of complaints pending at the end of the year	-	1

#represents complaints reported through NHB - GRIDS Portal only.

Note 31: Loan against deposition of gold

The Company has not given any Gold Loan/loan against deposition of gold during the year (previous year- Nil).

Note 32: Overseas Operations

The Company did not have overseas operations and joint venture partners with regard to joint ventures and overseas subsidiaries.

Note 33: Details on Principal Business Criteria

Principal Business Criteria for the Company to be classified as "Housing Finance Company" as per the Paragraph 4.1.17 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, February 17, 2021 is given below:

Particulars	As at March 31, 2023
Percentage of total assets towards housing finance	61.47%
Percentage of total assets towards housing finance to individuals*	60.85%

*It does not includes housing loan-project to individuals

Note 34: Schedule to the balance sheet **(Amount in crores)**

(1) Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:		
Liabilities Side	**Amount outstanding**	**Amount overdue**
a) Debentures : Secured	31.58	-
Unsecured	16.19	-
(other than falling within the meaning of public deposits*)		
b) Deferred Credits	-	-
c) Term Loans	1,770.40	-
d) Inter-corporate loans and borrowing	-	-
e) Commercial Paper	-	-
f) Public Deposits	-	-
g) Other Loans (Overdraft facility)	-	-

(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	-	-





Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2023

Note 34: Schedule to the balance sheet (Continued) (Amount in crores)

(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:

Assets Side	Amount Outstanding
a) Secured	3,005.04
b) Unsecured	0.41

(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) Assets on hire	-
b) Repossessed Assets	-
(iii) Other loans counting towards asset financing activities	
a) Loans where assets have been repossessed	-
b) Loans other than (a) above	-

(5) Break-up of Investments

Current Investments

1. Quoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others	-
2. Unquoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Security Receipts	10.69

Long Term investments

1. Quoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others	-
2. Unquoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Security Receipts	24.95

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Shubham Housing Development Finance Co. Ltd. Gurugram

Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2023

Note 34: Schedule to the balance sheet (Continued)

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

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
a) Subsidiaries	-	-	-
b) Companies in the same group	-	-	-
c) Other related parties	-	-	-
2. Other than related parties#	2,969.52	0.33	2,969.85
Total	**2,969.52**	**0.33**	**2,969.85**

excluding securitised loans

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
a) Subsidiaries	-	-
b) Companies in the same group	-	-
c) Other related parties	-	-
2. Other than related parties*	32.28	32.28
Total	**32.28**	**32.28**

* Amount net of provisions

(8) Other information

Particulars	Amount
(i) Gross Non-Performing Assets	
a) Related parties	-
b) Other than related parties	54.07
(ii) Net Non-Performing Assets	
a) Related parties	-
b) Other than related parties	37.82
(iii) Assets acquired in satisfaction of debt	-

Note 35: Disclosure as required by Liquidity Risk Management Framework for Non-Banking Financial Companies

(1) Funding Concentration based on significant counterparty (both deposits and borrowings) (Amount in crores)

Particulars	March 31, 2023
i) Number of Significant Counterparties*	23
ii) Amount	1,665.64
iii) Percentage of funding concentration to total deposits	NA
iv) Percentage of funding concentration to total liabilities	81.69%

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

(2) Top 10 borrowings

Particulars	March 31, 2023
i) Total amount of top 10 borrowings	1,218.39
ii) Percentage of amount of top 10 borrowings to total borrowings	67.46%

(3) Funding Concentration based on significant instrument/product*

Particulars	March 31, 2023	Percentage of total liabilities
i) Redeemable non-convertible debentures	42.47	2.08%
ii) Term Loans	1,760.37	86.33%
iii) Commercial papers	NA	NA

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

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Note 35: Disclosure as required by Liquidity Risk Management Framework for Non-Banking Financial Companies (continued)

(4) Stock Ratio

Particulars	March 31, 2023
(i) Non convertible debentures (original maturity of less than one year) as a percentage of total public funds**	NA
(ii) Non convertible debentures (original maturity of less than one year) as a percentage of total liabilities*	-
(iii) Non convertible debentures (original maturity of less than one year) as a percentage of total assets	-
(iv) Short term liabilities as a percentage of total public funds #**	NA
(v) Short term liabilities as a percentage of total liabilities#*	36.99%
(vi) Short term liabilities as a percentage of total assets #	23.02%
(vii) Short term liabilities as a percentage of long term assets #	25.52%
(viii) Commercial paper as a percentage of total public funds**	NA
(ix) Commercial paper as a percentage of total liabilities*	NA
(x) Commercial paper as a percentage of total assets	NA
(xi) Long term assets as a percentage of total assets	90.19%

*Total liabilities are excluding equity share capital and other equity.

**Public funds is as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

Short term liabilities are excluding short term non convertible debentures.

(5) Institutional set-up for liquidity risk management

Liquidity Risk Management framework consists of Asset Liability Management Committee [ALCO] which is a sub-committee of the Board of Directors.

The meetings of ALCO are held at periodic intervals. While the ALCO is responsible for oversight of specific risks relating to liquidity and interest rate sensitivity, the Risk Management Committee is responsible for company-wide risk management.

Note 36: Disclosure pursuant to RBI notification No.RBI/2020-21/16 DOR No. BP.BC/3/21.04.048/2020-21 on Resolution Framework for COVID-19-related Stress dated August 6, 2020 read with RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22 dated May 5, 2021 in relation to resolution framework-2.0:

Format - B
Amount (in Crores)

Type of Borrower	Exposure to accounts classified as standard consequent to the implementation of resolution plan-position as the end of the previous half-year (A) (30-09-22)	Of (A) aggregate debt that slipped in to 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 of accounts classified as standard consequent to implementation of resolution plan-position as at the end of this half year (31-03-23) #
Personal loan	31.40	2.26	0.04	1.66	28.11
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**31.40**	**2.26**	**0.04**	**1.66**	**28.11**

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

The Company has given moratorium to its borrowers as a part of restructuring

Note 37: The Company has not received any whistle-blower complaints during the year.

Note 38: The frauds detected and reported for the year amounted to Rs. Nil (Previous year Rs. Nil).

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Notes to Financial Statements for the year ended March 31, 2023

Part B of Annexure 1 to Note 50 of the Financial Statements
Additional disclosure required in terms of Notifications –Scale Based Regulation (SBR): A Revised regulation framework for NBFCs vide reference no. DOR.CRE.REC.No.60/03.10.001/2021-22, dated October 22, 2021.

Note 39: Exposure
A) Exposure to Real Estate Sector*

(Amount in crores)

Sr.No.	Category	March 31, 2023	March 31, 2022
a)	**Direct exposure**		
(i)	**Residential Mortgages**		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:	1,980.23	1,601.81
(ii)	**Commercial Real Estate**		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	20.21	0.22
(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures -**		
	(a) Residential	-	-
	(b) Commercial Real Estate	-	-
b)	**Indirect exposure**		
	Fund based and non-fund based exposure on NHB and HFCs	-	-
	Total Exposure to Real Estate Sector	2,000.44	1,602.03

*The Company has considered only housing loans for the purpose of determing the exposure to real estate sector.

B) Exposure to Capital Market

The Company does not have any capital market exposure as on 31 March 2023.

(Amount in crores)

Sr.No.	Category	March 31, 2023	March 31, 2022
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows / issues;	-	-
(viii)	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds		
(ix)	Financing to stockbrokers for margin trading	-	-
(x)	All exposures to Alternative Investment Funds:		
	Category I	-	-
	Category II	-	-
	Category III	-	-
(xi)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total Exposure to Capital Market	-	-

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Notes to Financial Statements for the year ended March 31, 2023

C) Sectoral exposure*

(Amount in crores)

Sr.No.	Sectors	March 31, 2023			March 31, 2022		
		Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1	**Agriculture and Allied Activities**	-	-	-	-	-	-
2	**Industry**	-	-	-	-	-	-
	i....	-	-	-	-	-	-
	ii....	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	Total of Industry (i+ii+...+ Others)	-	-	-	-	-	-
3	**Services**						
	i. Housing Loans	2,070.06	31.57	1.53%	1,659.08	52.35	3.16%
	ii. Commercial Real Estate-RH	60.05	-	-	0.22	-	-
	ii. Non Housing Loans	1,033.95	22.50	2.18%	685.10	29.06	4.24%
	Total of Services	**3,164.06**	**54.07**	**1.71%**	**2,344.40**	**81.41**	**3.47%**
4	**Personal Loans**		-	-	-	-	-
	i...	-	-	-	-	-	-
	ii...	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	Total of Personal Loans	-	-	-	-	-	-
5	**Others, if any (please specify)**	-	-	-	-	-	-

*The Company has considered loans (excluding the minimum retention requirement of securitisation deals) for the purpose of this disclosure.

D) Intra-group exposures

(Amount in crores)

Sr.No.	Category	March 31, 2023	March 31, 2022
i)	Total amount of intra-group exposures	-	-
ii)	Total amount of top 20 intra-group exposures	-	-
iii)	Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	-	-

E) Unhedged foreign currency exposure

(Amount in crores)

Sr.No.	Category	March 31, 2023	March 31, 2022
i)	Unhedged foreign currency exposures	-	-

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Shubham Housing Development Finance Ltd. Gurgaon

Note 40: Related Party Transactions

Transactions during the year:

(Amount in crores)

Related Party	Directors		Key Management Personnel		Relatives of Key Management Personnel		Gratuity Trust		Total	
Particulars	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Borrowings	-	-	-	-	-	-	-	-	-	-
Optionally Convertible debentures issued	2.57	-	-	-	-	-	-	-	2.57	-
Deposits	-	-	-	-	-	-	-	-	-	-
Placement of Deposits	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-
Purchase of Fixed/other assets	-	-	-	-	-	-	-	-	-	-
Sale of Fixed/other assets	-	-	-	-	-	-	-	-	-	-
Interest paid	0.22	0.07	-	-	-	-	-	-	0.22	0.07
Interest received	-	-	-	-	-	-	-	-	-	-
Contribution to Gratuity Trust	-	-	-	-	-	-	1.65	1.04	1.65	1.04
Reimbursement from Trust	-	-	-	-	-	-	0.65	0.22	0.65	0.22
Short term benefits (remuneration)*	4.58	4.13	1.86	1.53	-	-	-	-	6.44	5.65
Share based payment#	-	-	1.28	0.27	-	-	-	-	1.28	0.27
Sitting Fees	0.29	0.25	-	-	-	-	-	-	0.29	0.25
Others	-	-	-	-	-	-	-	-	-	-

*The amount excludes provision made for gratuity and leave encashment which are provided for a group of employees on overall basis.
Share based payments includes the expenses booked during the year on proportionate basis as per vesting schedule against ESOPs grated to the KMPs bases of option valuation for respective equity settled grants till March 31, 2023.

The company does not have any subsidiaries, associates and joint ventures

Balances at the year end:

(Amount in crores)

Related Party	Directors		Key Management Personnel		Relatives of Key Management Personnel		Gratuity Trust		Total	
Items	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Borrowings	-	-	-	-	-	-	-	-	-	-
Optionally Convertible debentures issued	3.43	0.86	-	-	-	-	-	-	3.43	0.86
	(3.43)	(0.86)	-	-	-	-	-	-	(3.43)	(0.86)
Deposits	-	-	-	-	-	-	-	-	-	-
Placement of Deposits	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-
Purchase of Fixed/other assets	-	-	-	-	-	-	-	-	-	-
Sale of Fixed/other assets	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-	-	-
Contribution to Gratuity Trust	-	-	-	-	-	-	-	-	-	-
Reimbursement from Trust	-	-	-	-	-	-	-	-	-	-
Short term benefits (remuneration)*	-	-	-	-	-	-	-	-	-	-
Share based payment#	-	-	-	-	-	-	-	-	-	-
Sitting Fees	-	-	-	-	-	-	-	-	-	-
Amount receivable	-	-	-	-	-	-	0.01	0.10	0.01	0.10
	-	-	-	-	-	-	(0.42)	(0.20)	(0.42)	(0.20)
ESOPs outstanding ##	-	-	-	-	4.19	2.91	-	-	4.19	2.91
					(4.19)	(2.91)	-	-	(4.19)	(2.91)
Others	-	-	-	-	-	-	-	-	-	-

#ESOPs outstanding includes proportionate liability outstanding in the books as per vesting schedule with respective option valuation of the grants.
Figures in bracket are maximum outstanding during the year.





Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2023

Note 41: Customer Complaints#

1. Summary information on complaints received by the Company from customers and from the offices of Ombudsman

Sr. No.	Particulars	March 31, 2023	March 31, 2022
	Complaints received by the Company from its customers		
I)	Number of complaints pending at beginning of the year	7	1
II)	Number of complaints received during the year	406	683
III)	Number of complaints disposed during the year:	409	677
	IIIa) Of which, number of complaints rejected by the Company	-	-
IV)	Number of complaints pending at the end of the year	4	7
	Maintainable complaints received by the NBFC from Office of Ombudsman		
V)	Number of maintainable complaints received by the NBFC from Office of Ombudsman	-	-
Va)	Of V, number of complaints resolved in favour of the NBFC by Office of Ombudsman	-	-
Vb)	Of V number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	-
Vc)	Of V, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
VI)	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

2. Top five grounds of complaints received by the NBFCs from customers during the year

Sr. No.	Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year (i)	Number of complaints received during the year (ii)	% increase/ decrease in the number of complaints received over the previous year (iii)	Number of complaints pending at the end of the year (iv)	Of iv, number of complaints pending beyond 30 days
(a)	EMI Payment and Refund related	2	131	-42%	1	-
(b)	Delay in disbursement	4	131	-17%	2	-
(c)	CLSS Related	-	16	-82%	-	-
(d)	Loan closure related	-	40	-39%	-	-
(e)	Change in base rate	-	39	-25%	1	-
(f)	Complaints relating to-Others	2	81	-43%	-	-

2a. Top five grounds of complaints received by the NBFCs from customers during the previous year

Sr. No.	Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year (i)	Number of complaints received during the year (ii)	% increase/ decrease in the number of complaints received over the previous year (iii)	Number of complaints pending at the end of the year (iv)	Of iv, number of complaints pending beyond 30 days
(a)	EMI Payment and Refund related	-	224	49%	2	-
(b)	Delay in disbursement	-	157	32%	4	-
(c)	CLSS Related	-	88	42%	-	-
(d)	Loan closure related	-	66	113%	-	-
(e)	Change in base rate	-	52	-48%	-	-
(f)	Complaints relating to-Others	1	141	31%	2	-

Includes complaints reported through NHB – GRIDS portal as disclosed in Note 30 of Annexure 1 to the financial statements

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Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2023

Note 42 Corporate governance

A. 1) Composition and size of the Board

Sr. No.	Name of Director	Director since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	DIN	Number of Board Meetings		No. of other Directorships	Remuneration (in Rs. Crores)			No. of shares held in and convertible instruments held in the NBFC
					Held	Attended		Salary and other compensation	Sitting Fee#	Commission	
1	Mr. Sanjay Chaturvedi	23-02-2010	Executive	01636432	10	8	0	2.34	-	-	250000 ES*; 155875 OCDs**
2	Ms. Rupa Basu	13-11-2018	Executive	08068918	10	8	0	2.26	-	-	250000 ES*; 171016 OCDs**
3	Mr. Vinod Rai	06-11-2015	Chairman, Non-Executive Independent	00041867	10	5	6	-	0.07	-	Nil
4	Mr. Rakesh Rewari	06-11-2015	Non-Executive Independent	00286853	10	6	6	-	0.09	-	Nil
5	Ms. Latika Thukral	07-02-2020	Non-Executive Independent	08680862	10	6	0	-	0.06	-	Nil
6	Mr. Manoj Dattatraya Rane	11-11-2020	Non-Executive Independent	02653448	10	7	0	-	0.08	-	Nil
7	Mr. Rahul Chandra	18-04-2012	Non-Executive	01213049	10	4	5	-	-	-	Nil
8	Mr. Manoj Jaiswal	14-09-2020	Non-Executive	07873564	10	8	6	-	-	-	Nil
9	Mr. Rahul Garg	24-01-2018	Non-Executive	06939695	10	7	0	-	-	-	Nil
10	Mr.Vishal Tulsyan	13-11-2018	Non-Executive	00139754	2	0	0	-	-	-	Nil
11	Mr. Pranav Kumar	27-06-2022	Non-Executive	07896173	4	3	1	-	-	-	Nil
12	Mr. Gaurav Malhotra	27-06-2022	Non-Executive	07640504	4	4	3	-	-	-	Nil
13	Mr. Saravanan Nattanmai	31-03-2023	Non-Executive	06989767	0	N.A.	2	-	-	-	Nil

*ES= equity shares
**OCDs = Optionally convertible debentures; where one unit of debenture held is convertible into one equity shares
It includes sitting fees of the board and other committees.

2) Details of change in composition of the Board during the current and previous financial year.

a) Change in composition of the Board during the current financial year.

Sr. No.	Name of Director	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (Resignation, Appointment)	Effective date
1	Mr.Vishal Tulsyan	Non Executive Director	Resignation	18.05.2022
2	Mr. Pranav Kumar	Non Executive Director	Appointment	27.06.2022
3	Mr. Gaurav Malhotra	Non Executive Director	Appointment	27.06.2022
4	Mr. Rahul Garg	Non Executive Director	Resignation	31.03.2023
5	Mr. Saravanan Nattanmai	Non Executive Director	Appointment	31.03.2023

b) Change in composition of the Board during the previous financial year.

Sr. No.	Name of Director	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Nature of change (Resignation, Appointment)	Effective date
1	Mr. Sandeep Marian Farias	Non Executive Director	Resignation	16.09.2021

There are no inter-se relationship amongst Directors.

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2) Committees of the Board and their composition

I. Audit Committee

The Audit Committee is constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 and as per the provisions of the Master Direction NBFC-HFC (Reserve Bank) Directions, 2021.

(a) Terms of Reference-

Besides including the matters specified for Audit Committee under Section 177 of the Act, terms of reference of this Committee includes the following:

a) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the auditors and the fixation of audit fees.

c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

d) Approval of the Changes made in the Accounting Policy.

e) Approval or any subsequent modification of transactions of the Company with related parties

f) Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of the provisions of Section 134 of the Companies Act, 2013.
- Major accounting entries involving estimates based on the exercise of judgment by management
- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of any related party transactions.
- Audit report with specific reference to qualifications therein, if any.

h) Reviewing, with the management, the quarterly /half yearly, as applicable, from time to time, financial statements before submission to the board for approval.

i) monitoring the end use of funds raised through public offers and related matters. In case the funds are raised through listed Non-Convertible Securities (NCS), then end use of funds shall be monitored by the audit committee, whether the NCS were issued on private placement basis or public issue and the statement indicating deviation in use of funds, if any, shall be placed before Audit Committee for quarterly review.

j) Reviewing, with the management, performance of auditors, and their independence and adequacy of the internal control systems and effectiveness of audit process.

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

l) Discussion with internal auditors any significant findings and follow up there on.

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

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

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

p) To review the functioning of the Whistle Blower mechanism/Vigil Mechanism, in case the same is exists.

q) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

r) To Review the

- Management discussion and analysis of financial condition and results of operations
- Statement of related party transactions (as defined under the provisions of Companies Act, 2013), submitted by management
- Management letters / letters of internal control weaknesses issued by the statutory auditors
- Internal audit reports relating to internal control weaknesses
- Transactions of Inter-corporate loans and investments, if any
- Valuation of undertakings or assets of the company, wherever it is necessary

s) To perform such other functions as the Board may delegate and; duties, acts, deeds and things required to be done in pursuance of the requirements set out in the policy of the Company and the provisions of Companies Act, 2013 and any other law applicable on the Company.

(b) Details of composition of the Audit Committee and attendance of Members:

Sr.No	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Rakesh Rewari	01-04-2016	Chairman, Independent Director	5	5	Nil
2	Mr. Vinod Rai	06-12-2019	Member, Independent Director	5	5	Nil
3	Mr. Rahul Garg*	23-02-2018	Member, Non-Executive Director	5	5	Nil
4	Mr. Manoj Jaiswal**	31-03-2023	Member, Non-Executive Director	0	N.A	Nil

*ceased to be a member w.e.f. March 31, 2023

**became member w.e.f. March 31, 2023

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II. Assets Liability Management Committee (ALM Committee)

The Company had constituted the Asset Liability Management Committee (ALCO) as per the provisions of the Master Direction NBFC-HFC (Reserve Bank) Directions, 2021.

(a) Terms of Reference-

The terms of reference for the ALM Committee includes:

a) To review liquidity, investment of funds and yield on deployment of funds.

b) To review cost of borrowings and lending rate of the Company.

c) To review asset- liabilities of the Company, any mismatch therein, ALM statements and stress analysis

d) To perform such other functions as the Board may delegate and; duties, acts, deeds and things required to be done in pursuance of the requirements set out in the policy of the Company and the NHB/RBI Regulations and any other law applicable on the Company.

(b) Details of composition of the ALM Committee and attendance of Members:

Sr.No	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Sanjay Chaturvedi	15-06-2011	Chairman, Executive Director	6	6	2,50,000 Equity Shares
2	Mr. Rakesh Rewari	19-02-2016	Member, Independent Director	6	6	Nil
3	Mr. Manoj Dattatraya Rane	28-05-2021	Member, Independent Director	6	5	Nil
4	Mr. Manoj Jaiswal	28-05-2021	Member, Non- Executive Director	6	6	Nil
5	Mr. Rahul Chandra*	10-11-2016	Member, Non- Executive Director	2	2	Nil
6	Mr. Vinod Rai**	04-08-2022	Member, Independent Director	1	1	Nil

**ceased to be members w.e.f. August 4, 2022*

***ceased to be a member w.e.f. August 9, 2022*

III. Banking & Borrowing Committee

The Banking and Borrowing Committee is authorized by the Board to do all such acts, deeds and things and decide on all such matters as may be delegated to the Committee from

(a) Terms of Reference-

The terms of reference for the Banking & Borrowing Committee include:

a) To negotiate/execute/sign/modify/cancel any document/resolution related with borrowing of any nature from any Bank/Institution within the overall limit set by the

b) To execute/sign any resolution and other related forms/documents for opening/modifying/closing of Bank Account(s), Net Banking Facilities, other products and services and other

c) To negotiate/execute/sign/modify/cancel any document/resolution related with the securitization, assignment, selling or otherwise dispose off the loan receivables/book debts of

d) To delegate/modify/withdraw such authority to such persons as deemed fit including as Power of Attorney, from time to time.

e) To review its scope and its performance at least annually.

f) To perform such other functions as the Board may delegate and; duties, acts, deeds and things required to be done in pursuance of the requirements set out in the policy of the

(b) Details of composition of the Banking and Borrowing Committee and attendance of Members:

Sr.No	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/	Number of Meetings of the		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Sanjay Chaturvedi	26-02-2013	Chairman, Executive Director	12	12	2,50,000 Equity Shares
2	Mr. Rahul Chandra*	26-02-2013	Member, Non-Executive Director	4	0	Nil
3	Rupa Basu	23-02-2018	Member, Executive Director	12	12	2,50,000 Equity Shares

**ceased to be members w.e.f. August 9, 2022*

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IV. Corporate Social Responsibility Committee (CSR Committee)

The Corporate Social Responsibility (CSR) committee monitors implementation of the CSR Policy and apprises the Board accordingly. The CSR budget of the company and actual spent on CSR activity during the FY23 is enclosed hereto in CSR report of the Company.

(a) Terms of Reference-

The terms of reference for the CSR Committee include:

a) Formulating and recommending to the Board of Directors the CSR Policy and activities to be undertaken.

b) Recommending the amount of expenditure for the CSR activities,

c) Recommending to Board the CSR Projects to be undertaken and manner of implementation.

d) Monitoring CSR Projects and satisfy itself about the utilization of funds disbursed in CSR Projects.

e) To perform such other functions as the Board may delegate and; duties, acts, deeds and things required to be done in pursuance of the requirements set out in the policy of the Company, Companies Act, 2013 and rules thereto and any other law applicable on the Company.

(b) Details of composition of the Corporate Social Responsibility Committee and attendance of Members:

Sr.No	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Ms.Rupa Basu	13-11-2018	Chairperson, Executive Director	1	1	2,50,000 Equity Shares
2	Ms. Latika Thukral	07-02-2020	Member, Independent Director	1	1	Nil
3	Mr. Sanjay Chaturvedi	23-02-2018	Member, Executive Director	1	1	2,50,000 Equity Shares

V. IT Strategy Committee

Information is a valuable asset and information pertaining to customers is also a great responsibility. Safeguarding business information and IT Infrastructure from any kind of cyber security threat is a top priority and this is done through effective monitoring and implementation of risk mitigation measures.

Company has established the IT committed in pursuance of the RBI's Master Direction – Information Technology framework for the NBFC Sector in Board Meeting 13.11.2018 to enhance the safety, security and efficiency of the Company and their customers.

(a) Terms of Reference-

The terms of reference for the IT Committee includes:

a) To review IT Strategy and policy documents.

b) To ascertain whether management has implemented processes and practices that ensures that IT delivers value to the business.

c) To ensure IT investments represents a balance of risks and benefits.

d) To review IT related outsourced activities and other IT governance items like BCP drill, IS Audit, etc.

e) To perform such other functions as the Board may delegate and; duties, acts, deeds and things required to be done in pursuance of the requirements set out in the policy of the Company and the NHB/RBI Regulations and any other law applicable on the Company.

(b) Details of the composition of the IT Strategy Committee and attendance of Members

Sr.No	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Rakesh Rewari	13-12-2019	Chairman, Independent Director	2	2	Nil
2	Ms.Rupa Basu	13-11-2018	Member, Executive Director	2	1	2,50,000 Equity Shares
3	Mr. Rahul Chandra	13-11-2018	Member, Non-Executive Director	2	2	Nil
4	Mr. Sanjay Chaturvedi	13-11-2018	Member, Executive Director	2	2	2,50,000 Equity Shares

VI. Risk Management Committee

The Company has set up Risk Management Committee to identify the risks impacting the business of the Company and to take appropriate measures to mitigate the same.

(a) Terms of Reference-

The terms of reference for the Risk Management Committee includes:

a) Review portfolio trends including coincidental delinquency, portfolio growth, origination trends, collections performance and Expected Credit Loss update

b) Review results of periodic exercises such as mark to market analyses, portfolio benchmarking with industry using credit bureau information, scorecard performance etc.

c) Review enterprise risk monitoring results through KRI update, periodic stress testing results and RCSA update and discuss corrective actions for areas of breach as applicable

d) Suggest, as applicable, new areas of analysis that the company should conduct and present in the next meeting

e) Review all credit policy changes and new product proposals/launches since the previous meeting

(b) Details of the composition of the Risk Management Committee and attendance of Members

Sr.No	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Vinod Rai	19-02-2016	Chairman, Independent Director	2	2	Nil
2	Mr. Sanjay Chaturvedi	04-06-2013	Member, Executive Director	2	2	2,50,000 Equity Shares
3	Mr. Rakesh Rewari	04-08-2022	Member, Independent Director	2	2	Nil
4	Mr. Saravanan Nattanmai	31-03-2023	Member, Non-Executive Director	2	0	Nil
5	Mr. Manoj Dattatraya Rane	04-08-2022	Member, Independent Director	2	2	Nil
6	Mr. Pranav Kumar	04-08-2022	Member, Non-Executive Director	2	2	Nil
7	Mr. Rahul Garg*	23-02-2018	Member, Non-Executive Director	2	2	Nil
8	Ms. Latika Thukral**	04-08-2022	Member, Independent Director	2	1	Nil
9	Mr. Rupa Basu***	13-11-2018	Member, Executive Director	0	N.A	2,50,000 Equity Shares

*ceased to be a member w.e.f. March 31, 2023

**ceased to be a member w.e.f. August 9, 2022

***ceased to be a member w.e.f. August 4, 2022

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VII. Review Committee

The Company has set up Review Committee to identify the willful defaulters and to take appropriate action against them.

(a) Terms of Reference-

The terms of reference for the Review Committee includes:

a) To review the order passed by the Identification Committee and decide whether to declare the party to be a willful defaulter

b) To approve for the appropriate penal action including initiating criminal proceedings based on the facts of individual case if required

c) To perform such other functions as the Board may delegate and; duties, acts, deeds and things required to be done in pursuance of the requirements set out in the policy of the Company and the NHB/RBI Regulations and any other law applicable on the Company

(b) Details of the composition of the Review Committee and attendance of Members

Sr.No	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Mr. Sanjay Chaturvedi	17-06-2020	Chairman, Executive Director	0	0	2,50,000 Equity Shares
2	Mr. Rahul Garg*	17-06-2020	Member, Non-Executive Director	0	0	Nil
3	Mr. Saravanan Nattanmai**	31-03-2023	Member, Non-Executive Director	0	0	Nil
4	Ms. Latika Thukral	17-06-2020	Member, Independent Director	0	0	Nil

*ceased to be a member w.e.f. March 31, 2023

**became member w.e.f. March 31, 2023

VIII. Recruitment,Compensation and Nomination Committee (RCNC)

Recruitment, Compensation and Nomination Committee (RCNC) comprises of four members and all the four members comprising the committee are Non-executive directors.

(a) Terms of Reference-

Besides including the matters specified for Nomination and Remuneration Committee under Section 178 and other applicable provisions, if any, of the Act, terms of reference of RCNC are as follows:

a) To review and approve goals and objectives relevant to the compensation of the employees drawing remuneration equal or more than Rs. 50 Lakhs p.a., to evaluate their performances in light of these goals and objectives and other factors it deems appropriate and based on this review and evaluation, recommend to the Board their compensation;

b) To formulate and oversee the Company's compensation plans and equity-based plans and recommend changes therein to the Board. The Committee shall exercise all the authority of the Board with respect to the administration of such plans, including the granting of awards under the Company's compensation plans and equity-based plans;

c) To review and approve compensation, benefits and terms of employment of the Company's executive officers and such other senior executives identified by the Committee after consultation with the Company's Management;

d) To review the Company's recruitment, retention, compensation, termination and severance policies for directors, key managerial personnel and senior management;

e) To identify persons who are qualified to become directors, key managerial personnel and senior management personnel and recommend to the Board their appointment/re-appointment and removal and to formulate criteria for determining qualifications, positive attributes and independence of a director and to make recommendations to Board regarding their remuneration.

f) To review the compensation of non-executive directors (including sitting fees) for service on the Board and its committees and recommend changes in compensation to the

g) To carry out evaluation of performance of Board as a whole, Committees thereof and that of Individual Director including Executive, Non-Executive Directors and Chairman of Board or in substitution thereof to specify the manner in which evaluation of performance of Board as a whole, its Committees and that of individual directors shall be carried out.

h) To review the Company's compensation policies and practices to determine whether they create risk-taking incentives that are reasonably likely to have a material adverse impact on the Company;

i) To periodically review and assess the adequacy of this policy and recommend any proposed changes to the Board for approval; and

j) To issue such guidelines, procedures, formats, reporting mechanism and manuals as appropriate, to supplement and implement Nomination and Remuneration Policy of the Company.

k) To administer, implement and review from time to time the Nomination and Remuneration Policy of the Company.

l) To perform such other functions as the Board may delegate and; duties, acts, deeds and things required to be done in pursuance of the requirements of policy of the Company and the provisions of Companies Act, 2013 and rules thereto and any other law applicable on the Company.

(b) Details of the composition of the Recruitment,Compensation and Nomination Committee and attendance of Members

Sr.No	Name of Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1	Ms. Latika Thukral	07-02-2020	Chairperson, Independent Director	1	1	Nil
2	Mr. Vinod Rai	18-05-2016	Member, Independent Director	1	1	Nil
3	Mr. Rahul Chandra*	17-06-2020	Member, Non-Executive Director	1	1	Nil
4	Mr. Rahul Garg**	29-06-2021	Member, Non-Executive Director	1	1	Nil
5	Mr. Rakesh Rewari***	04-08-2022	Member, Independent Director	0	N.A	Nil
6	Mr. Saravanan Nattanmai	31-03-2023	Member, Non-Executive Director	0	N.A	Nil

*ceased to be member w.e.f. August 04,2022

**ceased to be member w.e.f. March 31, 2023

***ceased to be member w.e.f. August 04,2022

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Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2023

3) General Body Meetings

There are certain matters for which the approval of the members is required. The Company in compliance with the Companies Act, 2013, sends notice to all the members along with the agenda notes. In case of urgent matters, the Company convenes the extra-ordinary general meetings with the due consent of the members.

Sr. No.	Type of Meeting (Annual/ Extra-Ordinary)	Date and Place	Special resolutions passed
1	13th Annual General Meeting	31-05-2022, Registered Office	• Issue and Offer of Optionally Convertible Debentures to Whole Time Directors • Amendment in ESOP, 2013 • Amendment in ESOP, 2020
2	1st (22-23) Extra Ordinary General Meeting	15-06-2022 Corporate Office	To offer and issue equity shares, Series E1 Compulsorily Convertible Preference Shares and Series E2 Compulsorily Convertible Preference Shares by way of preferential allotment on a private placement basis and to approve and circulate the private placement offer letter cum application form and other ancillary actions
3	2nd (22-23) Extra Ordinary General Meeting	27-06-2022,Registered Office	• To approve and adopt the amended and restated articles association of the Company • To approve and adopt ESOP scheme 2022 of the Company
4	3rd (22-23) Extra Ordinary General Meeting	07-07-2022, Corporate Office	• To offer and Issue optionally convertible debentures by way preferential allotment on a private placement basis and to approve and circulate the private placement offer letter cum application form and other ancillary actions
5	4th (22-23) Extra Ordinary General Meeting	24-08-2022 Corporate Office	• Amendment in Articles • Amendment in ESOP, 2013 • Amendment in ESOP, 2020

4) Details of non-compliance with requirements of Companies Act, 2013 - Nil

5) Details of penalties and strictures - Nil

B) Breach of covenant

There is no instance of breach of covenant of loan availed or debt securities issued.

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Notes to Financial Statements for the year ended March 31, 2023

C) Divergence in Asset Classification and Provisioning

a) the additional provisioning requirements assessed by RBI (or National Housing Bank(NHB) in the case of Housing Finance Companies) exceeds 5 percent of the reported profits before tax and impairment loss on financial instruments for the reference period, or

b) the additional Gross NPAs identified by RBI/NHB exceeds 5 per cent of the reported Gross NPAs for the reference period.

(Amount in crores)

Sr.No.	Particulars	Amount
1	Gross NPAs as on March 31, 2023* as reported by the NBFC	-
2	Gross NPAs as on March 31, 2023 as assessed by the Reserve Bank of India/ NHB	-
3	Divergence in Gross NPAs (2-1)	-
4	Net NPAs as on March 31, 2023 as reported by the NBFC	-
5	Net NPAs as on March 31, 2023 as assessed by Reserve Bank of India/ NHB	-
6	Divergence in Net NPAs (5-4)	-
7	Provisions for NPAs as on March 31, 2023 as reported by the NBFC	-
8	Provisions for NPAs as on March 31, 2023 as assessed by Reserve Bank of India/ NHB	-
9	Divergence in provisioning (8-7)	-
10	Reported Profit before tax and impairment loss on financial instruments for the year ended March 31, 2023	-
11	Reported Net Profit after Tax (PAT) for the year ended March 31, 2023	-
12	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2023 after considering the divergence in provisioning	-

* March 31, 2023 is the close of the reference period in respect of which divergences were assessed

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number 105047W

Swapnil Kale
Partner
Membership No. 117812

Place: Mumbai
Date: May 24, 2023

For and on behalf of the Board of Directors of
Shubham Housing Development Finance Company Limited

Sanjay Chaturvedi
Director
DIN No.: 01636432

Rupa Basu
Director
DIN No.: 08068918

Vishal Kanodia
Chief Financial Officer

Neeta Kamra
Company Secretary
(M. No.: ACS 22892)

Place: Gurugram
Date: May 24, 2023