



Directors' Report

Dear Members,

The Board of Directors of your Company have great pleasure in presenting the 13th Annual Report together with the Audited Financial Statements for the financial year ended March 31, 2023.

Financial Results

The summary of financial performance of the Company for the year are as under:

Particulars	(₹ in Lakh)	
	2022-23	2021-22
Profit before depreciation and taxation	18356.63	11,701.44
Less: Depreciation	1,360.44	787.02
Profit before tax	16,996.19	10,914.42
Less: Provision for taxation	3,220.76	2,880.3
Profit after tax	13,775.43	8,034.13
Add: Profit brought forward from previous year	25,047.50	18,627.10
Add /(Less): Appropriation of Employee compensation cost of stock options	0.00	0.00
Add: Transfer to retained earning	13,775.43	8,034.13
Profit available for appropriation	38,822.93	26,661.23
Less: Appropriations	2,776.01	1,613.72
Profits available after appropriations	36,046.92	25,047.50
Earnings per share		
Basic (in ₹)	4.23	2.82
Diluted (in ₹)	4.22	2.81

Performance Review

The Company's gross income for the financial year ended March 31, 2023 increased to ₹ 79,362.60 lakh as compared to ₹ 53,163.42 lakh in the previous financial year thereby registering an increase of 49.28%. The profit before tax of the Company increased to ₹ 16,996.19 lakh during the year as against ₹ 10,914.42 lakh in the previous year. The net profit for the year increased by 71.46% to ₹ 13,775.43 lakh from ₹ 8,034.13 lakh in the previous financial year. The loan book was at ₹ 6,73,364.03 lakh as at March 31, 2023 as against ₹ 4,57,453.53 lakh as at March 31, 2022. The Company has transferred an amount of ₹ 2,776.01 lakh to statutory reserve as per the requirement of the Section 29C of National Housing Bank Act, 1987.

Dividend

In view of the planned business growth, your Directors deem it proper to preserve the resources of the Company for its activities and therefore, do not propose any dividend for the financial year ended March 31, 2023. The Directors also inform that the Company has not declared any interim dividend during the year.

Capital Structure

a. Authorised Capital

There were no changes to the authorized share capital during the year. The issued share capital of the Company during the year as on 31 March 2023, stood at ₹ 3,26,04,61,120 comprising of 32,60,46,112 equity shares of face value of ₹ 10 fully paid-up as against 325,27,11,120/- comprising of 32,52,71,112 equity shares ₹ 10/- each. The enhancement in the paid-up capital is due to the allotment of shares to the employees against the conversion of the ESOP which have become vested to them during the year.

b. Issued, Subscribed and Paid Up Capital

The issued, subscribed and paid-up share capital of your Company as at March 31, 2023, stood at ₹ 3,26,04,61,120 comprising of 32,60,46,112 equity shares of face value of ₹ 10/- each.

Directors' Report (Contd.)

The Board of Directors of the Company approved the following allotment during the year to Employees under ESOP Scheme:

Name of the Employee	Type of Security	Allotment Date	No. of Shares	Face Value (in ₹)	Premium (in ₹)
Srinivasa Rao	Equity Shares	August 30, 2022	25000	10	-
Subramanian Jambunathan	Equity Shares	December 31, 2022	600000	10	-
Subramanian Jambunathan	Equity Shares	January 31, 2023	150000	10	-

Capital Adequacy

As required under Housing Finance Companies (NHB) Directions, 2010 your Company is presently required to maintain a minimum capital adequacy of 15% on a stand-alone basis. Your Company's capital adequacy ratio stood at 25.48% as at March 31, 2023, which provides an adequate cushion to withstand business risks and is much above the minimum requirement of 15% stipulated by the National Housing Bank ("NHB"). In addition, Section 29C of the National Housing Bank Act, 1987, requires a Company to transfer minimum 20% of its net profit after tax to a reserve fund. In accordance with the said provision, your Company has transferred 20% of its net profit after tax to the reserve fund in the year under review.

PUBLIC DEPOSITS

In accordance with the National Housing Bank Act, 1987, your Company is a non-deposit taking Housing Finance Company and had declared that it has not and shall not accept deposit as per the terms and conditions of the registration provided by National Housing Bank.

RESOURCE MOBILIZATION

• Non-Convertible Debentures (NCDs) on private placement basis:

During the year under review, the Company has issued Secured Redeemable Non-Convertible Debentures (NCDs) aggregating to an amount of ₹ 80,300 lakh on private placement basis. The Company has an aggregate outstanding balance of ₹ 116,374.00 lakh of Secured Redeemable NCDs and of ₹ 13,000 lakh Unsecured NCDs on Private Placement basis as on March 31, 2023. Further, the Company redeemed NCDs of amounting

to ₹ 13,226.00 lakh during the year, issued on private placement basis.

Your Company has been prompt and regular in making payment of principal and interest on the NCDs and the same has been reported to BSE Limited, the Trustees and Depositories. During the year under review, the NCDs were paid / redeemed by your Company on their respective due dates and there were no instances of any NCDs which have not been claimed by the investor or not paid by the Company after the date on which the NCDs became due for redemption. Hence, the amount of NCDs remaining unclaimed or unpaid beyond due date is Nil. The NCDs are listed on BSE Limited. The Company has complied with the provisions of Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and SEBI (Issue and Listing of Non- Convertible Securities) Regulations, 2021 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The Company being Housing Finance Company is exempted from the requirement of creating Debenture Redemption Reserve (DRR) in case of privately placed debentures. Since, the Debenture issued by the Company are through private placement, no DRR has been created.

• Assignment of Loans

During the year under review, your Company has securitized / assigned the receivables of housing loan and Loan Against Property (LAP) portfolio under direct assignment route aggregating to ₹ 77,287.71 lakh and ₹ 35,001.12 lakh under Pass Through Certificates. The Company was appointed as servicer by the Assignee / Trustee to collect and receive payments of the receivables from the Securitized / Assigned Assets.



• Term Loans and other Borrowings

As part of its asset liability management, your Company strives to diversify the sources of its fund base as to achieve suitable maturity schedule and optimise the average cost of borrowed funds. During the year under review, the Company has availed fresh term loans of ₹ 2,59,500.00 lakh from various banks and financial institutions.

As at March 31, 2023, the outstanding loan from banks and financial institutions stood at ₹ 4,95,474.07 lakh vis-à-vis ₹ 3,36,337.39 lakh as at March 31, 2022.

During the year 2022-23, your Company has raised funds by issuing Commercial Paper(CP) ₹ 3,000 lakh. Out of this, your company redeemed CPs amounting to ₹ 1,000 lakh and the aggregate outstanding balance as on March 31, 2023 stands at ₹ 2,000 lakh.

CREDIT RATINGS

During the year under review, CARE Ratings, CRISIL and India Ratings reaffirmed its rating for the various borrowing programmes of the Company as follows

Rating Agency	Instrument	Rating Type	Rating(s)
CARE	Bank Loans	Long Term	CARE AA+
	NCDs	Long Term	CARE AA+
	Subordinated Debt	Long Term	CARE AA+
	Commercial Papers	Short Term	CARE A1+
CRISIL	Bank Loans	Long Term	CRISIL AA+
	Principal Protected Market Linked Debentures	Long Term	CRISIL PPMLD AA+
	NCDs	Long Term	CRISIL AA+
	Subordinate Debt	Long Term	CRISIL AA+
India Ratings	Bank Loans	Long Term	IND AA+
	NCDs	Long Term	IND AA+
ICRA Limited	Commercial Papers (CP)	Short Term	ICRA A1+

Post the completion of the 3-Way Merger at the Shriram Group level, Crisil, CARE and India Rating have upgraded your Companies long term rating to AA+ with Stable outlook.

Following is the summary of rating action happened during the year:

- India Ratings upgraded the Rating to AA+ with Stable Outlook on January 02, 2023
- CARE Ratings revised rating from CARE AA with Credit watch positive implications to CARE AA+ with Stable outlook on December 21, 2022; and
- CRISIL Ratings upgraded rating to AA+ with Stable Outlook on December 31, 2022.

Presently, your Company has AA+ rating from all three leading rating agencies viz. CRISIL, India Ratings and CARE.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board acknowledges its responsibility for ensuring compliance with the provisions of Section 134(1)(c) read with Section 134(5) of the Companies Act, 2013 in the preparation of annual accounts for the year ended March 31, 2023 and states that:

- in preparation of the annual financial statements for the financial year ended March 31, 2023, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- the Directors have selected such accounting policies and applied them consistently and made judgements 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;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have ensured preparation of Annual Accounts on a going concerns basis;
- the Directors have laid down internal controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- the Directors have revised and reviewed proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Directors' Report (Contd.)

DIRECTORS AND KEY MANAGERIAL PERSONNEL

• Board of Directors

Your Company has four Directors consisting of two Non-Executive Independent Directors, one Non-Executive Non-Independent Director and one Managing Director & CEO as Executive Director as on the date of adoption of this report.

Mr. Venkataraman Murali was appointed as an Independent Non-Executive Director w.e.f. May 29, 2014 for a term of 5 years. Consequent upon the expiration of first term, on recommendation of the Board of Directors, shareholders at their Annual General Meeting (AGM) held on July 19, 2019, re-appointed him for his second term of 5 years to hold office upto March 31, 2024.

Ms. Lakshminarayanan Priyadarshini has been appointed as an Additional Director by the Board of Directors of the Company with effect from October 16, 2018 subject to the shareholders' approval. Shareholders at their AGM held on July 19, 2019, appointed Ms. Priyadarshini as Independent Director for a term of 5 years with effect from her appointment as an Additional Independent Director by the Board i.e. with effect from October 16, 2018 upto October 15, 2023.

During the year, there were no changes in composition of the Board of Directors of your Company.

Pursuant to Section 152(6) of the Companies Act, 2013, Mr. Yalamati Srinivasa Chakravarti (DIN: 00052308), Non- Executive Director, is liable to retire by rotation at the ensuing Annual General Meeting of the Company. He being eligible has offered himself for re-appointment. The Board recommends his reappointment to the members of the Company.

All the directors of the Corporation have confirmed that they satisfy the fit and proper criteria as prescribed under the applicable regulations and that they are not disqualified from being appointed as directors in terms of Section 164(2) of the Companies Act, 2013.

• Key Managerial Personnel

The following personnel are the updated list of KMPs as per the definition under Section 2(51) and Section 203 of the Act:

1. Mr. Subramanian Jambunathan, Managing Director & CEO;

2. Mr. Gauri Shankar Agarwal, Chief Financial Officer; and
3. Ms. Puja Shah, Company Secretary and Compliance Officer.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from independent directors that they meet the criteria for independence as provided in Section 149(6) of the Companies Act, 2013. The Board is of the opinion that the Independent Directors of the Company have the highest standards of integrity and possess requisite expertise and experience required to full their duties as Independent Directors.

In term of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qulaification of Directors) Rules, 2014, Independent Directors of the Company have confirmed that they have registered with the databank maintained by the Indian Institute of Corporate Affairs ("IICA").

All the Independent Directors have complied with the code of conduct as prescribed in Schedule IV of the Companies Act, 2013.

PERFORMANCE EVALUATION OF THE BOARD, COMMITTEES AND INDIVIDUAL DIRECTORS

The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 stipulate the evaluation of the performance of the Board, its Committees, Individual Directors and the Chairperson.

The Company has formulated a Board Evaluation template for performance evaluation of the Independent Directors, the Board, its Committees and other individual Directors which includes criteria for performance evaluation of the Non-Executive Directors and Executive Directors.

The template provides the criteria for assessing the performance of Directors and comprises of various key areas such as attendance at Board and Committee Meetings, quality of contribution to Board discussions and decisions, strategic insights or inputs regarding future growth of the Company and its performance, ability to challenge views in a constructive manner, knowledge acquired regarding the Company's business/ activities, understanding of industry and global trends, etc.

The evaluation involves self-evaluation by the Board Member and subsequent assessment by the Board of Directors.



A member of the Board will not participate in the discussion of his/her evaluation.

The formal Board evaluation as mandated under the Companies Act and Listing Regulations has been carried out during the year.

In a separate meeting of Independent Directors, performance of non-independent Directors and the performance of the Board as a whole were evaluated.

Nomination and Remuneration Committee reviewed the performance of the individual directors based on their knowledge, level of preparation and effective participation in meetings, understanding of their roles as directors, etc.

AUDITORS AND AUDITOR'S REPORT

M/s .T R Chadha & Co. LLP, Chartered Accountants (Registration No. 006711N/N500028), were appointed as Statutory Auditors of the Company at the 12th Annual General Meeting ("AGM") to hold office for a period of three years, commencing from the conclusion of the 12th AGM held on June 07, 2022 till the conclusion of the 14th AGM of the Company to be held in the year 2025.

Audit Report issued by M/s. T R Chadha & Co. LLP, Chartered Accountants, Statutory Auditors of the Company does not contain any qualifications or observations or remarks in their Report.

As per Section 134(3)(f) of the Companies Act, 2013, the Board states that during the year under review, there are no adverse comments or disqualifications made by the Statutory Auditors of the Company, during the course of their audit.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, neither the statutory auditors nor the secretarial auditor 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 mentioned in the Board's report.

INTERNAL FINANCIAL CONTROL SYSTEMS

Your Company has an adequate system of internal control procedures which commensurate with the size and nature of business activity and with reference to the financial statements. Detailed procedural manuals are in place

to ensure that all the assets are safeguarded, protected against loss and all transactions are authorized, recorded and reported correctly. The internal control systems of the Company are monitored and evaluated by internal auditors and their audit reports are periodically reviewed by the Audit Committee and Risk Management Committee of the Board. The observations and comments of the Audit Committee and Risk Management Committee are being placed before the Board on a periodic basis.

Further, your Company has policies and procedures in place for Internal Financial Control ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

ACCOUNTING TREATMENT

The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and other provisions of the Act. The details of the accounting treatment followed during the financial year are mentioned in Notes to Financial Statement.

DEBENTURE TRUSTEES

1) Catalyst Trusteeship Limited

CIN: U74999PN1997PLC110262

Address: GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune - 411 038

Telephone: +91 (020) 2528 0081

Fax: +91 (020) 2528 0275 E-mail: dt@ctltrustee.com

Website: www.catalysttrustee.com

2) Beacon Trusteeship Limited

CIN: U74999MH2015PLC271288

Address: 4C & D Siddhivinayak Chambers, Gandhi Nagar, Opp MIG Cricket Club, Bandra (East) Mumbai Mumbai City MH 400051

Telephone: +91 (022) 26558759

E-mail: compliance1@beacontrustee.co.in

Website: <https://beacontrustee.co.in/>

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3) Vardhman Trusteeship Pvt Limited

CIN: U65993WB2010PTC152401

Address: The Capital, 421A, Bandra Kurla Complex,
Bandra East, Mumbai 400051

Telephone: +91 (022)-(42648335)

Fax: +91 (022)-(42648335)

E-mail: corporate@vardhmantrustee.com

Website: <https://vardhmantrustee.com/>

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

No material changes and commitments affecting the financial position of the Company occurred during and at end of the financial year to which these financial statements relate on the date of this report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURT

There are no material order passed by Regulators / Courts, which would impact the going concern status of the Company and its future operations.

STATUTORY & REGULATORY COMPLIANCE

The Company has complied with the applicable statutory provisions including inter-alia the Companies Act, 2013 and Rules made thereunder, the Income-tax Act, 1961, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, The Housing Finance Companies (NHB) Directions, 2010, Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and all other various circulars, notifications, directions and guidelines issued by NHB from time to time and all other laws as may be applicable to the Company. The Company has finalized its financial statements for the year under review as per the Accounting standards issued by Institute of Chartered Accountants of India.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Policy on Related Party Transactions is available on the Company's website at its web link i.e. <https://shriramhousing.in/our-policies-and-corporate-governance> and also enclosed as Annexure - I.

All Related Party Transactions (RPTs) that were entered during the financial year were in the ordinary course of business of the Company and were on arm's length basis. The prescribed format AOC-2 is attached as Annexure – II pursuant to Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014 to be reported under Section 188(1) of the Companies Act, 2013. There were no materially significant related party transactions entered in by the Company with Promoters, Directors, Key Managerial Personnel or other persons which may have potential conflict with the interest of the Company. The transactions with related parties of the Company are in the ordinary course of business on arm's length basis.

All such Related Party Transactions are placed before the Audit Committee of the Board for approval / ratification / review, wherever applicable. Your Directors draw attention of the Members to Note 48 to the financial statement which sets out related party disclosures.

The non-executive directors of the Company do not have any pecuniary relationships or transactions with the Company or its other Directors, Senior Management, holding company or associate company(ies), other than in the normal course of business.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT EMPLOYEES

The Nomination and Remuneration Committee of the Board has devised a policy for selection and appointment of Directors, Key Managerial Personnel and other Senior Management Employees and their remuneration. The Committee has formulated the criteria for determining qualifications, positive attributes and independence of a Director, which has been put up on the Company's website at <https://shriramhousing.in/our-policies-and-corporate-governance>

EMPLOYEE REMUNERATION

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 are provided in Annexure - III.



In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, as amended from time to time a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in Annexure - III.

EMPLOYEES' STOCK OPTION SCHEME

Your Company has formulated and implemented "Shriram Housing Finance Limited – Employee's Stock Option Scheme 2016" ("SHFL ESOP Scheme 2016") and "Shriram Housing Finance Limited – Employee's Stock Option Scheme 2013" ("SHFL ESOP Scheme 2013") in accordance with the provisions of the Companies Act, 2013 read with Rules made thereunder and other applicable provisions.

Nomination and Remuneration Committee of the Board, inter-alia administers and monitors the Employees' Stock Option Schemes of the Company in accordance with the provisions under Section 62(1)(b) of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014. The applicable disclosures as stipulated under the Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 as at March 31, 2023 are provided in Annexure - IV to this Report. The Schemes have been implemented in accordance with the provisions of the Companies Act, 2013 and other applicable rules and guidelines and the resolution passed by the Shareholders.

COMPLIANCE WITH PROVISIONS OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company is committed to uphold and maintain the dignity of all its employees including women employees and it has a policy which provides for protection against sexual harassment of women at work place and redressal of such complaints through the active Internal Complaint Committee to redress any complaints received in timely and systematic manner. During the year under review, no such complaints were received.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

As the Company is a housing finance company, the disclosure regarding particulars of the loans made, guarantee given and security provided in the ordinary course of business are exempted under the provisions of Section 186(11) of the Companies Act, 2013.

Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo

- **Conservation of energy**

The Company's operations call for nominal energy consumption cost and there are no major areas where conservation measures could be applied on. However, the Company is making continuous efforts to conserve energy and optimize energy consumption practicable by economizing the use of power.

- **Technology Absorption**

The Company has always been using the latest technology available in the industry. Accordingly, efforts are made to maintain and develop the quality of the product to meet the expectation of market.

- **Foreign Exchange Earnings and Outflow**

- a. Foreign Exchange earnings - Nil
- b. Foreign Exchange outgo - ₹ 7,18,485/- (\$ 8,500.00)

CORPORATE GOVERNANCE

Maintaining high standards of Corporate Governance has been fundamental to the business of your Company since its inception. A separate report on Corporate Governance is provided regarding compliance of conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

Your Company is compliant with all the applicable provisions of the Housing Finance Companies - Corporate Governance (NHB) Directions, 2016 (NHB Directions) issued by National

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Housing Bank vide its notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 and the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by the Reserve bank of India.

The Company sees corporate governance standard beyond the compliance of regulatory norms. Transparency, fairness, integrity, effective internal controls at each level of operations in each business transactions, adequate and prompt disclosure to respective shareholders are the key ingredients to the corporate governance. We believe that to ensure highest degree of corporate governance, an active, well informed and independent Board is a must.

The Board has constituted various Committees of Board of Directors and/or officers those were mandated under the Companies Act, 2013, by National Housing Bank through its various Policy Circulars / Directions and those were warranted for smooth operation of the Company. The detailed report on Corporate Governance is enclosed in this Annual Report.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed M/s. SPNP & Associates (a peer reviewed firm of P. Sriram), Practicing Company Secretaries, to undertake the Secretarial Audit of the Company. There is no qualification, reservation or adverse remark made in their Secretarial Audit Report. The Audit Report of the Secretarial in MR - 3 is attached as Annexure - VI.

As per Section 134(3)(f) of the Companies Act, 2013, the Board states that during the year under review, there are no adverse comments or disqualifications made by the Secretarial Auditor of the Company, during the course of their audit.

SECRETARIAL STANDARDS

During the year under review, the Company has complied with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

MAINTENANCE OF COST RECORDS

The Central Government has not specified maintenance of cost records, for any of the products of the Company, under Section 148(1) of the Companies Act, 2013.

ANNUAL RETURN

As per the provisions of Section 92(3) of the Act readwith Rule 12 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the Annual Return of the Company has been placed on the website of the Company and can be accessed: <https://www.shriramhousing.in/annual-returns>

RISK MANAGEMENT FRAMEWORK

Your Company is in the business of lending to individuals and non-individual clients whether on secured or unsecured basis. The Company faces various risks in its scale of operations. The Company has in place a Risk Management framework so that risks that the Company faces are identified, controlled and priced in a manner that the Company can continue its operations in a profitable and sustainable manner. The Company places significant emphasis on the adequacy of management of risk and the risk management framework is set to outline the approach towards risk and the process of oversight and management of the risks. Sound risk management systems would enable the Company to take risks knowingly, reduce risks where appropriate and strive to prepare for a future, which by its nature cannot be predicted with absolute certainty. Risk Management is a discipline at the core of our operations and encompasses all activities that affect its risk profile. The Risk management framework seeks to lay down the broad contours under which risks would be managed and controlled. Your Company follows the best practice for management of credit risk, market risk and operational risk and has put in place a comprehensive Risk Management Policy envisaging a robust risk management programme.

Your Company has in place a Risk Management Policy for identification, assessment, measurement and reporting of business risks faced by the Company. The Risk Management Committee oversees the Risk Management framework on a periodic basis. Risk Control and Mitigation mechanisms are tested for their effectiveness on regular intervals.



VIGIL MECHANISM

In compliance with the provisions of the Section 177 of the Companies Act, 2013 read with the rules made thereunder, the Whistle Blower and Vigil Mechanism Policy is formulated as part of the Vigil Mechanism established by the Company for Directors and Employees to report genuine concerns, to provide a secure environment and to encourage employees to report unethical, unlawful or improper practices, acts or activities in the Company and to prohibit managerial personnel from taking any adverse personnel action against those employees who report such practices in good faith. The Whistle Blower and Vigil Mechanism Policy aims to provide a channel to the Directors and employees to report genuine concerns and grievances about victimization, unethical behavior, actual or suspected fraud, violation of the Codes of Conduct or policy. This Policy provides for adequate safeguards against victimization of Directors and employees and also provides direct access to the Chairman of the Audit Committee. The Whistle Blower Policy / Vigil Mechanism is uploaded on the website of the Company at www.shriramhousing.in.

HUMAN RESOURCE DEVELOPMENT

Shriram Housing Finance Limited has been recognized as one of the Top 25 India's Best Workplaces™ in BFSI for year 2023 by Great Place To Work® India. Our organization has been recognised for our excellence in both equitable people practices that we have crafted for our employees and for consistency in workplace experience. This year, Great Place To Work India invited applications from 153 BFSI organizations who underwent a rigorous assessment and a robust validation process, and basis the cumulative score determined an organization's inclusion in India's Best Workplaces™ in BFSI 2023.

The recognition of Shriram Housing Finance Limited, just in its second year of our participation and for us to emerge as the Top 25 Best Places to Work in BFSI in the country, ahead of the big names in the BFSI space, is a validation of our commitment to build a High-Trust, High-Performance Culture. We remain committed to adopt and maintain best in class people practices and organization culture, which remains exemplary in the industry space we operate.

Earlier in February 2023, Shriram Housing Finance Ltd was again recognized and certified as a 'Great Place to Work®' by the Great Place to Work® Institute, for the period February 2023 to February 2024. We have received this

recognition for two consecutive years and it's a reflection of the commendable commitment and contributions of our employees. This re-certification is an endorsement of our progressive people practices and a positive work culture which we have consciously cultivated. The re-certification also strengthens our belief in building a 'People First' culture, while our employees remain our 'key differentiators' to put us ahead of our competition.

These recognitions reinforce and strengthen our resolve of 'placing people at the heart of our business', we remain committed to raise this bar even higher in the years to come. We appreciate the support of our employees, leaders and our stakeholders in helping us building a robust enterprise and making SHFL a formidable brand to reckon with.

Further, with the rapid increase in business and expansion of branch network across multiple geographies, the focus of the Human Resource function at SHFL remained on identification, attraction and retention of key talent, in line with the organization's priorities. At SHFL, our Core Values of Integrity, Trust, Passion, Agility and Empathy are our Guiding Principles and help us maintain a steady focus on our goals. Each of these values are deeply ingrained in the ethos of our organization and influence our decision making.

We at SHFL, believe that diversity is an opportunity to think outside the box and achieve solutions quickly. We believe that supporting diversity and engagement is not only the 'good' thing to do but is the 'right' thing to do for our business. With this objective in mind, we introduced the 'SHeFirst' initiative, towards improving the gender diversity in our organization. Our concerted efforts have helped improve the Women Gender Diversity from 4% three years ago to 10% despite a three-fold increase in our employee base count.

We believe that social interactions can play a crucial role in creating an atmosphere of trust and transparency. In order to encourage social interactions in the organization, we wanted to create a space for employees to communicate, collaborate and engage with each other. We developed "SHFL Expressions", our new Intranet platform, a digital community of SHFLites to connect, collaborate and grow in their journey at SHFL. The platform comes with various unique features for each of our employees to express and contribute transparently.

Gathering ideas and suggestions from employees is a key aspect of managing a successful workplace and implementing improvements to maintain a healthy work

environment. We at SHFL, believe in encouraging employees to be a partner in our transformation journey. In order to formalize the process of idea generation and innovation in the organization, we introduced 'IDEAS BOX' - The Employee Suggestion Program @ SHFL. The program is intended to use the "All hands-on Deck" approach towards innovation, by providing a platform for employees to suggest ideas & challenge the status quo.

At SHFL, we believe that the growth of the organization, goes hand in hand with the growth of its people. It thus becomes important that we provide our employees with opportunities to acquire the skills and knowledge necessary to perform their best. With this objective, we redefined our Learning Platform and called it SHFL Infinite 2.0, to provide infinite opportunities for our employees to learn and go. The platform is designed to provide employees with a holistic learning experience "On the Go". Efforts have been made to provide employees with a variety of learning experiences ranging from courses, articles, infographics, in short modules, etc.

As part of our Corporate Social Responsibility, at an organizational level we have contributed to support various institution for the development of the society for promoting health care, sanitation, education, availability of safe drinking water etc. We consider Environmental, Social & Governance aspects to be a definitive driver of our value creation as well as measure of our performance. We are committed to

Subramanian Jambunathan

Managing Director & CEO
(DIN: 00969478)

Place : Mumbai
Date : April 24, 2023

aligning the principles of sustainability and its best practices into our decision making and business performance that leads to tangible impact across our stakeholders.

ACKNOWLEDGEMENT

Your Directors place on record their sincere appreciation for the assistance and guidance provided by the Ministry of Corporate Affairs, Securities and Exchange Board of India, Reserve Bank of India, National Housing Bank, Insurance Regulatory and Development Authority of India, Unique Identification Authority of India and Pension Fund Regulatory and Development Authority for their guidance and support during the year and look forward for their support in future. Your Directors also wish to thank the shareholders, Stock Exchanges and Depositories for their continued support and cooperation. Your Directors also wish to place on record their appreciation of the concerted efforts by all the employees in extending full support in implementing various plans for the growth of your Company.

Your Directors also gratefully acknowledge all stakeholders of the Company viz. customers, dealers and vendors, banks and other business partners for the excellent support received from them during the year. Your Company's employees are instrumental in your Company scaling new heights, year after year. Their commitment and contribution is deeply acknowledged. Your involvement as shareholder is also greatly valued. Your Director look forward to your continued support.

For and on behalf of the Board of Directors

Yalamati Srinivasa Chakravarti

Director
(DIN: 00052308)



Annexure - I

Related Party Transactions (RPT) Policy

1. Preamble

The Related Party ("RP") relationships are normal in business and accordingly the transactions with RPs may arise in the normal course of business. A policy on Related Party Transaction ("RPT") is required in order to bring in a process and transparency in such transactions. Shriram Housing Finance Limited (the "Company") truly believes in it. Thus, the Board of Directors of the Company ("Board") has formulated this policy as approved by its Committee with regard to RPTs.

2. Purpose

This Related Party Transactions Policy (the "Policy") is to regulate transactions between the Company and its RPs based on the laws and regulations applicable to the Company. This Policy shall become effective from the date of its adoption by the Board of the Company. It is intended to have required approval and reporting of transactions between the Company and its RPs. Such transactions are appropriate, only if, they are in the best interest of the Company and its shareholders.

This policy will guide the Company to effectively comply with the provisions of Companies Act, 2013 and its amendments thereto, the rules made thereunder ("Companies Act, 2013"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), Accounting Standards as issued by Institute of Chartered Accountants of India, Income Tax Act, 1961 and the rules made thereunder, and such other statutes as may be put in place, in relation to corporate governance and related party transactions ("Applicable Law").

3. Scope

This Policy shall be applied in:

- Identifying related parties, updating and maintaining the database of such persons/entities;
- Ascertaining that the transactions entered with the related parties are in 'ordinary course of business' and at 'arm's length basis';
- Identifying related party transactions;
- Obtaining approvals before entering into any related party transactions;

- Determining the disclosures / compliances to be adhered in relation to the related party transactions.

4. Definitions

- i. **"Annual Consolidated Turnover"** is defined as Total Income (i.e. Interest earned plus Other Income) of the last audited Consolidated Financial Statements of the Company;
- ii. **"Arm's Length Transaction / Basis"** means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest;
- iii. **"Director"** means the director on the Board of the Company;
- iv. **"Key Managerial Personnel" or "KMPs"** means key managerial personnel as defined under the Companies Act, 2013 and includes:
 - (i) Managing Director, or Chief Executive Officer or Manager;
 - (ii) Whole Time Director;
 - (iii) Company Secretary;
 - (iv) Chief Financial Officer;
 - (v) 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; or
 - (vi) Such other officer as may be prescribed.
- v. **"Material Modification"** means:
 - Increase in the limit of amounts approved for a Related Party Transaction with a Related Party in a financial year;
 - significant terms and conditions of the contract with a Related Party such as modifications in price, margin, significant alteration to the credit period and material changes in scope of deliverables;
 - any other modification which as per the directions of the Audit Committee may be deemed material on case-to-case basis.

Annexure - I (Contd.)

vi. **“Material Related Party Transaction”** shall have the same meaning as given to ‘a transaction with a related party shall be considered material’ under the SEBI Listing Regulations, as may be amended from time to time. i.e. a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the Annual Consolidated Turnover of the Company as per the last audited financial statements of the listed entity or rupees one thousand crore, whichever is lower.

Notwithstanding the above, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered individually or taken together with previous transactions during a financial year, exceed five percent of the Annual Consolidated Turnover of the Company as per the last audited financial statements of the Company.

vii. **“Ordinary Course of Business”** shall mean the usual transactions, customs and practices carried on generally by the Non-Banking Financial Companies and shall include:

- transactions covered in the ‘main objects’ or the ‘objects incidental’ to attainment of the main objects as envisaged in the Memorandum and Articles of Association of the Company;
- transactions which are usually carried on by any Non-Banking Financial Company/Housing Finance Company;
- transactions done with a related party on a similar basis as of a third party,
- transaction or activity that is necessary, normal, regular and incidental to the business and involves significant amount of money or managerial resources that generates income for the Company.

viii. **“Related Party”** means a related party as defined under the Applicable Law;

ix. **“Related Party Transaction”** means a transfer of resources, services or obligations between:

- i. the Company and a related party or
- ii. the Company and any other person or entity, the purpose and effect of which is to benefit a related party of the Company;

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract, and includes transactions as defined as a “related party transaction” under Applicable Law.

x. **“Unforeseen Related Party Transaction”** means a Related Party Transaction, where the need for such transaction cannot be foreseen, the details whereof necessary for seeking an omnibus approval of the Audit Committee are not available and the value of such transaction does not exceed Rupees one crore per transaction.

5. IDENTIFICATION OF RELATED PARTY AND RELATED PARTY TRANSACTIONS

- a. The Company shall identify and keep on record its related parties as per Applicable Law.
- b. If a Director, Key Managerial Personnel wishes to enter into a Related Party Transaction with the Company involving either him/her or his/her relative shall give a notice to the Company along with all relevant details and documents.
- c. Notice of any Related Party Transactions, referred above shall be given well in advance so that the Company has adequate time to obtain additional information or documents about the proposed Related Party Transactions, if necessary, which is required to be placed before the Audit Committee to enable it to approve the said transactions.
- d. The Company shall obtain, disclosure of related parties from its Directors and KMP annually. The list of related parties maintained by the Company would be based on disclosures received by it from Directors and KMP and other concerned entities/ individuals.



- e. Additionally, every Director and KMP shall make an annual disclosure as required under Section 184(1) of the Companies Act, 2013 read with applicable rules made there under as may be amended from time to time.
- f. Every Director and KMP shall also promptly intimate any change in the disclosures mentioned above.

6. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

A. Approval of the Audit Committee:

- A) Every Related Party Transaction and subsequent Material Modifications thereto shall be subject to the prior approval of the Audit Committee. The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following guidelines:

Audit Committee shall consider following factors/ criteria for granting omnibus approval, which shall include the following:

	Particulars	Details
1	Repetitiveness of the transactions (in past or future);	More than One
2	Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;	As determined by the Audit Committee from time to time
3	The maximum value per transaction which can be allowed;	As determined by the Audit Committee from time to time
4	Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;	As determined by the Audit Committee from time to time

	Particulars	Details
5	Review, at such intervals as the Audit Committee may deem fit, Related Party Transactions entered into by the Company pursuant to each of the omnibus approval made;	At least quarterly
6	Transactions which cannot be subject to the omnibus approval by the Audit Committee.	As per this Policy including provisions of Clause 6 A(C)
7	Justification for the need of omnibus approval and in the interest of the Company.	Repetitive nature, Interest of Company and Administrative Convenience

- (i) The Audit Committee may grant omnibus approval in accordance with the provisions of Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 23 (3) of the SEBI Listing Regulations for Related Party Transactions which are of repetitive/ regular nature proposed to be entered into.

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit committee may grant omnibus approval for such transactions subject to their value not exceeding ₹. 1 crore per transaction.

- (ii) The omnibus approval shall be valid for a period of one year and shall require fresh approval after expiry of one year.
- (iii) Omnibus approval shall not be granted for transactions in respect of selling or disposing of the assets of the Company.
- (iv) In determining whether to approve a Related Party Transaction, the Audit Committee shall consider (among other aspects it deems relevant), if there are clearly demonstrable reasons from the Company's business point of view, to enter into a transaction with a Related Party.

Annexure - I (Contd.)

(v) Audit Committee shall review, on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.

B) Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the Related Party Transaction. Only those members of the Audit Committee, who are independent directors, shall approve related party transactions.

C) Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee:

i) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

ii) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:

- a. payment of dividend;
- b. subdivision or consolidation of securities;
- c. issuance of securities by way of a rights issue or a bonus issue; and
- d. buy-back of securities.

In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy, subject to compliance with the Applicable Law.

B. Approval of the Board of Directors:

A) The following Related Party Transactions shall be placed before the Board of Directors for approval, after the approval of the Audit Committee:

(i) Related Party Transactions referred by the Audit Committee including Material

Related Party Transactions and subsequent Material Modifications thereto;

(ii) Related Party Transactions **not** on Arm's Length Basis, and/or;

(iii) Related Party Transactions **not** in the Ordinary Course of Business.

(B) The agenda of the Board meeting at which the resolution is proposed to be moved shall disclose the details as required under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure) Requirements, Regulations, 2015.

(C) Any Director interested in any contract or arrangement with a Related Party shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

C. Approval of the Shareholders:

(A) Prior approval of the shareholders of the Company shall be obtained for Material Related Party Transactions and subsequent Material Modifications under SEBI Listing Regulations, by way of an ordinary resolution.

(B) Any Related Party Transaction which is not in the Ordinary Course of Business and/or not on Arm's Length Basis, and crosses prescribed threshold limit as per Companies Act, 2013 will require prior approval of the shareholders.

No Related Party shall vote to approve on such resolution whether the entity is a Related Party to the particular transaction or not. However, the said requirement would not be applicable in respect of a resolution plan approved under Section 31 of the Insolvency and Bankruptcy Code, 2016, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

(C) The explanatory statement to be annexed to the notice of a general meeting convened shall contain such particulars as required under the Companies Act, 2013 and SEBI Listing Regulations.



The approval policy framework is given below:

1. Audit Committee Approval

- Prior approval of all Related Party Transactions except items mentioned in 6A (C) above.

2. Board Approval

- Related Party Transactions referred by Audit Committee for approval of the Board;
- Related Party Transactions not in the Ordinary Course of Business and not on Arm's Length Basis;

3. Shareholders' Approval

- Approval by Ordinary resolution for
 - a. Material Related Party Transactions;
 - b. Related Party Transactions not in Ordinary Course of Business and/or not at Arm's Length Basis and crosses prescribed threshold limit as per Companies Act, 2013.

7. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding such Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction or modification of the transaction to make it acceptable for ratification if permitted under Applicable Law. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action as it deems appropriate.

In case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of such transaction.

In case the Company is not able to take prior approval from the Audit Committee, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

8. POLICY REVIEW

The Policy shall be reviewed by the Board at least once every two years and updated accordingly.

In case of any subsequent changes in the provisions of the SEBI Regulations or the Companies Act, 2013 and rules thereunder or other applicable law, the relevant amended provisions would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

9. INTERPRETATION

Any ambiguities, interpretative issues, difficulties will be resolved by the Board of Directors of the Company in line with the broad intent of this Policy read with the applicable provisions of the Act, rules made thereunder, and the SEBI LODR Regulations.

In any circumstance where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over these policies and procedures until such time as this Policy is amended to conform to the law, rule, regulation or standard.

In the event of any conflict between the provisions of this Policy and the Act or the SEBI LODR Regulations or any other statutory enactments or rules, the provisions of the SEBI LODR Regulations / the Act or statutory enactments, rules made thereunder shall prevail over to this Policy and the part(s) so repugnant shall be deemed to severed from the Policy and the rest of the Policy shall remain in force.

10. DISCLOSURE

Appropriate disclosures as required by the Companies Act, 2013, SEBI Listing Regulations and Reserve Bank of India will be made in the Annual Return and the Board's Report of the Company. This Policy shall be disclosed on the website of the Company

Annexure - II

Form AOC-2

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 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 Section 188(1) of the Companies Act, 2013 including certain arm's length transactions under fourth proviso thereto

Details of contracts or arrangements or transactions not at arm's length basis

a.	Name(s) of the related party and nature of relationship	
b.	Nature of contracts / arrangements / transactions	
c.	Duration of the contracts / arrangements / transactions	
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	
e.	Justification for entering into such contracts or arrangements or transactions	N.A.
f.	Date(s) of approval by the Board	
g.	Amount paid as advances, if any	
h.	Date on which (a) the requisite resolution was passed in general meeting as required under first proviso to Section 188 of the Companies Act, 2013	

Details of material contracts or arrangement or transactions at arm's length basis:

a.	Name(s) of the related party and nature of relationship	
b.	Nature of contracts / arrangements / transactions	
c.	Duration of the contracts / arrangements / transactions	
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	Refer below note
e.	Date(s) of approval by the Board, if any	
f.	Amount paid as advances, if any	

Note: The details of transaction with related party are disclosed in Note 48 of Notes to the Financial Statement. All the transactions occurred during FY 2022-23 with related parties referred to in Section 188 of the Act, were on arm's length basis in ordinary course of business with requisite approval of the Audit Committee and the Board.



Annexure - III

Disclosure under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Requirements	Disclosure																
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	<table border="1"> <tr> <td>Mr. Subramanian Jambunathan, Managing Director & CEO</td> <td>1:50</td> </tr> <tr> <td>Mr. Yalamati Srinivasa Chakravarti, Non-Executive Director, Non-Independent Director</td> <td>-</td> </tr> <tr> <td>Mr. Venkataraman Murali, Independent Director</td> <td>-</td> </tr> <tr> <td>Ms. Lakshminarayanan Priyadarshini, Independent Director</td> <td>-</td> </tr> </table>	Mr. Subramanian Jambunathan, Managing Director & CEO	1:50	Mr. Yalamati Srinivasa Chakravarti, Non-Executive Director, Non-Independent Director	-	Mr. Venkataraman Murali, Independent Director	-	Ms. Lakshminarayanan Priyadarshini, Independent Director	-								
Mr. Subramanian Jambunathan, Managing Director & CEO	1:50																	
Mr. Yalamati Srinivasa Chakravarti, Non-Executive Director, Non-Independent Director	-																	
Mr. Venkataraman Murali, Independent Director	-																	
Ms. Lakshminarayanan Priyadarshini, Independent Director	-																	
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	<table border="1"> <tr> <td colspan="2">Directors</td> </tr> <tr> <td>Mr. Subramanian Jambunathan, Managing Director & CEO</td> <td>10%</td> </tr> <tr> <td>Mr. Yalamati Srinivasa Chakravarti, Non-Executive Director, Non-Independent Director</td> <td>-</td> </tr> <tr> <td>Mr. Venkataraman Murali, Independent Director</td> <td>-</td> </tr> <tr> <td>Ms. Lakshminarayanan Priyadarshini, Independent Director</td> <td>-</td> </tr> <tr> <td colspan="2">KMP other than Directors</td> </tr> <tr> <td>Mr. Gauri Shankar Agarwal, Chief Financial Officer</td> <td>13%</td> </tr> <tr> <td>Mrs. Puja Shah, Company Secretary and Compliance officer</td> <td>-</td> </tr> </table>	Directors		Mr. Subramanian Jambunathan, Managing Director & CEO	10%	Mr. Yalamati Srinivasa Chakravarti, Non-Executive Director, Non-Independent Director	-	Mr. Venkataraman Murali, Independent Director	-	Ms. Lakshminarayanan Priyadarshini, Independent Director	-	KMP other than Directors		Mr. Gauri Shankar Agarwal, Chief Financial Officer	13%	Mrs. Puja Shah, Company Secretary and Compliance officer	-
Directors																		
Mr. Subramanian Jambunathan, Managing Director & CEO	10%																	
Mr. Yalamati Srinivasa Chakravarti, Non-Executive Director, Non-Independent Director	-																	
Mr. Venkataraman Murali, Independent Director	-																	
Ms. Lakshminarayanan Priyadarshini, Independent Director	-																	
KMP other than Directors																		
Mr. Gauri Shankar Agarwal, Chief Financial Officer	13%																	
Mrs. Puja Shah, Company Secretary and Compliance officer	-																	
3	The percentage increase in the median remuneration of employees in the financial year	The median remuneration of the employees in the financial year was increased by 10%. The calculation of percentage increase in median remuneration is done based on comparable employees. For this, the employees who were not eligible for any increment have been excluded.																
4	The number of permanent employees on the rolls of Company	The Company had 1748 employees on the rolls as on March 31, 2023																
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average increase in remuneration of employees was 11% and the average increase in the remuneration of the Managerial personnel was 12%. There were no exceptional circumstances for increasing the managerial remuneration																
6	Affirmation that the remuneration is as per the remuneration policy of the Company	It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.																

Top 10 employees of the Company in terms of the remuneration drawn

Sr. No.	Name	Designation	Remuneration (₹ in Lakh)	Nature of employment (contractual or otherwise)	Qualifications	Experience	Date of commencement of employment	Age	Last employment held before joining the organisation	% of equity shares held by the employee in the Company	Relationship with Managing Director and CEO or Directors
1	Mr. Subramanian Jambunathan	MD & CEO	246.02	Permanent	BE, PGDBM	31	20-Nov-18	53	Hong Kong and Shanghai Banking Corporation	0.23	No
2	Mr. Nagendra Singh	Chief Business Officer	163.11	Permanent	B.Sc, PGDM	25	01-Dec-18	47	Equifax	No	No
3	Mr. Gauri Shankar Agarwal	Chief Financial Officer	143.48	Permanent	C.A	30	01-Aug-19	55	Magma Housing Finance Limited	No	No
4	Mr. Shivram Jagadeswaran	Chief Credit Officer	114.46	Permanent	MMS	26	08-May-19	48	Reliance Commercial Finance Limited	No	No
5	Mr. Umesh Waghade	Business Head - Construction Finance & Structured Lending	111.91	Permanent	MBA	22	11-Jun-19	48	Incred Financial Services Limited	No	No
6	Mr. Satinder Singh Sidhu	Head - Collection	111.22	Permanent	MBA	25	23-Apr-19	47	Reliance Commercial Finance Limited	No	No
7	Mr. Easwaran Krishnan	Chief Human Resources Officer	105.14	Permanent	MPM	29	11-Mar-19	51	Damac Properties	No	No
8	Mr. Sandeep Ranjan	Chief Digital Officer	78.63	Permanent	MBA	21	12-Jul-21	47	Fullerton India	No	No
9	Mr. Sumit Watts	National Sales Manager	77.27	Permanent	B.Com	19	21-Jan-19	46	Deewan Housing Finance Limited	No	No
10	Mr. Dhaval Kiritbhai Modi	Head - Credit	78.01	Permanent	C.A	16	25-Mar-19	42	Deewan Housing Finance Limited	No	No



Annexure - IV

Disclosure pursuant to the provisions under Section 62(1) (b) of the Companies Act, 2013 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 as at March 31, 2023

Sr. No.	Particulars	SHFL ESOP Scheme 2016	SHFL ESOP Scheme 2013
a)	Options Granted	2,00,000	-
b)	Options vested	26,95,000	30,60,000
c)	Options exercised	-	7,75,000
d)	The total number of shares arising as a result of exercise of option	-	7,75,000
e)	Options lapsed and cancelled	70,000	-
f)	The Exercise prices	₹ 35/-	₹ 10/-
g)	Variation of terms of options	-	-
h)	Money realized by exercise of options	-	77,50,000
i)	Total number of options in force	22,85,000	26,95,000
j)	Employee wise details of options granted to:		
j)	i) Key Managerial Personnel	Mr. Gauri Shankar Agarwal, Chief Financial Officer	Mr. Subramanian Jambunathan, Managing Director & CEO
	ii) Any other employee who receives a grant of option in any one year of option amounting to 5% or more of option granted during that year	-	-
	iii) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	-	Mr. Subramanian Jambunathan, Managing Director & CEO

Annexure - V

Annual Report on CSR Activities

1. Brief outline on CSR Policy of the Company.

The Shriram Group to which the Company, Shriram Housing Finance Limited (hereinafter called as "SHFL") belongs to, over the years, as part of its CSR activities, initiated / contributed towards several social welfare projects aimed at benefitting the "Aam Aadmi". Such efforts has been focused on providing education and health care facilities to the economically weaker / underprivileged section of the society. SHFL strongly believes that it can contribute to the common cause of the society by bring the same level of competence and efficiency in the management and administration of its CSR activities with which it handles its corporate activities. The CSR Policy adopted by the Company may be referred to, at the website link i.e. <https://shriramhousing.in/our-policies-and-corporate-governance>

2. Composition of CSR Committee:

Sr. No.	Name	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
2	Ms. Lakshminarayanan Priyadarshini	Independent Director, Chairperson	2	2
2	Mr. Srinivasa Chakravarti Yalamati	Non-executive Director, Member	2	2
2	Mr. Subramanian Jambunathan	Managing Director & CEO, Member	2	2

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://shriramhousing.in/our-policies-and-corporate-governance>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report) – N.A.

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

6. Average net profit of the Company as per section 135(5) – ₹ 8,706.88 lakh

7. (a) Two percent of average net profit of the Company as per section 135(5): ₹ 1,74,14,000

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years – N.A.

(c) Amount required to be set off for the financial year, if any - Nil

(d) Total CSR obligation for the financial year (7a+7b-7c) – ₹ 1,74,14,000



8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year	Amount Unspent (in Rupees)				
	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	Name of the Fund	Amount	Date of transfer
1,74,14,000	83,17,365	06-04-2023	N.A	N.A	N.A

Note: The unspent amount is pursuant to an ongoing project which will be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of 1 year from the date of such transfer,, in accordance with the Companies Act, 2013 read with the CSR Amendment Rules.

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

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	CSR Name Registration number
				State	District							
1	SHFL Apprenticeship Program 2023	Skill Training	Yes	PAN India		1 year	94,64,000	1146635	8317365	Yes		NA

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

Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes / No)	Location of the project		Amount spent for the project (in Lakh)	Mode of implementation - Direct (Yes / No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number*
1	Construction of 50 toilets cum bathrooms to the poorest of the poor in the remote villages by Single Teacher School under Swachh Bharat Abhyan Programme Project	Promoting health care and sanitation	Yes	Tamil Nadu	Tiruvallur, and Ranipet	25.00	No	Swami Vivekananda Rural Development Society	CSR00001905
2	Treatment to cancer ill patients including children's by Sparsh Hospice	Promoting health care including preventive health care	Yes	Telangana	Hyderabad	20.00	No	Rotary Club of Banjara Hills Charitable Trust	CS050R00002

Annexure - V (Contd.)

Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes / No)	Location of the project		Amount spent for the project (in Lakh)	Mode of implementation - Direct (Yes / No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number*
3	Afforestation Project at Sapna Ranch, Maharashtra	Afforestation, ensuring environmental sustainability, ecological balance, protection of flora and fauna	Yes	Sapna Ranch	Maharashtra	4.5	No	Zemyna Foundation	CSR00013851
4	Project Sakhi-Program for Adivasi women for Educate on Menstrual Hygiene & Sustainable Menstrual Practice	Promoting health care and sanitation	Yes	Yeoor and Thane	Thane	5.00	No	R Nisarg Foundation	CSR00000983
5	Single Teacher School	Promoting Education including special education	Yes	Tamil Nadu	Remote Villages in Tamil Nadu	25.00	No	Swami Vivekananda Rural Development Society	CSR00001905

(d) Amount spent in Administrative Overheads – Nil

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹ 1,74,14,000

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

Sr. No.	Particulars	Amount (in Lakh)
1.	Two percent of average net profit of the Company as per section 135(5)	174.14
2.	Total amount spent for the Financial Year	174.14
3.	Excess amount spent for the financial year [(ii)-(i)]	-
4.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
5.	Amount available for set off in succeeding financial years [(iii)-(iv)]	-



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

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in Lakh)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial year (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2022-23	83,17,365	11.46		-		83,17,365
2.	2021-22	Refer Note	117.25		Refer Note		Refer Note
3.	2020-21	10,87,200	10.87	PM Care Fund	10,87,200	16-09-2021	Refer Note

Note - Not Applicable, as the concept of transfer of unspent funds has been introduced in the CSR Amendment Rules, relevant from fiscal 2021.

*The Company has allocated the budget towards on going project as mentioned in 8(b) and the amount shall be utilised in calibrated manner in 2023-24 for project sanctioned in fy 2022-23.

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

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year – N.A.

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5):

Mr. Subramanian Jambunathan

Managing Director & CEO

April 24, 2023

Mumbai

Ms. Lakshminarayanan Priyadarshini

Chairperson CSR Committee

Annexure - VI

Form No.MR-3

SECRETARIAL AUDIT REPORT

FINANCIAL YEAR ENDED 31st MARCH, 2023

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

To
The Members
Shriram Housing Finance Limited
R/o. 123, AngappaNaicken Street,
Chennai 600001 India.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Shriram Housing Finance Limited** (hereinafter called the company). We had verified the required records, information and other details through virtual data sharing, i.e. via emails and other access tools in adherence with non-disclosure/confidentiality norms. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

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

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

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment.
4. 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 (Issue and Listing of Debt Securities) Regulations, 2008;
 - b) 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;
 - c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
5. The National Housing Bank Act, 1987 including Housing Finance Companies (NHB) Directions, 2014

We 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 BSE Limited.

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. There was no change in the composition of the Board of Directors that took place during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, except in few instances. There exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All decisions were carried out with unanimous approval of the Board and there was no instance of dissent voting by any member during the period under review.

We have examined the systems and processes of the Company in place to ensure the compliance with general



laws like Labour Laws, Employees Provident Funds Act, Employees State Insurance Act, considering and relying upon representations made by the Company and its Officers for systems and mechanisms formed by the Company for compliance under these laws and other applicable sector specific Acts, Laws, Rules and Regulations applicable to the Company and its observance by them.

We further report that

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with other applicable laws on the operation of the Company and the rules made thereunder.

We further report that

During the audit period apart from the instances mentioned hereunder, there were no specific events / actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.,

- (i) Issuance and allotment of Non-Convertible Debentures Series XXI for an aggregate amount of ₹ 100 Crores through Private Placement on 22.07.2022.
- (ii) Issuance and allotment of Non-Convertible Debentures Series XXII for an aggregate amount of ₹ 58 Crores through Private Placement on 10.08.2022.
- (iii) Issuance and allotment of Market Linked Redeemable Non-Convertible Debentures Series XXIII for an aggregate amount of ₹ 200 Crores through Private Placement on 22.08.2022.
- (iv) Issuance and allotment of Non-Convertible Debentures Series XXIV for an aggregate amount of ₹ 35 Crores through Private Placement on 30.09.2022.
- (v) Issuance and allotment of Non-Convertible Debentures Series XXVI for an aggregate amount of ₹ 80 Crores through Private Placement on 13.12.2022.
- (vi) Issuance and allotment of Non-Convertible Debentures Series XXVII for an aggregate amount of ₹ 50 Crores through Private Placement on 28.12.2022.
- (vii) Issuance and allotment of Non-Convertible Debentures Series XXVIII for an aggregate amount of ₹ 240 Crores through Private Placement on 09.02.2023.
- (viii) Issuance and allotment of Unsecured Rated Listed Redeemable Subordinate Tire II Non-Convertible Debentures for an aggregate amount of ₹ 70 Crores through Private Placement on 01.03.2023.
- (ix) Issuance and allotment of Non-Convertible Debentures Series XXX for an aggregate amount of ₹ 75 Crores through Private Placement on 14.03.2023.
- (x) Issuance and allotment of 25,000 Equity Shares of ₹ 10 each for an aggregate amount of ₹ 2.50 Lacs on 30.08.2022 pursuant to the provisions of SHFL Employees' Stock Option (ESOP) Scheme 2013.
- (xi) Issuance and allotment of 6,00,000 Equity Shares of ₹ 10 each for an aggregate amount of ₹ 60 Lacs on 31.12.2022 pursuant to the provisions of SHFL Employees' Stock Option (ESOP) Scheme 2013.
- (xii) Issuance and allotment of 1,50,000 Equity Shares of ₹ 10 each for an aggregate amount of ₹ 15 Lacs on 31.01.2023 pursuant to the provisions of SHFL Employees' Stock Option (ESOP) Scheme 2013.
- (xiii) During the period under review the Company had made investments in line with its Investment Policy norms.
- (xiv) During the period under review, the Shriram City Union Finance Limited ("SCUF"), the holding company of Shriram Housing Finance Limited (the "Company") got merged with Shriram Finance Company Limited ("SFC") (Formerly known as Shriram Transport Finance Company Limited) , pursuant to the order of NCLT Special Bench, Chennai dated 17.11.2022.

Pursuant to the said merger, shareholding and promoter of the Company has changed, and accordingly the control of the Company also got changed. Consequent to the said merger the merged entity i.e. STFC has become the holding company of Shriram Housing Finance Limited. Intimation in this regard has been duly made with the Stock Exchange.

For **SPNP & Associates**

Nithya Pasupathy
FCS No. 10601/ CP No. 22562
UDIN: F010601E000171608
PEER REVIEW NO:1913/2022

Place: Chennai
Date: 22/04/2023