

**29TH ANNUAL REPORT
OF
SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED
FOR FY 2022-2023**

Shapoorji Pallonji Finance Private Limited
Registered & Corporate Office – SP Centre, Courtyard 10B, 41/44 Minoo Desai Road, Colaba, Mumbai – 400005
Tel No.- +91 22 67490000 Fax No. +91 22 66338176 e-mail- spfinance@shapoorji.com
Website <https://www.shapoorjipallonjifinance.com/>

CIN:U65920MH1994PTC077480

SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED
CIN:-U65920MH1994PTC077480

Board of Directors

Mr. Shapoorji Pallonji Mistry, Non-Executive Director (DIN-00010114)
Mr. Subranmania Kuppaswamy, Non-Executive Director (DIN-00058836)
Mr. Mahesh Tahilyani, Non-Executive Director (DIN-01423084) upto 30/09/2022
Mr. Jai Mavani, Non-Executive Director (DIN-05260191) upto 24/07/2022
Mr. Shankar Krishnan, Non-Executive Director (DIN- 03316009) appointed w.e.f. 18/01/2023
Mr. Vinod Bhandawat, Non-Executive Director (DIN- 02873571) appointed w.e.f. 25/08/2022
Mr. Sanjay Hinduja, Managing Director & CEO (DIN-00388123)

Key Managerial Personnel

Mr. Sanjay Hinduja, Managing Director & CEO
Mr. Pankaj Gupta, Chief Financial Officer
Ms. Preeti Chhabria, Company Secretary & Compliance Officer

Auditors

Khandelwal Jain & Co., Chartered Accountants
Add:- 12-B, Baldota Bhavan, 5th Floor
117 M. Karve Road, Churchgate
Mumbai – 400 020.

Secretarial Auditors

CS Mehul Raval
Practicing Company Secretary
Off. Add.:161, 2nd Floor, Raghuleela Mega
Mall, Kandivali – (West), Mumbai – 400 067.

Bankers

Axis Bank
Indian Bank

Indusind Bank
Punjab National Bank

Branch Office

Regus, 5th Floor Office Number 523,
Caddie Commercial Tower, Aerocity,
New Delhi, Pincode – 110037.

Boards' Report

To,
The Members,

Your Directors have pleasure in presenting the 29th Annual Report on the business, operations and state of affairs of the Company and the Accounts for the Financial Year ended March 31, 2023.

1. Financial summary or highlights/Performance of the Company

The financial results / highlights of the Company for the financial year ended March 31, 2023 and March 31, 2022 are as under:-

Particulars	Amount in Rupees (in lakhs)	
	2022-2023	2021-2022
Total Revenue	8,561.86	14,275.86
Total Expenses	5,817.93	8,273.34
Profit after tax for the year	2,078.19	4,057.70
Other Comprehensive Income/ (Loss)	(6.20)	8.64
Less: Amount transfer to reserve u/s 45IC	415.64	811.54
Add: Profit carried forward from previous year	9,678.37	6,423.57
Balance carried forward to Balance Sheet	11,334.72	9,678.37
Loan Book	52,035.82	45,510.31
Capital Adequacy Ratio	48.05%	47.72%

2. Dividend

In order to conserve the resources of the Company, your Directors do not recommend dividend for the year under review.

3. Reserves

During the year under review, the Company has transferred Rs. 415.64 Lakhs to Special Reserve in accordance with Section 45-IC of the Reserve Bank of India Act, 1934.

4. Deposits

The Company did not hold any public deposits at the beginning of the year nor has it accepted any public deposits during the year under review.

5. Information on the State of Affairs of the Company

To explore new avenues and to cater the MSME Sector, Supply Chain Finance Business i.e. a Short Term Working Capital finance to Vendors ("Seller") under Anchor led programs has been pursued by the Company. The Company has also tied up with multiple Co-Lending Banks for its Supply Chain Financing business enabling a) Competitive Rate of Interest-Given the competitive cost of funds from Co-Lending banks, we can provide the facility at lower blended rate of interest (ROI), b) Better Portfolio Quality-A competitive ROI will help in attracting corporates of better pedigree resulting in good Portfolio Quality and c) Leveraging Technology-The Company has Supply Chain platform to enable seamless experience for all the stakeholders.

Further, the Company has engaged into Co-lending alliance / partnerships under both the Models as per the RBI Guidelines on Co-Lending and all the assignment transactions undertaken during the year were under the Co-lending arrangements, hence, not disclosed separately. The Company initiated numerous steps *inter alia* end to end digitalization of Supply Chain Finance, hiring of personnel to augment Supply Chain Finance Segment, etc;

During the year under review, your Company has generated revenues from operations amounting to Rs. 8,559.93 Lakhs as compared to Rs. 14,265.74 Lakhs for the financial year ended March 31, 2022. Total Revenue including other Income for the even period stood at Rs. 8,561.86 Lakhs. The total expenses for the period under review was Rs. 5,817.93 Lakhs which includes finance cost of Rs. 1,330.83 Lakhs and reversal of impairment on financial instruments of Rs. 66.18 Lakhs.

Net result for the year was Profit (after tax) of Rs. 2,078.19 Lakhs.

6. Share Capital & Capital Adequacy

During the year under review, there has been transfer of 63,432,315 equity shares (representing 21.88% of the paid up capital of the Company) from Investment Opportunities IV Pte. Ltd. (SSG) to SMCM Holdings Private Limited (Formerly known as Farmride Private Limited), an Affiliate of Shapoorji Pallonji Group, hereinafter referred as SMCM. As on March 31, 2023, Shapoorji Pallonji And Co. Private Limited (SPCPL) and SMCM holds 53.12% and 46.88% respectively of the paid up capital of the Company. The paid-up capital of the Company as on March 31, 2023 is Rs. 2,899,762,960/- divided into 289,976,296 Equity Shares of the face value of Rs. 10/- each. The Capital Adequacy Ratio of the Company as on March 31, 2023 was 48.05% higher than the statutory limit of 15% prescribed by the Reserve Bank of India. The breakup of Capital Adequacy Ratio as on even date was Tier I Capital at 46.80% and Tier II Capital at 1.25%.

7. Subsidiary and Associate Company

As on March 31, 2023, the Company does not have any Subsidiary nor any Associate company.

8. Finance

During the period under review, your Company has not borrowed any new funds. CRISIL has assigned to the Company CRISIL A-/ Stable (pronounced CRISIL A minus rating) for its long-term Bank loan facilities upto Rs. 1,000 Crores and has also assigned CRISIL A-/ Stable (pronounced CRISIL A minus rating) for the Non-convertible Debentures issuance upto Rs. 500 Crores.

The total outstanding borrowing of the Company as on March 31, 2023 is Rs. 10,334.17 lakhs which includes Term Loans from Banks of Rs. 6,864.34 lakhs, Working capital Facility from banks of Rs. 3,469.83 lakhs.

During the year under review, there were no instances of one time settlement with any of the Banks or Financial Institutions, hence, the requirement of disclosure of amount of difference i.e. valuation at the time of one time settlement and at the time of taking loan from Bank, etc is not applicable.

9. Internal Financial Control Systems and their adequacy

The Company endeavors to have adequate system of Internal Controls that commensurate with its size and nature of business to safeguard and protect the Company from losses, unauthorized use or disposition of its assets. The Company has also appointed Internal Auditors for review of financial and operating controls at regular intervals which are presented to and reviewed by the Audit Committee of the Board. All the transactions are properly authorized and reported to the Management. The Company is following all the applicable Accounting Standards for proper maintenance of the books of accounts and ensuring timely reporting of financial statements. Further, the Company follows the RBI Master Directions for NBFCs not accepting / holding public deposits.

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's Policies, safeguarding of its assets, prevention and detection of fraud, error, reporting mechanisms, accuracy and completeness of the Accounting Records, and timely preparation of reliable financial disclosure.

The Company has initiated numerous steps to strengthen the policies and processes, internal financial controls including several digitalization drives for robust operational control and risk management. The Company has also taken additional steps to strengthen the meticulous compliance with various applicable Rules and Regulations.

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

No material changes or commitments affecting the financial position of the Company occurred between the end of the financial year to which the financial statements relate and the date of this Report.

11. Change in nature of business

During the year under review, there has been no change in the nature of business of the Company.

12. Risk Management

Your Company endeavours to have an effective Risk Management Framework in place which provides for risk identification, risk assessment, risk evaluation, monitoring, tracking, mitigating and feedback mechanism and framework to identify, evaluate business risks and opportunities. The Risk Management framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. Risk Management and mitigation is a continuous process and is integrated with all the areas of the Company's business operations and culture.

Further, the Board has initiated various steps to further enhance and strengthen the controls on risk management. The Company plans to undertake various initiatives to strengthen the policies and processes, internal controls.

13. Vigil Mechanism

The Company has in place the Vigil Mechanism / Whistle Blower Policy for its Directors and Employees to report their concerns or grievances in accordance with the provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014. During the period under review no cases were reported under the Vigil Mechanism.

14. Sexual Harassment of Women at Workplace

The Company is committed to providing and promoting a safe and healthy work environment for all its Employees. The Company has framed a Policy on 'Prevention of Sexual Harassment at Workplace' which is in line with the statutory requirements, along with a structured reporting and redressal mechanism, is in place. Your Company has also complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act) and the constitution of the Committee is in accordance with POSH Act and the Committee includes external member with relevant expertise. During FY 2022-2023, no case was reported under the provisions of the POSH Act and the Policy framed thereunder.

15. Human Resources

For Shapoorji Pallonji Finance Private Limited (SPFPL), people are the most important assets and core strength of our business. The Company has consistently been agile and has enhanced its human resource practices and systems to match up to the best in the industry. During FY 2022-23, SPFPL employed 15 employees in various roles for the Supply Chain Finance Business and continues to grow further in this business segment. The Company has always prioritized the safety and health of its employees and their families and it has undertaken various measures, ensuring access to preventive, curative healthcare and safety measures. In addition to the above, SPFPL has continued to focus on developing employees' talent internally to ensure a strongly engaged, motivated and capable workforce.

The Company continues to attract proficient professionals for various roles which has us helped build a transparent, meritorious, and performance-driven culture in the organization. Guided by the right leadership, the Company successfully attracts, creates, and promotes a professional and purpose-driven team. As a part of SPFPL's strategy to groom future-ready talent, we encourage cross-functional movements and upskill them through 'Education, Exposure and Experience'. SPFPL has been ambitiously taking internal initiatives for the career development of its employees. Employees are encouraged to take up professional courses i.e., individual training programs / enroll themselves in company-initiated programs, to upgrade their knowledge and skills. Leadership Development programs like "SHIKHAR" and Post Graduate Executive Management Program with S.P.Jain Institute of Management and Research like "Udaan", are some opportunities provided to the employees to upskill themselves. Such planned growth opportunities enable the Company to attract and retain top performers. It also enables them to manage transition and become efficiently productive.

Diversity in educational backgrounds and experience of incoming employees strengthens the team's in-house expertise. SPFPL continues to focus on maintaining gender parity by maintaining a healthy ratio of women to men in the workforce through our women-focused talent management initiatives.

The employee strength of your Company as on March 31, 2023, was 39 (Thirty-Nine).

16. Directors and Key Managerial Personnel

During the period under review, the following changes took place in the Board of Directors of the Company:-

Name	Effective Date	Remarks
Mr. Jai Mavani, Non-Executive Director	July 25, 2022	Ceased to be Director
Mr. Vinod Bhandawat, Non-Executive Director	August 25, 2022	Appointed as Director
Mr. Mahesh Tahilyani, Non-Executive Director	October 1, 2022	Ceased to be Director
Mr. Shankar Krishnan, Non-Executive Director	January 18, 2023	Appointed as Director

As on March 31, 2023, the Board of your Company comprised Mr. Shapoorji Pallonji Mistry, Mr. Kuppuswamy Subramania, Mr. Shankar Krishnan, Mr. Vinod Bhandawat and Mr. Sanjay Hinduja.

During the period under review, there was no change in the Key Managerial Personnel ("KMP") of the Company. The following were the KMPs of the Company as on March 31, 2023:-

Mr. Sanjay Hinduja – Managing Director & CEO
 Mr. Pankaj Gupta – Chief Financial Officer
 Ms. Preeti Chhabria – Company Secretary & Compliance Officer.

17. Number of Meetings of the Board of Directors

The Board of Directors duly met 6 (Six) times during the year under review viz. April 29, 2022, June 30, 2022, August 25, 2022, November 7, 2022, January 18, 2023 and March 13, 2023.

The number of Board Meetings attended by each Director of the Company is as under:-

Name of the Director	No. of Meetings	
	Held during the tenure	Attended by the Director
Mr. Shapoorji Pallonji Mistry, Non- Executive Director	6	6
Mr. Mahesh Tahilyani, Non- Executive Director*	3	1
Mr. Kuppuswamy Subramania, Non- Executive Director	6	6
Mr. Jai Mavani, Non- Executive Director**	2	2

Shapoorji Pallonji Finance Private Limited
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 Website <https://www.shapoorjipallonjifinance.com/>

CIN:U65920MH1994PTC077480

Mr. Sanjay Hinduja, Managing Director & CEO	6	6
Mr. Shankar Krishnan, Non-Executive Director ^{##}	1	1
Mr. Vinod Bhandawat, Non-Executive Director [#]	4	4

*Mr. Mahesh Tahilyani ceased to be a Director of the Company w.e.f. October 01, 2022.

**Mr. Jai Mavani ceased to be a Director of the Company w.e.f. July 25, 2022.

#Mr. Vinod Bhandawat was appointed as a Director w.e.f. August 25, 2022.

##Mr. Shankar Krishnan was appointed as a Director w.e.f. January 18, 2023.

18. **Corporate Governance**

The Company have been following the Corporate Governance Guidelines for NBFCs laid down by the Reserve Bank of India from time to time. In accordance with the Corporate Governance guidelines, the various Committees have been constituted by the Board of Directors of the Company and the Board has ensured best corporate practices to increase the investors' and other stakeholders' confidence.

A summary of the Corporate Governance measures adopted by the Company are provided in the Corporate Governance Report annexed to this Report as Annexure B.

19. **Extract of the annual return**

The Annual Return referred in Section 92 (3) of the Companies Act, 2013 is available at the website of the Company <https://www.shapoorjipallonjifinance.com/stakeholders-information/>

20. **Particulars of Employees**

The Company being a Private Limited Company, the provisions of Section 197 of the Companies Act, 2013 read along with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

21. **Statement of Declaration by Independent Directors**

The provisions of Section 149(4) of the Companies Act, 2013 ('the Act') pertaining to the appointment of Independent Directors do not apply to the Company and, hence, no declaration under Section 149(7) of the Act was required during the financial year ended March 31, 2023.

22. **Management and Discussion Analysis**

Information on the operational and financial performance amongst others, is also given in the Management and Discussion Analysis annexed to this Report as Annexure A and is in accordance with the RBI Master Directions for Non-Banking Financial Companies not accepting / holding Public Deposits.

23. **Corporate Social Responsibility Initiatives taken during the year**

As per the provisions of Section 135 of the Companies Act, 2013, the Board of the Company has adopted the Corporate Social Responsibility ("CSR") Policy. The Annual Report on the CSR is annexed as Annexure C *inter alia* covering the initiatives undertaken by the Company towards CSR. Further, the CSR Policy of the Company can be accessed from <https://www.shapoorjipallonjifinance.com/stakeholders-information/>.

The Corporate Social Responsibility Committee of the Board comprised following Directors of the Company as its Members:-

Mr. S. Kuppaswamy	Non-Executive Director
Mr. Sanjay Hinduja	Managing Director & CEO
Mr. Shankar Krishnan	Non-Executive Director.
Mr. Vinod Bhandawat	Non-Executive Director

24. Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

The Company being a Non-Banking Financial Company, the provisions of Section 186 of the Companies Act, 2013 (except sub-section 1 to Section 186) are not applicable to the Company.

25. Maintenance of Cost Records

The Company being a Non-Banking Financial Company, the provisions of Section 148 of the Companies Act, 2013 are not applicable to the Company.

26. Particulars of contracts or arrangements with Related Parties

Related party transactions that were entered during the financial year were on an arm's length basis and in the ordinary course of business and in accordance with the Related Party Transaction Policy of the Company. The details of Related Party Transactions as required to be disclosed by Ind AS-24 on 'Related Party Disclosures' specified under the Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are given in the Notes to the Financial Statements. All related party transactions of the Company are approved by the Audit Committee of the Board of Directors of the Company. The Material Related Party Transactions are disclosed in Form AOC-2 as Annexure D to this Report. The Related Party Transaction Policy of the Company is enclosed and can be accessed from <https://www.shapoorjipallonjifinance.com/stakeholders-information/>.

27. Compliance

The Company has taken appropriate steps to comply with the applicable regulations of RBI from time to time. Further, your Company has drawn the financial statements in accordance with Ind-AS and is in compliance with the applicable Secretarial Standards as specified by the Institute of Company Secretaries of India.

28. Significant & Material Orders

During the year under review no significant and material orders have been passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

29. Reporting of Frauds by Auditors

During the year under review, neither the Statutory Auditors nor the Internal Auditors has reported to the Audit Committee under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be reported in the Boards' Report.

30. Statutory Auditors.

At the 27th Annual General Meeting (AGM) of the Company held on September 30, 2021, M/s. Khandelwal Jain & Co., Chartered Accountants (Firm Registration No.105049W) was appointed as the Statutory Auditors of the Company to hold office from the conclusion of 27th Annual General Meeting (AGM) till the conclusion of the 30th AGM of the Company to be held in the financial year 2024-2025 in accordance with the provisions of the RBI Guidelines on Appointment of Statutory Auditors.

31. Secretarial Audit

The Board had appointed CS Mehul Raval, Practicing Company Secretary to conduct Secretarial Audit of the Company for the financial year 2022-2023. The Secretarial Auditor had conducted the audit and their report thereon was placed before the Board. The report of the Secretarial Auditor is annexed herewith as "Annexure – E" to this report.

The Report of the Secretarial Auditor to the Members of the Company for the financial year 2022-2023 does not contain any observations or qualification.

32. Information Technology

At Shapoorji Pallonji Finance Private Limited, we are constantly evolving our systems to use the best possible technology solutions available. These include availability of all our applications on our managed private cloud with remote synchronisation to another datacenter in case of any disaster, securing data by using state of the art firewalls, ensuring ready availability by using redundant lease lines. The Company has been able to successfully minimize the impact of covid forced work from home by using tools like secure VPN for remote working, securing data leakage on devices by using MDM and MAM Technologies, backing up all the data from servers and devices to a highly secure managed cloud service and industry level data encryption on all laptops. Also, the Company has introduced systems like workflow based Digital signatures, e-stamping, V-CIP, Credit Rating System, Regulatory Compliance Management System and Leave Management System. The Company is in the final stages of going live with its end-to-end digitalization of supply chain finance system, which provides integrations with Anchor's systems to onboard and finance their vendors.

33. Proceedings under Insolvency and Bankruptcy Code, 2016

There are no proceedings filed against the Company under the Insolvency and Bankruptcy Code, 2016 ("Code"), as amended, before the National Company Law Tribunal ("NCLT") or any other courts during the financial year 2022-23.

The details of application made / pending and proceedings filed by the Company under the Code during the financial year 2022-23 are as provided below:

1. Jumbo Finvest (India) Limited ("JFIL"): The Company has sanctioned term loan facility of Rs. 25,00,00,000 (Rs. Twenty Five Crores) ("Facility") vide Facility Agreement dated March 27, 2018, for a period of 36 (Thirty Six) months. The Facility was credit enhanced *inter-alia* by Personal Guarantees, from the promoters of JFIL, namely Mr. Ajay Kumar Singh, Mr. Siddharth Singh and Mrs. Rekha Singh (hereinafter collectively referred as "Guarantors").

The Company had filed company petitions under Sections 60 & 95 of the Code read with Rule 7(2) of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019 against the Guarantors ("Company Petitions") before the Hon'ble National Company Law Tribunal, Jaipur Bench ("Adjudicating Authority") on June 03, 2021. Pursuant to the order dated February 20, 2022 the Company Petitions were dismissed as non-maintainable. Subsequently, the Company filed appeals before Hon'ble National Company Law Appellate Tribunal, Delhi ("NCLAT"). Pursuant to the order dated January 18, 2023, all the appeals filed by the Company were allowed and order of the Adjudicating Authority dated February 20, 2022 was set aside by the NCLAT. The Company Petitions filed by the Company were held maintainable and are revived before the Adjudicating Authority to be proceeded in accordance with law. The Guarantors filed an appeal before the Hon'ble Supreme Court of India which was dismissed by the Hon'ble Supreme Court of India by its order dated May 1, 2023.

2. Rajesh Construction Company Private Limited ("RCCPL"): The Company has sanctioned short term facility of Rs. 15,00,00,000 (Rs. Fifteen Crores) ("Facility") vide Facility Agreement dated April 16, 2019, for a period of 6 (Six) months. The Facility was credit enhanced *inter-alia* by Personal Guarantees from the promoters of RCCPL, namely Mr. Haresh Raghavji Patel and Mr. Rajesh Raghavji Patel (hereinafter collectively referred as "Guarantors") and Pledge of shares aggregating upto 76% of the paid up equity share capital of RCCPL.

The Company had filed company petitions under Section 7 of the Code against RCCPL before the Hon'ble National Company Law Tribunal, Mumbai Bench on October 26, 2020. The petition was admitted on May 13, 2021 and corporate insolvency resolution process was initiated. Pursuant to an appeal filed by Mr. Haresh Raghavji Patel, in the capacity of erstwhile Director of RCCPL, before the Hon'ble National Company Law Appellate Tribunal, Delhi, challenging the order dated May 13, 2021, the constitution of the committee of creditors ("COC") was put on hold and the parties were allowed the possibility of settlement. The parties entered into consent terms, dated September 23, 2021, which were breached by Mr. Haresh Raghavji Patel. Subsequently, the appeal was dismissed as withdrawn and corporate insolvency resolution process against RCCPL was resumed and COC has been constituted.

The Company has filed company petitions under Sections 60 & 95 of the Code read with Rule 7(2) of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019 against the Guarantors before the Hon'ble National Company Law Tribunal, Mumbai Bench ("Adjudicating Authority") on September 22, 2022. The Adjudicating Authority has issued notices. The Interim Resolution Professional has filed his report.

34. Conservation of energy, technology absorption and foreign exchange earnings and outgo

Given the nature of activities of the Company, the requirement of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 with regard to conservation of energy are not relevant and no particulars arise in the Company's case.

For Technology Absorption- Kindly refer Point No. 33 of the Boards' Report on Information Technology. During the year under review, the foreign exchange earned in terms of actual inflows was Nil and the Foreign Exchange Outgo in terms of actual outflows was Rs. 75.75 Lakhs (converted in Indian Rupees).

35. Directors' Responsibility Statement

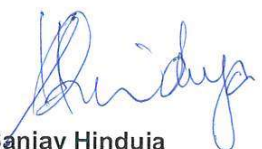

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 relating to Directors' Responsibility Statement, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (b) the directors had 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 had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had devised proper systems to ensure compliance with the provisions of applicable laws and that such systems were adequate and operating effectively.

36. Acknowledgements

The Board place on record its sincere thanks to the Reserve Bank of India, Registrar of Companies and other Government and Regulatory Agencies. It also wishes to place on record its sincere

appreciation for the continued support which the Company has received from its Promoters, lenders, bankers, customers, consultants and all other business associates. The Board also place on record their appreciation for the commitment, commendable efforts, teamwork and professionalism of all the employees of the Company.

For and on behalf of the Board Shapoorji Pallonji Finance Private Limited	
 Sanjay Hinduja Managing Director & CEO DIN: 00388123	 Vinod Bhandawat Non-Executive Director DIN: 02873571

Date: July 14, 2023

Management Discussion and Analysis

Industry Overview (Source: RBI Annual Report F.Y. 2022-23)

In an environment of formidable geo-economic fragmentation, elevated global food, energy and commodity prices, aggressive monetary policy tightening and spillovers, the Indian economy exhibited resilience in 2022-23. After the short-lived Omicron wave and a successful inoculation drive on a world-wide scale, with 64.20 per cent of world population fully vaccinated as on March 31, 2023, the resilience of the global economy stood out, causing the International Monetary Fund (IMF) to revise estimate of global growth for 2022 to 3.4 per cent in April 2023 from 3.2 per cent in October 2022.

In India, a recovery gained momentum during the second quarter of 2022-23 as domestic supply chains normalised and activity in contact-intensive sectors rebounded. Robust balance sheets of the corporate sector and banks enabled a rebound in credit demand, which was also facilitated by a large increase in capex by the centre. With real GDP growing by an estimated 7 per cent, the Indian economy turned out to be one of the fastest growing major economies of the world during 2022-23.

Headline CPI inflation, which was projected by the Reserve Bank before the war started in Ukraine to moderate to 4.5 per cent in 2022-23, surged to 6.7 per cent. The Reserve Bank raised the policy repo rate cumulatively by 250 basis points (bps) and changed the monetary policy stance to withdrawal of accommodation, prioritising price stability while remaining mindful of growth. In view of the dominance of supply side factors in shaping the inflation trajectory, the government introduced several targeted item specific anti-inflationary measures.

Sound macroeconomic fundamentals, a resilient financial system reflected in healthy balance sheets of banks and non-banking financial companies (NBFCs), and a deleveraged corporate sector imparted resilience to counter the adverse global spillovers. As of March 2023, the non-food credit growth (year-on-year) was robust at 15.4 per cent, same as that of the nominal GDP for 2022-23.

Regulatory Landscape – Major Initiatives

Considering the evolution of NBFCs in terms of size, complexity, and interconnectedness within the financial sector, the Reserve Bank had put in place a scale-based regulation for NBFCs in October 2021 to align the regulations for NBFCs with their changing risk profile. This framework categorises NBFCs in base layer (NBFC-BL), middle layer (NBFC-ML), upper layer (NBFC-UL) and top layer (NBFC-TL) and states that the upper layer shall comprise those NBFCs which are specifically identified by the Reserve Bank based on a set of parameters and scoring methodology as provided in the framework and envisaged that the top ten NBFCs in terms of their asset size shall always reside in the upper layer. For this purpose, a list of 16 NBFCs-UL, identified as per methodology specified in scale-based regulation for NBFCs, was released on September 30, 2022.

As per the instructions contained in Master Direction on Systemically Important Non-Deposit Taking NBFCs (NBFC-ND-SI), if the consolidated asset size of all NBFCs within the same group was ₹500 crore and above, all non-deposit taking NBFCs in the group were categorised as NBFC-ND-SI, irrespective of their individual asset sizes. On similar lines, under the scale-based regulatory (SBR) framework (applicable from October 1, 2022), it was advised that total assets of all the NBFCs in a 'Group' shall be consolidated to determine the threshold for classification of NBFCs in the Middle Layer. This threshold currently stands at ₹1,000 crores and above as per the SBR Framework.

To improve governance in NBFCs in the middle and upper layers, instructions were issued authorising the Board of NBFC/Committee of Directors to sanction loans aggregating ₹5 crores and above to directors, their relatives, and associated entities. Loans to senior officers are required to be reported to the Board. The regulations of NBFCs in the middle and upper layers have been harmonised with those applicable to banks, and it has been mandated that NBFCs must ensure that the borrowers have obtained necessary prior permission from government/local government/other statutory authorities in respect of Loans involving Real Estate Projects.

The Reserve Bank has also issued Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs dated April 29, 2022. After the introduction of scale-based regulation framework for NBFCs, instructions were issued on specific disclosure requirements to specific NBFC layers on areas like exposure (capital market, sectoral and real estate), related party transactions, complaints, divergence in asset classification and provisioning, corporate governance, etc.

In order to address concerns arising out of unbridled engagement of third parties, mis-selling, breach of data privacy, unfair business conduct, charging of exorbitant interest rates, and unethical recovery practices, the 'guidelines on digital lending' were issued on September 2, 2022. The guidelines are based on the principle that lending business can be carried out only by entities that are either regulated by the Reserve Bank or are permitted to do so under any other law. The guidelines aim to make the lending process transparent and fair by, inter alia, (i) mandating flow of funds between lenders and borrowers only through their bank accounts without any pass-through account/pool account of any third party; (ii) ensuring that lending service providers do not collect any fee/charges directly from the customer; (iii) transparent disclosure of the key facts of the borrowing arrangement, including the all-inclusive cost to a borrower; (iv) ensuring need-based collection of data with audit trails backed by explicit customer consent; and (v) putting in place an appropriate privacy policy with regard to customer data.

Extension of Guidelines on Legal Entity Identifier (LEI) for Borrowers of NBFCs and UCBs - The LEI guidelines were extended to UCBs and NBFCs. Further, the threshold above which all non-individual borrowers were required to obtain LEI was reduced from Rs. 50 crores to Rs. 5 crores. Accordingly, all non-individual borrowers of scheduled commercial banks (SCBs), All India Financial Institutions (AIFIs), local area banks (LABs), small finance banks (SFBs), UCBs and NBFCs (including HFCs) having total exposure of Rs. 5 crores and above are now mandated to obtain LEI in a phased manner.

Issuance of Consolidated Circular on Opening of Current Accounts and Cash Credit (CC)/Overdraft (OD) Accounts by Banks -To enforce credit discipline amongst the borrowers and to facilitate better monitoring by the lenders, a circular dated August 6, 2020 was issued on 'opening of current accounts by banks – need for discipline'. Considering the feedback received from various stakeholders, subsequent circulars on the subject were issued on November 2, 2020; December 14, 2020; August 4, 2021 and October 29, 2021. To provide clarity on the instructions and put all instructions in one place, a self-contained circular on the subject consolidating all the extant instructions was issued.

Account Aggregator Framework - The Account Aggregator (AA) eco-system is witnessing increased traction as major public sector banks have joined the framework and other financial sector regulators (FSRs), viz., the Securities and Exchange Board of India (SEBI), Pension Fund Regulatory and Development Authority (PFRDA) and Insurance Regulatory and Development Authority of India (IRDAI), have advised their respective regulated entities to join the framework as financial information provider (FIP). Further, with a view to facilitating cash flow-based lending to micro, small and medium enterprises (MSMEs), goods and services tax network (GSTN) has been included as a FIP under the AA framework. The Department of Revenue, GoI, shall be the regulator of GSTN for this specific purpose. As a result, the number of registered non-banking financial companies (NBFCs) AA, FIPs and financial information users (FIU) are expected to increase substantially. In view of the growing number of participants in the ecosystem, the Reserve Bank is taking well considered and nuanced approach, in consultation with the Reserve Bank Information Technology Private Limited (ReBIT) and other stakeholders, to make the ecosystem more robust, address the technical issues of the growing ecosystem and facilitate further growth of the same.

Opportunities

- Under-penetration of financial services / products in India. NBFCs cater to the needs of both the retail as well as commercial sectors and, at times, have been able to develop strong niches with their specialized credit delivery models that even larger players including banks, have found hard to match.
- Initiatives of the RBI on Policy alignment and latent credit demand in certain segments not catered by the Banks. RBI implements major changes in a structured manner providing companies operating in NBFC Sector adequate time to adapt and adjust.

- Introduction of array of new products to meet the varied requirements of customers.
- Given the growing interconnectedness of NBFCs with other segments of the financial system, the Reserve Bank has issued guidelines on scale based regulations for NBFCs on October 22, 2021. The Reserve Bank has also issued guidelines on December 14, 2021 to extend the prompt corrective action (PCA) framework to NBFCs. These measures will strengthen the financial health of the NBFCs.
- Receding pandemic impact along with large vaccinated population, rising private investments, higher consumption levels shall in turn lead to a higher growth trajectory for the economy. This shall also translate into a better performance vis-à-vis the year gone by for most of the leading financial services institutions including NBFCs.

Threats / Challenges

NBFCs play a crucial role in providing access to credit for individuals and businesses in India. However, to meet their financing requirements, NBFCs heavily rely on external funding sources such as banks, mutual funds, and capital markets. Any disruptions in the availability of external funding or a liquidity crunch due to reduced loan recovery, unforeseen events or market volatility can significantly impact the NBFCs' loan disbursement cycle, leading to subdued performance.

- While the economy is on the path to recovery, there are certain headwinds that may impact the growth and credit offtake. The Indian NBFC industry is vulnerable to global risks as the country continues to emerge as a major player in the global economic platform. Changes in policies and protectionism of developed and emerging countries, along with trade and capital market conditions, may significantly impact businesses locally. Moreover, geopolitical and trade tensions in the global market pose additional risks to the Indian NBFC sector, making it imperative for companies to keep a close eye on global developments and adapt accordingly.
- In India, effective regulation and supervision of NBFCs are essential for sustainable growth of the financial sector. The regulatory framework for non-bank lenders has evolved, with a focus on ensuring responsible supervision and regulation. However, sudden, and unanticipated regulatory changes or restrictions may lead to increased compliance costs and affect the production or delivery of current products or services in the NBFC space. Therefore, regulatory bodies must ensure that changes, if any, are well-communicated and implemented in a phased manner to minimize the impact on the sector.
- The NBFC sector in India is experiencing a surge in technological advancements. Keeping up with these developments is crucial for businesses to stay competitive. With new digital innovations constantly emerging, NBFCs need to remain at the forefront of technology-based innovation. However, as with any disruptive change, there is always the potential for unforeseen challenges and disruptions, that may arise from emerging technologies.
- In terms of threats, we believe that the impact of elevated interest rates on funding costs could be visible and lead to slowdown of credit offtake as well as increase in credit costs.
- Growing competitive intensity from banking sector can also affect the growth of NBFCs like ours.

Financial Performance:

With the objective of diversification of the Loan Book and to cater the MSME Sector, the Company has explored new avenue and pursued Supply Chain Finance Business and Co-lending Business. Various steps have been initiated *inter alia* end to end digitalization of Supply Chain Finance, hiring of personnel to augment Supply Chain Vertical, etc;

Your Company's balance sheet size at the end of FY 2022-2023 stood at Rs. 59,875.44 lakhs as compared to Rs. 73,346.97 lakhs as at March 31, 2022. On the asset side, the Company's loan book, which was at Rs. 45,510.31 lakhs as at March 31, 2022, has increased to Rs. 52,035.82 lakhs in as at March 31, 2023.

For the FY 2022-2023, the revenues of the Company were Rs. 8,561.86 lakhs as compared to Rs. 14,375.86 lakhs for FY 2021-2022. The Profit after tax for FY 2022-2023 was Rs. 2,078.19 lakhs.

As on March 31, 2023, the Net worth of the Company stood at Rs. 47,723.56 lakhs. The total outstanding borrowing of the Company as on March 31, 2023 is Rs. 10,334.17 lakhs which includes Term Loans from Banks of Rs. 6,864.34 lakhs and Working capital Facility from banks of Rs. 3,469.83 lakhs.

As on March 31, 2023, the impairment loss allowance provision was of Rs. 6,159.62 lakhs (Previous Year: Rs. 6,225.80 lakhs) as per Ind AS 109.

Operational Performance:

Your Company has adequate Capital to Risk-weighted Assets Ratio (CRAR) due to its robust capitalisation profile aided by low debt. The CRAR of the Company for the financial year ended on March 31, 2023 is at 48.05%, which is above the limit prescribed by the RBI.

Risks:

The Company's risk philosophy involves developing and maintaining a healthy portfolio within its risk appetite and the regulatory framework. While it is exposed to various types of risks, the most important among them are credit risk, market risk (which includes liquidity risk and price risk) and operational risk. The measurement, monitoring and management of risks remains a key focus area of the Company.

Your Company's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked against best practices in the market.

The Board of Directors have an oversight on all the risks assumed by the Company. For credit risk, distinct policies and processes are in place. Management of credit risk is carried out through credit assessment, mitigation, etc; portfolio diversification, credit appraisal and approval processes, internal ratings, post sanction monitoring, operations control, fraud control, collection processes and remedial management procedures. For every product, underwriting standards, security structures, etc are specified to ensure consistency of credit patterns. All the credit proposals are approved by the Credit Committee of the Board or the delegation framework approved by the Board from time to time.

Internal Financial Control Systems and their adequacy:

Kindly refer Para 9 of the Boards' Report

Human Resources:

Kindly refer Para 15 of the Boards' Report



Outlook:

NBFCs have been playing a very important role from the macroeconomic perspective and as a core catalyst in the Indian Financial System. NBFCs are certainly emerging as better alternatives to the conventional banks for meeting the financial needs of various sectors. However, to survive and to

constantly grow, NBFCs have to focus on their core strengths while improving on weaknesses. They will have to be very dynamic and constantly endeavor to search for new products and services in order to survive in this ever-competitive financial market.

The NBFC segment is a catalyst to the economic development of the country. The RBI is constantly striving to bring necessary changes in the NBFC Regulatory space to proactively provide regulatory support to the segment and also to ensure financial stability in the long run.

The outlook of the Company for the year ahead is to drive profitable growth across all products and to improve its asset quality across its offerings. The Company as a whole, will focus on balanced measured growth, asset quality and cross selling opportunities.

For and on behalf of the Board Shapoorji Pallonji Finance Private Limited	
 Sanjay Hinduja Managing Director & CEO DIN: 00388123	 Vinod Bhandawat Non-Executive Director DIN: 02873571

Date: July 14, 2023

CORPORATE GOVERNANCE REPORT

The Company recognizes its role as a Corporate Citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, Government and others. The activities of the Company are carried out in accordance with good corporate practices and the Company is constantly striving to better them by adopting best practices.

The Company believes that good Corporate Governance practices enables the Management to direct and control the affairs of the Company in an efficient manner and to achieve the goal of the Company of maximizing the value for all of its stakeholders. The Company complies with the applicable laws including the corporate and disclosure requirements under the Companies Act, 2013, the RBI Master Directions on Systemically Important Non-Banking Financial Company not accepting public deposits, 2016, etc; in pursuit of corporate governance and follows a system whereby all the Acts, Rules and Regulations applicable to the Company are identified and compliance with such Acts, Rules and Regulations is monitored by dedicated staff on a regular basis. The consolidated compliance certificate and compliance MIS based on the compliance status received from the Functional Heads of the Company in respect of various laws, Rules and Regulations applicable to the Company is placed before and reviewed by the Board and Audit Committee on periodic basis. The Company has made adequate disclosures and adopted various Policies like Policy on Related Party Transactions, Vigil Mechanism, CSR Policy and undertaken various CSR Initiatives, etc. The same are available on the website of the Company and can be accessed from <https://www.shapoorjipallonjifinance.com/>

The Board of Directors along with its Committees provides leadership and guidance to the Company's Management and directs, supervises and controls the activities of the Company. The size of the Board commensurates with the size and business of the Company. At present, the Board comprises 5 (five) Directors viz, Mr. Shapoorji Pallonji Mistry, Non-Executive Director, Mr. Kuppuswamy Subramania, Non-Executive Director, Mr. Sanjay Hinduja, Managing Director and CEO, Mr. Shankar Krishnan, Non-Executive Director and Mr. Vinod Bhandawat, Non-Executive Director. None of the Directors are related inter-se. The Board of Directors duly met 6 (Six) times during the financial year ended March 31, 2023 viz. April 29, 2022, June 30, 2022, August 25, 2022, November 7, 2022, January 18, 2023 and March 13, 2023.

COMPOSITION OF THE BOARD

Sl. No.	Name of Director	Capacity (Executive, Non-Executive, Chairman, Promoter, nominee Independent)	DIN	No. of Meetings		No. of other Directorships	Remuneration in Rs.			No. of shares held in and convertible instruments held in the Company
				Held during the tenure	Attended by the Director		Salary and other compensation	Sitting Fee	Commission	
1	Mr. Shapoorji Pallonji Mistry Director since	Non-Executive Promoter Director	00010114	6	6	10	Nil	Nil	Nil	Nil

	April 4, 1994									
2	^Mr. Mahesh Tahilyan i Director since February 10, 2020	Non-Executive Director	014 230 84	3	1	5	Nil	Nil	Nil	Nil
3	Mr. Kuppuswamy Subramania Director since June 29, 2009	Non-Executive Director	000 588 36	6	6	11	Nil	Nil	Nil	Nil
4	#Mr. Jai Mavani Director since March 2, 2016	Non-Executive Director	052 601 91	2	2	11	Nil	Nil	Nil	Nil
5	Mr. Sanjay Hinduja Director since March 16, 2018	Managing Director & CEO	003 881 23	6	6	1	97,712,514	Nil	Nil	10 equity shares of Rs. 10/- each as a nominee of Shapoorji Pallonji And Co. Pvt. Ltd.
6	~Mr. Shankar Krishnan Director since January 18, 2023	Non-Executive Director	033 160 09	1	1	18	Nil	Nil	Nil	Nil
7	@Mr. Vinod Bhandawat Director since August 25, 2022	Non-Executive Director	028 735 71	4	4	6	Nil	Nil	Nil	10 equity shares of Rs. 10/- each as a nominee of Shapoorji Pallonji And Co. Pvt. Ltd.

Notes- 1) The number of Directorships mentioned are basis the last Disclosure received from the Director. 2) There is no designated Chairman of the Board. 3) The Company is a subsidiary of Shapoorji Pallonji And Co. Private Limited (SP). All the Directors are SP Nominees. Mr. Shapoor Pallonji Mistry is a Promoter Non-Executive Director and Mr. Sanjay Hinduja is Managing Director & CEO. 4) None of the Directors holds shares or convertible instruments in the Company except as specified above.

#Mr. Jai Mavani ceased to be a Director of the Company w.e.f. July 25, 2022.

@Mr. Vinod Bhandawat was appointed as a Director w.e.f. August 25, 2022.

^Mr. Mahesh Tahilyani ceased to be a Director of the Company w.e.f. October 01, 2022.

~Mr. Shankar Krishnan was appointed as a Director w.e.f. January 18, 2023.

Details of change in composition of the Board during the F.Y. 2022-23 and F.Y. 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. Shankar Krishnan	Non-Executive Director	Appointment	January 18, 2023
2	Mr. Mahesh Tahilyani	Non-Executive Director	Resignation	October 01, 2022
3	Mr. Vinod Bhandawat	Non-Executive Director	Appointment	August 25, 2022
4	Mr. Jai Mavani	Non-Executive Director	Resignation	July 25, 2022

During FY 2021-22, there have been no change in the Board of Directors of the Company.

GENERAL BODY MEETINGS

The 28th Annual General Meeting of the Company was held on September 30, 2023. Following are the details:-

Sl. No.	Type of Meeting (Annual/ Extra-Ordinary)	Date & Place	Special Resolutions Passed
01	28 th Annual General Meeting	September 30, 2023 Registered office- SP Centre, Courtyard 10B, 41/44, Minoo Desai Marg, Colaba, Mumbai – 400 005.	Approval for issuance of Debt Securities on Private Placement basis during the F.Y. 2022-23

DETAILS OF NON-COMPLIANCE WITH REQUIREMENTS OF COMPANIES ACT, 2013

There was no such instance during the financial year ended March 31, 2023.

DETAILS OF PENALTIES AND STRICTURES

There was no such instance during the financial year ended March 31, 2023.

COMMITTEES OF THE BOARD AND THEIR COMPOSITION

The Board has constituted various Committees with specific terms of reference to focus on specific issues and ensure expedient resolution of diverse matters. These include the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Asset Liability Management Committee, Corporate Social Responsibility Committee, IT Strategy Committee; etc. The Composition of various committees along with their terms of reference are as under:-

A) Audit Committee

As on March 31, 2023, the Audit Committee (the Committee) comprises the following Directors of the Company as its Members:-

Name	Designation
Mr. Vinod Bhandawat	Non-Executive Director
Mr. Shankar Krishnan	Non-Executive Director
Mr. Sanjay Hinduja	Managing Director & CEO.

The terms of reference of the Committee includes the roles and responsibilities as envisaged under Section 177 of the Companies Act, 2013 and as specified by the Reserve Bank of India in its Master Directions on Non-Banking Financial Company not accepting / holding Public Deposits *inter alia* review of financial statements and auditors' report, approval and subsequent modification of related party transaction, appointment / reappointment of Auditors, review of effectiveness of audit, etc; During the financial year ended March 31, 2023, the Committee met 5 (five) times i.e. on April 29, 2022, June 30, 2022, August 25, 2022, January 18, 2023 and March 13, 2023.

The number of Audit Committee Meetings attended by the Members during the year ended March 31, 2023 is as under:-

Name of the Director/ Committee Member	Member of Committee Since	Capacity (Executive, Non-Executive, Chairman, Promoter, nominee, Independent)	No. of Meetings		No. of Shares held in the Company
			Held during the tenure	Attended	
Mr. Vinod Bhandawat [#]	25/08/2022	Non-Executive Director	3	3	10 equity shares of Rs. 10/- each as a nominee of Shapoorji Pallonji And Co. Pvt. Ltd
Mr. Shankar Krishnan ^{##}	18/01/2023	Non-Executive Director	1	1	Nil
Mr. Sanjay Hinduja	16/03/2018	Managing Director & CEO	5	5	10 equity shares of Rs. 10/- each as a nominee of Shapoorji Pallonji And Co. Pvt. Ltd
Mr. Mahesh Tahilyani [*]	10/02/2020	Non-Executive Director	3	1	Nil
Mr. Jai Mavani ^{**}	16/03/2018	Non-Executive Director	2	2	Nil

*Mr. Mahesh Tahilyani ceased to be a Director of the Company w.e.f. October 01, 2022.

**Mr. Jai Mavani ceased to be a Director of the Company w.e.f. July 25, 2022.

[#]Mr. Vinod Bhandawat was appointed as a Director w.e.f. August 25, 2022.

^{##}Mr. Shankar Krishnan was appointed as a Director w.e.f. January 18, 2023.

B) Nomination & Remuneration Committee

As on March 31, 2023 the Nomination & Remuneration Committee (the Committee) comprised the following Directors of the Company as its Members:-

Name	Designation
Mr. Shapoorji Pallonji Mistry	Non-Executive Director
Mr. Shankar Krishnan	Non-Executive Director
Mr. Vinod Bhandawat	Non-Executive Director
Mr. Sanjay Hinduja	Managing Director & CEO.

The terms of reference of the Nomination & Remuneration Committee are in accordance with the RBI Guidelines *inter alia* includes ensuring fit and proper status of the existing / proposed Directors, recommending the Fit & Proper Criteria Policy, overseeing Compensation Policy, etc. During the

financial year ended March 31, 2023, the Committee met 5 (five) times i.e. on April 29, 2022, August 25, 2022, November 07, 2022, January 18, 2023 and March 13, 2023.

The number of Committee Meetings attended by the Members during the year ended March 31, 2023 is as under:-

Name of the Director/ Committee Member	Member of Committee Since	Capacity (Executive, Non-Executive, Chairman, Promoter, nominee, Independent)	No. of Meetings		No. of Shares held in the Company
			Held during the tenure	Attended by the Director	
Mr. Shapoorji Pallonji Mistry	18/06/2019	Non-Executive Director	5	5	Nil
Mr. Jai Mavani**	16/03/2018	Non-Executive Director	1	1	Nil
Mr. Sanjay Hinduja\$	16/03/2018	Managing Director & CEO	5	5	10 equity shares of Rs. 10/- each as a nominee of Shapoorji Pallonji And Co. Pvt. Ltd
Mr. Shankar Krishnan##	13/03/2023	Non-Executive Director	1	1	Nil
Mr. Vinod Bhandawat#	13/03/2023	Non-Executive Director	1	1	10 equity shares of Rs. 10/- each as a nominee of Shapoorji Pallonji And Co. Pvt. Ltd

**Mr. Jai Mavani ceased to be a Director of the Company w.e.f. July 25, 2022.

#Mr. Vinod Bhandawat was appointed as a member of the Committee w.e.f. March 13, 2023.

##Mr. Shankar Krishnan was appointed as a member of the Committee w.e.f. March 13, 2023.

\$Mr. Sanjay Hinduja ceased to be member of the Committee w.e.f. April 5, 2023.

C) Corporate Social Responsibility Committee

As on March 31, 2023, the Corporate Social Responsibility Committee of the Board (CSR Committee) comprised following Directors of the Company as its Members:-

Name	Designation
Mr. S. Kuppaswamy	Non-Executive Director
Mr. Shankar Krishnan	Non-Executive Director
Mr. Vinod Bhandawat	Non-Executive Director
Mr. Sanjay Hinduja	Managing Director & CEO.

The terms of reference of the CSR Committee *inter alia* includes recommending the amount of CSR expenditure, monitoring of CSR Policy, consideration and approval of Annual CSR Plan, monitoring and implementation of CSR Projects / Programs etc. During the financial year ended March 31, 2023, the CSR Committee met twice i.e. on June 30, 2022 and February 16, 2023.

The number of Committee Meetings attended by the Members during the year ended March 31, 2023 is as under:-

Name of the Director/ Committee Member	Member of Committee Since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	No. of Meetings		No. of Shares held in the Company
			Held during the tenure	Attended by the Director	
Mr. S. Kuppuswamy	16/03/2018	Non-Executive Director	2	2	Nil
Mr. Jai Mavani**	16/03/2018	Non-Executive Director	1	1	Nil
Mr. Sanjay Hinduja	16/03/2018	Managing Director & CEO	2	2	10 equity shares of Rs. 10/- each as a nominee of Shapoorji Pallonji And Co. Pvt. Ltd
Mr. Shankar Krishnan##	18/01/2023	Non-Executive Director	1	1	Nil
Mr. Vinod Bhandawat#	25/08/2022	Non-Executive Director	1	0	10 equity shares of Rs. 10/- each as a nominee of Shapoorji Pallonji And Co. Pvt. Ltd

**Mr. Jai Mavani ceased to be a Director of the Company w.e.f. July 25, 2022.

#Mr. Vinod Bhandawat was appointed as a Director w.e.f. August 25, 2022.

##Mr. Shankar Krishnan was appointed as a Director w.e.f. January 18, 2023.

D) Risk Management Committee

As on March 31, 2023, the Risk Management Committee comprised the following persons as its members:-

Name	Designation
Mr. S. Kuppuswamy	Non-Executive Director
Mr. Shankar Krishnan	Non-Executive Director
Mr. Vinod Bhandawat	Non-Executive Director
Mr. Sanjay Hinduja	Managing Director & CEO
Ms. Dipti Advani	Head – Credit
Mr. Pankaj Gupta	Chief Financial Officer
Ms. Tripti Navani	Director – Credit & Markets.

The terms of reference of the Risk Management Committee *inter alia* includes evaluation of the Risk Management Systems, managing integrated risk at entity level, to put in place a progressive Risk Management System, Policy and Strategy; etc; During the year under review, the Committee met thrice i.e. on June 30, 2022, November 07, 2022 and March 13, 2023.

The number of Risk Management Committee (RMC) Meetings attended by the Members during the year ended March 31, 2023 is as under:-

Name of the Director/ Committee Member	Member of Committee Since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	No. of Meetings		No. of Shares held in the Company
			Held during the tenure	Attended by the Director	
Mr. S. Kuppuswamy	16/03/2018	Non-Executive Director	3	3	Nil
Mr. Jai Mavani**	16/03/2018	Non-Executive Director	1	1	Nil
Mr. Sanjay Hinduja	16/03/2018	Managing Director & CEO	3	3	10 equity shares of Rs. 10/- each as a nominee of Shapoorji Pallonji And Co. Pvt. Ltd
Mr. Shankar Krishnan###	18/01/2023	Non-Executive Director	1	1	Nil
Mr. Vinod Bhandawat#	25/08/2022	Non-Executive Director	2	2	10 equity shares of Rs. 10/- each as a nominee of Shapoorji Pallonji And Co. Pvt. Ltd
Ms. Dipti Advani	16/03/2018	Head – Credit	3	3	Nil
Mr. Pankaj Gupta	16/03/2018	CFO	3	3	Nil
Ms. Tripti Navani	22/10/2018	Director – Credit & Markets	3	3	Nil

**Mr. Jai Mavani ceased to be a Director of the Company w.e.f. July 25, 2022.

#Mr. Vinod Bhandawat was appointed as a Director w.e.f. August 25, 2022.

###Mr. Shankar Krishnan was appointed as a Director w.e.f. January 18, 2023.

E) Asset – Liability Management Committee

As on March 31, 2023, the Asset – Liability Management Committee comprised the following as its members:-

Name	Designation
Mr. S. Kuppuswamy	Non-Executive Director
Mr. Shankar Krishnan	Non-Executive Director
Mr. Vinod Bhandawat	Non-Executive Director
Mr. Sanjay Hinduja	Managing Director & CEO
Ms. Dipti Advani	Head – Credit
Mr. Pankaj Gupta	Chief Financial Officer
Ms. Tripti Navani	Director – Credit & Markets.

The terms of reference of the Asset – Liability Management Committee (ALM Committee) *inter alia* includes to formulate ALM Guidelines and review of ALM Reports and the mismatches / gaps, if any; to consider product pricing for advances basis desired maturity profile and mix of the incremental assets and liabilities; to ensure liquidity and interest risk management in accordance

with the regulatory framework; etc. During the financial year ended March 31, 2023, the Committee met twice i.e. on August 25, 2022 and March 13, 2023.

The number of Asset-Liability Management Committee Meetings attended by the Members during the year ended March 31, 2023 is as under:-

Name of the Director/ Committee Member	Member of Committee Since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	No. of Meetings		No. of Shares held in the Company
			Held during the tenure	Attended by the Director	
Mr. S. Kuppuswamy	16/03/2018	Non-Executive Director	2	2	Nil
Mr. Jai Mavani**	16/03/2018	Non-Executive Director	0	0	Nil
Mr. Shankar Krishnan###	18/01/2023	Non-Executive Director	1	1	Nil
Mr. Sanjay Hinduja	16/03/2018	Managing Director & CEO	2	2	10 equity shares of Rs. 10/- each as a nominee of Shapoorji Pallonji And Co. Pvt. Ltd
Mr. Vinod Bhandawat#	25/08/2022	Non-Executive Director	2	2	10 equity shares of Rs. 10/- each as a nominee of Shapoorji Pallonji And Co. Pvt. Ltd.
Ms. Dipti Advani	16/03/2018	Head – Credit	2	2	Nil
Mr. Pankaj Gupta	16/03/2018	CFO	2	2	Nil
Ms. Tripti Navani	22/10/2018	Director – Credit & Markets	2	2	Nil

**Mr. Jai Mavani ceased to be a Director of the Company w.e.f. July 25, 2022.

#Mr. Vinod Bhandawat was appointed as a Director w.e.f. August 25, 2022.

###Mr. Shankar Krishnan was appointed as a Director w.e.f. January 18, 2023.

F) IT Strategy Committee

As on March 31, 2023, the IT Strategy Committee comprised the following as its members:-

Name	Designation
Mr. Shankar Krishnan	Non-Executive Director
Mr. Sanjay Hinduja	Managing Director & CEO
Mr. Vinod Bhandawat	Non-Executive Director
Mr. Haresh Motwani	Chief Technology Officer
Mr. Delzad Mirza	SP Group -CISO.

Pursuant to the RBI Directions on IT Framework, the Board of Directors have also approved the IT Policy. The terms of reference, roles and responsibilities of the IT Strategy Committee are as under:-

- i) To approve IT Strategy and policy documents and ensure that the management has put an effective strategic planning process in place;
- ii) To ascertain that management has implemented processes and practices that ensure that the IT delivers value to the business;
- iii) To ensure IT Investments represent a balance of risks and benefits and that budgets are acceptable;
- iv) To monitor the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- v) To ensure proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.
- vi) To carry out review and amend the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance.
- vii) In respect of outsourced IT Operations the role and responsibilities as envisaged in the RBI Master Directions on IT Framework dated June 08, 2017 and as amended from time to time.
- viii) To approve procurement / obtaining of Digital Signature Certificates for the employees, officers, etc of the Company.

During the financial year ended March 31, 2023, the Committee met twice i.e. on September 22, 2022 and February 16, 2023. The number of Committee Meetings attended by the Members during the year ended March 31, 2023 is as under:-

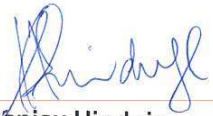

Name of the Director/ Committee Member	Member of Committee Since	Capacity (Executive, Non-Executive, Chairman, Promoter, nominee, Independent)	No. of Meetings		No. of Shares held in the Company
			Held during the tenure	Attended by the Director	
Mr. Mahesh Tahilyani*	10/02/2020	Non-Executive Director	1	0	Nil
Mr. Sanjay Hinduja	26/06/2018	Managing Director & CEO	2	2	10 equity shares of Rs. 10/- each as a nominee of Shapoorji Pallonji And Co. Pvt. Ltd
Mr. Haresh Motwani	14/10/2019	CTO	2	2	Nil
Mr. Delzad Mirza	26/06/2018	SP Group – CISO	2	2	Nil
Mr. Shankar Krishnan##	14/05/2019	Non-Executive Director	2	2	Nil
Mr. Vinod Bhandawat#	25/08/2022	Non-Executive Director	2	0	10 equity shares of Rs. 10 each as a nominee of Shapoorji Pallonji & Co. Pvt. Ltd.

*Mr. Mahesh Tahilyani ceased to be a Director of the Company w.e.f. October 01, 2022.

#Mr. Vinod Bhandawat was appointed as a Director w.e.f. August 25, 2022.

##Mr. Shankar Krishnan became member of the IT Strategy Committee w.e.f. May 14, 2019 and was appointed as a Director w.e.f. January 18, 2023.

Besides the aforesaid Committees, the Board of Directors of the Company has constituted Committees comprising Board Members, Senior Management and Functional Heads for day to day operations of the Company viz. Operating Committee, Credit Committee, Securities Committee, IT Steering Committee, Grievance Redressal Committee, etc.

For and on behalf of the Board Shapoorji Pallonji Finance Private Limited	
	
Sanjay Hinduja Managing Director & CEO DIN: 00388123	Vinod Bhandawat Non-Executive Director DIN: 02873571

Date: July 14, 2023

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Website <https://www.shapoorjipallonjifinance.com/>

CIN:U65920MH1994PTC077480

Annual Report on CSR Activities for the F.Y. 2022-2023

[Pursuant to Section 135 of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014 and as amended]

1. Brief outline on CSR Policy of the Company

Shapoorji Pallonji Finance Private Limited (SPFPL / the Company) took up projects from various diversities in FY 2022-23 in accordance with the CSR Policy & the Annual Plan on CSR as approved or amended by the Board from time to time. SPFPL focused on following themes:-

1) Women Empowerment –

SPFPL in collaboration with its parent company Shapoorji Pallonji Company & Pvt Ltd. Successfully completed the 3 year on going projects on women empowerment which were in partnership with 2 NGO's IBDATA based in Ajmer, Rajasthan & Swayam Shikshan Prayog (SSP) in Osmanabad (Washi block) and Latur (Deoni block) districts in Maharashtra. They helped the company in promoting projects like "Women Entrepreneurship for Better Livelihoods and Economic Self-Sufficiency" and "Promoting Grassroots Women Empowerment through Entrepreneurship & Leadership Program".

2) Environment Sustainability-

The Company helped in execution and completion of one more on-going project with Central Chinmaya Mission Trust on the said theme.

3) Promoting Healthcare

SPFPL has been a strong promotor and supporter of healthcare even for its employees, hence focus on mental health and cancer help was a key to the Company.

1) Women Empowerment, Maharashtra (Swayam Shikshan Prayog-SSP) and Rajasthan (Ibtadal):

This year marks the end of our 3 year long on-going project we had taken up with our group Company Shapoorji Pallonji Company Private Limited (SPCPL) with IBTADA and Swayam Shikshan Prayog (SSP)

a) PROJECT BACKGROUND of Swayam Shikshan Prayog (SSP)

The project aims to enhance the environment for women entrepreneurs in Washi, Deoni, Kalamb, and Nilanga Blocks and create fresh market prospects for them. The project implementation strategy is categorized into three major aspects.

The first aspect of the project implementation strategy is to create 300 new women entrepreneurs (which will be referred in this report as Cohort-3) under the current project and support them through handholding, establishing linkages, and developing their skills to initiate and sustain their enterprises in the long run. The goal is to increase the number of women entrepreneurs who benefit from the project and develop new economic prospects in the region.

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The second aspect in the project is the "Women Entrepreneurship Development Program," which focuses exclusively on providing handholding support to 1,011 women entrepreneurs who were supported in the previous year of the project. The program is likely to include mentoring, training, and other resources to help these women entrepreneurs advance and flourish their businesses.

The third aspect (Super Entrepreneurs) is strengthening women entrepreneurs to next level. In this, women entrepreneurs from earlier cohorts will be identified (with set criterion) who aspire to grow their micro businesses to next level with enhanced profitability/earnings and sustained operations. This aspect also aimed at promoting employment generation for other community women and youth. In summary, the project's main objective is to provide support for women entrepreneurs and to create new market opportunities for them in Washi, Deoni, Kalam, and Nilanga Blocks. The two categories of the project implementation strategy appear to be well-thought-out and designed to achieve these objectives.

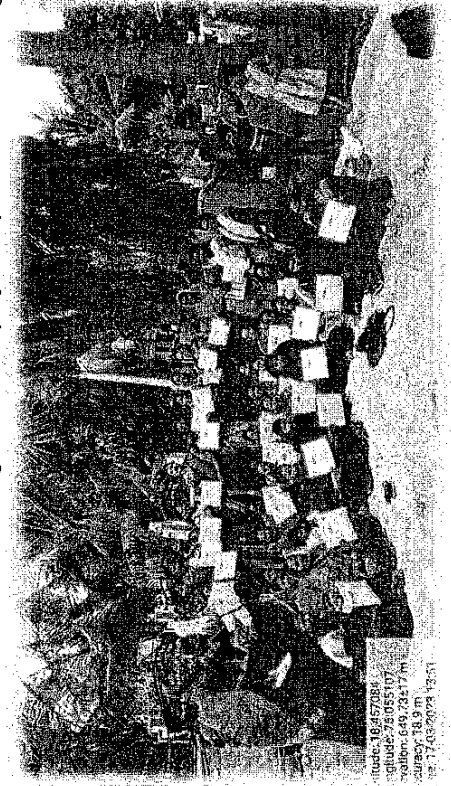


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PROJECT OUTCOME & IMPACT OF SSP

SSP works with poor, small and marginal women farmers in the climate-hit, water-scarce, and economically backward Marathwada region in Maharashtra. Economic betterment through creating Women entrepreneurship is one of the flagship programs of the SSP. SSP's training modules impart basic skills and confidence, so women can revive difficult local economies while mentor's handhold women to make business plans and link women directly to markets and government schemes. Women's enterprises in this location often stay small, informal, and home-based because they have not been exposed to outside markets, lack access to capital, and are burdened with family responsibilities. In districts like Kalam, Nilanga, Washi of Maharashtra, significance of the milk business and tailoring sectors are profitable ventures for women entrepreneurs. It highlights their resilience, ability to adapt to challenges, and generate sustainable income. Other sectors such as goat farming, ata chakki, vegetables, poultry, and grocery shops also showcased notable performances, contributing to the overall success of the women entrepreneurs.

These findings suggest that supporting and promoting women entrepreneurs in sectors like milk production, tailoring, and other viable businesses can have a positive and sustainable impact on their financial well-being and the local economy.

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Quantitative Outcomes

- It is encouraging to note that 88% (1154 active enterprises of total 1313 enrolled) women enterprises commenced across the 3 year project continued to operate their micro-businesses. The women entrepreneurs have built understanding around the importance of setting up businesses for financial as well as personal growth.
- Total 159 Out of 1313 from first and second cohort women entrepreneurs have discontinued/drop-out due to various reasons, like covid situation, family related issues, lack of interest etc
- 101 Super Women Entrepreneurs have scaled and/or enhanced their enterprises and engaged actively in business activities.
- 60%+ of women entrepreneurs from 1st and 2nd Cohort have built businesses systematically through continued handholding support and have achieved 15-25% of growth vis-à-vis past year's income.
- 80% of women involved in the process have developed financial skills and understand business-related financial terms, through training provided on the usage of online marketing platforms /markets / to access customers.
- 30% of total entrepreneurs have supported with accessing and availing financial schemes.
- 70%+ of 1st and 2nd cohort WE and 100% Super Women Entrepreneurs have started keeping records of business activities.
- 70-75% of women entrepreneurs can confidently deal with traders, customers, partners, and bank officials

b) PROJECT BACKGROUND of IBTADA



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Mission

Empower communities especially women to play an influential role to reduce social and economic poverty and inequality. The main objectives of the Project were:-

- Empower the rural poor women through micro enterprise development;
- Enhance capabilities of women in new livelihoods and enterprises;
- Build technical capabilities of women through trainings on record keeping and calculating profit;
- Promote individual women micro entrepreneurs, facilitate credit linkages and provide handholding support to run their businesses smoothly, diversify and expand

In this Project cycle, the main objective was to handhold women entrepreneurs and ensure sustainability. However, in the process of handholding existing women new women may show their interest to join the project. So, it was decided to add 20 new such women to the project. The Project has planned to implement the following 5 activities in this cycle in project intervention areas:-

- I. **Backyard Poultry-** In this reporting period, the earlier supported members were provided handholding support and 20 members were mobilized for scale-up their units. Also, 20 new members were supported to start the backyard poultry. Based on the selection criteria members were identified through SHGs, interactions and house visits which were verified by project manager.
- II. **Goat Rearing-** Farmers were provided training on how to rear goats economically and scientifically. Improved practices are being adopted by farmers which are helping them in better growth of the goatlets. Ibtada staff visited farmers on regular intervals and helped them to deal with gaps and facilitate for further improvements.
- III. **Individual Microenterprise-** Individual Enterprises program was built to provide nudge and support to women aspiring for starting their own micro enterprises. A total of 88 women entrepreneurs were given handholding and mentoring support so that they start running their businesses smoothly. This ensures that even after we have minimal engagement with them, they would be able to deal with the day-to-day challenges of running the business.
- IV. **Women Health Program –** In Women Health Program, Ibtada was working on awareness to the village women about their Women Health, Nutritional / Balanced diet and menstrual hygiene in 10 villages of Umren Block. They have covered a total of 754 Women covered in 50 women health groups. The project has successfully developed a community based cadre of 10 Swasthya Sakhies. In women health groups, Ibtada deliver trainings to women on nutritional diet, menstrual hygiene and gender training.
- V. **Financial Literacy Training -** Through this training women entrepreneurs introduced with money management skills.

2) Environment Sustainability-

Central Chinmaya Mission Trust – (CCMT)

Project Title – Wastewater Treatment Plant

Situated in Kolwan village in Mulshi, Chinmaya Vibhooti Vision Centre is primarily a resource centre available to individuals of all ages and backgrounds, irrespective of caste, creed and religion. Through this Vision Centre, Chinmaya Mission reaches out with its message of individual empowerment for universal harmony.

Chinmaya Vibhooti, being a popular venue for value-based programmes by educational and charitable institutions from all over the country and indeed the

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globe, has hosted a number of events.

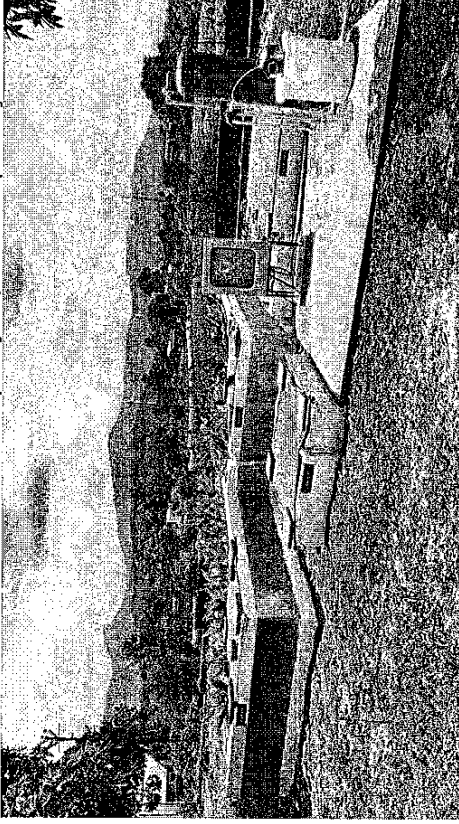
The Sewage Treatment Plant which was the aim of the wastewater treatment plant is called SIBF system (Solid Immobilised Bio-Filter system). It is an eco-friendly, natural and non-conventional treatment system based on ecological engineering. The quality of treated water from SIBF system is superior due to efficient biological stabilization of impurities. Thus, the land is not burdened with any chemical residue. Chinmaya Vibhooti uses this treated water for gardening. Chinmaya Vibhooti contributes to the protection of environment in a sustainable way, reuses all the treated water in its own premises thereby saves precious drinking water.

In continuation towards support of the on-going project which was wholly supported by SPFPPL, this year the project got completed and the objectives mentioned herewith were achieved,

- To construct a biological method of treating wastewater by 2022
- To conserve use of fresh water by using the recycled water in gardening at Chinmaya Vibhooti Vision Centre
- To conserve water and zero discharge

Few of the images depict the progress and final outcome of the project.

SIBF – 2 Year of installation: 2022 Capacity : 5,000 litres per day Treated water : 4,800 litres per day



SIBF – 2 INAUGURATION ON THE AUSPICIOUS MAHASAMADHI DAY OF PUJYA SWAMI CHINMAYANANDA JI

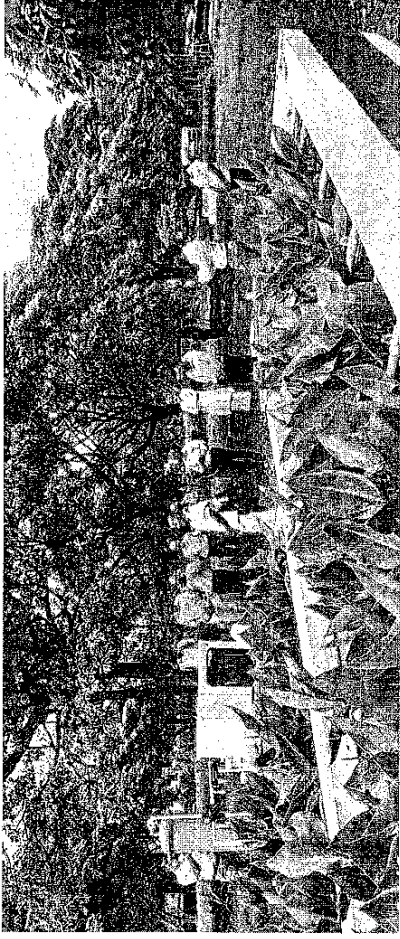
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BENEFITS OF SIBF SYSTEM COMPARED TO CONVENTIONAL ETP (Effluent Treatment Plant)

- Saves 80 - 90% on electricity • Easy to operate - only gardener level operator required
- Hence, saves 80 - 90% on O & M cost • No problem of flow fluctuations
- No secondary sludge • Resembles a beautiful garden!

2. Composition of CSR Committee:

	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Kuppuswamy Subramania	Director	2	2
2.	Mr. Jai Mavani**	Director	1	1
3.	Mr. Sanjay Hinduja	Managing Director & CEO	2	2
4.	Mr. Shankar Krishnan##	Director	1	1
5.	Mr. Vinod Bhandawat#	Director	1	0

**Mr. Jai Mavani ceased to be a Director of the Company w.e.f. July 25, 2022.

#Mr. Vinod Bhandawat was appointed as a Director w.e.f. August 25, 2022.

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##Mr. Shankar Krishnan was appointed as a Director w.e.f. January 18, 2023.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company - <https://www.shapoorjipallonjifinance.com/stakeholders-information/>
4. Provide the executive summary along with the web-link(s) of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable - **N.A.**
5.
 - (a) Average net profit of the company as per section 135(5) - Rs. 53.64.18.939/-
 - (b) Two percent of average net profit of the company as per section 135(5) - Rs. 1.07.28.379/-
 - (c) Surplus arising out of the CSR projects or programs or activities of the previous financial years -- Nil
 - (d) Amount required to be set off for the F.Y. 2022-23, if any - Rs. 27.43.128/-
 - (e) Total CSR obligation for the F.Y. 2022-23 (b+c-d). Rs. 79.85.251/-
6.
 - (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) - Rs. 1.72.18.266/-
 - (b) Amount spent in Administrative Overheads - Nil
 - (c) Amount spent on Impact Assessment, if applicable - Nil
 - (d) Total amount spent for the F.Y. -2022-23 (a+b+c) - Rs. 1.72.18.266/-
 - (e) CSR amount spent or unspent for the F.Y. 2022-23:-

Total Amount Spent for the F.Y. 2022-23 (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).	Amount	Date of transfer
Rs. 1,72,18,266/-	Nil	N.A.	Nil	N.A.

f) Excess amount for set off, if any	
SI. No.	Particular
(1)	(2)
	Amount (in Rs.)
	(3)

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

✓ Yes No



If Yes, enter the number of Capital assets created/ acquired – 2 (Two)

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl.No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner			
(1)	(2)	(3)	(4)	(5)	(6)	CSR Registration Number, if applicable	Name	Registered address
1)	Europrobe 3.2 with Probe Breach Candy Hospital, 60-A, Bhulabhai Desai Road, Mumbai - 400026	400026	23/12/2022	Rs. 22,96,000/-		CSR00001527	Breach Candy Hospital Trust	60-A, Bhulabhai Desai Road, Mumbai – 400026
2)	Paxman Scalp Cooling System Breach Candy Hospital, 60-A, Bhulabhai Desai Road, Mumbai - 400026	400026	25/12/2022	Rs. 22,40,000/-		CSR00001527	Breach Candy Hospital Trust	60-A, Bhulabhai Desai Road, Mumbai – 400026

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9. Specify the reason(s), if the Company has failed to spend two per cent of the average Net profit as per section 135(5) – N.A.

For and on behalf of the Board Shapoorji Pallonji Finance Private Limited	
 Sanjay Hinduja Managing Director & CEO DIN: 00388123	 S. Kuppuswamy Non-Executive Director (CSR Committee Chairman) DIN: 00058836
Date: July 14, 2023	

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RELATED PARTY TRANSACTION POLICY

PREAMBLE

Shapoorji Pallonji Finance Private Limited ("**The Company**" or "**SPFPL**") is registered with the Reserve Bank of India ("**RBI**") as a Non – Banking Financial Company not accepting or holding deposits. As stipulated by RBI, the Board of Directors of SPFPL ("**Board**") has laid down this policy on Related Party Transactions. This Policy has been framed in order to comply with the directions of the RBI along with the effective compliance with the provisions of the Companies Act, 2013. This Policy provides a framework for governance and reporting of Related Party Transactions.

SPFPL is subsidiary of Shapoorji Pallonji And Co. Pvt. Ltd., the Holding Company of the Company and the flagship Company of Shapoorji Pallonji Group. SPFPL is committed in conducting its business in accordance with applicable laws, rules and regulations with the highest standards of business ethics and ethical conduct. Corporate Governance is about maximizing shareholders' value on a sustainable basis and ensuring fairness to all other stakeholder of the Company. During the course of business operations of the Company, there are likely to be transactions between parties, who under various regulations, particularly the Companies Act, 2013 ("**the Act**") and Rules framed thereunder and the Accounting Standards on Related Party Disclosures ('Indian Accounting Standard 24') as notified from time to time, will be considered to be transactions with Related Parties.

The Board, in order to ensure transparency, shareholder confidence and in adherence to the rules for Related Party Transactions ("**RPT**") have adopted this Policy and procedures with respect to Related Party Transactions of the Company.

PURPOSE

This Policy is framed as per the requirement of applicable provisions of the Act and the Rules framed thereunder and RBI Guidelines issued in this regard and intend to ensure the proper approval and reporting of transactions between the Company and its Related Parties.

Pursuant to the RBI Directions, Accounting Standards, etc; the Company is required to disclose, transactions between the Company and Related Parties on periodic basis in the Financial Statements, etc;

DEFINITIONS

1. "**Act**" means the Companies Act, 2013, and the Rules framed thereunder including any modifications, amendments, clarifications, circulars or re-enactments thereof from time to time.
2. "**Arm's length transactions**" means transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.
3. "**Associate**" means an enterprise in which the Company has a significant influence, but which is not a subsidiary company of the Company having such influence and includes a joint venture company and the term "**Associate Company**" shall be interpreted accordingly. For the purpose of this definition, "**Significant Influence**" means control of at least 20% (twenty percent) of total voting power or control or participation in business decisions under an Agreement. "**Joint Venture**" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.
4. "**Audit Committee**" means the Audit Committee of the Board of Directors of the Company constituted under the provisions of the RBI Guidelines issued in this regard and shall have the similar meaning as defined under Section 177 of the Companies Act, 2013 to the extent applicable to the Company.
5. "**Board**" means Board of Directors of the Company
6. "**Key Managerial Personnel**" means -
 - (a) the Chief Executive Officer or the Managing Director or the Manager;

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- (b) the Company Secretary;
 - (c) the Whole - Time Director(s);
 - (d) the Chief Financial Officer;
 - (e) such other officer, not more than one level below the directors who is in whole-time employment, designated as Key managerial personnel by the Board; and
 - (f) such other officer as may be prescribed under Section 2(51) of the Act or Rules framed thereunder.
7. **“Material Related Party Transaction / Contract / Arrangement”** means any one of the following transactions with the Related Party which individually or taken together with previous transactions during a financial year in the ordinary course of business, on arms’ length basis and fulfilling the criteria of threshold limit as specified respective transaction:-
- a) sale, purchase or supply of any goods or materials, directly or through appointment of agent - amounting to 10% or more of the turnover of the company
 - b) selling or otherwise disposing of, or buying property of any kind; directly or through appointment of agent - amounting to 10% or more of net worth of the company
 - c) leasing of property of any kind- amounting to 10% or more of the turnover of the Company
 - d) availing or rendering of any services; - directly or through appointment of agent, amounting to 10% or more of the turnover of the company
 - e) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company - at a monthly remuneration exceeding Rs. 2,50,000/-;
 - f) underwriting the subscription of any securities or derivatives thereof, of the company – Remuneration for underwriting exceeding 1% of the net worth; and
 - g) payments with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into, exceed 2% of the annual turnover of the Company.
- The Turnover or Net worth referred above shall be computed on the basis of the audited financial statement of the preceding financial year.
8. **“Ordinary course of business”** for the purpose of this Policy will cover the business of the Company and usual transactions, customs and practices of a business and would include activities to be carried out incidental to or to facilitate the ordinary course of business of the Company and is usual or customary to the Company and / or providing the necessary support (financial or otherwise) to its Holding Company, Associate Company, Subsidiaries, Fellow Subsidiaries (subsidiary of the Holding Company to which Company is also a subsidiary); Group Companies, Affiliates, etc,
9. **“office or place of profit”** means any office or place—
- (i) where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
 - (ii) where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
10. **“Related Party Transaction”** or **“RPT”** means any transaction between the Company on one side and the Related Party of the Company on other side.
11. **“Related Party”** with reference to a company, means -
- (a) a director or his Relative;
 - (b) a Key Managerial Personnel or his Relative;
 - (c) a firm, in which a Director, Manager or his Relative is a partner;
 - (d) a private company in which a Director or Manager or his relatives is a member or director;
 - (e) a public company in which a Director or Manager is a director and holds along with his relatives, more than 2% of its paid-up share capital;
 - (f) any body corporate whose Board of Directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a Director or Manager unless the advice, directions or instructions are given in a professional capacity;
 - (g) any person under whose advice, directions or instructions a Director or Manager is accustomed to act unless the advice, directions or instructions are given in a professional capacity;
 - (h) Director or Key Managerial Personnel of the Holding Company or his relative other than the Independent Director;

- (i) any body corporate which is
 - 1. a Holding, subsidiary or an associate Company of such Company
 - 2. A subsidiary of a holding company to which it is also a subsidiary; or
 - 3. An investing company or the venture of the company, which means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate;
 - (j) any other person that may be prescribed under Section 2(76) of the Act; and
 - (k) Related Party as per Indian Accounting Standard 24.
12. "**Relative**" means relative as defined under Section 2(77) of the Act and includes anyone who is related to another in any of the following manner –
- (a) they are members of a Hindu Undivided Family;
 - (b) they are husband and wife;
 - (c) father (including step-father);
 - (d) mother (including step-mother);
 - (e) son (including step-son);
 - (f) son's wife;
 - (g) daughter;
 - (h) daughter's husband;
 - (i) brother (including step-brother); and
 - (j) sister (including step-sister).
13. "**Transaction**" with a Related Party shall be construed to include any contract or arrangement or transaction, whether single or as a group of transaction and for the purpose of applying thresholds as specified in Section 188 of the Act and the relevant Rules it shall include previous transaction(s) during the financial year with the said Related Party.

Approval process

I. Audit Committee

All Related Party Transactions which are in the ordinary course of business and on arms' length basis must be referred to the Audit Committee for its prior approval and any subsequent modification of Related Party Transaction shall also require the approval of the Audit Committee. The Audit Committee shall consider all requisite factors while considering a related party transaction for its approval. To review a Related Party Transaction, the Audit Committee will be provided with all relevant material information of the Related Party Transaction, name of the Related Party, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, nature and duration of the transaction and justification / rational for arms' length and any other relevant information. The Audit Committee may make omnibus approval for related party transactions which are repetitive in nature subject to the following conditions:-

- a) The Audit Committee shall satisfy itself on the need for omnibus approval and that such approval is in the interest of the Company;
- b) The omnibus approval shall contain the name of the related party(ies), nature and duration of the transaction, maximum amount of transaction that can be entered into, justification / rational for arms' length, if any, and such other conditions, as the Audit Committee may deem fit;
Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, Audit Committee may make omnibus approval for such transactions subject to their value not exceeding INR 1 crore per transaction.
- c) Omnibus approval shall be valid for a period not exceeding 1 (One) Financial Year and shall require fresh approval after the expiry of such Financial Year;
- d) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- e) The Audit committee shall review, the details of the RPTs entered into by the Company pursuant to the omnibus approval given on a yearly basis.

II. Board of Directors

In case any Related Party Transactions are referred by the Audit Committee to the Board for its approval due to the transaction being-

Shapoorji Pallonji Finance Private Limited
Registered & Corporate Office – SP Centre, Courtyard 10B, 41/44 Minoo Desai Road, Colaba, Mumbai – 400005
Tel No.- +91 22 67490000 Fax No. +91 22 66338176 e-mail- spfinance@shapoorji.com
Website <https://www.shapoorjipallonjifinance.com/>

CIN:U65920MH1994PTC077480

- (i) not in the ordinary course of business, or
- (ii) not at an arm's length price,

the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering such transaction, the thresholds, etc. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances.

III. Shareholders

If a Related Party Transaction is not in the ordinary course of business, and / or not at arm's length price and exceeds certain thresholds prescribed under Section 188 of the Act and relevant rules, it shall require shareholders' approval.

IV. Restrictions on Loans and Advances to Directors or Related Entities / Parties

For the purposes of the Scale Based Regulations as prescribed by RBI, the following shall be considered as Related Entities or Parties in relation to the Company while providing Loans and advances to aggregating Rs. 5 Crores or above –

- i. Directors of the Company or their Relatives.
- ii. Firm in which above (Directors and / or their Relatives) are partner, manager, employee or guarantor
- iii. Company in which above (Directors and / or their Relatives) are major shareholder (10% or more/ Rs. 5 Crore paid-up capital), director, manager, employee or guarantor.

While granting loan to above Related Entities, etc; the following shall be ensured by the Company-

- Prior Approval of the Board/ Committee of the Board
- Interested Director shall disclose the nature of his / her interest to the Board.
- Interested Director should recuse himself / herself from the meeting unless his / her presence is required by the other directors for the purpose of eliciting information and the director so required to be present shall not vote on any such proposal.

However, while granting loan of less than Rs. 5 Crores to any of the above related entities, following shall be ensured by the Company-

- Approval of the appropriate Authority
- Reporting to the Board

V. Restrictions on Loan to Senior Officer

Below conditions shall be fulfilled while providing Loans and advances of any amount to Senior Officer (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):-

- Approval of the appropriate Authority
- Reporting to the Board

Provided that no senior officer or any Committee comprising, inter alia, a senior officer as member, shall, while exercising powers of sanction of any credit facility, sanction any credit facility to a relative of that senior officer. Such a facility shall be sanctioned by the next higher sanctioning authority under the delegation of powers.

The granting of Loan(s) as referred in (IV) and (V) above to be in accordance with the Credit Policy and Risk Management Policy of the Company.

IDENTIFICATION OF RELATED PARTIES

Every Director and Key Managerial Personnel of the Company is required and responsible to disclose the details of any person or entity that would be regarded as Related Party in accordance with the

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provisions of the Act, Rules framed thereunder, Scale Based Regulations prescribed by RBI, RBI Directions, Guidelines, Notifications, Circulars and this Policy. Such Disclosure shall include disclosure of the Director, Key Managerial Personnel's and his/ her relative's concern or interest in any company or companies or bodies corporate, firms or such other association of individuals which shall include the shareholding, directorship, membership, partnership, etc.

The list of Related Parties as envisaged in this Policy shall be prepared and reviewed at least on an annual basis.

RELATED PARTY TRANSACTIONS NOT APPROVED PREVIOUSLY

In the event the Company becomes aware of a Related Party Transaction that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Audit Committee or Board or the Shareholders as may be required in accordance with the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 and Rules framed thereunder and this Policy and for review and ratification. The Audit Committee or the Board or the Shareholders shall consider all relevant facts and circumstances in relation to such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Audit Committee or Board or the Shareholders deems appropriate under the circumstances.

OUTSOURCING TO A RELATED PARTY

In case the Company decides to outsource or intends to outsource any of its financial activities and any such other services to a related party, it shall do so in accordance with the Outsourcing Policy of the Company framed in accordance with the RBI Directions applicable to the Company and the Directions issued by RBI in this regard from time to time.

IMPLEMENTATION

This Policy is effective from the date as approved by the Board of Directors of the Company.

REVIEW

This Policy shall be reviewed by the Board / Audit Committee of the Company at least on an annual basis.

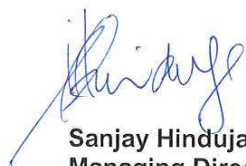
DISCLOSURE

The Policy is made available on the website of the Company and a web link thereto shall be provided in the Company's Annual Report. The Company shall disclose the Material Related Party Transaction / Agreement / Contract, if any, in the Annual Report of the Company.

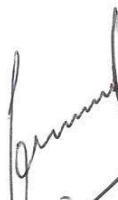
LIMITATION

In the event of any conflict between the provisions of this Policy and of the Act or any other statutory enactments, rules or regulations, thereof, the Act, Rules and such regulations shall prevail over this Policy and any subsequent amendment to the applicable laws in this regard shall be automatically applicable to this Policy.

**For and on behalf of the Board
Shapoorji Pallonji Finance Private Limited**



**Sanjay Hinduja
Managing Director & CEO
DIN: 00388123**



**Vinod Bhandawat
Non-Executive Director
DIN: 02873571**

Date: July 14, 2023

Shapoorji Pallonji Finance Private Limited
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Form No. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis – Not Applicable

- (a) Name(s) of the related party and nature of relationship – Not Applicable
- (b) Nature of contracts/arrangements/transactions – Not Applicable
- (c) Duration of the contracts / arrangements/transactions – Not Applicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any – Not Applicable
- (e) Justification for entering into such contracts or arrangements or transactions – Not Applicable
- (f) date(s) of approval by the Board – Not Applicable
- (g) Amount paid as advances, if any: – Not Applicable
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188– Not Applicable

2. Details of material contracts or arrangement or transactions at arm's length basis – Enclosed as Annexure

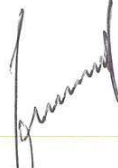
Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transaction including the value, if any (Rs. in lakhs)	Date of approval by the Board / Audit Committee	Amount paid as advances, if any
Khvafar Property Developers Private Limited	Loan given to	6 MONTHS	3,000.00	14-Feb-22	N.A.
Khvafar Property Developers Private Limited	Loan repaid by	1 YEAR	2,500.00	14-Feb-22	N.A.
Khvafar Property Developers Private Limited	Loan repaid by	1 YEAR	1,800.00	14-Feb-22	N.A.
Mirth Property Developers Private Limited	Loan repaid by	1 YEAR	2,250.00	14-Feb-22	N.A.
Mirth Property Developers Private Limited	Loan repaid by	1 YEAR	415.00	14-Feb-22	N.A.
Bengal Shapoorji Infrastructure Development Private Limited	Loan repaid by	1 YEAR	2,500.00	14-Feb-22	N.A.
Mileage Properties Private Limited	Loan given to	1 YEAR	2,100.00	14-Feb-22	N.A.
Mileage Properties Private Limited	Loan repaid by	1 YEAR	3,500.00	14-Feb-22	N.A.
Sagar Premi Builders & Developers Private Limited	Loan repaid by	1 YEAR	3,500.00	14-Feb-22	N.A.
Shapoorji Pallonji Logispace and Investment Advisors Private Limited	Loan repaid by	1 YEAR	5,100.00	14-Feb-22	N.A.
Flamboyant Developers Private Limited	Loan given to	6 MONTHS	3,000.00	14-Feb-22	N.A.
Flamboyant Developers Private Limited	Loan repaid by	1 YEAR	2,500.00	14-Feb-22	N.A.
Blue Riband Properties Private Limited	Loan given to	6 MONTHS	3,000.00	14-Feb-22	N.A.
Instant Karmaa Properties Private Limited	Loan given to	1 YEAR	400.00	14-Feb-22	N.A.
Instant Karmaa Properties Private Limited	Loan given to	364 DAYS	300.00	14-Feb-22	N.A.
Instant Karmaa Properties Private Limited	Loan given to	6 MONTHS	1,750.00	14-Feb-22	N.A.
Kanpur River Management Pvt Ltd	Loan given to	6 MONTHS	2,000.00	14-Feb-22	N.A.
Kanpur River Management Pvt Ltd	Loan given to	3 MONTHS	500.00	14-Feb-22	N.A.
Shapoorji Pallonji & Co - Kipl	Loan given to	3 MONTHS	2,500.00	14-Feb-22	N.A.
Shapoorji Pallonji Energy (Gujarat) Private Limited	Loan given to	181 DAYS	2,661.18	14-Feb-22	N.A.
Shapoorji Pallonji Forbes Shipping Pvt Ltd	Loan given to	6 MONTHS	3,000.00	14-Feb-22	N.A.
Shapoorji Pallonji Infrastructure Capital Co. Private Limited	Loan given to	181 DAYS	2,661.18	14-Feb-22	N.A.
S. D. Corporation Private Limited	Loan given to	1 YEAR	600.00	14-Feb-22	N.A.
S. D. Corporation Private Limited	Loan given to	1 YEAR	120.00	14-Feb-22	N.A.
S. D. Corporation Private Limited	Loan repaid by	1 YEAR	1,380.00	14-Feb-22	N.A.
S. D. Corporation Private Limited	Loan repaid by	1 YEAR	120.00	14-Feb-22	N.A.
Bigsearch Properties Private Limited	Loan given to	1 MONTH	1,885.00	14-Feb-22	N.A.
Always Remember Properties Private Limited	Loan given to	1 YEAR	2,100.00	14-Feb-22	N.A.

Always Remember Properties Private Limited	Loan repaid by	1 YEAR	1,100.00	14-Feb-22	N.A.
Ace Richesse (India) Private Limited	Loan given to	6 MONTHS	1,900.00	14-Feb-22	N.A.
Ace Richesse (India) Private Limited	Loan given to	6 MONTHS	1,100.00	14-Feb-22	N.A.
Ace Richesse (India) Private Limited	Loan repaid by	1 YEAR	4,200.00	14-Feb-22	N.A.

For and on behalf of the Board
Shapoorji Pallonji Finance Private Limited



Sanjay Hinduja
Managing Director & CEO
DIN: 00388123
Date: July 14, 2023



Vinod Bhandawat
Non-Executive Director
DIN: 02873571

MEHUL RAVAL

Practicing Company Secretary

Office: 161, 2nd floor, Raghuleela Mega Mall, Kandivali – (West), Mumbai – 400 067.

Tel: 022- 49638648/ Email: csmehulraval@gmail.com

SECRETARIAL AUDIT REPORT

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED MARCH 31 2023

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

To,

The Members,

SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

S.P. Centre, Courtyard, 10B,

41/44 Minoo Desai Road,

Colaba, Mumbai – 400 005.

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

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

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

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Not applicable to the Company during the period under Audit)**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) 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; **(Not applicable to the Company during the period under Audit)**



MEHUL RAVAL

Practicing Company Secretary

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- (b) The 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, 2018; **(Not applicable to the Company during the period under Audit)**
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(Not applicable to the Company during the period under Audit)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **(Not applicable to the Company during the period under Audit)**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company during the period under Audit)**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(Not applicable to the Company during the period under Audit)**
 - (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; **(Not applicable to the Company during the period under Audit)**
and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **(Not applicable to the Company during the period under Audit)**

Other laws applicable specifically to the Company namely:

- (1) The Reserve Bank of India Act, 1934
- (2) The Directions, Guidelines, Circulars, Notifications, etc issued by the Reserve Bank of India and applicable to the Company.
- (3) The Indian Contract Act, 1872
- (4) The Depositories Act, 1996
- (5) The Maharashtra Stamp Act, 1958
- (6) The Indian Stamp Act, 1899
- (7) SEBI (Substantial Acquisition of Shares And Takeovers) Regulations, 2011
- (8) The Indian Registration Act, 1908
- (9) The Income tax Act 1961
- (10) The Goods and Service Tax (GST)
- (11) The Maharashtra Profession Tax Act
- (12) The Maharashtra Shops and Establishment act, 2017
- (13) The Maternity Benefit Act, 1961
- (14) The Payment of Bonus Act, 1965
- (15) The Employee Provident Fund and Miscellaneous Act, 1952
- (16) The Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013
- (17) The (National & Festival Holidays) Act 1963



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I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws, and Regulations of the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges. **(Not applicable to the Company during the period under Audit)**

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

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

Adequate notice was given to all the directors to schedule the board meetings, agenda and detailed notes on agenda were sent in advance. The Company confirms that the system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the respective meetings of the Board or Committee thereof.

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

I further report that during the audit period the Company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

1. The Company had made an application to the Reserve Bank of India (RBI) for change in shareholding and control in accordance with the provisions of the RBI Master Directions in December 2021 for the transfer of remaining stake of Investment Opportunities IV Pte. Ltd., Foreign Company (hereinafter referred as INVO IV) being 6,34,32,315 equity shares of the Company representing 21.875% of the paid up capital of the Company (said shares) to SMCM Holdings Private Limited (formerly known as Farmride Private Limited). RBI vide their letters dated April 1, 2022 and October 7, 2022, had given approval for change in shareholding wherein the stake of SMCM Holdings Private Limited increased from 25% to 46.875% and had given timeline till December 31, 2022. The remittance of consideration for acquisition of said shares of the Company by SMCM Holdings Private Limited (SMCM Holdings) from INVO IV was made on December 30, 2022. The said transfer was effected by INVO IV to SMCM Holdings Private Limited on January 03, 2023.



MEHUL RAVAL

Practicing Company Secretary

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1. I have received the explanation / representation from the Management of the Company that due to holiday on December 31, 2022 and January 1 & 2, 2023 in Singapore (home country of INVO IV), the transfer of said shares was effected on January 3, 2023.

2. The Reserve Bank of India had conducted the on-site Inspection of the Company for FY 2021-22 from March 14, 2023 to March 28, 2023. The Inspection Report on the outcome of Inspection is awaited.

Mehul



Mehul Raval
Practicing Company Secretary
ACS 18300
CP. No: 24170
UDIN: A018300E000489705
Place: Mumbai
Dated: June 15, 2023

This Report is to be read with my letter of even date which is annexed as Annexure A and forms part of this report.

MEHUL RAVAL

Practicing Company Secretary

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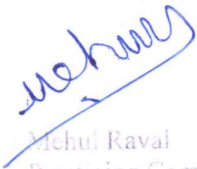
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Annexure A

To,
The Members,
SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

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

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


Mehul Raval
Practicing Company Secretary
ACS 18300
CP. No.: 24170
Place: Mumbai
Dated: June 15, 2023



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included Management Discussion and Analysis, Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility 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.



- 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.

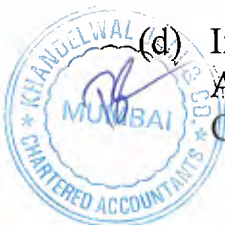
Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in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

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

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

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 Companies Act, 2013, we give in the **Annexure 'A'**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, based on our audit we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rule, 2015, as amended.



CHARTERED ACCOUNTANTS

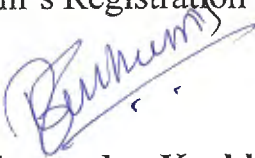
- (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure 'B'**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) Based on our audit, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under section 2(71) of the Act. Accordingly, reporting under section 197(16) is not applicable; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has does not have any of pending litigations which would impact its financial position as at March 31, 2023 - Refer Note 48 to the financial statements.
- (ii) The Company, as detailed in Note 25 to the financial statements, has made provision as at March 31, 2023, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts. Further, the Company did not have any derivative contracts as at March 31, 2023 Refer Note 49 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 during the year ended March 31, 2023 – Refer Note 50 to the financial statements.
- (iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been 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 or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries



CHARTERED ACCOUNTANTS

- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures considered reasonable and appropriate in the circumstances carried out by us, 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 clause (iv) and (v) above contain any material misstatements; and
- (v) The company has neither declared nor paid any dividend during the year.

For KHANDELWAL JAIN & CO.
Chartered Accountants
Firm's Registration No. 105049W


(Bhupendra Karkhanis)
PARTNER
Membership No. 108336



Place: Mumbai
Date: 14 July 2023
UDIN: 23108336BQZPM8366

Annexure "A" to Independent Auditors' Report

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' section of our Report to the Members of Shapoorji Pallonji Finance Private Limited of even date)

- (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) The Property, Plant and Equipment and right-of-use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the Property, Plant and Equipment and right-of-use assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and based on the examination of the records of the Company, the title deed of an immovable property is held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year and accordingly reporting under paragraph 3 (i)(d) of the order is not applicable for the Company.
- (e) ~~According to the information and explanations given to us and based on the examination of the records of the Company we report that, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.~~
- (ii) (a) The Company is non-banking financial company, primarily engaged in the business of lending and does not have any inventory. Accordingly, reporting under paragraph 3(ii)(a) of the said Order is not applicable for the Company.



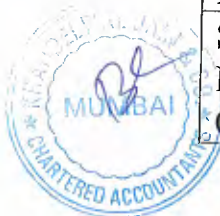
CHARTERED ACCOUNTANTS

- (b) During the year, the Company has availed working capital limits from banks in excess of Rs. 5 Crore on the basis of security of current assets. On the basis of audit procedures carried out by us we report that the quarterly statements filed by the Company with banks were in agreement with the books of account of the Company.
- (iii) During the year, the Company has made investments and granted secured and unsecured loans to companies and any other parties, in respect of which:
- (a) The Company has granted loans to companies during the year. As the Company's principal business is to give loans, the reporting under paragraph 3(iii)(a) of the Order is 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 and terms and conditions of all loans granted during the year are, prima facie not prejudicial to the Company's interest.
- (c) According to the information and explanations given to us and on the basis of our examination of books of account and other records of the company, we report that the schedule of repayment of principal and payment of interest has been stipulated in respect of loans granted by the Company. We further report during the year that there have been delays in many cases however due to nature of the Company's business, volume of information involved and practicability, only the details of the repayments or receipts which are due as at March 31, 2023:

Number of Parties	Total Overdue	Number of Days Overdue	Remarks
11 Parties	Rs.108.56 crores	2 - 196 Days	Subsequently Received

- (d) According to the information and explanations given to us and based on the audit procedures performed by us, as at March 31, 2023, following amount is overdue including interest for more than ninety days:

Name of the Borrower	Total Overdue	Number of Days Overdue	Remarks
Highstreet Developers Private Limited	20,50,72,877/-	150	Subsequently Received
Shree Radhey Mangal Gold Chain Pvt Ltd	4,71,39,726/-	196	Subsequently Received



CHARTERED ACCOUNTANTS
The Company's principal business is to give loans. Accordingly, paragraph 3(iii)(e) of the Order is not applicable to the Company.

- (f) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under paragraph 3(iii)(f) is not applicable to the Company.
- (iv) According to the information and explanations given to us and based on the audit procedures performed by us, there are no loans granted, guarantees and securities given in respect of which provisions of section 185 of the Act are applicable. The Company has not made investment through investment companies. Other provisions of section 186 of the Act are not applicable to the Company and hence not commented upon.
- (v) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not accepted any deposits or amounts which are deemed deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under. According to the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under clause 3(vi) of the order is not applicable to the Company.
- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues as applicable to the appropriate authorities. According to the information and explanations given to us and based on the audit procedures performed by us, there were no undisputed amounts payable in respect of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and based on the audit procedures performed by us, we report that there are no dues of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues which have not been deposited on account of any dispute.



CHARTERED ACCOUNTANTS

- (viii) According to the information and explanations given to us and based on the audit procedures performed by us, we report that there were no transactions which were not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) According to the information and explanations given to us and based on the audit procedures performed by us, we report that the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and based on the audit procedures performed by us, we report that the Company is not declared as willful defaulter by any bank or financial institution or other lender.
- (c) In our opinion and according to the information and explanations given to us, the Company has not raised any term loans during the year.
- (d) According to the information and explanations given to us and the procedures performed by us and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not have any subsidiary, associate or joint venture and accordingly, reporting under paragraph 3(ix)(e) of the Order is not applicable to the Company.
- (f) The Company does not have any subsidiary, associate or joint venture and accordingly, reporting under paragraph 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) During the year, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). Accordingly, reporting under paragraph 3(x)(a) of the Order is not applicable to the Company.
-
- (b) According to the information and explanations given to us and procedures performed by us, we report that the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, reporting under paragraph 3(x)(b) of the Order is not applicable to the Company.



- (xi) (a) Based on the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per the information and explanations given by the management, we report that no fraud by the Company or any fraud on the Company has been noticed or reported during the year.
- (b) During the year no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to the information and explanations given by us and procedures performed by us, we report that no whistle-blower complaints were received during the year by the Company.
- (xii) According to the information and explanations given to us and on the basis of examination of books of account and records of the Company, we report that the Company is not a Nidhi Company within the meaning of Section 406 of the Act. Accordingly, reporting under paragraph 3(xii)(a) to (c) of the Order is not applicable to the Company.
- (xiii) Based on the audit procedures performed and as per the information and explanations given to us, we report that the transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details as required by the applicable Indian Accounting Standards have been disclosed in the Financial Statements.
- (xiv) (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (b) The reports of the Internal Auditors for the period under audit have been considered by us in determining the nature and extent of any audit procedures.
- (xv) According to the information and explanations given to us, the Company has ~~not entered into any non-cash transactions with any of the directors or persons connected with him.~~ Accordingly, the provisions section 192 of the Act are not applicable to the Company.
- (xvi) (a) Based on information and explanation given to us, the Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and necessary registration has been obtained by the Company.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company is having valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

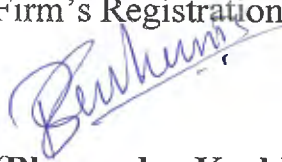


- (c) In our opinion, the Company is not a Core Investment Company (CIC) as defined in the Core Investment Companies (Reserve Bank) Directions, 2016 ("the Regulations") issued by the Reserve Bank of India. Accordingly, reporting under paragraph 3(xvi)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanation given to us, in the Group, there are seven companies forming part of the Group of the Company which are Core Investment Companies (CICs), as defined in the Regulations.
- (xvii) On the basis of examination of books of account and records of the Company and overall examination of the financial statements, we report that the Company has not incurred cash losses in the financial year 2022-23 or in the immediately preceding financial year 2021-22.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) According to the information and explanations given to us, the Company does not have any amount remaining unspent under section (5) of section 135 in respect to 'other than ongoing projects' pertaining to current financial year and accordingly reporting under paragraph 3(xx)(a) of the Order is not applicable to the Company.



- (b) According to the information and explanations given to us, the Company does not have any amount remaining unspent under section (5) of section 135 in respect of any 'ongoing projects' pertaining to current financial year and immediately preceding financial year and accordingly reporting under paragraph 3(xx)(b) of the Order is not applicable to the Company.

For KHANDELWAL JAIN & CO.
Chartered Accountants
Firm's Registration No. 105049W


(Bhupendra Karkhanis)
PARTNER
Membership No. 108336



Place: Mumbai

Date: 14 July 2023

UDIN: 23108336B4QZPM8366

Annexure B to Independent Auditor's Report

(Referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report to the Members of Shapoorji Pallonji Finance Private Limited of even date)

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

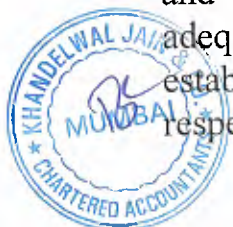
We have audited the internal financial controls with reference to financial statements of Shapoorji Pallonji Finance Private Limited (the "Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 these 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 these 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 these 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 basis for our audit opinion on the Company's internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls with reference to these Financial Statements

A company's internal financial controls 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 controls 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the



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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For KHANDELWAL JAIN & CO.

Chartered Accountants

Firm Registration Number: 105049W

Benchmark

(Bhupendra Karkhanis)

PARTNER

Membership No. 108336



Place: Mumbai

Date: 14 July 2023

-UDIN: 23108336B4QZPM8366

SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED
Balance Sheet as at 31 March 2023

Rupees in lakhs

Particulars	Note	As at 31 March 2023	As at 31 March 2022
ASSETS			
Financial assets			
Cash and cash equivalents	4	2,649.13	16,195.60
Receivables			
(i) Other receivables	5	16.63	65.39
Loans	6	52,035.82	45,510.31
Investments	7	940.72	8,768.95
Other financial assets	8	44.56	36.38
Total financial assets		55,686.86	70,576.63
Non-financial Assets			
Current tax assets (Net)	9	987.18	586.22
Deferred tax assets (Net)	10	1,726.55	1,635.23
Property, plant and equipment	11	738.78	142.16
Right of use asset	12	158.70	202.84
Intangible assets under development	11	373.91	-
Intangible assets	11	28.37	102.56
Other non-financial assets	13	175.09	101.33
Total non-financial assets		4,188.58	2,770.34
TOTAL ASSETS		59,875.44	73,346.97
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
(I) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises		43.98	0.25
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		124.15	52.58
(II) Other payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		54.98	36.68
Borrowings (other than debt securities)	15	10,334.17	26,082.61
Other financial liabilities	16	169.03	208.03
Total financial liabilities		10,726.31	26,380.15
Non-financial liabilities			
Provisions	17	1,313.32	1,224.07
Other non-financial liabilities	18	112.25	91.18
Total non-financial liabilities		1,425.57	1,315.25
EQUITY			
Equity share capital	19	28,997.63	28,997.63
Other equity	20	18,725.93	16,653.94
Total equity		47,723.56	45,651.57
TOTAL LIABILITIES AND EQUITY		59,875.44	73,346.97

Summary of significant accounting policies

2

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

As per our report of even date.

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No. 105049W

Bhupendra Karkhanis
Bhupendra Karkhanis
Partner
Membership No. 108336
Place : Mumbai
Date : 14 July 2023



For and on behalf of the Board of Directors

Sanjay Hinduja
Sanjay Hinduja
MD & CEO
DIN. 00388123

Vinod Bhandawat
Vinod Bhandawat
Director
DIN. 02873571

Pankaj Gupta
Pankaj Gupta
Chief Financial Officer

Preeti Chhabria
Preeti Chhabria
Company Secretary
ACS No. 18180

Place : Mumbai
Date : 14 July 2023

SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED
Statement of Profit and Loss for the year ended 31 March 2023

Rupees in lakhs

Particulars	Note	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from operations			
Interest Income	21	8,648.62	13,576.56
Net gain on fair value changes	22	(88.69)	689.18
Total revenue from operations		8,559.93	14,265.74
Other income	23	1.93	10.12
Total income		8,561.86	14,275.86
Expenses			
Finance costs	24	1,330.83	3,657.99
Impairment on financial instruments	25	(66.18)	1,234.79
Employee benefits expenses	26	3,081.11	2,201.81
Depreciation and amortization	11, 12	330.29	241.75
Other expenses	27	1,141.88	937.00
Total expenses		5,817.93	8,273.34
Profit before tax		2,743.93	6,002.52
Tax expense:	28		
(1) Current tax		577.39	1,476.32
(2) Income tax of earlier years		177.57	321.26
(3) Deferred tax		(89.22)	147.24
Total tax expense		665.74	1,944.82
Profit for the year		2,078.19	4,057.70
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss --			
Remeasurement of defined benefit obligations			
-Re-measurement of defined benefit plan		(8.29)	11.54
(ii) Income tax relating to items that will not be reclassified to profit or loss		2.09	(2.90)
Other comprehensive income		(6.20)	8.64
Total comprehensive income for the year		2,071.99	4,066.34
Earnings per equity share			
Basic (₹)	29	0.72	1.40
Diluted (₹)		0.72	1.40
Summary of Significant accounting policies	2		

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

As per our report of even date.

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No. 105049W

Bhupendra Karkhanis
Partner
Membership No.108336
Place : Mumbai
Date : 14 July 2023



For and on behalf of the Board of Directors

Sanjay Hinduja
MD & CEO
DIN. 00388123

Vinod Bhandawat
Director
DIN. 02873571

Pankaj Gupta
Chief Financial Officer

Preeti Chhabria
Company Secretary
ACS No. 18180

Place : Mumbai
Date : 14 July 2023

SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED
Cash Flow Statement for the year ended March 31, 2023

Rupees in lakhs

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
CASH FLOW FROM OPERATING ACTIVITIES :		
Profit before tax:	2,743.93	6,002.52
Adjustments :		
Depreciation and amortisation	330.29	241.75
Net loss on fair value changes	268.55	(503.74)
Gain on discontinuation of lease	(1.88)	-
Profit on sale of fixed assets	-	(6.19)
Profit on Redemption of Mutual Fund	(179.86)	(185.44)
Impairment on financial instruments	(66.18)	1,259.99
Recovery from loan written off	-	(25.20)
Interest income	(8,521.19)	(13,504.43)
Finance cost	1,330.83	3,657.99
Cash inflow from interest on loans	8,582.98	13,281.70
Cash outflow towards finance cost	(1,263.16)	(3,819.11)
Operating profit before working capital changes	3,224.31	6,399.84
Adjustments for (increase)/ decrease in operating assets:		
Other receivables	48.76	58.17
Loans	(6,521.12)	22,879.78
Other financial assets	(8.18)	4.79
Other non financial assets	(73.76)	0.93
Adjustments for increase/ (decrease) in operating liabilities		
Trade payables	115.30	(141.08)
Other payables	18.30	(148.01)
Provisions	80.96	443.08
Other non financial liabilities	21.07	(37.64)
Cash generated from operations	(3,094.36)	29,459.86
Less : Income taxes paid (net of refunds)	(1,155.92)	(1,951.99)
Net cash outflow from operating activities	(4,250.28)	27,507.87
CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Investments	30,357.14	67,969.11
Purchase of Investments	(22,617.61)	(75,800.00)
Purchase of property, plant and equipments	(747.56)	(104.41)
Purchase of intangibles	(373.91)	-
Sale of fixed assets	-	6.19
Net cash inflow from investing activities	6,618.06	(7,929.11)
CASH FLOW FROM FINANCING ACTIVITIES :		
(Repayment) of bank borrowing	(15,796.03)	(19,753.52)
Proceeds from/ (Repayment of) debt securities	-	(7,500.00)
Principal element of lease payments	(118.22)	(95.45)
Net cash inflow from financing activities	(15,914.25)	(27,348.97)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	(13,546.47)	(7,770.21)
Add : Cash and cash equivalents at beginning of the year	16,195.60	23,965.81
Cash and cash equivalents at end of the year	2,649.13	16,195.60



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED
Cash Flow Statement for the year ended March 31, 2023

Rupees in lakhs

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Components of Cash and Cash Equivalents		
Cash on hand	-	-
Balance with banks:		
- In current accounts	1,699.13	795.60
- In fixed deposits (with original maturity of less than 3 months)	950.00	15,400.00
	2,649.13	16,195.60

Refer to Note 15(c) which provides disclosure regarding changes in liabilities arising from financing activities.

Summary of Significant accounting policies (Refer Note 2)
The accompanying notes are integral part of these financial statements.

As per our report of even date.

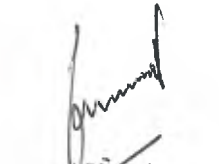
For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No. 105049W

For and on behalf of the Board of Directors


Bhupendra Karkhanis
Partner
Membership No.108336
Place : Mumbai
Date : 14 July 2023




Sanjay Hinduja
MD & CEO
DIN. 00388123


Vinod Bhandawat
Director
DIN. 02873571


Pankaj Gupta
Chief Financial Officer


Preeti Chhabria
Company Secretary
ACS No. 18180

Place : Mumbai
Date : 14 July 2023

SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED
Statement of changes in equity for the year ended 31 March 2023

Rupees in lakhs

A. Equity share capital

Particulars	Number	Amount
As at 01 April 2021	28,99,76,296	28,997.63
Add: issued during the year	-	-
As at 01 April 2022	28,99,76,296	28,997.63
Add: issued during the year	-	-
As at 31 March 2023	28,99,76,296	28,997.63

B. Other equity

Particulars	Reserves and surplus			Total other equity
	Securities premium	Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934	Retained earnings	
As at 01 April 2021	4,312.62	1,851.41	6,423.57	12,587.60
Profit for the year	-	-	4,057.70	4,057.70
Other comprehensive income	-	-	8.64	8.64
Total comprehensive income for the year	-	-	4,066.34	4,066.34
Transfer to special reserve	-	-	(811.54)	(811.54)
Additions	-	811.54	-	811.54
As at 31 March 2022	4,312.62	2,662.95	9,678.37	16,653.94
Profit for the year	-	-	2,078.19	2,078.19
Other comprehensive income	-	-	(6.20)	(6.20)
Total comprehensive income for the year	-	-	2,071.99	2,071.99
Transfer to special Reserve	-	-	(415.64)	(415.64)
Additions	-	415.64	-	415.64
As at 31 March 2023	4,312.62	3,078.59	11,334.72	18,725.93

Summary of Significant accounting policies (Refer Note 2)
The accompanying notes are integral part of these financial statements.

As per our report of even date.

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No. 105049W

Bhupendra Karkhanis
Bhupendra Karkhanis
Partner
Membership No.108336



Place : Mumbai
Date : 14 July 2023

For and on behalf of the Board of Directors

Sanjay Hinduja
Sanjay Hinduja
MD & CEO
DIN. 00388123

Vinod Bhandawat
Vinod Bhandawat
Director
DIN. 02873571

Pankaj Gupta
Pankaj Gupta
Chief Financial Officer

Preeti Chhabria
Preeti Chhabria
Company Secretary
ACS No. 18180

Place : Mumbai
Date : 14 July 2023

SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. CORPORATE INFORMATION

Shapoorji Pallonji Finance Private Limited was incorporated in 1994 under the provisions of the Companies Act, 1956 as a public company and w.e.f. 31 March, 2016 it was converted into a private company. The Company is registered with the Reserve Bank of India (RBI) as Non-Deposit taking Non-Banking Financial Company vide Certificate No. B-13.01534. The Company is primarily engaged in Lending Business. The Company is a subsidiary of Shapoorji Pallonji And Company Private Limited. The registered office of the Company is SP Centre, Ground Floor, Courtyard 10B, 41/44 Minoo Desai Marg, Colaba, Mumbai – 400005.

2. BASIS OF PREPARATION

2.1 Presentation of financial statements

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

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

2.2 Statement of compliance

The financial statements comply in all material aspects and have been prepared in accordance with Indian Accounting Standards (Ind-AS) as per Companies (Indian Accounting Standards) Rules, 2015 (as amended) and notified under Section 133 of the Companies Act, 2013 (the Act) and other relevant provisions of the Act.

2.3 Functional and presentation currency

The financial statements are presented in Indian Rupees (INR) which is the currency of the primary economic environment in which the Company operates (the "functional currency"). The values are rounded to the nearest lakhs, except when otherwise indicated.

2.4 Historical cost convention

The financial statements have been prepared under the historical cost convention on the accrual basis except for certain financial instruments and plan assets of defined benefit plans, which are measured at fair values at the end of each reporting period as explained in the accounting policies below.

2.5 REVENUE RECOGNITION

Revenue (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. Ind-AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind 115:

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

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

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

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

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



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(i) Interest income

Under Ind-AS 109 interest income is recognised using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and fair value through other comprehensive income (FVOCI) (other than equity instruments measured at FVOCI). The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges). If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income as modification gain/loss. The adjustment is subsequently amortised through interest income in the statement of profit and loss. The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the amortised cost of the financial asset but recognise as income on receipt basis only.

(ii) Syndication fees income

Syndication fees are recognised on satisfactory completion of service delivery as per Ind AS 115.

(iii) Other income

Foreclosure/ penal income are recognised on a point-in-time basis, and are recorded when realised since the probability of collecting such monies is established when the customer pays.

2.6 Income tax

The income tax expense or credit for the period is the tax payable on the taxable income of the current period based on the applicable income tax rates adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

(i) Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

2.7 LEASES

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 April 2018, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as lessee-

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in statement of profit and loss.

2.8 FINANCIAL INSTRUMENT

(i) Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans are recognised when funds are transferred to the customer's account. The Company recognises debt securities, deposits and borrowings when funds reach the Company.

(ii) Initial measurement of financial instruments

Recognised financial instruments are initially measured at transaction price, which equates fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in statement of profit and loss.

(iii) Day of gain and loss

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

(iv) Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost,
- Fair value through other comprehensive income (FVOCI),
- Fair value through profit and loss (FVTPL)

Financial liabilities, other than loan commitments and financial guarantees, are measured at FVTPL when they are derivative instruments or the fair value designation is applied.



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2.9 FINANCIAL ASSETS AND LIABILITIES

Financial assets

Based on the business model, the contractual characteristics of the financial assets and specific elections where appropriate, the Company classifies and measures financial assets in the following categories:

- Amortised cost
- Fair value through other comprehensive income ('FVOCI')
- Fair value through profit and loss ('FVTPL')

(a) Financial assets carried at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows ('Asset held 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 ('SPPI') on the principal amount outstanding.

After initial measurement and based on the assessment of the business model as asset held to collect contractual cash flows and SPPI, such financial assets are subsequently measured at amortised cost using effective interest rate ('EIR') method. Interest income and impairment expenses are recognised in statement of profit and loss. Interest income from these financial assets is included in finance income using the EIR method. Any gain and loss on derecognition is also recognised in statement of profit and loss.

The EIR method is a method of calculating the amortised cost of a financial instrument and of allocating interest over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(b) Financial assets at fair value through other comprehensive income

Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the assets, ('Contractual cash flows of assets collected through hold and sell model') and contractual cash flows that are SPPI, are subsequently measured at FVOCI. Movements in the carrying amount of such financial assets are recognised in Other Comprehensive Income ('OCI'), except dividend income which is recognised in statement of profit and loss. Amounts recorded in OCI are not subsequently transferred to the statement of profit and loss. Equity instruments at FVOCI are not subject to an impairment assessment.

(c) Financial assets at fair value through profit or loss

Financial assets, which do not meet the criteria for categorisation as at amortised cost or as FVOCI, are measured at FVTPL. Subsequent changes in fair value are recognised in statement of profit and loss. The company records investments in equity instruments, mutual funds and Treasury bills at FVTPL.

Financial liabilities and equity instrument

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(a) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of directly attributable transaction costs.

(b) Financial liabilities

Financial liabilities are measured at amortised cost. The carrying amounts are determined based on the EIR method. Interest expense is recognised in the statement of profit and loss. Any gain or loss on de-recognition of financial liabilities is also recognised in profit or loss. Undrawn loan commitments are not recorded in the balance sheet.

2.10 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The contractual rights to receive cash flows from the financial asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset and 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.



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not de-recognised and the proceeds received are recognised as a collateralised borrowing.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in statement of profit and loss.

b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, canceled 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.

2.11 IMPAIRMENT OF FINANCIAL ASSET

(i) Overview of the ECL principles

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The ECL allowance is based on the credit losses expected to arise over the life of the asset, 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 (12 month ECL). The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

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

Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition and are not credit-impaired upon origination. For these assets, 12-month expected credit losses ('ECL') are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).

Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is continued to be calculated on the gross carrying amount of the asset.

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount.

(ii) The calculation of ECLs

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

Probability of Default (PD): The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Exposure at Default (EAD) is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counter party, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

When estimating the ECLs, the Company considers three scenarios (a base case, an upside, and extreme downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

2.12 DETERMINATION OF FAIR VALUE

The Company measures certain financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principle market or in absence of the principle market, the most advantageous market.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

Level 1 includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2 Financial instruments the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The Company evaluates the leveling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

2.13 CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably.

Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives as specified under schedule II of the Act. Land is not depreciated.

The estimated useful lives are, as follows:

- (i) Computer Equipments - 3 Years
- (ii) Office equipment - 5 years
- (iii) Furniture and fixtures - 3 years
- (iv) Vehicle- 4 Years
- (v) Building - 60 Years

Depreciation is provided on a pro-rata basis from the date on which such asset is ready for its intended use. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

2.15 IMPAIRMENT OF NON-FINANCIAL ASSET

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. 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 the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

2.16 INTANGIBLE ASSETS

Intangible assets represents computer software acquired by the Company carried at cost of acquisition less amortisation. The cost of the item of intangible assets comprises its purchase price, including non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Other Indirect Expenses incurred relating to asset under development, net of income earned during the asset development stage prior to its intended use, are disclosed under Intangible Assets Under Development and are capitalised when asset is ready for the intended use.

At intangible asset is de-recognised on disposal, or when no future economics benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset is recognised in profit or less when the asset is de-recognised.

Amortisation methods, estimated useful lives and residual value

Intangible assets, comprising software, are amortised over the estimated life of 3 years on a straight-line basis from the date of capitalisation. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2.17 RETIREMENT AND OTHER EMPLOYEE BENEFITS

Defined contribution plans

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefits plan

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972. The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. As per Ind AS 19, the service cost and the net interest cost are charged to the statement of profit and loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The cost of short-term compensated absences is accounted as under:

(a) In case of accumulative compensated absences, the employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation. Since the compensated absences fall due wholly within twelve months after the end of the period in which the employees render the related service and are also expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a short-term employee benefit.

(b) in case of non-accumulating compensated absences, when the absences occur.

2.18 PROVISIONS

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

2.19 SEGMENT REPORTING

The Company is registered with the Reserve Bank of India as a Non Banking Finance Company engaged in the business of lending. During the current year and previous year the Company was engaged in only one business segment (corporate and other financing) and primarily in one geographical segment. Therefore these financial statements pertain to one business segment.

2.20 EARNING PER SHARE

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.21 EXPENSES

(i) Finance costs:

Borrowing costs on financial liabilities are recognised using the EIR method.

(ii) Other expenses:

Expenses are recognised on accrual basis net of the goods and services tax, except where credit for the input tax is not statutorily permitted.

2.22 Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 01, 2022, as below:

1. Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

2. Ind AS 16 – Proceeds before intended use



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

3. Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

4. Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

5. Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

2.23 ROUNDING OFF

All amounts disclosed in the financial statements and notes have been rounded off to the nearest "lakhs" as per the requirement of Schedule III, unless otherwise stated.



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

3.1 JUDGEMENTS

The preparation of the financial statements in conformity with Ind AS requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

3.2 ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Following are the areas that involved a higher degree of estimates and judgement or complexity in determining the carrying amount of some assets and liabilities.

i) 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 in absence of principal market) 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.

ii) Effective interest rate ("EIR") method

The Company's EIR methodology, as explained in Note 2.5 (i), recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given 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 behavior and life-cycle of the instruments, as well as expected changes to interest rates and other fee income that are integral parts of the instrument.

iii) 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 expected credit loss ("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 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.
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

iv) 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 judgment is required to conclude on these estimates.



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 4 - Cash and Cash Equivalents

Particulars	As at 31 March 2023	As at 31 March 2022
Cash on hand	-	-
Balance with banks		
- In current accounts	1,699.13	795.60
- In fixed deposits (with original maturity of less than 3 months)	950.00	15,400.00
Total	2,649.13	16,195.60

Note 5 - Other Receivables

Particulars	As at 31 March 2023	As at 31 March 2022
Other receivables	16.63	65.39
Total	16.63	65.39
Secured - Considered good	-	-
Unsecured - Considered good	16.63	65.39
Receivables which have significant increase in Credit Risk	-	-
Receivables - credit impaired	-	-
Total - Gross	16.63	65.39
(Less): Impairment loss allowance	-	-
Total - Net	16.63	65.39

Note 6 - Loans

Particulars	As at 31 March 2023	As at 31 March 2022
Loans at amortised cost		
Loans	58,127.94	51,676.11
Loans to staff	67.50	60.00
Total (A) - Gross	58,195.44	51,736.11
(Less): Impairment loss allowance	(6,159.62)	(6,225.80)
Total (A) - Net	52,035.82	45,510.31
Secured by tangible assets	10,044.94	5,324.85
Secured by intangible assets	-	-
Covered by bank/government guarantees	-	-
Unsecured	48,150.50	46,411.26
Total (B) - Gross	58,195.44	51,736.11
(Less): Impairment loss allowance	(6,159.62)	(6,225.80)
Total (B) - Net	52,035.82	45,510.31
Loans in India		
- Public sector	-	-
- Others	58,195.44	51,736.11
Loans within India - Gross	58,195.44	51,736.11
(Less): Impairment loss allowance	(6,159.62)	(6,225.80)
Loans within India -Net - (C)(i)	52,035.82	45,510.31
Loans Outside India (C) (ii)	-	-
Total (C) - Gross	58,195.44	51,736.11
(Less): Impairment loss allowance	(6,159.62)	(6,225.80)
Total (C) - Net	52,035.82	45,510.31
Grand total - Gross [(A) + (D)]	58,195.44	51,736.11
Grand total - Net [(C) + (D)]	52,035.82	45,510.31

The company has not granted any loans and advances that are repayable on demand or without specifying any terms or period of repayment to promoters, directors, KMPs and the related parties either severally or jointly with any other person.



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 7 - Investments

Particulars	At amortised cost	At fair value through profit and loss	Total
As at 31 March 2023			
Investment in Mutual funds	-	517.60	517.60
Investment in Equity Shares	-	423.12	423.12
Total (A) - Gross	-	940.72	940.72
Less: Allowance for impairment loss	-	-	-
Total (A) - Net	-	940.72	940.72
Investments outside India	-	-	-
Investments in India	-	940.72	940.72
Total (B) - Gross	-	940.72	940.72
Less: Allowance for impairment loss	-	-	-
Total (B) - Net	-	940.72	940.72
As at 31 March 2022			
Investment in Mutual funds	-	8,070.96	8,070.96
Investment in Equity Shares	-	697.99	697.99
Total (A) - Gross	-	8,768.95	8,768.95
Less: Allowance for impairment loss	-	-	-
Total (A) - Net	-	8,768.95	8,768.95
Investments outside India	-	-	-
Investments in India	-	8,768.95	8,768.95
Total (B) - Gross	-	8,768.95	8,768.95
Less: Allowance for impairment loss	-	-	-
Total (B) - Net	-	8,768.95	8,768.95



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 8 - Other Financial Assets

Particulars	As at 31 March 2023	As at 31 March 2022
Security deposits	44.56	36.38
Others	-	-
Total	44.56	36.38

Note 9 - Current tax assets (net)

Particulars	As at 31 March 2023	As at 31 March 2022
Advance Tax and Tax deducted at source	6,105.33	4,949.41
Less: Provision for tax	(5,118.15)	(4,363.19)
Total	987.18	586.22

Note 10 - Deferred tax assets (net)

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred Tax Assets (Gross)		
Differences in WDV of fixed assets	57.10	39.24
Unamortised Processing fees Income	86.69	71.14
ECL provision on financial assets	1,550.38	1,567.03
Modification loss on bank borrowing	10.73	41.42
Lease accounting as per Ind AS 116	2.60	1.31
Provision for Gratuity	62.52	47.48
Interest adjustments on Lease deposits	1.63	2.16
Provision for leave encashment	7.78	4.64
TOTAL (A)	1,779.43	1,774.41
Deferred Tax Liabilities (Gross)		
Unamortised fees on borrowings	9.00	27.71
Unrealized gain on investment at FVTPL	43.88	111.47
TOTAL (B)	52.88	139.18
Net Deferred Tax Asset/(Liability) [(A) - (B)]	1,726.55	1,635.23



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

(Rupees in lakhs)

Note 11 - Property, Plant and Equipment

FY 2022-23	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK		
	As at 1 April 2022	Additions	Deletions/ Adjustments	As at 31 March 2023	As at 1 April 2022	For the year ended 31 March 2023	Deductions/ Adjustments	As at 31 March 2023	As at 31 March 2022
Property, Plant and Equipment									
Office equipments	27.32	129.28	-	156.60	20.05	15.09	-	35.14	121.46
Furnitures and fittings	19.10	89.32	-	108.42	18.60	12.61	-	31.21	77.21
Leasehold improvements	67.00	355.82	-	422.82	65.56	49.06	-	114.62	308.20
Building*	21.94	-	-	21.94	0.63	0.37	-	1.00	20.94
Computers	58.81	84.46	-	143.27	41.45	23.72	-	65.17	78.10
Vehicles	242.18	77.71	-	319.89	147.91	39.12	-	187.03	132.86
Total (A)	436.35	736.59	-	1,172.94	294.19	139.97	-	434.16	738.78
Intangible assets									
Software acquired	262.29	10.97	-	273.26	159.73	85.16	-	244.89	102.56
Total (B)	262.29	10.97	-	273.26	159.73	85.16	-	244.89	102.56
GRAND TOTAL (A+B)	698.64	747.56	-	1,446.20	453.92	225.13	-	679.05	767.15
Intangible under development									
	-	373.91	-	373.91	-	-	-	-	373.91

*Title deed of immovable property (other than properties where the company is the lessee and the lease agreements are duly executed in the favour of lessee) are held in the name of the company.

FY 2021-22	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK		
	As at 1 April 2021	Additions	Deletions/ Adjustments	As at 31 March 2022	As at 1 April 2021	For the year ended 31 March 2022	Deductions/ Adjustments	As at 31 March 2022	As at 31 March 2021
Property, Plant and Equipment									
Office equipments	19.48	8.53	(0.70)	27.32	15.65	5.09	(0.70)	20.05	7.27
Furnitures and fittings	19.10	-	-	19.10	16.00	2.60	-	18.60	0.50
Leasehold improvements	67.00	-	-	67.00	56.45	9.11	-	65.56	1.44
Building*	21.94	-	-	21.94	0.26	0.37	-	0.63	21.31
Computers	46.77	16.05	(4.01)	58.81	33.20	12.26	(4.01)	41.45	17.36
Vehicles	183.65	71.60	(13.07)	242.18	116.14	44.84	(13.07)	147.91	94.27
Total (A)	357.94	96.19	(17.78)	436.35	237.70	74.27	(17.78)	294.19	142.16
Intangible assets									
Software acquired	254.07	8.22	-	262.29	74.93	84.80	-	159.73	102.56
Total (B)	254.07	8.22	-	262.29	74.93	84.80	-	159.73	179.14
GRAND TOTAL (A+B)	612.01	104.41	-	698.64	312.63	159.07	-	453.92	299.38
Intangible under development									
	-	-	-	-	-	-	-	-	-

*Title deed of immovable property (other than properties where the company is the lessee and the lease agreements are duly executed in the favour of lessee) are held in the name of the company.



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 12 - Right of use asset

FY 2022-23	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK	
	As at 1 April 2022	Additions	Deletions/ Adjustments	As at 31 March 2023	For the Period ended 31 March 2023	Deductions/ Adjustments	As at 31 March 2023	As at 31 March 2022
Right of use asset Premises	251.80	102.68	-	354.48	105.16	41.66	158.70	202.84
Total (A)	251.80	102.68	-	354.48	105.16	41.66	158.70	202.84
FY 2021-22	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK	
As at 1 April 2021	Additions	Deletions/ Adjustments	As at 31 March 2022	For the year ended 31 March 2022	Deductions/ Adjustments	As at 31 March 2022	As at 31 March 2021	As at 31 March 2021
Right of use asset Premises	241.05	251.80	(241.05)	251.80	82.69	(241.05)	202.84	33.73
Total (A)	241.05	251.80	(241.05)	251.80	82.69	(241.05)	202.84	33.73



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 13 - Other Non financial Assets

Particulars	As at 31 March 2023	As at 31 March 2022
Prepaid expenses	151.81	98.69
Duties and taxes	23.28	2.64
Total	175.09	101.33

Note 14 - Payables

Particulars	As at 31 March 2023	As at 31 March 2022
Trade Payables		
a) total outstanding dues of micro enterprises and small enterprises	43.98	0.25
b) total outstanding dues of creditors other than micro enterprises and small enterprises	124.15	52.58
	168.13	52.83
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	54.98	36.68
	54.98	36.68
Total	223.11	89.51

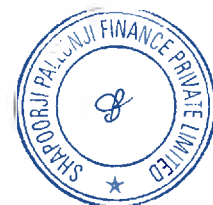
Trade Payables Ageing

As at 31 March 2023

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled	Not due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables								
Micro enterprises and small	-	-	43.98	-	-	-	-	43.98
Others	33.80	-	90.35	-	-	-	-	124.15
(iii) Disputed Trade Receivables								
Micro enterprises and small	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Total	33.80	-	134.33	-	-	-	-	168.13

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled	Not due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables								
Micro enterprises and small	-	-	0.25	-	-	-	-	0.25
Others	39.48	-	13.10	-	-	-	-	52.58
(iii) Disputed Trade Receivables								
Micro enterprises and small	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Total	39.48	-	13.35	-	-	-	-	52.83



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 15 - Borrowings other than debt securities (at amortised cost)

Particulars	As at 31 March 2023	As at 31 March 2022
Secured		
Term loans	6,864.34	18,641.21
Working Capital Demand Loans	-	-
Bank Overdrafts	3,469.83	7,441.40
Total (A)	10,334.17	26,082.61
Borrowings in India	10,334.17	26,082.61
Borrowings outside India	-	-
Total (B)	10,334.17	26,082.61

a) Term loan

i) Terms of repayment:

Tenure (from the date of the Balance Sheet)	As at 31 March 2023	As at 31 March 2022
	Rate of Interest	Rate of Interest
	>=9.90%	>=8.85%
	<10.30%	<12.25%
	Amount	Amount
24-36 months	-	2,249.34
12-24 months	2,258.03	6,659.36
upto 12 months	4,606.31	9,732.51
Total	6,864.34	18,641.21

ii) Nature of security provided towards the above loan:

Term loan facilities are secured via First pari-passu floating charge by way of hypothecation on the standard asset portfolio of receivables and investments.

b) Bank overdraft and working capital demand loan:

Bank overdraft and working capital demand loan are repayable on demand and are secured by way of hypothecation of standard asset portfolio of receivable and investments.

c) Net debt reconciliation

Analysis of net debt and the movements in net debt for each of the periods is presented as follows:

Particulars	Net debt as at April 01, 2021	Net Cash Flows	Other non cash movement	Net debt as at March 31, 2022
Debt securities	7,612.95	(7,500.00)	(112.95)	-
Borrowings other than debt securities	45,896.81	(19,753.52)	(60.68)	26,082.61
Lease liabilities	39.17	(95.45)	264.31	208.03
Total	45,935.98	(27,348.97)	90.68	26,290.64

Particulars	Net debt as at April 01, 2022	Net Cash Flows	Other non cash movement	Net debt as at March 31, 2023
Debt securities	-	-	-	-
Borrowings other than debt securities	26,082.61	(15,796.03)	47.59	10,334.17
Lease liabilities	208.03	(118.22)	79.22	169.03
Total	26,290.64	(15,914.25)	126.81	10,503.20

The Company has not defaulted/delayed in repayment of any principal and interest during the year.

The quarterly returns and statements of current assets filled by the company with banks are in agreement with the books of accounts.



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITEDNOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 16 - Other financial liabilities

Particulars	As at	As at
	31 March 2023	31 March 2022
Lease liability	169.03	208.03
Total	169.03	208.03

Note 17 - Provisions

Particulars	As at	As at
	31 March 2023	31 March 2022
Provisions for employee benefits		
Gratuity (Refer note 31)	248.41	188.64
Variable Pay	1,034.00	1,017.00
Leave Encashment	30.91	18.43
Total	1,313.32	1,224.07

Note 18 - Other non financial liabilities

Particulars	As at	As at
	31 March 2023	31 March 2022
Statutory dues payable	112.25	91.18
Total	112.25	91.18



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 19 - Equity

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	Rs.	Number	Rs.
Authorised shares 700,000,000 (Previous year : 700,000,000) Equity shares of Rs.10 each	70,00,00,000	70,000.00	70,00,00,000	70,000.00
Issued, subscribed & fully paid-up shares 289,976,296 (March 31, 2022: 289,976,296) Equity shares of Rs. 10/- each fully paid up	28,99,76,296	28,997.63	28,99,76,296	28,997.63
Total	28,99,76,296	28,997.63	28,99,76,296	28,997.63

a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year.

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	Rs.	Number	Rs.
Outstanding at the beginning of the year	28,99,76,296	28,997.63	28,99,76,296	28,997.63
Add: Shares issued during the year	-	-	-	-
Outstanding at the end of the year	28,99,76,296	28,997.63	28,99,76,296	28,997.63

b) Terms and rights attached to equity shares

Equity shares: The company has only one class of equity shares having a par value of ₹ 10 per shares. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of shareholder	As at 31 March 2023		As at 31 March 2022	
	Number	% of Holding	Number	% of Holding
Shapoorji Pallonji and Company Private Limited (Holding Company) and its nominees	15,40,25,907	53.12	15,40,25,907	53.12
SMCM Holdings Private Limited (formerly known as Farmride Private Limited)	13,59,26,389	46.88	7,24,94,074	25.00
Investment Opportunities IV Pte. Limited*	-	-	6,34,32,315	21.88

* The remittance of consideration for acquisition of 6,34,32,315 equity shares of the Company (representing 21.88% of the paid-up equity share capital of the Company) by SMCM Holdings Pvt. Ltd. (SMCM) from Investment Opportunities IV Pte. Ltd. (INVO IV) was made on December 30, 2022. Due to holiday on December 31, 2022, January 01, 2023 and January 02, 2023 in Singapore (home Country of INVO IV) the said transfer was effected by INVO IV to SMCM on January 03, 2023

d) Details of shareholding of promoters

Name of shareholder	Number	% of Holding	% Change during the year
Shapoorji Pallonji and Company Private Limited (Holding Company) and its nominees	15,40,25,907	53.12	Nil
SMCM Holdings Private Limited (formerly known as Farmride Private Limited)	13,59,26,389	46.88	21.88



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 20 - Other equity

Particulars	As at 31 March 2023	As at 31 March 2022
Securities premium account	4,312.62	4,312.62
Retained earnings	11,334.72	9,678.37
Special Reserve under section 45 IC of RBI Act, 1934	3,078.59	2,662.95
TOTAL	18,725.93	16,653.94

Particulars	As at 31 March 2023	As at 31 March 2022
Securities premium account		
Opening balance	4,312.62	4,312.62
Add- Received during the year	-	-
Add- Share issue expenses	-	-
Closing balance	4,312.62	4,312.62
Retained earnings		
Opening balance	9,678.37	6,423.57
Add: Profit for the year	2,078.19	4,057.70
Add: Other comprehensive income for the year	(6.20)	8.64
Less: Transfer to Special Reserve under section 45 IC of RBI Act, 1934	(415.64)	(811.54)
Closing balance	11,334.72	9,678.37
Special Reserve under section 45 IC of RBI Act, 1934		
Opening balance	2,662.95	1,851.41
Add: Transfer from profit for the year	415.64	811.54
Closing balance	3,078.59	2,662.95
Total	18,725.93	16,653.94

Nature and purpose of the reserve

a) Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

b) Special Reserve under section 45 IC of RBI Act, 1934

Special reserve is created as per the requirement of RBI at the rate of 20% of the profit after tax for the year.



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 21 - Interest income

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
On financial assets measured at amortised costs:		
Interest on loans (Refer note 1 below)	8,521.19	13,504.43
Interest on fixed deposits	123.57	68.62
Interest others	3.86	3.51
Total	8,648.62	13,576.56

Note 1- The Company's significant revenue-interest on loans of 79.68% (previous year 35.95%) is derived from a group of entities under common control, interest on loans from such entities amounted to Rs. 6,789.38 lakhs (Rs. 4,855.38 lakhs). No other single customer contributed 10% or more to the Company's revenue for FY 2022-23 and FY 2021-22.

Note 22 - Net gain / (loss) on fair value changes

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Net gain /(loss) on financial instruments at FVTPL		
(Loss)/ gain on FVTPL instruments	(88.69)	689.18
Total (A)	(88.69)	689.18
Fair Value changes:		
Realised	179.86	185.44
Unrealised	(268.55)	503.74
Total (B)	(88.69)	689.18

Note 23 - Other income

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Profit on sale of Property, plant and equipment	-	6.19
Gain on discontinuation of lease	1.88	-
Others	0.05	3.93
Total	1.93	10.12

Note 24 - Finance costs

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Interest on borrowings	1,188.38	3,375.33
Interest expenses on lease liability	20.08	12.51
Other finance cost	122.37	270.15
Total	1,330.83	3,657.99



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 25 - Impairment on financial instruments

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
On financial instruments measured at amortised cost:		
Provision for expected credit loss	(66.18)	(31.29)
Financials assets written off*	-	1,266.08
Total	(66.18)	1,234.79

* net of recovery of Rs. Nil (Previous year: Rs. 25.20 lakhs)

Note 26 - Employee benefit expenses

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Salaries	2,914.57	2,076.18
Contribution to provident fund	39.55	34.09
Compensated absences	12.48	2.23
Staff welfare expenses	63.02	38.47
Gratuity Expense (Refer Note 31)	51.49	50.84
Total	3,081.11	2,201.81

Note 27 - Other expenses

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Legal and professional fees	497.79	461.81
Rates & Taxes	13.94	18.91
Business development expenses	30.27	56.44
Lease rent	12.65	6.63
Office and administrative expenses	104.31	42.73
Travelling and conveyance	148.45	94.73
Payments to auditors	37.00	28.00
Communication expenses	10.30	10.97
Printing and stationery expenses	5.23	2.01
Membership & Subscription	55.40	24.90
Donation	0.50	11.74
Corporate social responsibility expenses (Refer note 34)	172.18	141.67
Insurance expenses	53.86	36.46
Total	1,141.88	937.00

Breakup of Auditors' remuneration

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Statutory Audit	32.00	26.00
Tax audit	5.00	2.00
Total	37.00	28.00



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 28 - Tax expense

a. The components of income tax expense for the years ended 31 March 2023 and 2022 are:

	Year ended 31 March 2023	Year ended 31 March 2022
Current tax	577.39	1,476.32
Income tax of earlier years	177.57	321.26
Deferred tax	(89.22)	147.24
Total tax charge	665.74	1,944.82
Current tax including income tax of earlier years	754.96	1,797.58
Deferred tax	(89.22)	147.24

b. Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2023 and 31 March 2022 is, as follows:

	Year ended 31 March 2023	Year ended 31 March 2022
Accounting profit before tax	2,743.93	6,002.52
Applicable tax rate	25.17%	25.17%
Computed tax expense	690.65	1,510.84
Tax effect of :		
Disallowance of CSR/ donation expenses	43.46	38.63
Disallowance on account of section 36 (1) (viiia)	-	74.10
Income tax of earlier years	177.57	321.26
Others	(245.9)	-
Tax expenses recognised in the statement of profit and loss	665.74	1,944.82
Effective tax rate	24.26%	32.40%



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 28 - Tax expense (Continued)

c. Deferred tax assets/liabilities

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

	As at 31 March 2022	Statement of profit and loss	OCI	As at 31 March 2023
Deferred tax asset				
Differences in WDV of fixed assets	39.24	17.86	-	57.10
Unamortised Processing fees Income	71.14	15.55	-	86.69
ECL provision on financial assets	1,567.03	(16.65)	-	1,550.38
Provision for MTM gain/loss on investment	-	-	-	-
Provision for Gratuity	47.48	12.95	2.09	62.52
Lease Accounting	1.31	1.29	-	2.60
Modification loss on bank borrowing	41.42	(30.69)	-	10.73
Modification gain on loans and advance	-	-	-	-
Fair valuation of security deposit	2.16	(0.53)	-	1.63
Provision for leave encashment	4.64	3.14	-	7.78
	1,774.41	2.92	2.09	1,779.43
Deferred tax liability				
Unamortised fees on borrowings	27.71	(18.71)	-	9.00
Unrealized gain on mutual funds at FVTPL	111.47	(67.59)	-	43.88
	139.18	(86.30)	-	52.88
Net Deferred tax asset/liability	1,635.23	89.22	2.09	1,726.55

	As at 1 April 2021	Statement of profit and loss	OCI	As at 31 March 2022
Deferred tax asset				
Differences in WDV of fixed assets	23.23	16.01	-	39.24
Unamortised Processing fees Income	119.48	(48.34)	-	71.14
ECL provision on financial assets	1,574.91	(7.88)	-	1,567.03
Provision for MTM gain/loss on investment	15.32	(15.32)	-	-
Provision for Gratuity	37.59	12.79	(2.90)	47.48
Lease Accounting	1.37	(0.06)	-	1.31
Modification loss on bank borrowing	85.21	(43.79)	-	41.42
Modification gain on loans and advance	7.72	(7.72)	-	-
Fair valuation of security deposit	0.43	1.73	-	2.16
Provision for leave encashment	4.08	0.56	-	4.64
	1,869.34	(92.03)	(2.90)	1,774.41
Deferred tax liability				
Unamortised fees on borrowings	83.97	(56.26)	-	27.71
Unrealized gain on mutual funds at FVTPL	-	111.47	-	111.47
Modification gain on loans and advance	-	-	-	-
	83.97	55.21	-	139.18
Net Deferred tax asset/liability	1,785.37	(147.24)	(2.90)	1,635.23



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 29 - Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Company.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	For the year ended 31 March, 2023	For the year ended 31 March, 2022
Basic		
Profit after tax (Rs.)	2,078.19	4,057.70
Weighted average no. of equity shares outstanding	28,99,76,296	28,99,76,296
Basic EPS (Rs)	0.72	1.40
Diluted		
Profit after tax (Rs.)	2,078.19	4,057.70
Weighted average number of shares outstanding for diluted EPS	28,99,76,296	28,99,76,296
Diluted EPS (Rs)	0.72	1.40
Face value per share (Rs)	10.00	10.00

Note 30 - Details of dues to Micro, Small and Medium Enterprises

Based on the information available with the Company, few of the vendors are registered under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end under this Act has been given. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31 March 2023.

Particulars	As at 31 March 2023	As at 31 March 2022
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	43.98	28.25
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 31 - Employee benefit plan

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

(a) Defined contribution plan

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Company's contribution to provident fund aggregating INR 39.55 lakhs (31 March 2022: INR 34.09 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense.

(b) Defined benefit plan:

Gratuity

Financial assets not measured at fair value

The Company operates a defined benefit plan (the "gratuity plan") covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Company to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk. These are discussed as follows:

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

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

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

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

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

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

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

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 31 - Employee benefit plan (Continued)

(b) Defined benefit plans: (Continued)

The status of gratuity plan as required under Ind AS-19 is as under:

(Amounts in lakhs)

	As at 31 March 2023	As at 31 March 2022
i. Reconciliation of opening and closing balances of defined benefit obligation		
Present value of defined benefit obligations at the beginning of the year	188.64	149.33
Current service cost	46.82	41.27
Past service cost	-	-
Interest cost	12.93	9.57
Acquisition adjustment	-	-
Benefit paid	-8.26	-
Re-measurement (or Actuarial) (gain) / loss arising from:	-	-
Change in demographic assumptions	22.41	-
Change in financial assumptions	(15.44)	-9.54
Experience variance (i.e. Actual experience vs assumptions)	1.31	(1.99)
Present value of defined benefit obligations at the end of the year	248.41	188.64
ii. Reconciliation of opening and closing balances of the fair value of plan assets		
Fair value of plan assets at the beginning of the year	-	-
Transfer in / (out) plan assets	-	-
Expenses deducted from the fund	-	-
Interest income	-	-
Return on plan assets excluding amounts included in interest income	-	-
Assets distributed on settlements	-	-
Contributions by the Company	-	-
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-8.26	-
Fair value of plan assets at the end of the year	-	-
iii. Reconciliation of opening and closing balances of net defined benefit liability		
Net opening provision in books of accounts	188.64	149.33
Transfer in/(out) obligation	-8.26	-
Transfer (in)/out plan assets	-	-
Employee Benefit Expense	59.75	50.84
Amounts recognized in Other Comprehensive Income	8.28	-11.54
	248.41	188.64
Benefits paid by the Company	-	-
Contributions to plan assets	-	-
Closing provision in books of accounts	248.41	188.64

	For the year ended 31 March 2023	For the year ended 31 March 2022
iv. Expense recognised during the Year		
Current service cost	46.82	41.27
Interest cost	12.93	9.57
Past service cost	-	-
Expenses recognised in the statement of profit and loss	59.75	50.84
v. Other comprehensive income		
Components of actuarial gain/losses on obligations:		
Due to change in financial assumptions	22.41	(9.54)
Due to change in demographic assumption	(15.44)	-
Due to experience adjustments	1.31	(1.99)
Return on plan assets excluding amounts included in interest income	-	-
Components of defined benefit costs recognised in other comprehensive income	8.28	(11.54)



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 31 - Employee benefit plan (Continued)

(b) Defined benefit plans: (Continued)

	As at 31 March 2023	As at 31 March 2022
vi. Principal actuarial assumptions		
Discount rate (per annum)	7.45%	6.95%
Salary Growth Rate	10.00%	10.00%
Withdrawal rates per annum	10.00% p.a at younger ages reducing to 2.00% p.a% at older ages	10.00% p.a at younger ages reducing to 2.00% p.a% at older ages
Rate of return on plan assets (p.a.)	NA	NA

vii. Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and withdrawal rates. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

	For the year ended 31 March 2023		For the year ended 31 March 2022	
Defined benefit obligation (Base)	248.41		188.64	
	For the year ended 31 March 2023		For the year ended 31 March 2022	
	Decrease	Increase	Decrease	Increase
Discount rate (- / + 0.5%)	242.54	221.97	198.28	179.74
(% change compared to base due to sensitivity)	-2.36%	-10.64%	5.11%	-4.71%
Salary growth rate (- / + 0.05%)	222.16	242.23	179.94	197.95
(% change compared to base due to sensitivity)	-10.57%	-2.49%	-4.61%	4.94%
Withdrawal rate (W.R.) (W.R. x 90% / W.R. x 110%)	233.80	230.02	190.72	186.67
(% change compared to base due to sensitivity)	-5.88%	-7.40%	1.10%	-1.04%

viii. Asset liability matching strategies

Since the liabilities are unfunded, there is no Asset-Liability Matching strategy devised for the plan.

ix. Effect of plan on the Company's future cash flows

a) Funding arrangements and funding policy

Gratuity benefits liabilities of the company are unfunded.

b) Maturity profile of defined benefit obligation

Expected cash flows over the next (valued on undiscounted basis):	Cash flows (₹)		Distribution (%)	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
1st Following Year	7.32	4.86	1.00%	1.10%
2nd Following year	8.26	6.44	1.10%	1.50%
3rd Following Year	8.75	7.22	1.20%	1.70%
4th Following Year	9.27	55.23	1.20%	12.80%
5th Following Year	10.32	36.67	1.40%	8.50%
Sum of years 6 to 10	180.41	36.60	24.30%	8.50%

The future accrual is not considered in arriving at the above cash-flows.

The Expected contribution for the next year is Rs. 7.32 lakhs.

The Weighted Average Duration (Years) as at valuation date is 11.09 years.

x. Current and non-current break-up

Particulars	As at 31 March 2023	As at 31 March 2022
Current	7.23	4.86
Non-Current	241.18	183.78



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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(Rupees in lakhs)

Note 31 - Employee benefit plan (Continued)

(C) Other long term employee benefits

The liability for compensated absences as at the year ended 31 March 2023 and as at year ended 31 March 2022 is as below:

Particulars	As at 31 March 2023	As at 31 March 2022
Liability for Compensated absences at year end	30.91	18.43
Total	30.91	18.43

Current and non-current break-up

Particulars	As at 31 March 2023	As at 31 March 2022
Current	3.09	2.31
Non Current	27.82	16.12



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 32 - 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.

	As at 31 March 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	2,649.13	-	2,649.13	16,195.60	-	16,195.60
Receivables	16.63	-	16.63	65.39	-	65.39
(i) Other receivables	49,545.71	2,490.11	52,035.82	43,160.60	2,349.72	45,510.31
Loans	940.72	-	940.72	8,768.95	-	8,768.95
Investments	-	44.56	44.56	-	36.38	36.38
Other financial assets	-	-	-	-	-	-
Non-financial assets						
Current tax assets (Net)	-	987.18	987.18	-	586.22	586.22
Deferred tax assets (Net)	-	1,726.55	1,726.55	-	1,635.23	1,635.23
Property, plant and equipment	-	738.78	738.78	-	142.16	142.16
Right of use asset	-	158.70	158.70	-	202.84	202.84
Intangible assets under development	-	373.91	373.91	-	-	-
Intangible assets	-	28.37	28.37	-	102.56	102.56
Other non-financial assets	62.71	112.38	175.09	45.46	55.87	101.33
Total assets	53,214.90	6,660.54	59,875.44	68,236.00	5,110.98	73,346.97
LIABILITIES						
Financial liabilities						
Trade payables	43.98	-	43.98	0.25	-	0.25
(i) Total outstanding dues of micro enterprises and small enterprises	124.15	-	124.15	52.58	-	52.58
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Other payables	-	-	-	-	-	-
(i) Total outstanding dues of micro enterprises and small enterprises	54.98	-	54.98	36.68	-	36.68
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
Debt securities	8,076.14	2,258.03	10,334.17	17,173.91	8,908.70	26,082.61
Borrowings (other than debt securities)	103.75	65.28	169.03	80.61	127.42	208.03
Other financial liabilities	-	-	-	-	-	-
Non-financial liabilities						
Current tax liabilities (Net)	1,044.32	269.00	1,313.32	1,024.17	199.90	1,224.07
Provisions	112.25	-	112.25	91.18	-	91.18
Other non-financial liabilities	-	-	-	-	-	-
Total liability	9,559.57	2,592.31	12,151.88	18,459.38	9,236.02	27,695.40
Net	43,655.33	4,068.23	47,723.56	49,776.62	(4,125.04)	45,651.58



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 33 - Leases

This note provides information for leases where the Company is a lessee. The Company's lease asset classes primarily consist of leases for premises.

The office premises are generally rented on cancellable term for period of thirty six months with escalation clause and renewable at the option of the Company.

The company's leased assets mainly comprise office premises taken on lease. The term of property leases is 3 years. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Total lease liabilities are analysed as at

Denominated in the following currencies:	31 March 2023	31 March 2022
Rupees	169.03	208.03
Foreign currency	-	-
Total	169.03	208.03

Maturity of Lease liability	31 March 2023	31 March 2022
Current	103.75	80.61
Non Current	65.28	127.42
Total	169.03	208.03

The following amounts were recognised as expense in the year:

Particulars	31 March 2023	31 March 2022
Depreciation of right-of-use assets	105.16	82.69
Expense relating to short-term leases and low-value assets	12.65	6.63
Interest on lease liabilities (included in finance costs)	20.08	12.51
Total recognised in the income statement	137.89	101.83

The following are the undiscounted contractual cash flows of lease liabilities. The payment profile has been based on management's forecasts and could in reality be different from expectations:

Maturity analysis:	31 March 2023	31 March 2022
Less than 1 year	113.98	95.45
Between 1 and 2 years	59.22	95.45
Between 2 and 5 years	8.27	39.77
More than 5 years	-	-
Total	181.47	230.67

The following is the movement in lease liabilities during the year ended 31 March 2023

Particulars	31 March 2023	31 March 2022
Opening balance	208.03	39.17
Additions during the period	102.68	251.80
Terminate during the period	(43.54)	-
Finance cost incurred during the period	20.08	12.51
Payment of lease liabilities	(118.22)	(95.45)
Closing balance	169.03	208.03

Note: Refer Note 12 for movement in right to use of assets.



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

35 Note 35 - Related Party Disclosures (continued):

Transactions with related parties are as follows:

Transactions / Balances	Fellow Subsidiary																				
	31 March 2023	31 March 2022	Khavtar Property Developers Private Limited	Forbes facility Services Private Limited	Shapoorji Pallonji Real Estate Private Limited	31 March 2023	31 March 2022	Mirth Property Developers Private Limited	31 March 2023	31 March 2022	Bengal Shapoorji Infrastructure Development Private Limited	31 March 2023	31 March 2022	Mileage Properties Private Limited	31 March 2023	31 March 2022	Stonesteel Prefab Infra Private Limited	31 March 2023	31 March 2022	Eureka Forbes Limited	
Reimbursement of Insurance expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Brand and support fees paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent paid	-	-	-	18.90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02
Office expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.02
IT support services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid on loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Salaries, perquisites and other employee benefits*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest received on loan	814.14	695.41	-	-	91.55	261.50	336.59	256.64	569.86	436.74	506.97	128.63	223.49	-	-	-	-	-	-	-	-
Processing /Consultancy Fees (Received)	30.00	86.00	-	-	-	-	53.30	70.00	-	70.00	-	-	-	-	-	-	-	-	-	-	-
Security deposit paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Product purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan taken	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan repaid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan given	3,000.00	4,300.00	-	-	-	-	2,665.00	3,500.00	2,100.00	3,500.00	2,100.00	3,500.00	3,500.00	-	-	-	-	-	-	-	-
Loan repaid	4,300.00	3,300.00	-	-	3,500.00	2,665.00	2,500.00	4,500.00	3,500.00	3,500.00	525.00	700.00	-	-	-	-	-	-	-	-	-
Balance at the year end	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expense payable	-	-	-	5.72	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan given	3,000.00	4,300.00	-	-	-	2,665.00	2,665.00	2,500.00	2,100.00	3,500.00	2,100.00	3,500.00	3,500.00	-	-	-	-	-	-	-	-
Maximum outstanding	4,300.00	4,300.00	-	5.72	1.27	2,665.00	2,665.00	2,500.00	2,100.00	3,500.00	2,100.00	3,500.00	3,500.00	-	-	-	-	-	-	-	0.02
Amount receivable	-	240.61	-	-	-	-	109.25	146.71	249.41	207.03	1,750.00	1,050.00	1,750.00	-	-	-	-	-	-	-	-
Security deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: above figures are excluding GST



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 35 - Related Party Disclosures (continued):

Transactions with related parties are as follows:

Transactions / Balances	Fellow Subsidiary																								
	Sagar Premi Builders & Developers Private Limited	31 March 2023	31 March 2022	Shapoorji Pallonji Logispace and Investment Advisors Private Limited	31 March 2023	31 March 2022	Flamboyant Developers Private Limited	31 March 2023	31 March 2022	Blue Riband Properties Private Limited	31 March 2023	31 March 2022	Instant Karmaa Properties Private Limited	31 March 2023	31 March 2022	Kanpur River Management Pvt Ltd	31 March 2023	31 March 2022	Kavnam Property Development Pvt Ltd	31 March 2023	31 March 2022	Kurch Sea Water Desalination Pvt Ltd	31 March 2023	31 March 2022	
Reimbursement of insurance expenses																									
Brand and support fees paid																									
Rent paid																									
Office expenses																									
IT support services																									
Interest paid on loan																									
Salaries, perquisites and other employee benefits*																									
Interest received on loan	260.82	357.14	890.96	285.04	525.76	182.81	151.24	148.20	226.85	250.39	42.00	12.37													
Processing /Consultancy Fees (Received)		70.00		102.00	55.00	25.00	30.00	31.50	20.00			4.50													
Security deposit paid																									
Product purchased																									
Loan taken																									
Loan repaid																									
Loan given		5,200.00		5,100.00	3,000.00	2,500.00	3,000.00	2,450.00	2,500.00			600.00													
Loan repaid	3,500.00	1,700.00	5,100.00		2,500.00																				
Balance at the year end																									
Expense payable																									
Loan given		3,500.00		5,100.00	3,000.00	2,500.00	3,000.00	2,450.00	2,500.00			170.00													
Maximum outstanding	3,500.00	5,200.00	5,100.00	5,100.00	3,000.00	2,500.00	3,000.00	2,450.00	2,500.00			600.00													
Amount receivable		39.12	285.04	182.81																					
Security deposit																									

* Above figures are excluding GST



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

(Rupees in lakhs)

Note 35 - Related Party Disclosures (continued):

Transactions with related parties are as follows:

Transactions / Balances	Fellow Subsidiary						Joint venture of Holding Company						KMP (Shapoorji Pallonji) having significant influence over Company				
	Shapoorji Pallonji & Co - Kpi	Shapoorji Pallonji Energy (Gujarat) Pvt Ltd	Shapoorji Pallonji Shipping Pvt Ltd	Shapoorji Pallonji Forbes Shipping Pvt Ltd	Shapoorji Pallonji Infrastructure Capital Co. P Ltd	S. D. Corporation Private Limited	Bigsearch Properties Private Limited	Always Remember Properties Private Limited	Ace Richesse (India) Private Limited	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Reimbursement of Insurance expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Brand and support fees paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IT support services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid on loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Salaries, perquisites and other employee benefits*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest received on loan	126.03	129.78	146.30	146.30	129.78	348.45	104.68	30.98	225.61	330.04	883.39	539.90	21.00	44.00	30.00	84.00	
Processing /Consultancy Fees (Received)	-	26.61	30.00	30.00	26.61	14.40	27.60	-	-	-	-	-	-	-	-	-	-
Security deposit paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Product purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan taken	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan repaid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan given	2,500.00	2,661.18	3,000.00	3,000.00	2,661.18	720.00	1,380.00	1,885.00	2,100.00	1,100.00	3,000.00	4,200.00	1,100.00	937.00	4,200.00	4,200.00	
Loan repaid	-	-	-	-	-	1,500.00	-	-	-	-	-	-	-	-	-	-	-
Balance at the year end	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expense payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan given	2,500.00	2,661.18	3,000.00	3,000.00	2,661.18	600.00	1,380.00	1,885.00	2,100.00	1,100.00	3,000.00	4,200.00	1,100.00	937.00	4,200.00	4,200.00	
Maximum outstanding	2,500.00	2,661.18	3,000.00	3,000.00	2,661.18	2,100.00	1,380.00	1,885.00	2,100.00	2,037.00	4,200.00	4,200.00	2,100.00	2,037.00	4,200.00	4,200.00	
Amount receivable	126.03	-	-	-	-	-	66.56	-	0.58	-	-	-	-	-	-	-	-
Security deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

*Note: above figures are excluding GST



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 35 - Related Party Disclosures (continued):

Transactions with related parties are as follows:

Transactions / Balances	Holding Company		Key Management Personnel								
	31 March 2023	31 March 2022	Sanjay Hinduja	31 March 2023	31 March 2022	Pankaj Gupta	31 March 2023	31 March 2022	Preeti Chhabra	31 March 2023	31 March 2022
Reimbursement of insurance expenses	3.96	3.27									
Brand and support fees paid	34.61	28.56									
Rent paid	87.57	87.57									
Office expenses											
IT support services	50.74	39.31									
Interest paid on loan											
Salaries, perquisites and other employee benefits*				977.13**	400.69		135.40	116.24	73.41		80.16
Interest received on loan					1.17						
Processing /Consultancy Fees (Received)											
Security deposit paid		2.09									
Product purchased											
Loan taken											
Loan repaid											
Loan given					50.00						
Loan repaid											
Balance at the year end											
Expense payable	6.70	3.15									
Loan given				50.00							
Maximum outstanding	6.70	3.15		50.00	50.00						
Amount receivable											
Security deposit (agreement value)	43.79	43.79									

* Figures in lakhs. Provision to KVP does not include Provision for Gratuity and Compensated Balances as they are provided on actual basis for the Company as a whole.

** Total of Rs. 250 lakhs variable pay for FY2020-21.

Notes: All figures are excluding GST



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 36 - Fair Value Measurement

Valuation Principle

Fair value is the price that would be received on sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained in Note 2.12.

Financial Instrument by Category

	As at 31 March 2023			As at 31 March 2022		
	FVTPL	FVOCI	Amortised	FVTPL	FVOCI	Amortised
Financial Asset						
Investments						
- Equity Instruments	423.12	-	-	697.99	-	-
- Mutual Funds	517.60	-	-	8,070.96	-	-
Other Receivables	-	-	16.63	-	-	65.39
Loans	-	-	52,035.82	-	-	45,510.31
Cash And Cash	-	-	2,649.13	-	-	16,195.60
Equivalents	-	-	-	-	-	-
Security Deposits	-	-	44.56	-	-	36.38
Total Financial Assets	940.72	-	54,746.14	8,768.95	-	61,807.68
Financial Liability						
Borrowings	-	-	10,334.17	-	-	26,082.61
Trade Payables	-	-	168.13	-	-	52.83
Other Payables	-	-	54.98	-	-	36.68
Other financial liabilities	-	-	169.03	-	-	208.03
Total Financial Liabilities	-	-	10,726.31	-	-	26,380.15

Fair value Hierarchy

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

As at 31 March 2023

	Notes	Carrying amount	Fair value measurements using			Total
			Level 1	Level 2	Level 3	
Financial assets						
Investments	7					
- Equity Instruments		423.12	423.12	-	-	423.12
- Mutual Fund		517.60	517.60	-	-	517.60
Loans and advances	6	52,035.82	-	-	52,137.23	52,137.23
Other Receivables	5	16.63	-	16.63	-	16.63
Cash And Cash	4	2,649.13	2,649.13	-	-	2,649.13
Equivalents						
Security Deposits	8	44.56	-	44.56	-	44.56
Total Financial Asset		55,686.86	3,589.85	61.19	52,137.23	55,788.27
Financial Liability						
Borrowings*	15	10,334.17	-	-	10,334.17	10,334.17
Trade Payables	14	168.13	168.13	-	-	168.13
Other Payables		54.98	54.98	-	-	54.98
Other financial liabilities	16	169.03	-	-	169.03	169.03
Total Financial Liability		10,726.31	223.11	-	10,503.20	10,726.31

* Borrowings are at floating rate of interest and hence its fair value approximate its carrying value



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 36 - Fair Value Measurement (continued)

As at 31 March 2022

	Notes	Carrying amount	Fair value measurements using			Total
			Level 1	Level 2	Level 3	
Financial assets						
Investments	7					
- Equity Instruments		697.99	697.99	-	-	697.99
- Mutual Funds		8,070.96	8,070.96	-	-	8,070.96
Loans and advances	6	45,510.31	-	-	47,742.22	47,742.22
Other Receivables	5	65.39	-	65.39	-	65.39
Cash And Cash Equivalents	4	16,195.60	16,195.60	-	-	16,195.60
Security Deposits	8	36.38	-	36.38	-	36.38
Total Financial Asset		70,576.63	24,964.55	101.77	47,742.22	72,808.54
Financial Liability						
Borrowings*	15	26,082.61	-	-	26,082.61	26,082.61
Trade Payables	14	52.83	52.83	-	-	52.83
Other Payables		36.68	36.68	-	-	36.68
Other financial liabilities	16	208.03	-	-	208.03	208.03
Total Financial Liability		26,380.15	89.51	-	26,290.64	26,380.15

* Borrowings are at floating rate of interest and hence its fair value approximate its carrying value

Level 1 : Level 1 hierarchy includes financial instruments measured using unadjusted quoted prices in active markets that the Company has the ability to access for the identical assets or liabilities. A financial instrument is classified as a Level 1 measurement if it is listed on an exchange. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges are valued using the closing price as at the reporting period. The mutual funds are valued at the closing NAV.

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

Financial instruments valued at carrying value

The respective carrying values of certain on-balance sheet financial instruments approximated their fair value. These financial instruments include cash in hand, balances with Banks, financial institutions and money at call and short notice, accrued interest receivable, acceptances, deposits payable on demand, accrued interest payable, and certain other assets and liabilities that are considered financial instruments. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand.

Financial instruments recorded at fair value

Investment in equity shares and mutual funds

Investment in equity shares and mutual funds classified by company as fair value through profit or loss, are carried at fair value based on quoted market prices. If quoted market prices are not available or if the securities were unlisted, the fair values were estimated at the break-up value ascertained from the entity's latest financial statements, which is generally considered as unobservable inputs.

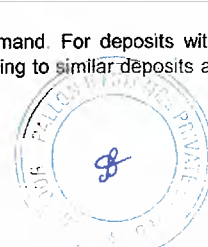
Fair value of financial instruments carried at amortised cost

Loans and advances

The fair values of loans that do not reprice or mature frequently are estimated using discounted cash flow models. The discount rates are based on the movement in zero coupon yield curve from the loan origination till reporting date. For the purposes of level disclosures loans and advances are categorized under Level 3. The Level 3 loans would decrease (increase) in value based upon an increase (decrease) in discount rate. Since substantially all individual lines of credit and other variable rate loans reprice frequently, with interest rates reflecting current market pricing, the carrying values of these loans approximate their fair values. For purposes of these fair value estimates, the fair values of impaired loans were computed by deducting an estimated market discount from their carrying values to reflect the uncertainty of future cash flows.

Deposits

The fair value of demand deposits and savings deposits without defined maturities are the amounts payable on demand. For deposits with defined maturities, the fair values were estimated using discounted cash flow models that apply market interest rates corresponding to similar deposits and timing of maturities.



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 37 - Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management.

C.1 Capital management

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

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

C.2 Regulatory capital

Regulatory capital-related information is presented as part of the RBI mandated disclosures. The RBI norms require capital to be maintained at prescribed levels. In accordance with such norms, Tier I capital of the Company comprises of share capital, share premium and reserves, Tier II capital comprises of provision on loans that are not credit-impaired. There were no changes in the capital management process during the periods presented

Items	As at 31 March 2023	As at 31 March 2022
(i) CRAR (%)	48.05%	47.72%
(ii) CRAR – Tier I capital (%)	46.80%	46.48%
(iii) CRAR – Tier II capital (%)	1.25%	1.24%
(iv) Amount of Subordinated debt raised as Tier - II capital	-	-
(v) Amount raised by issue of perpetual debt instruments	-	-

Note 38 - Capital commitments

Particulars	As at 31 March 2023	As at 31 March 2022
Undrawn committed credit lines	-	250.00



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 39 - Classification of financial assets and financial liabilities

As at 31 March 2023	Mandatorily at FVTPL	Amortised cost	Total carrying amount
ASSETS			
Cash and cash equivalents	-	2,649.13	2,649.13
Other receivables	-	16.63	16.63
Loans and advances to customers			
Measured at fair value	-	-	-
Measured at amortised cost	-	52,035.82	52,035.82
Investment securities/ units			
Measured at fair value	940.72	-	940.72
Measured at amortised cost	-	-	-
Other assets	-	44.56	44.56
Total Financial assets	940.72	54,746.14	55,686.86
Trade and other payables	-	223.11	223.11
Borrowings (other than debt securities)	-	10,334.17	10,334.17
Other liabilities	-	169.03	169.03
Total Financial liabilities	-	10,726.31	10,726.31

As at 31 March 2022	Mandatorily at FVTPL	Amortised cost	Total carrying amount
ASSETS			
Cash and cash equivalents	-	16,195.60	16,195.60
Non-pledged trading assets	-	65.39	65.39
Loans and advances to customers			
Measured at fair value	-	-	-
Measured at amortised cost	-	45,510.31	45,510.31
Investment securities			
Measured at fair value	8,768.95	-	8,768.95
Measured at amortised cost	-	-	-
Other assets	-	36.38	36.38
Total Financial assets	8,768.95	61,807.68	70,576.63
Trade and other payables	-	89.51	89.51
Borrowings (other than debt securities)	-	26,082.61	26,082.61
Other liabilities	-	208.03	208.03
Total Financial liabilities	-	26,380.15	26,380.15



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 40 - Financial risk management

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 40 - Financial risk management (continued)

A. Credit risk

Credit risk arises from loans and advances, cash and cash equivalents, deposits and other financial assets carried at amortized cost. This risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Macroeconomic information (such as Real GDP growth rate and Inflation rate) are incorporated as part of the Ind AS 109 provision model. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

Definition of Default

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due. This definition of default is determined by considering the business environment in which Company operates and other macro-economic factors.

Provision for expected credit losses

The Company provides for expected credit loss based on following:

Staging	Description of category	Basis for recognition of expected credit loss provision
Stage 1	Assets that have not had a significant increase in credit risk since initial recognition and are not credit-impaired upon origination.	12-month expected credit losses
Stage 2	Assets where there has been a significant increase in credit risk since initial recognition. Assets where the payments are more than 30 days past due or two notch internal rating downgrade till BBB and 1 notch rating downgrade from BBB to C, for rating downgrade "+" and "-" sign are not taken into consideration.	Life-time expected credit losses
Stage 3	The Company categorises a loan or receivable for stage 3 when a debtor fails to make contractual payments within 90 days from the day it is due. Accordingly the financial assets shall be classified as Stage 3, if on the reporting date, it has been more than 90 days past due.	Credit Loss is recognized on full exposure/ Asset is written off



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 40 - Financial risk management (continued)

Segmentation for Loan and Advances

Year ended 31 March 2023

Particulars	Asset group	Estimated gross carrying amount at default	Expected credit losses (Ind AS 109)
Corporate Portfolio		58,569.40	6,158.57
Stage 1	Loans and Advances	43,048.92	4,040.87
Stage 2		13,559.68	843.19
Stage 3		1,960.80	1,274.52
Vendor Finance		1,457.15	1.04
Stage 1	Loans and Advances	1,457.15	1.04
Stage 2		-	-
Stage 3		-	-
Total		60,026.55	6,159.62
Stage 1	Loans and Advances	44,506.07	4,041.91
Stage 2		13,559.68	843.19
Stage 3		1,960.80	1,274.52

Year ended 31 March 2022

Particulars	Asset group	Estimated gross carrying amount at default	Expected credit losses (Ind AS 109)
Corporate Portfolio		51,849.89	6,219.92
Stage 1	Loans and Advances	50,780.16	5,420.41
Stage 2*		1,069.73	799.51
Stage 3		-	-
Vendor Finance		400.00	5.88
Stage 1	Loans and Advances	400.00	5.88
Stage 2		-	-
Stage 3		-	-
Total		52,249.89	6,225.80
Stage 1	Loans and Advances	51,180.16	5,426.29
Stage 2*		1,069.73	799.51
Stage 3		-	-

*includes additional ECL provision of Rs 694.88 Lakhs in respect one of the borrower based on management assessment.



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 40 - Financial risk management (continued)

Cash and cash equivalents

Cash and cash equivalents include balance of INR 2,649.13 lakhs at 31 March 2023 (31 March 2022: INR 16,195.60 lakhs) is maintained as cash in hand and Balances with Company in current accounts and Fixed Deposits with Banks.

Collateral held

The Company's loan portfolio consists of Corporate loans and Vendor Finance loans. Some of the corporate loans are secured by collateral in the form of a first charge over real estate properties, land, fixed assets, listed equity shares, other securities and floating charges over book debts, receivable and other current assets. In addition to the collateral as mentioned, the Company holds other types of collateral such as pledge of unlisted shares, personal and corporate guarantees, demand promissory notes and other liens.

Collateral securing each individual loan may not be adequate in relation to the value of the loan. All borrowers must meet the Company's internal credit assessment procedures, regardless of whether the loan is secured.

The general creditworthiness of a customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional security and the Company generally request that the corporate borrowers provide it. The Company may take collateral in the form of a first charge over real estate properties, land, fixed assets, listed equity share, other securities, floating charges over book debts, receivable, current assets and other liens and guarantees.

The Company has formulated an internal policy on periodical valuation of collaterals. As per the policy, all collaterals are valued annually except land collaterals which are valued once in three years.

Measurement of Expected Credit Losses

The Company has applied a three-stage approach to measure expected credit losses (ECL) on debt instruments accounted for at amortised cost and FVOCI. Assets migrate through following three stages based on the changes in credit quality since initial recognition:

(a) Stage 1: 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.

(b) Stage 2: Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized.

(c) Stage 3: Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortised cost

At each reporting date, the Company assesses whether there has been a significant increase in credit risk of its financial assets since initial recognition by comparing the risk of default occurring over the expected life of the asset. In determining whether credit risk has increased significantly since initial recognition, the Company uses information that is relevant and available without undue cost or effort. This includes the Company's internal credit rating grading system, external risk ratings and forward-looking information to assess deterioration in credit quality of a financial asset.

The Company considers defaulted assets as those which are contractually past due by more than 90 days, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually past due 30 days or rating is downgraded by two notch rating downgrade till BBB and 1 notch rating downgrade from BBB to C, lower respectively rated accounts from the initial internal rating are classified under Stage 2 - life time ECL, not credit impaired, barring those where there is empirical evidence to the contrary. The Company considers financial instruments to have low credit risk if they are rated internally or externally within the investment grade. An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL after cooling off period of six months.

The Company measures the amount of ECL on a financial instrument in a way that reflects an unbiased and probability-weighted amount. The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models and other historical data.

Probability of Default (PD)

Due to the absence of optimal default data points to calculate PD for the Company, the combination of ratings issued by external credit rating agencies and the ratings developed internally by SPFFPL are used to determine the quality of its borrowers.

For Corporate Portfolio, internal credit rating has been utilized post application of Pluto Tasche methodology, wherein the model outputs are scaled using an external credit rating based PDs for calculation of Probability of default (PD) specific to the company. However, during the current year, the Company has re-visited the scaling criteria used in the model where, an average of external credit rating based PDs and company's historical defaults are considered for the PD calculations. These PDs are further adjusted for appropriate confidence interval.

For Vendor Finance, credit rating of anchor Companies have been used based on external credit rating.

Loss Given Default (LGD)

For the computation of LGD, the regulatory LGD rates prescribed by RBI or basis the internal management assessment have been used. Collateral values were classified into categories such as financial collateral, financial Receivables, commercial real estate/ residential real estate and other eligible collateral and haircut is applied based on RBI regulation.

Exposure at default (EAD)

Exposure at default is the total value an entity is exposed to when a loan defaults. It is the predicted amount of exposure that an entity may be exposed to when a borrower defaults on a loan. The outstanding principal and outstanding arrears reported as of the reporting date for computation of ECL is used as the EAD for all the portfolios.

Macroeconomic Scenarios

In addition, the Company uses reasonable and supportable information on future economic conditions including macroeconomic factors: Real GDP growth rate and Inflation rate. Since incorporating these forward-looking information increases the judgment as to how the changes in these macroeconomic factor will affect ECL, the methodology and assumptions are reviewed regularly.



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 40 - Financial risk management (continued)

Write-offs still under enforcement

Financial assets are written-off when the Company has no reasonable prospects of recovering any further cash flows from the financial assets. In the case of assets that are assessed collectively for impairment, the Company writes-off such assets once there is empirical evidence that no recovery can happen. Amount of INR Nil (31 March 2022: INR 1,291.28 lakhs) has been written-off in the Financial Year 2022-23. Write off amount shown in note 25 for FY2021-22 is net of INR 25.20 lakhs of recovery made during FY2021-22.

Modification/Debt restructuring

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. If the terms are substantially different, the Company derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred.

If the terms are not substantially different, the renegotiation or modification does not result in de-recognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in the statement of profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Concentration of credit risk

The Company monitors concentrations of credit risk by internal Credit Rating. An analysis of concentrations of credit risk from loans and advances under Corporate Portfolio and Vendor Finance are shown below.

Corporate Portfolio As at 31 March 2023

Credit Rating	EAD Amount	(in %)
BB	8,416.94	14.37%
B	37,823.23	64.58%
C	12,329.23	21.05%
Total	58,569.40	

Vendor Finance As at 31 March 2023

Credit Rating	EAD Amount	(in %)
A1+	1,024.65	70.32%
A1	432.50	29.68%
Total	1,457.15	

Corporate Portfolio As at 31 March 2022

Credit Rating	EAD Amount	(in %)
BB	1,445.56	2.79%
B	4,387.20	8.46%
C	46,017.13	88.75%
Total	51,849.89	

Vendor Finance As at 31 March 2022

Credit Rating	EAD Amount	(in %)
IND A3	400.00	100.000%
Total	400.00	



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

Note 40 - Financial risk management (continued)

Analysis of changes in the gross carrying amount and corresponding ECL allowances in relation to loans is as follows:

Particulars	(Rupees in lakhs)							
	Stage 1		Stage 2		Stage 3		Total	
	EAD	ECL	EAD	ECL	EAD	ECL	EAD	ECL
As at 31 March 2022	51,180.16	5,426.29	1,069.73	799.51	-	-	52,249.89	6,225.80
New credit exposures during the year	41,655.45	3,687.54	11,558.47	723.24	-	544.48	53,213.92	4,955.26
Account closed/ repayments	(39,425.69)	(4,140.21)	(1,069.73)	(855.81)	(4,941.84)	(25.42)	(45,437.26)	(5,021.44)
Assets written off during the year	-	-	-	-	-	-	-	-
Movement between stages								
Transfer to Stage 2 and Stage 3	(8,903.85)	(931.71)	-	-	-	-	(8,903.85)	(931.71)
Transfer to Stage 1 and Stage 3	-	-	-	-	-	-	-	-
Transfer from Stage 1	-	-	2,001.21	176.25	6,902.64	755.46	8,903.85	931.71
Transfer from Stage 2	-	-	-	-	-	-	-	-
Impact on ECL on account of movement between stages / updates to the ECL model	-	-	-	-	-	-	-	-
As at 31 March 2023	44,506.07	4,041.91	13,559.68	843.19	1,960.80	1,274.52	60,026.55	6,159.62

Particulars	(Rupees in lakhs)							
	Stage 1		Stage 2		Stage 3		Total	
	EAD	ECL	EAD	ECL	EAD	ECL	EAD	ECL
As at 31 March 2021	52,683.70	3,939.20	23,935.15	1,560.89	2,019.98	757.00	78,638.83	6,257.09
New credit exposures during the year	43,498.60	4,916.80	-	609.93	-	-	43,498.60	5,526.73
Account closed/ repayments	(45,002.14)	(3,429.71)	(22,865.42)	(1,371.31)	(753.90)	-	(68,621.46)	(4,801.02)
Assets written off during the year	-	-	-	-	(1,266.08)	(757.00)	(1,266.08)	(757.00)
Movement between stages								
Transfer to Stage 2 and Stage 3	-	-	-	-	-	-	-	-
Transfer to Stage 1 and Stage 3	-	-	-	-	-	-	-	-
Transfer from Stage 1	-	-	-	-	-	-	-	-
Transfer from Stage 2	-	-	-	-	-	-	-	-
Impact on ECL on account of movement between stages / updates to the ECL model	-	-	-	-	-	-	-	-
As at 31 March 2022	51,180.16	5,426.29	1,069.73	799.51	-	-	52,249.89	6,225.80



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

(Rupees in lakhs)

Note 40 - Financial risk management (continued)

B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Due to the dynamic nature of the underlying businesses, Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Maturity Pattern

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments of Rs. 641.07 lakhs and exclude the impact of netting agreements.

As at 31 March 2023

	Carrying amount	Gross nominal inflow/ (outflow)	Contractual cash flows						
			Upto 3 months	Over 3 months to 6 months	Over 6 months to one year	Over one year to 3 years	Over 3 to 5 years	Over 5 Years	
Non-derivative financial liabilities									
Trade payables	168.13	(168.13)	(168.13)	-	-	-	-	-	-
Other payables	54.98	(54.98)	(54.98)	-	-	-	-	-	-
Borrowings (other than debt securities)	10,334.17	(10,965.50)	(1,382.42)	(1,293.37)	(5,967.27)	(2,322.45)	-	-	-
Other financial liability	169.03	(208.03)	(19.47)	(19.92)	(41.23)	(127.41)	-	-	-

As at 31 March 2022

	Carrying amount	Gross nominal inflow/ (outflow)	Contractual cash flows						
			Upto 3 months	Over 3 months to 6 months	Over 6 months to one year	Over one year to 3 years	Over 3 to 5 years	Over 5 Years	
Non-derivative financial liabilities									
Trade payables	52.83	(52.83)	(52.83)	-	-	-	-	-	-
Other payables	36.68	(36.68)	(36.68)	-	-	-	-	-	-
Borrowings (other than debt securities)	26,082.61	(28,152.09)	(3,782.28)	(3,026.49)	(11,826.97)	(9,516.34)	-	-	-
Other financial liability	208.03	(208.03)	(19.47)	(19.92)	(41.23)	(127.41)	-	-	-



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 40 - Financial risk management (continued)

The amounts in the table above have been compiled as follows:

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities	Undiscounted cash flows, which include estimated interest payments

As part of the management of liquidity risk arising from financial liabilities, the Company holds liquid assets comprising cash and cash equivalents, deposits with banks, investments in mutual funds and debt securities, which can be readily sold to meet liquidity requirements. In addition, the Company maintains agreed committed credit lines with banks.

The Company has access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31 March 2023	As at 31 March 2022
Committed credit lines	30.17	58.60
Total	30.17	58.60



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 40 - Financial risk management (continued)

C. Price Risk

(a) Exposure details

The Company's exposure to equity securities/ mutual fund, price risk arises from investments held by the Company and classified in the balance sheet as at fair value through profit or loss.

To manage its price risk arising from investments in equity securities and mutual funds, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

(b) Sensitivity

The table below summarises the impact of increases/decreases of the index on the Company's investment and profit for the period. The analysis is based on the assumption that the market prices had increased by 10% or decreased by 10% with all other variables held constant, and that all the Company's equity instruments moved in line with it.

	Impact on Profit after tax		Impact on other components of equity	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Increase of 10% in market price	70.39	656.18	70.39	656.18
Decrease of 10% in market price	(70.39)	(656.18)	(70.39)	(656.18)



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 40 - Financial risk management (continued)

D. Interest rate risk

The company provides loans to customers on fixed rate and hence there is no interest rate risk on loan exposure. However, certain borrowings are at floating rate and hence exposed to Interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management is as follows.

	Nominal amount	
	As at 31 March 2023	As at 31 March 2022
Fixed-rate instruments		
Loans	58,195.44	51,736.11
Variable-rate instruments		
Borrowings (Other than debt securities)	10,334.17	26,082.61

The Company has certain floating rate bank borrowings which are sensitive to change in the benchmark rate. The change in 100 basis point in such benchmark may affect the profit and loss account and equity of the company by following amounts -

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

INR Crore	Profit or loss (Pre tax Impact)		Equity (Pre tax Impact)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
As at 31 March 2023				
Variable-rate instruments	(103.34)	103.34	(103.34)	103.34
Cash flow sensitivity (net)	(103.34)	103.34	(103.34)	103.34
As at 31 March 2022				
Variable-rate instruments	(260.83)	260.83	(260.83)	260.83
Cash flow sensitivity (net)	(260.83)	260.83	(260.83)	260.83



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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(Rupees in lakhs)

Note 41 -Disclosure Pursuant to RBI Notification no RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20

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	44,506.07	4,041.91	40,464.16	178.02	3,863.89
	Stage 2	13,559.68	843.19	12,716.49	54.24	788.95
Subtotal		58,065.75	4,885.10	53,180.66	232.26	4,652.83
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,960.80	1,274.52	686.28	196.08	1,078.44
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss		-	-	-	-	-
Subtotal for NPA		1,960.80	1,274.52	686.28	196.08	1,078.44
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
Subtotal	Stage 3	-	-	-	-	-
		-	-	-	-	-
Total	Stage 1	44,506.07	4,041.91	40,464.16	178.02	3,863.89
	Stage 2	13,559.68	843.19	12,716.49	54.24	788.95
	Stage 3	1,960.80	1,274.52	686.28	196.08	1,078.44
	Total	60,026.55	6,159.62	53,866.94	428.34	5,731.27



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 42 -Disclosure Pursuant to RBI Guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies dated 4 November 2019

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

Number of Significant Counterparties	Amount	% of Total deposits	% of Total Liabilities
3	10,326.27	-	84.98%

ii Top 20 large deposits

Not applicable. The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India does not accept public deposits.

iii Top 10 borrowings

Amount	% of Total Borrowings
10,326.27	100.00%

iv Funding Concentration based on significant instrument/product

Name of the instrument/product **	Amount	% of Total liabilities
Non Convertible Debentures	-	0.00%
Term loan	6,856.44	56.42%
Overdrafts and working capital limits	3,469.83	28.55%
Total	10,326.27	84.98%

** A "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of total liabilities.

v Stock ratio

Instrument \ As a % of Total	Public Funds	Liabilities	Assets
Commercial Papers	-	-	-
Non Convertible Debentures	0.00%	0.00%	0.00%
Other Short Term Liabilities	33.60%	28.55%	5.80%

vi Institutional set-up for liquidity risk management

Asset Liability Management Committee (ALCO) of the Company defines its liquidity risk management strategy and sets the overall policy and risk tolerances.

In order to manage/mitigate liquidity risk, in addition to regulatory limits on liquidity gaps, the Company has also defined prudential internal limit for Liquidity Gap tolerance for its time bucket which is approved by the ALCO.

Treasury is responsible for managing liquidity under the liquidity risk management framework as approved by the ALCO.

Liquidity risk management strategies and practices are reviewed to align with changes to the external environment, including regulatory changes, business conditions and market developments. Actual and anticipated cash flows generated are monitored to ensure compliance with limits.



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 43 -Disclosure of details as required by Master Direction - Non-Banking Finance Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

	Particulars	As at 31 March 2023	
		Amount outstanding	Amount overdue
(1)	Liabilities side :		
	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue
	(a) Debenture : Secured	-	-
	: Unsecured	-	-
	(b) Deferred Credits	-	-
	(c) Term Loans	6,864.34	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	-	-
	(f) Public Deposits (Refer Note 1 below)	-	-
(g) Other Loans -working capital facility	3,469.83	-	
(2)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):	Amount outstanding	Amount overdue
	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c) Other public deposits	-	-
	Assets side :		
(3)	Break-up of Loans and Advances including bills receivables (other than those included in (4) below) :		Amount outstanding
	(a) Secured		10,044.94
	(b) Unsecured		48,150.50
(4)	Break up of Leased Assets and stock on hire counting towards AFC activities		Amount outstanding
	(i) Lease assets including lease rentals under sundry debtors :		-
	(a) Financial lease		-
	(b) Operating lease		-
	(ii) Stock on Hire including hire charges under sundry debtors :		-
	(a) Assets on hire		-
	(b) Repossessed Assets		-
	(iii) Other loans counting towards AFC Activities :		-
	(a) Loans where assets have been repossessed		-
	(b) Loans other than (a) above		-
(5)	Break-up of Investments :		Amount outstanding
	Current Investments :		
	1. Quoted :		
	(I) Shares : (a) Equity		423.12
	(b) Preference		-
	(ii) Debenture and Bonds		-
	(iii) Units of mutual funds		-
	(iv) Government Securities		-
	(v) Others (Please specify)		-
	2. Unquoted :		
	(I) Shares: (a) Equity		-
	(b) Preference		-
	(ii) Debentures and Bonds		-
(iii) Units of mutual funds		517.60	
(iv) Government Securities		-	
(v) Others: Certificates of deposit		-	



Particulars	As at 31 March 2023
Long Term investments :	
1. Quoted :	
(I) Shares : (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-
2. Unquoted :	
(I) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others	-

(6) Borrower group-wise classification of assets, financed as in (3) and (4) above :			
Please see Note 2 below			
Category	Amount in Rupees (Net of provisions)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	5,682.99	32,706.57	38,389.56
(c) Other related parties	-	-	-
2. Other than related parties	4,361.95	15,443.93	19,805.88

(7) Investor group-wise classification of all investments (current and long term)		
in shares and securities (both quoted and unquoted):		
Please see note 3 below		
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	423.12	423.12

(8) Other information		
	Particulars	Amount in Rupees
(i)	Gross Non-Performing Assets	
(a)	Related parties	-
(b)	Other than related parties	1,960.80
(ii)	Net Non-Performing Assets	
(a)	Related parties	-
(b)	Other than related parties	686.28
(iii)	Assets acquired in satisfaction of debt	-

Notes :

- As defined in point xix of paragraph 3 of Chapter -2 of these Directions.
- Provisioning norms shall be applicable as prescribed in Indian Accounting Standards by MCA
- All Indian Accounting Standards issued by MCA are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 44 - Disclosure as per the Reserve Bank of India (RBI) guidelines and circulars

Additional disclosure for the year ended 31 March 2023 in accordance with Master Direction - Non-Banking Finance Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are specified below:

i) Capital to Risk Assets Ratio Disclosure (CRAR)

Particulars	As at 31 March 2023	As at 31 March 2022
(i) CRAR (%)	48.05%	47.72%
(ii) CRAR – Tier I capital (%)	46.80%	46.48%
(iii) CRAR – Tier II capital (%)	1.25%	1.24%
(iv) Amount of Subordinated debt raised as Tier - II capital	-	-
(v) Amount raised by issue of perpetual debt instruments	-	-

ii) Investments

Sr. No.	Particulars	As at 31 March 2023	As at 31 March 2022
1	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	940.72	8,768.95
	(b) Outside India	-	-
	(ii) Provision for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India	940.72	8,768.95
	(b) Outside India	-	-
2	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	-	60.87
	(ii) Add : Provisions made during the year	-	-
	Less : Write-off/ write-back of excess provision during the year	-	60.87
	(iii) Closing balance	-	-
	(iv) Closing balance	-	-

iii) Details of Derivatives

Forward Rate Agreement / Interest Rate Swap

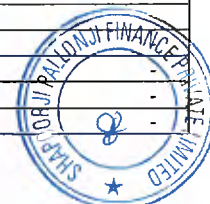
Sr. No.	Particulars	As at 31 March 2023	As at 31 March 2022
i)	The notional principal of swap agreements	-	-
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
iii)	Collateral required by the applicable NBFC upon entering into swaps	-	-
iv)	Concentration of credit risk arising from the swaps	-	-
v)	The fair value of the swap book	-	-

Exchange Traded Interest Rate (IR) Derivatives

Sr. No.	Particulars	Amount
i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	-
ii)	Notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2023 (instrument-wise)	-
iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-
iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-

Risk Exposure in Derivatives - Quantitative Disclosures

SR. No.	Particulars	Currency Derivatives	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount)		
	For hedging		-
ii)	Marked to Market Position [1]		
	a) Asset (+)	-	-
	b) Liability (-)	-	-
iii)	Credit Exposure [2]	-	-
iv)	Unhedged Exposures	-	-



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 44 - Disclosure as per the Reserve Bank of India (RBI) guidelines and circulars (continued)

iv) Disclosure relating to Securitisation

Sr. No.	Particulars	As at 31 March 2023	As at 31 March 2022
1	No of SPVs sponsored by the applicable NBFC for securitisation transactions	-	-
2	Total amount of securitised assets as per books of the SPVs sponsored	-	-
3	Total amount of exposures retained by the applicable NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures	-	-
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures	-	-
	First loss	-	-
	Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures	-	-
	i) Exposure to own securitizations	-	-
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitisations	-	-
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures	-	-
	i) Exposure to own securitizations	-	-
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitisations	-	-
	First loss	-	-
	Others	-	-

Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

Sr. No.	Particulars	As at 31 March 2023	As at 31 March 2022
i)	No. of accounts	-	-
ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
iii)	Aggregate consideration	-	-
iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
v)	Aggregate gain / loss over net book value	-	-

Details of Assignment transactions undertaken by applicable NBFC

Sr. No.	Particulars	As at 31 March 2023	As at 31 March 2022
i)	No. of accounts	3	-
ii)	Aggregate value (net of provisions) of accounts sold	2,813.51	-
iii)	Aggregate consideration	2,813.51	-
iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
v)	Aggregate gain / loss over net book value	-	-

Details of non-performing financial assets purchased

Sr. No.	Particulars	As at 31 March 2023	As at 31 March 2022
1	a) No. of accounts purchased during the year	-	-
	b) Aggregate outstanding	-	-
2	a) Of these, number of accounts restructured during the year	-	-
	b) Aggregate outstanding	-	-

Details of Non-performing Financial Assets sold

Sr. No.	Particulars	As at 31 March 2023	As at 31 March 2022
1	No. of accounts sold	-	-
2	Aggregate outstanding	-	-
3	Aggregate consideration received	-	-



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

(Rupees in lakhs)

Note 44 - Disclosure as per the Reserve Bank of India (RBI) guidelines and circulars (continued)

v) Asset liability management

As at 31 March 2023

	1 to 7 days	8 to 14 days	15 days to 30 /31 days	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances	689.36	-	1,925.87	3,476.82	5,242.32	37,206.34	6,804.25	1,189.68	1,660.80	-	58,195.44
Investments	-	-	-	-	-	517.60	423.12	-	-	-	940.72
Borrowings	-	-	1.04	625.00	526.32	1,151.32	5,772.47	2,258.02	-	-	10,334.17
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-

As at 31 March 2022

	1 to 7 days	8 to 14 days	15 days to 30 /31 days	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances	154.15	-	1,357.21	10,125.77	10,391.65	9,172.10	17,881.77	2,653.46	-	-	51,736.11
Investments	-	-	-	2,000.00	2,000.00	4,070.96	697.99	-	-	-	8,768.95
Borrowings	251.89	-	-	2,000.00	1,026.32	2,651.32	11,244.39	8,908.69	-	-	26,082.61
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 44 - Disclosure as per the Reserve Bank of India (RBI) guidelines and circulars (continued)

vi) Exposure to real estate sector

Category		As at 31 March 2023	As at 31 March 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	-	-
	ii. Commercial Real Estate		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits.**	30,000.08	42,226.58
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 exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

**includes INR 26,950.50 lakhs (31 March 2022: INR 38,700.33 lakhs) unsecured exposure to Companies currently engaged directly / indirectly in real estate business.

vii) Exposure to capital market

Particulars		As at 31 March 2023	As at 31 March 2022
i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	423.12	697.99
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		423.12	697.99



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 44 - Disclosure as per the Reserve Bank of India (RBI) guidelines and circulars (continued)

viii) Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

		As at 31 March 2023	As at 31 March 2022
1	Provisions for depreciation on Investment	-	-
2	Provision towards NPA	1,274.52	-
3	Provision made towards Income tax	-	-
4	Other Provision and Contingencies (with details)	-	-
5	Provision for Standard Assets	(66.18)	(31.29)

ix) Concentration of Advances

		As at 31 March 2023	As at 31 March 2022
1	Total Advances to twenty largest borrowers	48,967.11	50,681.99
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	81.57%	97.47%

x) Concentration of Exposures

		As at 31 March 2023	As at 31 March 2022
1	Total Exposure to twenty largest borrowers	48,967.11	50,931.99
2	Percentage of Exposures to twenty largest borrowers / to Total Exposure of the NBFC on borrowers	81.57%	97.48%

xi) Concentration of NPAs

		As at 31 March 2023	As at 31 March 2022
1	Total Exposure to top four NPA accounts	1,960.80	-

xii) Sectorwise NPA (% of NPA to Total Advances in that sector)

		As at 31 March 2023	As at 31 March 2022
1	Agriculture and allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	3.35%	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-

xiii) Movement of NPAs

		As at 31 March 2023	As at 31 March 2022
	Net NPAs to Net Advances (%)	1.20%	-
	Movement of NPAs (Gross)		
	Opening balance	-	2,019.98
	Additions during the year	29,764.63	1,508.74
	Reductions during the year	27,803.83	3,528.72
	Closing balance	1,960.80	-
	Movement of Net NPAs		
	Opening balance	-	1,262.98
	Additions during the year	25,709.73	1,357.87
	Reductions during the year	25,023.45	2,620.85
	Closing balance	686.28	-
	Movement of provisions for NPAs (excluding provisions on standard assets)		
	Opening balance	-	757.00
	Provisions made during the year	4,054.90	150.87
	Write-off / write-back of excess provisions	2,780.38	907.87
	Closing balance	1,274.52	-



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 44 - Disclosure as per the Reserve Bank of India (RBI) guidelines and circulars (continued)

xiv) Customer Complaints

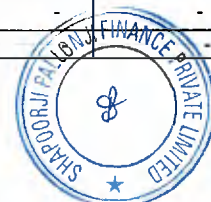
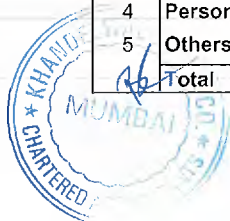
Sr. No.	Particulars	As at 31 March 2023	As at 31 March 2022
	Complaints received by the NBFC from its customers		
1	Number of complaints pending at beginning of the year	-	-
2	Number of complaints received during the year	-	-
3	Number of complaints disposed during the year	-	-
3.1	Of which, number of complaints rejected by the NBFC	-	-
4	Number of complaints pending at the end of the year	-	-
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	-	-
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	-	-
5.2	Of 5, number of complaints resolved through conciliation/ mediation/advisories issued by Office of Ombudsman	-	-
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

xv) Intra-group exposures

Sr. No.	Particulars	As at 31 March 2023	As at 31 March 2022
i	Total amount of intra-group exposures	38,389.56	33,253.04
ii	Total amount of top 20 intra-group exposures	38,389.56	33,253.04
iii	Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	66.04%	64.35%

xvi) Sectoral Exposure

Sectors	As at 31 March 2023			As at 31 March 2022		
	Total Exposure (includes on balance sheet and Off balance sheet exposure)	Gross NPAS	Percentage of Gross NPS's to total exposure in that sector	Total Exposure (includes on balance sheet and Off balance sheet exposure)	Gross NPAS	Percentage of Gross NPS's to total exposure in that sector
1 Agriculture and Allied Activities	-	-	-	-	-	-
2 Industry						
i. Water Treatment Plants		5,535.25			-	
ii. Electricity Transmission		2,979.94			-	
Others		2,696.31		644.32	-	
Total of Services (i+ii+Others)	-	11,211.50	-	644.32	-	-
3 Services						
i. Transport Operates		-		728.87	-	
ii. Computer Software		2,850.50		4,370.97	-	
iii. Trade		6,737.14		2,004.26	-	
iv. Shipping		2,894.04		-	-	
v. Commercial Real Estate		30,000.07		42,226.58	-	
Other Services		4,434.68		1,701.11	-	
Total of Services (i+ii+Others)	-	46,916.44	-	51,031.79	-	-
4 Personal Loan	-	-	-	-	-	-
5 Others	-	-	-	-	-	-
Total	-	58,127.94	-	51,676.11	-	-



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 44 - Disclosure as per the Reserve Bank of India (RBI) guidelines and circulars (continued)

xvii - The Company has not obtained any registration from other financial sector regulators.

xviii - During the year, the Company's credit exposure to single and group borrower were within the prudential exposure limits prescribed by RBI. The total amount of exposure in excess of the prudential limit as at 31 March 2023 is Nil.

xix - The Company has not done financing of parent company products.

xx - During the year there are no penalties imposed on the Company by regulatory authorities.

xxi - Rating assigned by credit rating agencies and migration of ratings during the year

Sr. No.	Instrument	Credit Rating Agency	As at 31 March 2023	As at 31 March 2022
1	Bank term loan	CRISIL	A-	A-
2	NCD	CRISIL	A-	A-

xxii - There are no unsecured loans and advances as at 31 March 2023 for which intangible securities such as charge over the rights, licenses, authority have taken as intangible collateral.

xxiii - There is no unhedged foreign currency exposures as on 31 March 2023.

Note 45 - Financial Ratios

Sr. No.	Particulars	Numerator / Denominator	Year ended 31 March 2023	Year ended 31 March 2022	% Variance	Reason for Variance
1	CRAR	Total Capital Fund / Total risk weighted assets	48.05%	47.72%	0.69%	Reduction in risk weighted asset due to reduction in outstanding loans resulting into higher CRAR
2	Tier I CRAR	Tier I Capital Fund / Total risk weighted assets	46.80%	46.48%	0.69%	Reduction in risk weighted asset due to reduction in outstanding loans resulting into higher CRAR
3	Tier II CRAR	Tier II Capital Fund / Total risk weighted assets	1.25%	1.24%	0.41%	Reduction in risk weighted asset due to reduction in outstanding loans resulting into higher CRAR
4	Liquidity Coverage Ratio	Not applicable to company as it is applicable to NBFC with Asset size Rs. 5000 crore and above				



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

(Rupees in lakhs)

Note 46 - Additional regulatory information required by Schedule III

(i) Details of benami property held

No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) Wilful defaulter

Company is not declared as wilful defaulter by any bank or financial institution or government or any government authority

(iii) Relationship with struck off companies

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(iv) Compliance with approved scheme(s) of arrangements

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

(v) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(vi) Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

(vii) Valuation of PP&E, intangible asset and investment property

The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

(viii) Compliance with number of layers of companies

The Company has complied with the number of layers prescribed under the Companies Act, 2013

ix) Utilisation of borrowed funds and share premium

The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding 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.

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 Funding Party (Ultimate Beneficiaries) or
- provide any guarantee, security or the like on behalf of the ultimate beneficiaries

x) Borrowing secured against current assets

The Company has borrowings from banks on the basis of security of current asset and book debts. The quarterly returns or statements of current assets and book debts filed by the Company with banks are in agreements with the books of accounts.

xi) Registration of Charges/Satisfaction with Registrar of companies

There are no charges or satisfaction which are yet to be registered with Registrar of Companies beyond the statutory period.

Note 47 - The Code on Social Security, 2020 (Code) relating to employee benefits during employment and post-employment benefits has received Presidential assent on 28th September 2020. The Code has been published in the Gazette of India. However, the date on which the Code comes into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Note 48 - The Company does not have any pending litigation which would impact its financial position as at March 31, 2023.

Note 49 - The Company, as detailed in Note 25 to the financial statements, has made provision as at March 31, 2023, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts. Further, the Company did not have any derivative contracts as at March 31, 2023.

Note 50 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023.



SHAPOORJI PALLONJI FINANCE PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

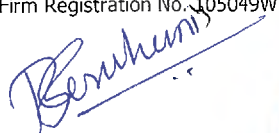
(Rupees in lakhs)

Note 51 - Events after reporting date

There have been no events after the reporting date that require disclosure in these financial statements.

Note 52 - Previous year figures have been regrouped/ rearranged, where necessary

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No. 105049W



Bhupendra Karkhanis
Partner
Membership No. 108336
Place : Mumbai
Date : 14 July 2023



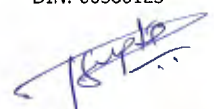
For and on behalf of the Board of Directors



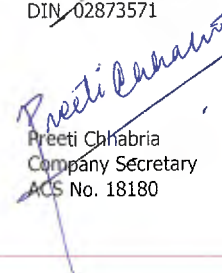
Sanjay Hinduja
MD & CEO
DIN. 00388123



Vinod Bhandawat
Director
DIN. 02873571



Pankaj Gupta
Chief Financial Officer



Preeti Chhabria
Company Secretary
ACS No. 18180

Place : Mumbai
Date : 14 July 2023