

HDFC SALES PRIVATE LIMITED

A Wholly Owned Subsidiary of
Housing Development Finance Corporation Limited

Eighteenth Annual Report 2021-2022

Board of Directors

Mr. Conrad D'Souza
(DIN: 00010576)

Mr. S. N. Shroff*
(DIN: 00011169)

Mr. Rajeev Sardana
(DIN: 06648276)

Ms. Harini Anand^
(DIN: 09157265)
(^from June 12, 2021)
(*Independent Director)

Statutory Auditors

Messrs B S R & Co. LLP
Chartered Accountants

Key Managerial Personnel

Mr. Santosh Gopalkrishnan
Chief Executive Officer
(PAN: AHDPG9627P)

Mr. Shivalingam Pillai#
Chief Financial Officer
(ICAI Membership No.: 108439)
(# from February 1, 2022)

Mr. Baiju Dawda\$
Chief Financial Officer
(ICAI Membership No.: 118360)
(\$ till January 28, 2022)

Ms. Krithika Raghu
Company Secretary
(ICSI Membership No.: A51700)

Banker

HDFC Bank Limited

Registered Office

HDFC House, H. T. Parekh Marg,
165-166, Backbay Reclamation,
Churchgate, Mumbai 400 020.
Tel. No.: +91 22 6155 2400
CIN: U65920MH2004PTC144182

Directors' Report

TO THE MEMBERS

Your directors are pleased to present the Eighteenth annual report of your Company with the audited accounts for the year ended March 31, 2022.

Financial Results

	For the year ended March 31, 2022 (₹ in lakhs)	For the year ended March 31, 2021 (₹ in lakhs)
Profit before Tax	8,313.29	3,246.41
Provision for Tax	446.65	1,316.34
Profit after Tax	7,866.65	1,930.07
Other comprehensive income / (expense)	(56.95)	(84.47)
Total comprehensive income for the year	7,809.69	1,845.60
Equity component of compound financial instruments	—	—
Dividend paid	(854.00)	—
Profit/ (Loss) brought forward from previous year	(1,435.56)	(3,281.16)
Balance carried to Balance Sheet	5,520.13	(1,435.56)

Dividend

Your Company has reported a profit after tax of ₹ 7,866.65 lakhs during the year under review. For the year under review, your directors approved the payment of a maiden interim dividend of ₹ 0.70 per equity share of ₹ 10 each and have proposed a final dividend of ₹ 2.05 per equity share of ₹ 10 each, aggregating to a total dividend amounting to ₹ 2.75 per equity share of ₹ 10 each for the FY22.

Review of Operations

Your Company is a wholly owned subsidiary of Housing Development Finance Corporation Limited (HDFC). It sources home loan business for HDFC for which it receives commission. During the year, your Company sourced 52% of the home loans disbursed by HDFC. Your Company also sources public deposits for HDFC.

Your Company is also a corporate agent of HDFC Life Insurance Company Limited and HDFC ERGO General

Insurance Company Limited. During the year, your Company sold 124,921 life insurance policies and 1,21,568 general insurance policies. Your Company is registered with the Association of Mutual Funds in India (AMFI) for selling of mutual fund products. Your Company sources education loans for HDFC Credila Financial Services Limited (HDFC Credila), a wholly owned subsidiary of HDFC. Further, your Company acts as a sub-entity for HDFC which is a point of presence under the Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2018.

There was no change in the nature of business of your Company nor was there any material change or commitment that would affect its financial position during the year as also till the date of this Report.

Loans, Guarantees or Investments

During the year, your Company has not given any loan or provided any guarantee or security or made any investment.

Particulars of Contracts or Arrangements with Related Parties

The particulars of contracts or arrangements with related parties, as prescribed in Form No. AOC-2 under Rule 8(2) of the Companies (Accounts) Rules, 2014 is annexed to this Report.

Details of other related party transactions are provided in the notes to the financial statements.

During the year, the Company amended its Policy on Related Party Transactions.

Deposits

Your Company has not accepted any deposit and as such, no amount of principal or interest was outstanding as at March 31, 2022.

Subsidiary/Associate Companies

Your Company does not have any subsidiary or associate companies.

Particulars of Employees

Your Company had 11,859 employees as at March 31, 2022.

Prevention of Sexual Harassment of Employees at Workplace

Your Company has in place a policy on prevention of sexual harassment of employees at workplace *inter alia*

in terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder. Members of the Internal Complaints Committee constituted by the Company are responsible for reporting and conducting inquiries pertaining to such complaints.

The Company on a regular basis sensitises its employees including outsourced employees on prevention of sexual harassment at the workplace through workshops, group meetings and online training modules. During the year, two complaints were received by the committee, which were resolved and thus there were no pending complaints with the committee as at March 31, 2022.

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The operations of your Company are not energy intensive. However, adequate measures have been taken for conservation of energy and usage of alternative source of energy, wherever possible.

During the year, your Company had no dealings in foreign exchange.

Directors

During the year, the Board of Directors of the Company, pursuant to the recommendation of the Nomination and Remuneration Committee, approved appointment of Ms. Harini Anand (DIN: 09157265) as an Additional Director of the Company with effect from June 12, 2021. The appointment of Ms. Harini Anand as a Non-Executive Director, liable to retire by rotation was approved by the shareholders of the Company at the Annual General Meeting held on July 16, 2021.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Conrad D'Souza, Mr. Rajeev Sardana and Ms. Harini Anand are liable to retire by rotation at the ensuing Annual General Meeting (AGM). They are eligible for re-appointment.

The necessary resolutions for the re-appointment of Mr. Conrad D'Souza, Mr. Rajeev Sardana and Ms. Harini Anand and details as required under secretarial standard have been included in the notice convening the ensuing AGM.

All the directors of your Company have confirmed that they are not disqualified from being appointed as directors, in terms of Section 164(2) of the Companies Act, 2013.

None of the directors of your Company have been debarred from holding the office of director by virtue of any order from Securities and Exchange Board of India (SEBI) or any other such authority.

Mr. S. N. Shroff, Independent Director has also confirmed that he satisfies the criteria prescribed for an independent director as stipulated under Section 149(6) of the Companies Act, 2013.

Key Managerial Personnel

The Board of Directors at its meeting held on January 28, 2022, based on the recommendation of the Nomination and Remuneration Committee appointed Mr. Shivalingam Pillai as the Chief Financial Officer (CFO) and Key Managerial Person of the Company w.e.f. February 1, 2022 in place of Mr. Baiju Dawda. The Board of Directors placed on record its deep appreciation for Mr. Dawda's services and commitment during his stint as the CFO.

Board Meetings

During the year, the Board met six times. The meetings were held on April 23, 2021, July 24, 2021, October 06, 2021, October 27, 2021, January 28, 2022 and March 21, 2022.

The attendance of the directors at the above-mentioned Board meetings is listed below:

Directors	Number of Meetings attended
Mr. Conrad D'Souza	6
Mr. S. N. Shroff	6
Mr. Rajeev Sardana	6
Ms. Harini Anand*	5

* Appointed as a Director w.e.f. June 12, 2021

Audit Committee

The Audit Committee consists of Mr. S. N. Shroff (Chairman), Mr. Conrad D'Souza and Mr. Rajeev Sardana. The members of the Audit Committee have accounting, financial management and legal expertise. The quorum for the Audit Committee meeting is two members.

The terms of reference of the Audit Committee *inter alia* include approving and implementing the audit procedures and techniques, reviewing the financial reporting systems, financial statements, internal control systems and procedures, records relating to related party transactions, analysis of risks and compliance of regulatory guidelines. The financial results are made available to the Committee

in advance. This enables review and discussion with the auditors before recommending it to the Board of Directors for its approval.

The Committee also grants approval for related party transactions and reviews the said transactions on a quarterly basis.

During the year, the Committee met five times. The meetings were held on April 23, 2021, July 24, 2021, October 27, 2021, January 28, 2022 and March 21, 2022.

The attendance of the members of the Committee at the above-mentioned meeting is listed below:

Members	Number of Meetings attended
Mr. S. N. Shroff (Chairman)	5
Mr. Conrad D'Souza	5
Mr. Rajeev Sardana	5

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of Mr. S. N. Shroff (Chairman), Mr. Rajeev Sardana and Mr. Conrad D'Souza. The quorum for the Nomination and Remuneration Committee meeting is two members.

The terms of reference of the Committee *inter alia* include identifying persons who are qualified to become directors of the Company, ensuring that such persons meet the relevant criteria prescribed under applicable laws, carrying out evaluation of every director's performance, formulating the Policy for Appointment of Directors and Members of Senior Management and Remuneration Policy, formulating the criteria for determining qualifications, positive attributes and independence of a director and for evaluating their performance.

The Policy on Appointment of Directors and Members of Senior Management *inter alia* lays down the criteria for appointment including qualifications, attributes, experience and skills etc. and nomination and evaluation process.

The Remuneration Policy ensures that remuneration is aligned to the overall performance of the Company, is fair and reasonable to attract and retain necessary talent, is linked to attaining performance benchmarks and involves a judicious balance of fixed and variable components.

The Policy on Appointment of Directors and Members of Senior Management and the Remuneration Policy are available at the website of the Company, www.hdfcsales.com.

During the year, the Committee met three times. The meetings were held on April 23, 2021, November 25, 2021 and January 28, 2022.

The attendance of the members of the Committee at the above-mentioned meeting is listed below:

Members	Number of Meetings attended
Mr. S. N. Shroff (Chairman)	3
Mr. Rajeev Sardana	3
Mr. Conrad D'Souza	3

Corporate Social Responsibility Committee

Your Company was required to undertake Corporate Social Responsibility (CSR) expenditure beginning from the financial year 2021-22. The Company did not spend any amount towards CSR activities during the said financial year. In compliance with the provisions of Section 135 of the Companies Act, 2013, the Company on April 27, 2022 transferred an amount of ₹ 16.92 lakhs (being the CSR spend requirement for the financial year 2021-22) to Prime Minister's National Relief Fund, being a Fund specified in Schedule VII to the Companies Act, 2013.

The CSR expenditure of the Company for the financial year 2022-23 and onwards would be approved and monitored by the CSR Committee of Directors and the Board of Directors of the Company and the Annual Report on CSR Activities would form part of the Directors' Report starting from the said financial year.

Risk Management Committee

During the year, the Risk Management Committee was re-constituted and the present members of the Committee are Mr. Conrad D'Souza (Chairman), Mr. Rajeev Sardana, Ms. Harini Anand and Mr. Santosh Gopalkrishnan.

The quorum for the Risk Management Committee meeting is two members.

During the year, the Committee met on September 24, 2021. The attendance of the members of the Committee at the above-mentioned meeting is listed below:

Members	Number of Meetings attended
Mr. Conrad D'Souza (Chairman)	1
Mr. Rajeev Sardana	1
Ms. Harini Anand	1
Mr. Santosh Gopalkrishnan (Chief Executive Officer)	1

The terms of reference of the committee *inter alia* include reviewing the risk profile of the Company from time to time and suggesting mitigation measures to reduce the impact of the risks. Your directors are of the opinion that the Company is managing its risks through well-defined internal financial controls and that there are no significant risks that may threaten the existence of your Company.

Independent Directors

Your Company, being a wholly owned subsidiary of HDFC, is not required to have an independent director on its Board. However, Mr. S. N. Shroff was re-appointed as an Independent Director of the Company for a second term of 5 (five) consecutive years with effect from March 24, 2020.

Board Evaluation

During the year, the Nomination and Remuneration Committee continued with the same criteria to evaluate the performance of the Board as a whole and its Committees as well as the performance of each director individually, as in the previous year. The criteria for evaluation were voluntarily benchmarked with the Guidance Note issued by the SEBI on board evaluation.

The evaluation of the Board, committees thereof and of each director was done through a structured and comprehensive questionnaire *inter alia* containing effectiveness of the Board and its committees, process of decision making, active participation, independence, quality and content of agenda papers, frequency of meetings, discussions at meetings, cohesion in meetings, contribution and management of conflict of interest.

The Chairman of the Nomination and Remuneration Committee reviewed the feedback received from the directors on the said questionnaire and prepared a consolidated report. The said consolidated report was *inter alia* reviewed by the Nomination and Remuneration Committee.

The Chairman of the Nomination and Remuneration Committee shared the results of evaluation at the meeting of the Board of Directors. The Board reviewed the results and expressed its satisfaction on the same. There were no actionable from the said review.

The Company conducts familiarisation programme for its directors on an annual basis. The familiarisation programme ensures that the directors are updated on the business and regulatory environment as well as the overall operations of the Company. These programmes

enable the directors to make better informed decisions in the interest of the Company and its stakeholders.

Auditors

At the Fifteenth AGM of the Company held on July 26, 2019, the Members had appointed Messrs B S R & Co. LLP, Chartered Accountants, having Firm Registration Number 101248W/W-100022 as the statutory auditors of the Company, for a period of 5 years, to hold office as such until the conclusion of the Twentieth AGM. The Company has received a confirmation from Messrs B S R & Co. LLP, to the effect that they meet the criteria for independence, eligibility and qualification as prescribed in Section 141 of the Companies Act, 2013.

The Auditors' Report annexed to the financial statements for the year under review does not contain any qualification.

Further, pursuant to the provisions of Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, the Company has re-appointed Messrs JHS & Associates, Chartered Accountants as internal auditors of the Company to review internal controls and compliances under various regulations that are applicable to the Company.

The Company has put in place adequate procedures to ensure that the system of Internal Financial Control is commensurate with the size and nature of the Company's business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention and detection of frauds, accuracy and completeness of accounting records and ensuring compliance.

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, Messrs Heena Jaysinghani & Co., Practicing Company Secretaries, undertook the secretarial audit of the Company for the FY22. The Secretarial Audit Report is annexed to this report and does not contain any qualification.

Significant and Material Orders passed by Regulators or Courts or Tribunals

During the year, no significant or material orders were passed by any regulator or courts or tribunals against

the Company impacting the going concern status and the Company's operations in future.

Secretarial Standards

The Company has complied with the applicable provisions of Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

Directors' Responsibility Statement

In accordance with the provisions of Section 134(3)(c) of the Companies Act, 2013 and based on the information provided by the management, your directors state that:

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed;
- b. Accounting policies selected have been applied consistently. Reasonable and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and of the profit of the Company for the year ended on that date;
- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- d. The annual accounts of the Company have been prepared on a going concern basis; and

- e. Systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

Annual Return – Form No. MGT-7

The annual return in Form No. MGT- 7 for the financial year 2021-22 is available at the Company's website i.e. www.hdfcsales.com.

Acknowledgements

Your directors would like to express their sincere appreciation to all its stakeholders for their support and continued patronage.

Your directors appreciate the guidance received from various statutory/regulatory authorities including the Insurance and Regulatory Development Authority of India, AMFI, Pension Fund Regulatory and Development Authority, Ministry of Corporate Affairs – Government of India, the Registrar of Companies, Mumbai and the depositories.

Your directors recognise and appreciate the sincere hard work, loyalty and efforts of the employees of the Company in ensuring that the Company performs well. Your directors also wish to place on record their appreciation to all the employees of HDFC who devoted their valuable time in managing the affairs of the Company.

On behalf of the Board of Directors

Mumbai
April 29, 2022

S. N. Shroff
Conrad D'Souza
Directors

Annex to Directors' Report - I

FORM NO. AOC-2

[Pursuant to clause (h) of sub-section (3) of Section 134 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 sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

2. Details of material contracts or arrangements or transactions at arm's length basis:

Sr. No.	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 transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any (₹)
	(a)	(b)	(c)	(d)	(e)	(f)
1.	Housing Development Finance Corporation Limited (HDFC) (Holding Company)	DSA Commission (Home Loan Sourcing)	5 years – expiry date May 31, 2023	The Company generates leads for HDFC for which it receives commission on conversion of such leads to loans. HDFC pays a commission after taking into account the leads and infrastructure provided by it.	—	—
2.	HDFC ERGO General Insurance Company Limited (Associate of Holding Company)	Corporate Agency Agreement (Sourcing General Insurance)	3 years – expiry date March 31, 2025	Soliciting or procuring insurance and marketing insurance products of HDFC ERGO General Insurance Company Limited.	—	—

* The above mentioned transactions were entered into by the Company in its ordinary course of business. The materiality threshold is as prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014, as amended.

On behalf of the Board of Directors

Mumbai
April 29, 2022

S. N. Shroff
Conrad D'Souza
Directors

Annex to Directors' Report – II

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

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

To,

The Members,

HDFC SALES PRIVATE LIMITED

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

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

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 March 31, 2022 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made thereunder;
2. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; and
3. Other applicable Laws as per list attached as 'Annexure A' to this report.

We have also examined compliance with the applicable clauses of the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

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

We further report that the Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors. The following changes in the composition of Board of Directors / Key Managerial Personnel that took place during the period under review were carried out in compliance with the provisions of the Companies Act 2013:

1. The Board of Directors vide Circular Resolution passed on June 12, 2021, approved the appointment of Ms. Harini Anand (DIN:09157265) as an Additional, Non-Executive Director of the Company w.e.f June 12, 2021.
2. The shareholders of the Company at its Annual General Meeting held on July 16, 2021:
 - a. re-appointed Mr. Conrad D'Souza (DIN: 00010576) and Mr. Rajeev Sardana (DIN: 06648276) as the directors of the Company, liable to retire by rotation.
 - b. appointed Ms. Harini Anand (DIN:09157265) as Non-Executive Director of the Company w.e.f June 12, 2021
3. the Board of Directors of the Company at its Meeting held on January 28, 2022, approved the appointment of Mr. Shivalingam Pillai (ICAI Membership Number 108439), as Chief Financial Officer (CFO) of the Company with effect from February 1, 2022 in place of Mr. Baiju Dawda who has resigned to act as CFO of the Company effective from January 28, 2022.

Annex to Directors' Report – II (Continued)

The meetings were duly convened by giving adequate notice as required under the provisions of the Act and Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI). The Agenda and detailed notes on the Agenda were sent 7 (seven) days in advance except for the Board Meeting held on October 6, 2021, Nomination and Remuneration Committee (NRC) meeting held on November 25, 2021, for which adequate consent was obtained from the directors. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The minutes of the proceedings of Board Meetings and Committee Meetings have been maintained in compliance with the requirement under the Act and Secretarial Standards issued by ICSI.

All the decision taken in the Board Meetings including 2 resolutions passed through 2 respective circular resolutions, were passed unanimously and with requisite majority at the Annual General Meeting.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, Rules, Regulations and Guidelines.

We further report that during the Audit Period, the Company has not undertaken any specific events/ actions that can have a major bearing on the Company's compliance responsibility in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except as under:

1. The Board of Directors has declared a maiden interim dividend at the rate of ₹ 0.70 per equity share on 12,20,00,000 equity shares of ₹ 10 each, for the financial year 2021-22.

For **M/s Heena Jaysinghani & Co.**
Practicing Company Secretaries
UDIN No.: F0114320000255544

Heena Jaysinghani
Company Secretaries
M.No 11432/ CP. No. 20242
Peer Review Cer No: 770/2020

Date: April 29, 2022
Place: Mumbai

Annex to Directors' Report – II (Continued)**'ANNEXURE A'****LIST OF OTHER APPLICABLE LAWS**

(including statutory amendments made thereto or amendments thereof for the time being in force)

1. The Maharashtra Shops and Establishments (Regulation of Employment and Conditions of Service) Act, 2017, rules thereunder and other State Acts and rules thereunder, including statutory amendments made thereto.
2. Payment of Gratuity Act, 1972 and applicable State Rules.
3. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
4. Information Technology Act, 2000 and Information Technology (Reasonable security practices and procedures and sensitive personal data or information) Rules, 2011.
5. Income Tax Act, 1961, Central Goods and Services Tax Act, 2017, State Goods and Services Tax Act, 2017 and Integrated Goods and Services Tax Act, 2017 and rules thereunder.
6. Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015
7. Registration with Association of Mutual Funds in India, along with the conditions under such registration.
8. The Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2018
9. Maternity Benefit Act, 1961 and applicable State Rules.
10. Payment of Bonus Act, 1965 and Payment of Bonus Rules, 1975.

Independent Auditors' Report

TO THE MEMBERS OF HDFC SALES PRIVATE LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of HDFC Sales Private Limited (the "Company"), which comprise the standalone balance sheet as at 31 March 2022, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India 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 obtained by us is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

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

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

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

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

Management's and Board of Directors' Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due

Independent Auditors' Report (Continued)

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act;
 - e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.

Independent Auditors' Report (Continued)

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its standalone financial statements - Refer Note 26 to the standalone financial statements.
- b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
- d) (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), 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 ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.
- e) The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.
- (C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:
- In our opinion and according to the information and explanations given to us, whilst the requirements of Section 197 of the Act related to managerial remuneration is applicable, however no managerial remuneration has been paid by the Company during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W - 100022

Sagar Lakhani

Partner

Membership No. 111855

UDIN : 22111855AIBSAJ4327

Mumbai
29 April 2022

Annexure A to the Independent Auditor's Report of even date on financial statements of HDFC Sales Private Limited

(Referred to in our report 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 except for specific location, year of purchase, situation of such plant and equipment and duplicate asset code in respect of certain assets. As represented to us by the management, the Company is in the process of updating its Property, Plant and Equipment register to reflect these details.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular program of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this program, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year.
- (e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company is a service company, primarily rendering direct selling agent services to its clients. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of

Annexure A to the Independent Auditor's Report of even date on financial statements of HDFC Sales Private Limited (Continued)

account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance (ESIC), Income-Tax, Duty of Customs, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few instances of payment relating to ESIC, GST and Profession Tax.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31 March 2022 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 on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
The Finance Act, 1994	Service Tax	72	Financial year 2013-2017	Deputy / Assistant Commissioner of Service Tax	—

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

- (ix) (a) According to the information and explanations given to us given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company

has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

- (c) In our opinion and according to the information and explanations given to us by the management, the Company has not obtained any term loans during the year.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds were raised on a short-term basis according, clause 3(ix)(d) of the Order is not applicable.
- (e) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under Companies Act, 2013) during the year ended 31 March 2022. Accordingly, clause 3(ix)(e) is not applicable.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer

(including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12)

Annexure A to the Independent Auditor's Report of even date on financial statements of HDFC Sales Private Limited (Continued)

- of Section 143 of the Companies Act, 2013 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) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) and 3(xvi)(b) of the Order is not applicable.
- (b) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (c) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, the Company has transferred unspent amount to a Fund specified in Schedule VII to the Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of Section 135 of the said Act.
- (b) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any ongoing project. Accordingly, clause 3(xx)(b) of the Order is not applicable.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W - 100022

Sagar Lakhani

Partner

Membership No. 111855

UDIN : 22111855AIBSAJ4327

Place: Mumbai

Date: 29 April 2022

Annexure B to the Independent Auditors' report on the financial statements of HDFC Sales Private Limited for the year ended 31 March 2022.

(Referred to in our report of even date)

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph (2)(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of HDFC Sales Private Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022, 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10)

of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial 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 include 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

Annexure B to the Independent Auditors' report on the financial statements of HDFC Sales Private Limited for the year ended 31 March 2022. (Continued)

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 controls

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

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W - 100022

Sagar Lakhani

Partner

Membership No. 111855

UDIN : 22111855AIBSAJ4327

Mumbai

29 April 2022

Balance Sheet as at 31 March 2022

	Note No.	As at March 31, 2022	(₹ In lakhs) As at March 31, 2021
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3	7,338.95	9,102.29
Capital Work-in-Progress	3	20.24	6.75
Other Intangible Assets	3	165.49	113.99
Intangible Assets under development	3	10.00	18.81
Financial Assets			
Other financial assets	4	717.47	752.03
Deferred tax assets (net)	5	2,000.00	—
Income tax assets (net)	6	69.76	198.62
Other Non-Current assets	7	6.92	16.25
Total Non Current Assets		10,328.83	10,208.74
Current Assets			
Financial assets			
Investments	8	794.81	—
Trade receivables	9	12,313.69	10,676.91
Cash and cash equivalents	10	921.78	8,125.72
Bank balances other than cash and cash equivalents	11	3,304.99	4.99
Loans	12	34.62	41.05
Other financial assets	13	9,972.99	110.30
Other current assets	14	826.36	350.48
Total Current Assets		28,169.24	19,309.45
Total Assets		38,498.07	29,518.19
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	12,200.00	12,200.00
Other equity		5,520.13	(1,435.56)
Total Equity		17,720.13	10,764.44
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Lease Liabilities		3,903.07	4,995.84
Provisions	16	4,252.07	3,839.04
Total Non Current Liabilities		8,155.14	8,834.88
Current Liabilities			
Financial liabilities			
Trade payables	17	89.77	84.75
Lease Liabilities		1,587.07	1,540.64
Other financial liabilities	18	6,563.07	4,888.30
Current tax liabilities (Net)		140.10	468.17
Provisions	19	867.61	797.77
Other current liabilities	20	3,375.18	2,139.24
Total Current Liabilities		12,622.80	9,918.87
Total Equity and Liabilities		38,498.07	29,518.19

The accompanying notes form an integral part of the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Sagar Lakhani
Partner
Membership No.:111855

Mumbai, April 29, 2022

For HDFC Sales Private Limited

Joseph Conrad Agnelo D'Souza
Director
(DIN: 00010576)

Gopalkrishnan Santosh
Chief Executive Officer

Mumbai, April 29, 2022

S. N. Shroff
Director
(DIN: 00011169)

Shivalingam Pillai
Chief Financial Officer

Harini Anand
Director
(DIN: 09157265)

Krithika Raghu
Company Secretary

Statement of Profit and Loss for the Year ended March 31, 2022

Particulars	Note No.	₹ In lakhs	
		Period ended March 31, 2022	Period ended March 31, 2021
Revenue from operations	21	72,295.86	56,255.02
Other income	22	369.70	287.54
Total Income		72,665.56	56,542.56
Expenses			
Employee benefit expense	23	57,078.33	46,756.10
Finance cost	24	644.36	711.34
Depreciation and amortisation	3	3,016.17	3,079.92
Other expenses	25	3,613.41	2,748.79
Total Expenses		64,352.27	53,296.15
Profit before tax		8,313.29	3,246.41
Tax expenses (Refer Note 30)			
Current tax		2,429.00	1,300.00
Tax Adjustments pertaining to prior years		17.65	16.34
Deferred Tax		(2,000.00)	—
Profit for the year from operations		7,866.65	1,930.07
Profit for the year		7,866.65	1,930.07
Other comprehensive income			
<u>Items that will not be reclassified to profit or loss</u>			
Remeasurement of the defined benefit plans		(56.95)	(84.47)
Total		(56.95)	(84.47)
Total comprehensive income for the year		7,809.69	1,845.60
Earnings per equity share : (Face value of ₹10 each)	29		
Basic		6.45	1.67
Diluted		6.45	1.67

The accompanying notes form an integral part of the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Sagar Lakhani
Partner
Membership No.:111855

Mumbai, April 29, 2022

For HDFC Sales Private Limited

Joseph Conrad Agnelo D'Souza
Director
(DIN: 00010576)

Gopalkrishnan Santosh
Chief Executive Officer

Mumbai, April 29, 2022

S. N. Shroff
Director
(DIN: 00011169)

Shivalingam Pillai
Chief Financial Officer

Harini Anand
Director
(DIN: 09157265)

Krithika Raghu
Company Secretary

Cash Flow Statement for the Year ended March 31, 2022

(₹ In lakhs)

	For the Year ended March 31, 2022	For the Year ended March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	8,313.29	3,246.41
Depreciation and Amortisation	3,016.17	3,079.92
Interest Expenses - Lease Rental Properties	644.36	711.34
Rent Paid	(2,277.27)	(2,188.86)
Bad debts written off	39.46	37.88
Interest on Bank Deposits	(302.44)	(5.58)
Loss on Sale of Fixed Assets	(1.34)	6.09
Profit on Retirement of ROU Asset & Lease Liability under Ind AS 116	(10.11)	—
Operating profit before working capital changes	9,422.12	4,887.20
Decrease in Non - Current Assets	39.11	(3.66)
Increase in Current Assets	(2,308.37)	(8,292.06)
Increase in Non Current Liabilities	413.03	761.17
Increase in Current Liabilities	2,928.62	2,494.94
Cash Generated from Operations	10,494.51	(152.40)
Taxes (Paid)/Refund	(2,645.86)	2,179.92
Net cash from Operating Activities	7,848.65	2,027.51
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment /Other Intangible Assets, including capital advances	(776.94)	(338.17)
Increase/(Decrease) Capital Work-in-Progress/Intangible Assets under development	(4.68)	6.98
Sale of Property, Plant and Equipment	75.40	8.84
Purchase of Investments - Fixed deposits	(13,000.00)	—
Maturity of Investment - Fixed deposits	—	—
Purchase of Investments - Mutual funds	(16,194.81)	—
Redemption of Investment Mutual funds	15,400.00	—
Interest on Bank Deposits	302.44	5.58
Net cash from / (used in) Investing Activities	(14,198.59)	(316.77)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Shares	—	5,500.00
Dividend paid	(854.00)	—
Net cash from / (used in) Financing Activities	(854.00)	5,500.01
Net Increase in cash and cash equivalents	(7,203.94)	7,210.75
Add : Cash and Cash equivalents at the beginning of the year (Refer Note 10)	8,125.72	914.97
Cash and Cash equivalents at the end of the year (Refer Note 10)	921.78	8,125.72

The accompanying notes form an integral part of the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Sagar Lakhani
Partner
Membership No.:111855

Mumbai, April 29, 2022

For HDFC Sales Private Limited

Joseph Conrad Agnelo D'Souza
Director
(DIN: 00010576)

Gopalkrishnan Santosh
Chief Executive Officer

Mumbai, April 29, 2022

S. N. Shroff
Director
(DIN: 00011169)

Shivalingam Pillai
Chief Financial Officer

Harini Anand
Director
(DIN: 09157265)

Krithika Raghu
Company Secretary

Statement of Changes in Equity

(₹ In lakhs)

A. Equity Share Capital

Balance as at April 1, 2021	12,200.00
Shares issued during the Period	—
Balance as at March 31, 2022	12,200.00

B. Other Equity

Particulars	Retained Earnings	Equity component of compound financial instruments	Total
Balance as as April 1, 2020	(3,281.16)	—	(3,281.16)
Additions during the Period	—	—	—
Profit transferred from Statement of Profit and Loss	1,930.07	—	1,930.07
Other Comprehensive Income	(84.47)	—	(84.47)
Redemption of optionally convertible debentures (equity component)	—	—	—
Closing Balance as as March 31, 2021	(1,435.56)	—	(1,435.56)
Surplus transferred from Statement of Profit and Loss	7,866.65	—	7,866.65
Interim Dividend paid	(854.00)	—	(854.00)
Other Comprehensive Income	(56.95)	—	(56.95)
Redemption of optionally convertible debentures (equity component)	—	—	—
Closing Balance as as March 31, 2022	5,520.13	—	5,520.13

The accompanying notes form an integral part of the financial statements

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Sagar Lakhani
Partner
Membership No.:111855

Mumbai, April 29, 2022

For HDFC Sales Private Limited

Joseph Conrad Agnelo D'Souza
Director
(DIN: 00010576)

Gopalkrishnan Santosh
Chief Executive Officer

Mumbai, April 29, 2022

S. N. Shroff
Director
(DIN: 00011169)

Shivalingam Pillai
Chief Financial Officer

Harini Anand
Director
(DIN: 09157265)

Krithika Raghu
Company Secretary

Notes forming part of the financial statements

1. General Information

HDFC Sales Private Limited (the “Company”) a wholly owned subsidiary of Housing Development Finance Corporation Limited (HDFC Ltd), is incorporated in India, with its registered office in Mumbai. The Company sources loan business for HDFC Ltd and HDFC Credila Financial Services Limited, for which it receives commission. The Company is also a corporate agent of HDFC Life Insurance Company Limited and HDFC ERGO General Insurance Company Limited.

2. Significant Accounting Policies

2.1 Basis of preparation of financial statements:

Compliance with Indian Accounting Standards (Ind AS)

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

A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the Company.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

Critical accounting estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires the 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. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Further results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

Fair Valuation:

The Company’s assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value, the Company uses market observable data to the extent it is available. When Level I inputs are not available, the Company establishes other appropriate valuation techniques and inputs to valuation model.

Measurement of Defined Benefit Plan:

The cost and the present value of the defined benefit plan are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the

Notes forming part of the financial statements

future. These include the determination of the discount rate, future salary increases and Attrition rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Useful Lives of Property, Plant and Equipment:

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset.

The useful lives are reviewed by the management periodically and revised, if appropriate.

2.2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash Flows”.

2.3 Going Concern

As explained in note 34, the financial statements have been prepared on a going concern basis.

2.4 Revenue Recognition:

2.4.1 Commission income and Management Fee

The Company recognizes revenue from contracts with customers based on comprehensive assessment model as set out in Ind AS 115 – ‘Revenue from contracts with customers’.

- The Company recognizes fee and commission income towards rendering of services to its customers on satisfactory completion of the services.
- Distribution income is earned by selling of services under distribution arrangements.

2.4.2 Other income

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

2.5 Property, plant and equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. PPE acquired on hire purchase basis are recognised at their cash values. Cost includes professional fees related to the acquisition of PPE.

For transition to Ind AS, the Company has elected to adopt as deemed cost, the carrying value of PPE measured as per IGAAP less accumulated amortisation and cumulative impairment on the transition date of April 1, 2017.

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land) less their residual values over their useful lives specified under Part C of Schedule II to the Act, or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value being accounted on prospective basis.

Depreciation for additions to/deductions from, owned assets is calculated pro rata to the period of use. Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Notes forming part of the financial statements

The useful life of the property, plant and equipment held by the Company is as follows:

Class of assets	Useful life	Companies Act
Computer Hardware*	4 years	3/6 years
Furniture & Fixtures	10 years	10 years
Office Equipment	5 years	5 years
Building	60 years	60 years
Leasehold Improvement	Over the lease period	Over the lease period

* For the above class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Act.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.6 Intangible Assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets. For transition to Ind AS, the Company has elected to adopt as deemed cost, the carrying value of Intangible assets measured as per IGAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2017.

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

Company follows its internal policy for amortisation of Intangible assets. It is amortised on straight line basis over the estimated useful life of 4 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.7 Impairment of Assets:

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use.

2.8 Borrowing cost:

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss.

2.9 Employee Benefits:

Defined Contribution Plan:

The Company has two defined contribution plans for its employees:

- Contribution to Provident Fund is made to Government Provident Fund Authority
- Contribution to Employees Pension Scheme 1995 is made to Government Provident Fund Authority.

Notes forming part of the financial statements

The Company recognises contribution payable to this fund / scheme as an expenditure, where an employee renders the related services. If the contribution payable to the scheme for services received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid.

Defined Benefit Plan:

Gratuity is an employee benefit scheme, which is classified as a “Defined Benefit Obligation”.

Under a gratuity plan, an employee earns gratuity for every year of service rendered by him/her, and this benefit accrues for every further year during which the employee renders service to the company.

When the employee leaves the company, this gratuity payment becomes due. The gratuity obligations of a company are valued according to actuarial valuation principles and presented in the gratuity report, which is required for the financial audit of the company.

The net present value of the Company’s obligation towards gratuity and leave encashment is actuarially determined based on the projected unit credit method. Actuarial gains and losses are immediately recognised in the Statement of Profit and Loss.

2.10 Leases :

Lease liabilities are initially recognised and measured at an amount equal to the present value of minimum lease payments during the lease term that are not yet paid.

The lease liability is measured in subsequent periods using the incremental borrowing cost rate.

Right of use asset is recognised and measured at cost, consisting of initial measurement of lease liability plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, initial estimate of the restoration costs, if any and any significant initial direct costs incurred by the Company.

The right-of-use asset is depreciated in accordance with the requirements in Ind AS 16, Property, Plant and equipment.

i. As a lessee

As a lessee, the Company leases some branches and office premises. As per Ind AS 116, the Company recognises right-of-use assets and lease liabilities for leases of branch and office premises – i.e. these leases are on-balance sheet.

On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company’s incremental rate of borrowing.

Right-of-use assets are measured at their carrying amount as if IND AS 116 has been applied since the commencement date, discounted using lessee’s incremental borrowing rate at the date of initial application.

ii. As a lessor

The Company has not let out property and equipment on lease and hence is not required to make any adjustments on transition to IND AS 116 for leases in which it acts as a lessor.

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate as 10.50%. The weighted average rate applied is 10.50%.

2.11 Taxes on Income:

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

Notes forming part of the financial statements

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax credits could be utilised.

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

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Significant accounting estimates and judgements are involved in determining Company's tax charge for the year which includes an interpretation of local tax laws, judicial pronouncements and an assessment whether the tax authorities will accept the position taken. These judgements, also, take account of external advice, wherever appropriate, and the Company's view on settling with the tax authorities.

The Company provides for current tax liabilities at the best estimate that is expected to be paid to the tax authorities where an outflow is probable. In making these estimates, the Company assumes that the tax authorities will examine all the amounts reported to them and have full knowledge of all the relevant information.

2.12 Cash and Cash Equivalents:

Cash and Bank balances comprises cash on hand and demand deposits with banks. Bank balances are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.13 Cash Flow Statement:

Cash Flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.14 Earnings Per Share:

Basic earnings per share is computed by dividing the profit/ (loss) after tax by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity share would decrease the net profit per share or increase net loss per share from continuing ordinary operations.

2.15 Provisions and contingencies:

Provisions are recognised only when:

An entity has a present obligation (legal or constructive) as a result of a past event; and

It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

Notes forming part of the financial statements

A reliable estimate can be made of the amount of the obligation. Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

A present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent Assets:

Contingent assets are not recognised in the financial statements

2.16 Goods and Service Tax (GST) Input credit:

GST input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilising the credits.

2.17 Operating Cycle:

The primary determinant between current and noncurrent assets is the anticipated timeline of their use. Current and noncurrent assets and liabilities are listed on the balance sheet.

- Current assets are assets that are expected to be converted to cash within a year.
- Noncurrent assets are those that are considered long-term, where their full value won't be realised until at least a year.
- Current liabilities are financial obligations that are expected to settle in their normal operating cycle.
- Noncurrent liabilities are financial obligations that are not due within a year, such as long-term debt.

2.18 Financial instruments

Date of recognition

The Company recognises debt securities, deposits and borrowings when funds reach the Company.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for the Day 1 profit or loss, as described below.

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments,

Notes forming part of the financial statements

Equity instruments

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 direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Compound instruments

The component parts of compound instruments (e.g. convertible debentures) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital and share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain/loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible debentures are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the life of the convertible debentures.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'at amortised cost'.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

2.19 Operating Segments:

The Company is primarily engaged in providing commission services in India. As such, there are no separate reportable segments, as per Ind AS 108 on "Operating Segments."

2.20 Dividend on Ordinary Shares:

As per the corporate laws in India, an interim dividend is authorised when it is approved by the Board of Directors and final dividend is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Notes to financial statements

(₹In lakhs)

Particulars	GROSS BLOCK		DEPRECIATION / AMORTISATION		NET BLOCK
	As at April 1, 2021	Additions during the Period	Deductions/ Write-off during the Period	As at March 31, 2022	As at March 31, 2022
Tangible					
Building	11.71	–	–	11.71	2.16
Computer Hardware	2,377.04	420.97	281.32	2,516.69	338.23
Leasehold Improvements	4,105.27	125.69	173.44	4,057.52	547.34
Furniture & Fixtures	272.91	14.14	31.14	255.91	21.51
Office Equipments	1,657.24	109.87	111.29	1,655.82	995.06
Total	8,424.17	670.67	597.19	8,497.65	1,162.70
Right of use assets	9,205.44	653.88	96.58	9,762.74	1,793.92
Total	17,629.61	1,324.55	693.77	18,260.39	2,956.62
Other Intangibles - other than Internally generated					
Computer Software	355.38	111.05	–	466.43	241.39
Total	355.38	111.05	–	466.43	59.55
Grand Total	17,984.99	1,435.60	693.77	18,726.82	3,016.17
					7,504.44
					11,222.38
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As at 31st March, 2022					
To be completed in					(₹ In lakhs)
CWIP	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in progress					
CWIP-Tangible					
1. Leasehold of new office at Kompoli-Telangana	11.36	—	—	—	11.36
2. Leasehold of new office at Vijay Nagar-Madhya Pradesh	8.03	—	—	—	8.03
3. Leasehold of new office at Chindwara-Madhya Pradesh	0.85	—	—	—	0.85
CWIP-Intangible					
1. Simson Softwares Pvt. Ltd.-SAIBA-Online Indian Edition for Direct Insurance Broker	10.00	—	—	—	10.00
Project temporarily suspended	—	—	—	—	—
Total	30.24	—	—	—	30.24

CWIP ageing schedule					
Amount in CWIP for at year end 31st March,2022					(₹ In lakhs)
CWIP	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project in progress-Tangible					
1. New office at Kompoli-Telangana	11.36	—	—	—	11.36
2. New office at Vijay Nagar-Madhya Pradesh	8.03	—	—	—	8.03
3. New office at Chindwara-Madhya Pradesh	0.85	—	—	—	0.85
Project in progress-Intangible					
1. Simson Softwares Pvt. Ltd.-SAIBA-Online Indian Edition for Direct Insurance Broker	—	—	10.00	—	10.00
Project temporarily suspended	—	—	—	—	—
Total	20.24	—	10.00	—	30.24

As at 31st March,2021					
To be completed in					(₹ In lakhs)
CWIP	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
Projects in progress					
CWIP-Tangible					
1. Leasehold additional work of office at Chandapura-Karnataka	5.68	—	—	—	5.68
2. Leasehold additional work of office at Nagarbhavi-Karnataka	1.07	—	—	—	1.07
CWIP-Intangible					
1. Simson Softwares Pvt. Ltd.-SAIBA-Online Indian Edition for Direct Insurance Broker	10.00	—	—	—	10.00
2. Empronc Solutions Private Limited (Baz Software)	8.81	—	—	—	8.81
Project temporarily suspended	—	—	—	—	—
Total	25.56	—	—	—	25.56

Notes to financial statements

CWIP ageing schedule					
Amount in CWIP for at year end 31st March,2021					(₹ In lakhs)
CWIP	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Project in progress-Tangible					
1. Leasehold additional work of office at Chandapura-Karnataka	5.68	—	—	—	5.68
2. Leasehold additional work of office at Nagarbhavi-Karnataka	1.07	—	—	—	1.07
Project in progress-Intangible					
1. Simson Softwares Pvt. Ltd.-SAIBA-Online Indian Edition for Direct Insurance Broker	—	10.00	—	—	10.00
2. Empronc Solutions Private Limited (Baz Software)	2.94	5.88	—	—	8.81
Project temporarily suspended	—	—	—	—	—
Total	9.69	15.88	—	—	25.56

(₹ In lakhs)

4 OTHER NON-CURRENT FINANCIAL ASSETS

	As at March 31, 2022	As at March 31, 2021
Bank Deposit with maturity beyond twelve months (Under Lien) (Refer Note 27)	5.00	5.00
Security Deposits	10.51	10.51
Rent Deposits	701.96	736.52
	<u>717.47</u>	<u>752.03</u>

5 DEFERRED TAX ASSETS (NET)

	As at March 31, 2022	As at March 31, 2021
Depreciation	500.00	—
Retirement Benefits	1,300.00	—
Ind As 116 ROU/Lease Liabilities	200.00	—
	<u>2,000.00</u>	<u>—</u>

6 INCOME TAX ASSETS (NET)

	As at March 31, 2022	As at March 31, 2021
Advance Payment of Income Tax (Net of Provisions)	69.76	198.62
	<u>69.76</u>	<u>198.62</u>

7 OTHER NON - CURRENT ASSETS

	As at March 31, 2022	As at March 31, 2021
Prepaid Expenses	3.13	7.68
Capital Advances	3.79	8.57
	<u>6.92</u>	<u>16.25</u>

Notes to financial statements

(₹ In lakhs)

8 CURRENT INVESTMENTS

	As at March 31, 2022	As at March 31, 2021
Investment In Cash Management Schemes Of Mutual Funds	794.81	—
	794.81	—

9 TRADE RECEIVABLES

(Unsecured, Considered Good)

	As at March 31, 2022	As at March 31, 2021
Outstanding for a period exceeding 12 months from the date they become due	3.94	3.57
Others (Refer Note 27)	12,309.75	10,673.34
	12,313.69	10,676.91

Trade Receivables ageing schedule

Particulars	Outstanding receivables as on 31st March, 2022					Total
	Less than 6 months	6 months - 1 year	1-2 Years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good/ All receivables from related party	12,309.70	0.05	3.94	—	—	12,313.68
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—
(iii) Undisputed Trade Receivables – credit impaired	—	—	—	—	—	—
(iv) Disputed Trade Receivables – considered good	—	—	—	—	—	—
(v) Disputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—
(vi) Disputed Trade Receivables – credit impaired	—	—	—	—	—	—
Total	12,309.70	0.05	3.94	—	—	12,313.68

Particulars	Outstanding receivables as on 31st March, 2021					Total
	Less than 6 months	6 months - 1 year	1-2 Years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	10,671.74	1.60	3.57	—	—	10,676.91
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—
(iii) Undisputed Trade Receivables – credit impaired	—	—	—	—	—	—
(iv) Disputed Trade Receivables – considered good	—	—	—	—	—	—
(v) Disputed Trade Receivables – which have significant increase in credit risk	—	—	—	—	—	—
(vi) Disputed Trade Receivables – credit impaired	—	—	—	—	—	—
Total	10,671.74	1.60	3.57	—	—	10,676.91

Notes to financial statements

(₹ In lakhs)

10 CASH AND CASH EQUIVALENTS

	As at March 31, 2022	As at March 31, 2021
Balances with bank		
— In Current Account (Refer Note 27)	221.78	5,125.72
— Bank Deposits (Refer Note 27)	700.00	3,000.00
	<u>921.78</u>	<u>8,125.72</u>

11 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at March 31, 2022	As at March 31, 2021
Bank Deposits (Under Lien) (Refer Note 27)	4.99	4.99
Bank Deposits (Refer Note 27)	3,300.00	—
	<u>3,304.99</u>	<u>4.99</u>

12 CURRENT LOANS

	As at March 31, 2022	As at March 31, 2021
(Unsecured, Considered Good)		
Staff Loans	34.62	41.05
	<u>34.62</u>	<u>41.05</u>

13 OTHER CURRENT FINANCIAL ASSETS

	As at March 31, 2022	As at March 31, 2021
(Unsecured, Considered Good)		
Interest Accrued but not due on Bank Deposits	113.56	4.98
Rent Deposits	159.43	105.32
Fixed Deposits (Refer Note 27)	9,700.00	—
	<u>9,972.99</u>	<u>110.30</u>

14 OTHER CURRENT ASSETS

	As at March 31, 2022	As at March 31, 2021
GST Input Credit Receivable	379.52	63.87
Advance to employees	39.20	0.68
Dues from Employees	12.73	41.48
Other Advances		
— Related Party (Refer Note 27)	42.64	3.31
— Others	5.75	8.03
Prepaid Expenses		
— Related Party (Refer Note 27)	217.64	139.34
— Others	128.88	93.77
	<u>826.36</u>	<u>350.48</u>

Notes to financial statements

(₹ In lakhs)

	As At March 31, 2022	As At March 31, 2021
15 SHARE CAPITAL		
Authorised (Refer note 15.1)		
15,00,00,000 Equity Shares of ₹ 10/- each	<u>15,000.00</u>	<u>15,000.00</u>
	<u>15,000.00</u>	<u>15,000.00</u>
Issued, Subscribed and paid-up		
12,20,00,000 Equity Shares of ₹ 10/- each fully paid up (Previous Year 12,20,00,000 Equity Shares of ₹ 10/- each fully paid up) (All the Shares are held by Housing Development Finance Corporation Limited, the Holding Company and its nominees)	<u>12,200.00</u>	<u>12,200.00</u>
	<u>12,200.00</u>	<u>12,200.00</u>

15.1 The Company has only one class of shares referred to as equity shares having Face Value of ₹ 10/- each. Each holder of equity share is entitled to one vote per share.

15.2 The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting. The Company has declared interim dividend of ₹ 0.70/share (₹ 8.54 Crores) vide board meeting dated 21st March, 2022 and paid on 23rd March, 2022

15.3 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the Shareholders.

15.4 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	As at 31-Mar-22		As at 31-Mar-21	
	Number	(₹ In lakhs)	Number	(₹ In lakhs)
Equity Shares outstanding as at the beginning of the year	12,20,00,000	12,200	6,70,00,000	6,700
Equity Shares issued during the year on Right basis	—	—	5,50,00,000	5,500
Equity Shares outstanding as at the end of the year	12,20,00,000	12,200	12,20,00,000	12,200

15.5 Details of shareholding of Promoters:

Name of the Shareholder	As at March 31, 2022			As at March 31, 2021			As at April 01, 2020
	No. of Equity Shares (Face Value ₹ 10)	% of Share Capital	% Change during the year	No. of Equity Shares (Face Value ₹ 10)	% of Share Capital	% Change during the year	No. of Equity Shares (Face Value ₹ 10)
Housing Development Finance Corporation Limited	12,20,00,000	100%	0%	12,20,00,000	100%	0%	6,70,00,000

15.6 During the period of 5 years immediately preceding the Balance Sheet date, the Company has not issued any Equity Shares without payment being received in cash, bonus shares and has not bought back any Equity Shares.

Notes to financial statements

(₹ In lakhs)

16 NON CURRENT PROVISIONS

	As at March 31, 2022	As at March 31, 2021
Provision for Employee Benefits		
Gratuity (Refer Note 23.3)	2,376.30	2,068.61
Leave Encashment	1,875.77	1,770.43
	<u>4,252.07</u>	<u>3,839.04</u>

17 TRADE PAYABLES

	As at March 31, 2022	As at March 31, 2021
Due to micro enterprises and small enterprises	10.43	2.01
Due to Other than micro enterprises and small enterprises((Refer Note 27)	79.34	82.74
	<u>89.77</u>	<u>84.75</u>

Particulars	Outstanding payables as on 31st March, 2022				
	Less than 1 years	1-2 Years	2-3 years	More than 3 years	Total
(i) MSME	10.43	—	—	—	10.43
(ii) Others	74.68	1.08	0.06	3.52	79.34
(iii) Disputed dues- MSME	—	—	—	—	—
(iv) Disputed Dues- Others	—	—	—	—	—
Total	85.11	1.08	0.06	3.52	89.77

Particulars	Outstanding payables as on 31st March, 2021				
	Less than 1 years	1-2 Years	2-3 years	More than 3 years	Total
(i) MSME	1.32	—	—	0.69	2.01
(ii) Others	79.91	0.01	0.22	2.60	82.74
(iii) Disputed dues- MSME	—	—	—	—	—
(iv) Disputed Dues- Others	—	—	—	—	—
Total	81.23	0.01	0.22	3.29	84.75

17.1 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the year is given below :

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Amounts outstanding but not due as at year end	—	—
(b) Amounts due but unpaid as at year end	10.43	2.01
(c) Amounts paid after appointed date during the year	—	—
(d) Amounts of interest accrued and unpaid as at year end	—	—
(e) The amount of further interest due and payable even in the succeeding year	—	—
Total	10.43	2.01

17.2 There is amount payable of ₹6.25 lacs during the year by the Company to suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.

Notes to financial statements

(₹ In lakhs)

18 OTHER FINANCIAL LIABILITIES

	As at March 31, 2022	As at March 31, 2021
Accrued Employee Compensation	6,213.60	4,609.02
Accrued Expenses	253.58	194.58
Retention Money	14.80	34.10
Capital Creditors	60.51	32.29
Other liabilities / payables	20.58	18.31
	<u>6,563.07</u>	<u>4,888.30</u>

19 SHORT TERM PROVISIONS

	As at March 31, 2022	As at March 31, 2021
Provision for Employee Benefits		
Gratuity (Refer Note 23.3)	135.71	110.08
Leave Encashment	731.90	687.69
	<u>867.61</u>	<u>797.77</u>

20 OTHER CURRENT LIABILITIES

	As at March 31, 2022	As at March 31, 2021
Statutory Remittances	3,375.18	2,139.24
	<u>3,375.18</u>	<u>2,139.24</u>

21 REVENUE FROM OPERATIONS

	Period ended March 31, 2022	Period ended March 31, 2021
Commission & Brokerage (Refer Note 27)		
– Mortgage	56,214.46	43,993.94
– Insurance	15,299.58	11,818.53
– Education Loan	146.61	32.33
– National Pension Scheme Commission	2.70	–
– Others	244.32	131.66
	71,907.67	55,976.46
Management Fees (Refer Note 27)	388.19	278.56
	<u>72,295.86</u>	<u>56,255.02</u>

Notes to financial statements

(₹ In lakhs)

22 OTHER INCOME

	Period ended March 31, 2022	Period ended March 31, 2021
Interest on Bank Deposits (Refer Note 27)	302.44	5.58
Surplus From Deployment In Cash Mgmt Schemes Of Mutual Funds	47.41	0.00
Interest on Income Tax Refund	19.85	281.96
	<u>369.70</u>	<u>287.54</u>

23 EMPLOYEE BENEFITS EXPENSES

	Period ended March 31, 2022	Period ended March 31, 2021
Salaries & Bonus (Refer Note 23.1 & 23.2)	53,114.17	43,202.59
Contribution to Provident Fund (Refer Note 23.3)	2,013.23	1,853.94
Staff Welfare Expenses (Refer Note 23.3 & 27)	1,461.00	1,271.62
Gratuity (Refer Note 23.3)	489.93	427.94
	<u>57,078.33</u>	<u>46,756.10</u>

23.1 Salaries and bonus includes ₹ 221.05 lacs (Previous Year ₹ 138.42 lacs) being amount paid to Holding Company, on account of personnel deputed to the Company.

23.2 Salaries and bonus is net of recovery from Holding Company, to the extent of ₹ 7630.94 lacs (Previous Year ₹ 5,480.15 lacs) towards outsourcing services rendered by the employees of the company.

23.3 As required by Indian Accounting Standard 19 - "Employee Benefits", the following disclosures have been made:

I Defined Contribution Plans

The Company makes Provident Fund, Employee State Insurance Scheme and Labour Welfare Fund contributions which are defined Contribution Plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the Payroll Cost to fund the benefits.

- i) The Company has recognised ₹ 2,174.60 lacs (Previous Year ₹ 2,003.62 lacs) in the Statement of Profit and Loss on account of Contribution to Provident Fund and administration charges.
- ii) The Company has recognised ₹ 502.06 lacs (Previous Year ₹ 543.06 lacs) in the Statement of Profit and Loss on account of Contribution to Employee's State Insurance Corporation.
- iii) The Company has recognised ₹ 6.20 lacs (Previous Year ₹ 4.58 lacs) in the Statement of Profit and Loss on account of Contribution to Labour Welfare Fund.

II Defined Benefit Plans

- a) The Company has an obligation towards gratuity, a non funded defined benefit plan covering eligible employees. The plan provides for a lumpsum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to fifteen days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs on completion of five years of service.

Notes to financial statements

- b) Details of the Company's non funded post-retirement benefit plans towards gratuity for its employees are given below which is certified by the actuary and relied upon by the auditors:

(₹ In lakhs)

Change in the Benefits Obligations:	Current Year	Previous Year
Liability at the beginning of the year	2,178.68	1,760.37
Current Service Cost	346.79	312.46
Interest Cost	143.14	115.48
Benefits Paid	(213.55)	(94.10)
Actuarial Loss	56.95	84.47
Liability at the end of the year	2,512.01	2,178.68

Amount Recognised in the Balance Sheet:	Current Year	Previous Year
Liability at the end of the year	2,512.01	2,178.68
Fair Value of the plan at the end of the year	—	—
Amount Recognised in the Balance Sheet under "Provision for Employee Benefits"	2,512.01	2,178.68
— Long Term Provisions	2,376.30	2,068.61
— Short Term Provisions	135.71	110.08

Expense Recognised in the Statement of Profit and Loss:	Current Year	Previous Year
Current Service Cost	346.79	312.46
Interest Cost	143.14	115.48
Net Actuarial loss to be recognised	56.95	84.47
Expense recognised in the Statement of Profit & Loss included under Employee Benefits Expense	546.88	512.42

Reconciliation of the Liability Recognised in the Balance Sheet	2021-22	2020-21	2019-20	2018-19	2017-18
Opening Net Liability	2,178.68	1,760.37	1,207.03	906.41	723.27
Expense Recognised	546.88	512.42	653.81	389.03	245.33
Benefit Paid	(213.55)	(94.10)	(100.47)	(88.41)	(62.19)
Amount recognised in the Balance Sheet under "Provision for Employee Benefits"	2,512.01	2,178.68	1,760.37	1,207.03	906.41
Experience Adjustment:					
On Plan Liabilities (Gain)/Loss	143.02	86.74	186.41	134.16	108.30

Principal Assumptions:

Particulars	Current Year %	Previous Year %
Discount Rate	6.90	6.57
Salary Escalation Rate	5.00	5.00
Attrition Rate		
For Service 4 Years & Below	28.00	28.00
For Service 5 Years & Above	5.00	5.00

Notes to financial statements

The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors.

Sensitivity Analysis - Gratuity Fund

(₹ In lakhs)

Particulars	Current Year	Previous Year
Projected Benefit Obligation on Current Assumptions	2,512.01	2,178.68
Delta Effect of +1% Change in Rate of Discounting	(232.07)	(209.36)
Delta Effect of -1% Change in Rate of Discounting	272.75	247.22
Delta Effect of +1% Change in Rate of Salary Increase	275.27	248.66
Delta Effect of -1% Change in Rate of Salary Increase	(238.03)	(214.11)
Delta Effect of +1% Change in Rate of Employee Turnover	35.49	226.80
Delta Effect of -1% Change in Rate of Employee Turnover	(41.67)	(27.39)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

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

Maturity Analysis of the Benefit Payments: From the Fund

Projected Benefits Payable in Future Years From the Date of Reporting	Current Year	Previous Year
1st Following Year	135.71	110.08
2nd Following Year	149.61	120.31
3rd Following Year	159.61	130.41
4th Following Year	163.46	137.60
5th Following Year	168.34	140.27
Sum of Years 6 To 10	902.72	750.22
Sum of Years 11 and above	4,232.50	3,663.53

24 FINANCE COST

	Period ended March 31, 2022	Period ended March 31, 2021
Interest Expenses - Lease Rental Properties	644.36	711.34
	<u>644.36</u>	<u>711.34</u>

Notes to financial statements

(₹ In lakhs)

25 OTHER EXPENSES

	Period ended March 31, 2022	Period ended March 31, 2021
Advertisement & Sales Promotion	10.33	5.94
Auditors' Remuneration (Refer Note No. 25.1)	14.20	14.20
Bad Debts written off	39.46	37.88
Bank Charges (Refer Note 27)	1.61	0.57
Commission and Fees	0.14	0.16
Computer Expenses (Refer Note 27)	393.46	309.79
Corporate Social Responsibility Expenditure (Refer Note 28)	16.92	—
Directors' Sitting Fees	18.85	11.00
Electricity Expenses	473.38	369.88
Insurance Charges (Refer Note 27)	16.08	16.94
Interest on Delayed Payments of Statutory Dues	(13.52)	55.72
Legal & Professional Fees	949.04	698.12
Loss on Sale of Assets (Net)	(1.34)	6.09
Miscellaneous Expenses	27.29	54.45
Postage, Telephone & Fax	517.62	489.45
Printing & Stationery	90.19	73.07
Rates & Taxes (Refer Note 27)	130.56	89.90
Rent (Refer Note 27 & 31)	(5.66)	(112.18)
Repairs & Maintenance (Refer Note 27)	261.03	183.22
Training Expenses	8.85	5.17
Travelling & Conveyance	297.86	201.44
Fee Subvention Expense (Refer Note 27)	367.06	237.98
	3,613.41	2,748.79

25.1 Payment to Auditors comprises of :

	Period ended March 31, 2022	Period ended March 31, 2021
Audit Fees	6.27	6.26
Tax Audit Fees	2.06	2.06
Other Matters	5.88	5.88
	14.20	14.20

26 Contingent Liability and Capital Commitments:

Sr. No.	Particulars	Current Year	Previous Year
1	Claims not acknowledged by the Company relating to cases contested by the Company and which are not likely to devolve on the Company		
	Service Tax (Pending before Office of the DY/ Asst. Commissioner of Service Tax)	72.16	72.16
2	Estimated amount of contracts remaining to be executed on capital account and not provided	44.77	54.60

Notes to financial statements

27 RELATED PARTY TRANSACTIONS:

As per the Indian Accounting Standard on “Related Party Disclosures” (Ind AS-24) :

Holding Company:	Housing Development Finance Corporation Limited
Fellow Subsidiaries:	HDFC ERGO General Insurance Company Limited
(with whom there are transactions)	HDFC Credila Financial Services Limited
	HDFC Life Insurance Company Limited
Associate of Holding Company:	HDFC Bank Limited

List of key managerial personnel:

Directors:

Mr. Joseph Conrad Angelo Dsouza
 Mr. Suryakant Nanalal Shroff
 Mr. Rajeev Sardana
 Ms. Harini Anand (Appointed from 12th June, 2021)

Executive Officers:

Mr. Gopalkrishnan Santosh – Chief Executive Officer
 Mr. Baiju Dawda – Chief Financial Officer (Resigned as CFO from 28th January, 2022)
 Mr. Shivalingam Pillai- Chief Financial Officer (Appointed from 01st February, 2022)
 Ms. Krithika Raghu – Company Secretary

The nature and volume of transactions of the Company during the year, with the above related parties were as follows:

Particulars	(₹ In lakhs)	
	Holding Company	Fellow Subsidiary/ Associates of Holding Companies
Income		
Mortgage Commission	56,214.46 (43,993.94)	—
Management Fees	388.19 (278.56)	—
Deposit Commission	177.00 (96.59)	—
NPS Commission	2.70 (Nil)	—
Interest on Fixed Deposits	55.66 (Nil)	—
Insurance Commission	—	7,247.02 @ (5,264.22) — 8,052.56* (6,554.31)
Education Loan Commission	—	146.61^ (32.33)
Staff Welfare Expenses Recovered	85.46 (64.29)	—
Salary Cost Recovered	7,630.94 (5,480.15)	—
Interest Income	—	246.79# (5.58)

Notes to financial statements

(₹ In lakhs)

Particulars	Holding Company	Fellow Subsidiary/ Associates of Holding Companies
Expenditure		
Insurance Expense	—	16.09 *
	—	(16.94)
Rent	240.57	—
	(240.57)	—
Repairs & Maintenance	37.90	—
	(39.01)	—
Computer Expenses	67.27	—
	(Nil)	—
Staff Welfare Expenses	18.07	519.79*
	(Nil)	(438.89)
Rates and Taxes	2.71	—
	(4.79)	—
Deputation Cost	221.05	—
	(138.42)	—
Consultancy / Other Fees- Reimbursement of GST on Brand Usage for FY 2020-21	3.14	—
	(3.10)	—
Fee Subvention Expense	367.06	—
	(237.98)	—
Bank Charges	—	0.03#
	—	(0.06)
Assets		
Trade receivables	9,451.00	1,502.87 @
	(8,205.57)	(1,355.68)
	—	1,332.04*
	—	(1,099.77)
	—	11.31^
	—	(8.20)
	—	9.87#
	—	(Nil)
Others (Interest Accrued On Bank & other FD)	50.09	69.03#
	(Nil)	(Nil)
Other advances	—	42.64*
	—	(3.32)
Prepaid expenses	—	217.64*
	—	(139.34)
Fixed Deposits	9,700.00	4,009.99 #
	(Nil)	(3,009.99)
Bank Balance	—	209.93#
	—	(5,125.72)

Notes to financial statements

(₹ In lakhs)

Particulars	Holding Company	Fellow Subsidiary/ Associates of Holding Companies
Liabilities		
Equity Share Capital	12,200.00 (12,200.00)	— —
Trade payables	45.02 (44.88)	— —
Other Liabilities	NIL (NIL)	— —
Transfer of Assets		
Sale of asset	63.87 (1.93)	— —
Interim dividend paid	854.00 (Nil)	— —

Note: Figures in Bracket indicate previous year figures

The above amounts are including Goods & Service Tax except for provisions.

@ HDFC Life Insurance Company Limited

* HDFC ERGO General Insurance Company Limited

^ HDFC Credila Financial Services Limited

HDFC Bank Limited

Transactions with key managerial personnel

The compensation to key managerial personnel comprising directors and executive officers is as follows:

Particulars	Current Year	Previous Year
Salaries and other employee benefits to executive officers	44.87	34.69
Sitting fees to non – executive / independent directors	18.85	11.00
Total	63.72	45.69

28 Corporate Social Responsibility (CSR):

The details of CSR expenditure during the Financial Year 2021-22 are as below:

(i)	Amount required to be spent by the Company during the year	16.92
(ii)	Amount of expenditure incurred	—
(iii)	Shortfall at the end of the year	16.92
(iv)	Total of previous years shortfall	—
(v)	Reason for shortfall*	—
(vi)	Nature of CSR Activities	N.A.
(vii)	Details of related party transactions	N. A
(viii)	Where a provision is made with respect to a Liability incurred by entering into a contractual obligation	Yes

*The Company has made contribution of ₹ 16.92 lakhs to the Prime Minister's National Relief Fund on 27th April 2022, in line with requirement of Schedule VII of Companies Act, 2013.

Notes to financial statements

29 Earnings per Share:

In accordance with the Indian Accounting Standard “Earnings Per Share” (Ind AS 33)

(₹ lakhs)

		Current Year	Previous Year
Basic			
A	Nominal Value per share	10	10
B	Profit for the year after Taxation	7,866.65	1,930.07
C	Weighted average number of Equity Shares Outstanding	12,20,00,000	11,58,76,712
D	Basic/Diluted EPS (b)/(c)	6.45	1.67

30 Reconciliation of Effective tax rate

Particulars	Current Year	Previous Year
Profit before tax	8,313.29	3,246.41
Income tax expense calculated at 25.168%	2,092.29	817.06
Effect of expenses that are not deductible in determining taxable profit	(1,663.34)	486.40
Others	17.70	12.88
Total	446.65	1,316.34
Income tax expense recognised in statement of profit and loss	446.65	1,316.34

The evaluation of uncertain tax positions involves an interpretation of relevant tax laws, which could be subject to challenge by the tax authorities, and an assessment of whether the tax authorities will accept the position taken. The Company does not currently consider that assumptions or judgements made in assessing tax liabilities have a significant risk resulting in a material adjustment within the next financial year.

- 1) The tax rate used for the reconciliations above is the corporate tax rate of 25.168% for the year 2020-21 and 25.168% for 2021-22 payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.
- 2) On September 20, 2019, vide the Taxation Laws (Amendment) Ordinance, 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 (the “Act”) which provides domestic companies an irreversible option to pay corporate tax at reduced rates effective April 01, 2019. The Company has elected to offer taxes on its income based on the rates applicable under the aforesaid regime (25.168%) and the Company has recognised Provision for taxes at rate provided under the said regime.

31 Lease:

Disclosure of Ind AS 116 Leases

Leases as Lessee

The Company takes office premises on lease. The average period of lease ranges from 5 years to 9 years.

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 April 2021. The rate applied is 10.50%.

In response to the COVID-19 coronavirus pandemic, the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 Leases to allow lessees not to account for rent concessions as lease modifications if they are a direct consequence of COVID-19 and meet certain conditions.

Notes to financial statements

The Company has applied the 'Practical Expedient' to all rent concessions made available upto 30 June 2021. The amount recognised in the profit and loss for the reporting period to reflect changes in the lease payment arising from rent concession amounted to ₹ 5.66 lakhs. This is shown as negative amount under the heading 'Rent' under Indirect Expenditure.

Right to use assets

(₹ lakhs)

Particulars	Current Year	Previous Year
Opening	5,864.96	6,486.53
Depreciation charge for the year	(1,793.92)	(1,814.36)
Addition	653.88	1,286.78
Deletion	(57.20)	(93.99)
Balance as at 31 March 2022	4,667.72	5,864.96

As at 31 March 2022, future minimum lease payments under operating leases were payable as follows.

Maturity Analysis - Contractual undiscounted Cash Flows

Particulars	Current Year	Previous Year
Less than 1 year	2,082.45	2,148.98
Between one and five years	4,136.92	5,041.89
More than five years	575.41	1,139.42

Amount Recognised in Statement of Profit & Loss Account

Particulars	Current Year	Previous Year
Interest on lease liabilities	644.36	711.34
Depreciation charge for the period	1,793.92	1,814.36
Total	2,438.28	2,525.70

Amount Recognised in Statement of Cash Flows

Particulars	Current Year	Previous Year
Total Cash Outflow for leases	2,277.27	2,188.86

Leases as Lessor

The Company does not lease out its properties.

32 Taxes on Income:

32.1 Deferred Tax Assets (Net)

Particulars	Current Year	Previous Year
Deferred Tax (Assets)	2,000.00	—
Net Deferred Tax Asset	2,000.00	—

32.2 Movement in Deferred Tax Assets / Liabilities:

Deferred Tax Assets (Net)	Current Year	Previous Year
Depreciation	500	—
Retirement Benefits	1,300	—
Ind As 116 ROU/Lease Liabilities	200	—
Total	2,000	—

Notes to financial statements

33 Subsequent event:

The Board of Directors of HDFC Limited in its meeting held on April 04, 2022, approved a composite scheme of amalgamation for the amalgamation of: (a) HDFC Holdings Limited (HDFC Holdings) and HDFC Investments Limited (HDFC Investments) with and into HDFC Limited; and (b) HDFC Limited with and into HDFC Bank Limited (HDFC Bank), subject to necessary approvals, consents, permissions and sanctions.

Upon the scheme being effective, HDFC Limited would stand dissolved without being wound up. In view of the same, the control of the Company would change from HDFC Limited to HDFC Bank. Necessary intimations to the Insurance and Regulatory Development Authority of India and Pension Fund Regulatory and Development Authority have been made by the Company, regarding the said amalgamation.

34 Going Concern:

The financial statements indicate that in the current year, the Company posted a profit after tax of ₹ 7,866.65 lakhs and has cash and bank balance of ₹ 921.78 lakhs. The Board is satisfied that the Company has adequate resources to continue its business for the foreseeable future and consequently considers it appropriate to adopt the going concern basis in preparing the financial statements.

Accordingly, based on discussion and Management assessment, as on date there are no conditions or events, which may affect the ability of the Company to continue on a going concern basis within one year after the date the financial statements are issued or available to be issued. Also Management does not anticipate any material uncertainties which may affect its liquidity position and ability to continue on a going concern basis.

35 Proposed Dividend:

The Board of Directors propose to declare final dividend on equity shares @ 2.05 per share at the meeting held on 29th April, 2022 ₹2,501.00 lakh (Previous year ₹ Nil), as per Companies Accounting Standard (Amendment Rules, 2016), dividend will be recorded after approval at the ensuing Annual General Meeting.

(₹ lakhs)

Particulars	Year ended 31st March, 2022
Opening Reserves - 01/04/2021	(1,435.56)
FY 2022 Profit after tax	7,866.65
Interim dividend	(854.00)
Other Comprehensive Income	(56.95)
Closing Reserves - 31/03/2022	5,520.13
Dividend	
Proposed (Amount)	2,501.00
Closing Reserves - post dividend	3,019.13
No. of shares (Lakhs)	1,220.00
Price / share (₹)	10
Dividend percentage	20.50%
Proposed (per share) ₹	2.05

35.1 The Company has not issued any preference shares and hence payment of dividend to preference shareholders does not arise.

35.2 The Company does not have any arrears of fixed cumulative dividends on preference shares.

Notes to financial statements

36. No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, 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.

No funds have been received by the company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, 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

37. Ratios

Ratios		31-Mar-22	31-Mar-21	Variance	Reason for Variance > 25%
(i)	Current Ratio (Current Assets/ Current liabilities)	2.23	1.95	14.63%	—
(ii)	Debt-Equity Ratio (Total Debt / Shareholders Equity)	1.17	1.74	(32.70)%	Due to increase in profit for FY 2021-22 the Shareholders Equity has increased hence debt equity ratio has reduced
(iii)	Debt Service Coverage Ratio (Earnings available for Debt service / Debt Service)	NA	NA	NA	—
(iv)	Return on Equity (Net Profit after tax / shareholders equity)	0.55	0.27	102.95%	Due to increase in profit compared to previous year by 307%
(v)	Inventory Turnover Ratio (Turnover / Average Inventory)	NA	NA	NA	Since the Company is in Service sector, Inventory Turnover ratio is not applicable
(vi)	Trade Receivable Turnover Ratio (Net Credit Sale / Average Trade Receivable)	6.29	8.69	(27.59)%	Since there were negligible receivables in March 2020, the average receivables for March 2021 is substantially low
(vii)	Trade Payable Turnover Ratio (Net Credit Purchase / Average Trade Payables)	NA	NA	NA	—
(viii)	Net Capital Turnover Ratio (Net Sales / Working Capital)	4.65	5.99	(22.37)%	—
(ix)	Net Profit Ratio(Net Profit/ Net Sales)	10.83	3.41	217.15%	Due to increase in income by 29% compared to previous year and increase in profit by 307% compared to previous year

Notes to financial statements

Ratios		31-Mar-22	31-Mar-21	Variance	Reason for Variance > 25%
(x)	Return on Capital Employed (EBIT / Capital Employed)	34.62	20.19	71.44%	EBIT has increased by 226% on account of strong business. Correspondingly the net assets have also increased due to increase in receivables and investments
(xi)	Return on Investment (Return / Average Investment)	0.01	0.00	524.54%	Due to new investment in Mutual Funds and additional investment in Deposits

38 Regrouping:

Previous year figures have been regrouped and reclassified wherever necessary.

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Sagar Lakhani
Partner
Membership No.:111855

Mumbai, April 29, 2022

For HDFC Sales Private Limited

Joseph Conrad Agnelo D'Souza
Director
(DIN: 00010576)

Gopalkrishnan Santosh
Chief Executive Officer

Mumbai, April 29, 2022

S. N. Shroff
Director
(DIN: 00011169)

Shivalingam Pillai
Chief Financial Officer

Harini Anand
Director
(DIN: 09157265)

Krithika Raghu
Company Secretary