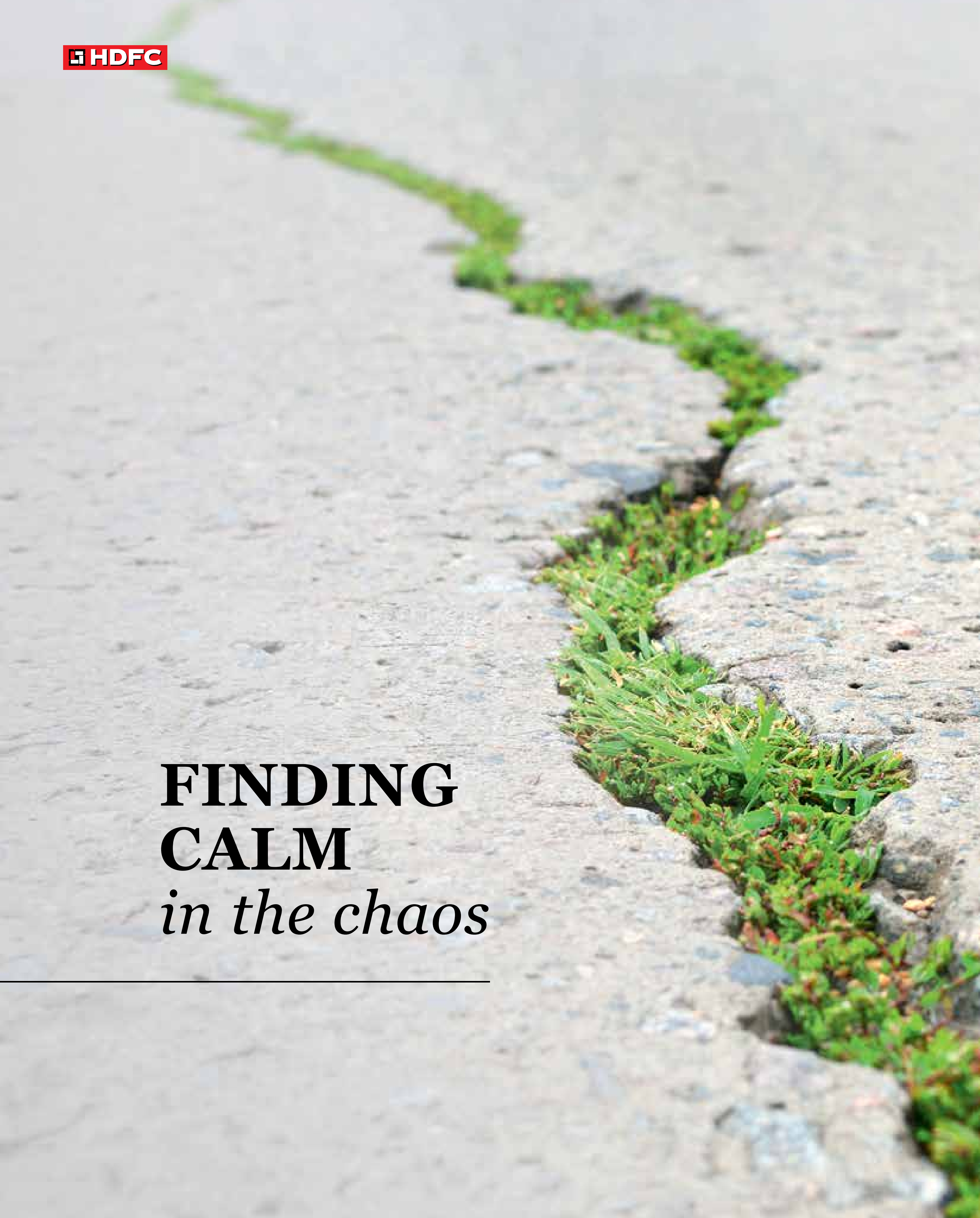
HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

HDFC

FINDING CALM
in the chaos

FORTY FOURTH ANNUAL REPORT 2020-21



FINDING CALM *in the chaos*

The advantage of adversity is, it tests character. In the year gone by, our endurance helped us sustain our good practices in the face of unprecedented circumstances. We found strength in digging deeper within ourselves. We moved with the times and were ready when the nation started slowly opening up. We intend to continue relying on this combination of prudence and pragmatism as we go forward.

HOMES FOR ALL

At HDFC, we remain dedicated towards assisting the common man in realising his dream of home-ownership. This trend continued during the year and customers from the Economically Weaker Section (EWS), Low Income Groups (LIG) and Middle Income Groups (MIG) from all parts of the nation responded with enthusiasm and have availed home loans.

Today, we have the largest number of home loan customers who have availed the interest subsidy on home loans under the Credit Linked Subsidy Scheme (CLSS). We are firmly committed to supporting the Government's initiatives for enabling all first time home buyers bring alive their dream.

FINANCIAL HIGHLIGHTS

(₹ in Crore)

	Indian GAAP						Ind-AS			
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Gross Income	17,354	21,148	24,198	27,471	30,957	33,160	40,707	**43,378**	**58,763**	**48,176**
Profit After Tax	4,123	4,848	5,440	5,990	7,093	7,443	10,959[1]	**9,632**	**17,770[3]**	**12,027**
Shareholders' Funds	19,018	24,830	27,955	30,970	34,121	39,645	65,265	**77,355**	**86,158**	**1,08,783**
Loans from Banks and Financial Institutions	40,697	17,824	32,952	26,194	42,802	37,270	46,802	**77,548**	**1,04,909**	**1,05,179**
Market Borrowings	62,138	89,071	94,443	1,16,317	1,20,845	1,56,690	1,81,645	**1,83,067**	**1,81,869**	**1,86,055**
Deposits	36,293	51,933	56,578	66,706	74,670	86,574	91,269	**1,05,599**	**1,32,324**	**1,50,131**
Loans Under Management[2]	1,55,431	1,87,010	2,17,763	2,53,333	2,91,531	3,38,478	4,02,880	**4,61,913**	**5,16,773**	**5,69,894**
Loans Outstanding	1,40,875	1,70,046	1,97,100	2,28,181	2,59,224	2,96,472	3,62,811	**4,06,607**	**4,50,903**	**4,98,298**
Dividend (%)	550	625	700	750	850	900	1,000	**1,050**	**1,050**	**1,150**
Book Value per Share (₹)	129	162	179	197	216	250	389	**449**	**497**	**603**
Earnings per Share (₹)	28	32	35	38	44	46	67[1]	**57**	**103[3]**	**68**

[1] Includes proceeds from part stake sale in HDFC Life Insurance Company Limited.

[2] Inclusive of outstanding loans sold.

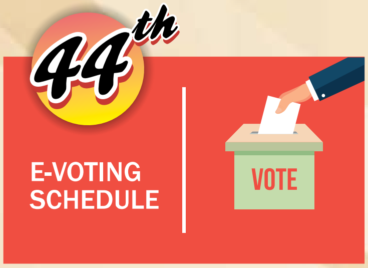
[3] Includes fair value gain consequent to merger of GRUH Finance Limited with Bandhan Bank Limited.

The Corporation has adopted Indian Accounting Standards (Ind AS) with effect from April 1, 2018.

CONTENTS

ANNUAL GENERAL MEETING

Date - **Tuesday, July 20, 2021 Time: 11.00 a.m.**
Probable Date of Payment of Dividend - **Thursday, July 22, 2021**



CUT OFF DATE	START DATE	END DATE
Tuesday, July 13, 2021	Friday, July 16, 2021 (10.00 a.m.)	Monday, July 19, 2021 (5.00 p.m.)

SEEKING STRENGTH *in adaptation*

Last year, we experienced one of the most challenging periods in recent history. Covid-19 affected the lives of many.

The impact on our immediate family, friends and colleagues, the constancy of the physical and mental ordeal and the uncertainty didn't make things easier for many of us at HDFC as well.

However, we found within this storm, a reservoir of calm in the way our team stayed on course. Our firm resolve, patience and disciplined effort helped us continue 'business as usual' for our customers.

Today, the nation has begun its road to economic recovery and the indications are promising. At HDFC, our individual loan disbursements performed well and the demand pick-up was much faster than we had anticipated in the latter part of the year.

The concerns of a new wave of Covid-19 infections in recent weeks are serious, but the learning from the last wave, localised nature of the present lockdowns, the vaccination drive and increased digitalisation has allowed us to keep growing at a steady pace.

Our increased focus on online loan processing during the lockdown coupled with our quick response helped our services stay seamless and uninterrupted.

Remote working required new ways of co-ordinating and we found our team rising to the challenge admirably.

Our efforts at digitalisation have been bearing fruit and we continue to strengthen our online services, in order to be future-ready. All this, while upholding the values which our stakeholders have come to expect from us.

Quality customer service, quick and courteous resolution of problems, integrated and complementary teamwork and most importantly, our domain expertise in housing have helped us stand the test of time and will give us further impetus in the coming period.

HARNESSING THE POWER *of discipline*

BUILDING ON THE FORCE *of oneness*

Interest rates are low and with tax incentives and concessional stamp duty rates by some states, home ownership is now a priority for many customers.

Our front office and back office personnel across branches and service centres, remote working staff, channel partners and all other support systems are working in tandem to ensure that opportunities continue being available to all those looking to buy property during these times.

The culture of working as one team at HDFC has helped us meet the dreams of over 8.4 million customers. Individual loan disbursements grew considerably and we also witnessed a good level of growth in terms of individual receipts, approvals and disbursements, ending the year on a high.

However, the second wave and partial lockdowns have brought new challenges. Our efforts in creating digital platforms coupled with what we learnt from the experiences of the last year, have helped us reach customers in varied geographies while also boosting our readiness to face the coming times.

With optimism, we are also aware of the changing scenario affecting every sector including ours.

We intend no compromise on the high ethical standards we have set for ourselves. This ensured our reputation as a trusted brand was again acknowledged by our peers.

Being adjudged as the 'Best Company of the Year' at the Economic Times Awards and conferred with the 'Golden Peacock Award for Excellence in Corporate Governance' by the Institute of Directors reaffirms our faith in our prudent approach.

Taking our responsibility as a corporate citizen seriously, we have also focused on Covid-19 relief, healthcare and sanitation, education and livelihoods during the last year.

Our performance has made all our stakeholders optimistic and this reputation to deliver time and again, holds the place of pride for us. At HDFC, our team members are willing to go beyond excelling in their roles and take that extra step required to do consistently well in the coming times.

FURTHERING THE LIMIT *of excellence*

Our
ESG initiatives

zero
plastic bottles

Our focus on ESG (Environmental, Social and Governance) parameters is best reflected in our core values which are embedded in all our activities. We comply with requisite environmental regulations in our premises and operations. This includes promoting sustainable practices and green initiatives through zero plastic bottles across all our branch network, installing solar panels and energy efficient lights, recycling paper waste as well as electronic waste.

solar
panels

healthcare

recycling
paper waste

electronic waste

Sustained long term value creation is what the Corporation aims for. Digitalisation has helped reduce paper consumption and brought about efficiencies in processes and systems. We have put in place an Environment and Social Policy Framework for screening certain loans for their social and environment risk and impact. We have also identified pools of capital exclusively earmarked for lending towards green housing or affordable housing.

green housing

clean
sanitation

HDFC Limited together with its Group companies made a commitment of ₹ 150 crores to the Prime Minister's Citizen Assistance & Relief in Emergency Situations Fund (PM-CARES) during the first Covid-19 wave. The Corporation also undertook various relief activities aimed at alleviating the Human & Health crisis faced by socio-economically vulnerable sections of society, healthcare workers and frontline personnel, such as the police & sanitation workers. Additionally, during the second wave, we continue to support this cause.

HDFC, through H T Parekh Foundation, has undertaken various projects across the Education, Healthcare & Sanitation, Livelihoods sectors to reach vulnerable and marginalised communities and supports Persons with Disabilities as a separate target group.

BOARD OF DIRECTORS

Mr. Deepak S. Parekh
Chairman

Mr. Nasser Munjee

Dr. J. J. Irani

Mr. U. K. Sinha

Mr. Jalaj Dani

Dr. Bhaskar Ghosh

Ms. Ireena Vittal

Mr. V. Srinivasa Rangan
Executive Director

Ms. Renu Sud Karnad
Managing Director

Mr. Keki M. Mistry
Vice Chairman &
Chief Executive Officer

BRIEF PROFILE OF THE DIRECTORS OF THE CORPORATION

- **Mr. Deepak S. Parekh** (DIN: 00009078) is the Non-Executive Non-Independent Chairman of the Corporation and its key subsidiaries. Mr. Parekh joined the Corporation in 1978. He was inducted as a whole-time director of the Corporation in 1985 and subsequently appointed as the Managing Director of the Corporation (designated as 'Chairman') in 1993. He retired as the Managing Director on December 31, 2009. He was appointed as a Non-Executive Director of the Corporation with effect from January 1, 2010. He is also the Chairman of the Corporate Social Responsibility Committee of Directors. Mr. Parekh has been honoured with several awards and accolades viz. Padma Bhushan, one of the highest civilian awards by Government of India in 2006; Bundesverdienstkreuz Germany's Cross of the Order of Merit, one of the highest distinction by the Federal Republic of Germany in 2014; Knight in the Order of the Legion of Honour, one of the highest distinctions by the French Republic in 2010; first of a network of international ambassadors for championing London across the globe by the Mayor of London in 2017; first international recipient of the Outstanding Achievement Award by The Institute of Chartered Accountants in England and Wales in 2010 and Lifetime Achievement Award at CNBC TV18's 15th India Business Leader Awards, 2020.

  Key Skills and Competencies

  Mr. Parekh is a Fellow of The Institute of Chartered Accountants in England and Wales. He is an expert in finance, accountancy, audit, treasury, mergers & acquisitions, corporate governance and risk management. He has vast experience in housing finance, real estate and the infrastructure sector.

  Directorships in Other Listed Companies

  - Siemens Limited - Non-Executive Chairman (Independent Director).
  - HDFC Asset Management Company Limited and HDFC Life Insurance Company Limited – Non-Executive Chairman.

- **Mr. Nasser Munjee** (DIN: 00010180) is an Independent Director of the Corporation. Mr. Munjee joined the Corporation in 1978. He was appointed as the Executive Director of the Corporation in 1993 and was subsequently appointed as the Non-Executive Director of the Corporation in October 1997. He is the Chairman of the Risk Management Committee and a member of the Audit and Governance Committee of Directors and Nomination and Remuneration Committee of Directors. He is deeply interested in developmental and infrastructural issues. He has been consulted across the world on housing finance including Asian Development Bank, World Bank, United Nations Capital Development Fund (UNCDF) and UN-Habitat in Sri Lanka, Bhutan, Ethiopia, Thailand and Indonesia. Mr. Munjee was also on the executive committee of the International Union of Housing Finance Institution and editor of its flagship journal, Housing Finance International for five years.

  Mr. Munjee will complete his second term as an Independent Director of the Corporation on July 20, 2021 and in accordance with the provisions of the Companies Act, 2013, will retire as a director of the Corporation with effect from the said date.

  Key Skills and Competencies

  Mr. Munjee holds a Master's degree in Economics from the London School of Economics, UK. He is an expert in finance, accountancy, audit, economics, corporate governance, legal & regulatory compliance, risk management and strategic thinking. He has vast experience in housing, real estate and infrastructure sector.

  Directorships in Other Listed Companies

  - DCB Bank Limited – Non-Executive Chairman.
  - Cummins India Limited, Ambuja Cements Limited and The Indian Hotels Company Limited – Independent Director.

- **Dr. J. J. Irani** (DIN: 00311104) is an Independent Director of the Corporation. Dr. Irani has been a Director of the Corporation since January 18, 2008. Dr. Irani is the Chairman of the Stakeholders Relationship Committee of Directors and the Nomination and Remuneration Committee of Directors. He has been conferred with the award of Padma Bhushan in 2007 by the President of India for his services to trade and industry in India. Queen Elizabeth II conferred on him honorary Knighthood (KBE) for his contribution to Indo-British Trade and Co-operation.

Dr. Irani will complete his second term as an Independent Director of the Corporation on July 20, 2021 and in accordance with the provisions of the Companies Act, 2013, will retire as a director of the Corporation with effect from the said date.

Key Skills and Competencies

Dr. Irani holds a Master's degree in Science from Nagpur University. He also holds a Master's degree and is a Doctorate in Metallurgy from University of Sheffield, UK. He is an expert in finance, accountancy, audit, consumer behaviour, sales & marketing, corporate governance and strategic thinking. He has vast experience in real estate, manufacturing and finance sector.

Directorship in Other Listed Companies

Dr. Irani does not hold directorship in any other company.

- **Mr. U. K. Sinha** (DIN: 00010336) is an Independent Director of the Corporation. Mr. Sinha has been a director of the Corporation since April 30, 2018. Mr. Sinha is a member of the Nomination and Remuneration Committee of Directors. He was the Chairman of the Securities and Exchange Board of India (SEBI) for a period of over six years between 2011 and 2017. During his stewardship, SEBI is credited with having brought in significant regulatory amendments in areas such as Takeover Code, Foreign Portfolio Investors, Alternative Investment Funds, REITs, InvITs and corporate governance. Prior to this, he was the Chairman and Managing Director at UTI Asset Management Company Private Limited from 2005 until February 2011. Preceding this, he was the Joint Secretary in Department of Economic Affairs at Ministry of Finance and looked after the Banking Division and Capital Markets Division – including external commercial borrowings, pension reforms and foreign exchange management functions. For his contribution as the Chairman of SEBI, he was conferred with many awards viz. CNBC TV18's India Business Leader Awards (IBLA) – Outstanding Contribution to Indian Business Award 2014 and Economic Times - Business Reformer of the Year Award, 2014.

Key Skills and Competencies

Mr. Sinha holds a Master's degree in Science and Bachelor's degree in Law from Patna University. He was an officer of the Indian Administrative Service. He is an expert in finance, accountancy, audit, economics, corporate governance, legal & regulatory compliance, risk management and strategic thinking. He has vast experience in mutual funds and the financial sector and also as a regulator.

Directorship in Other Listed Companies

- Vedanta Limited, Havells India Limited and Max Healthcare Institute Limited– Independent Director.

- **Mr. Jalaj Dani** (DIN: 00019080) is an Independent Director of the Corporation. Mr. Dani has been a director of the Corporation since April 30, 2018. Mr. Dani is the Chairman of the Audit and Governance Committee of Directors and a member of the Stakeholders Relationship Committee of Directors, Corporate Social Responsibility Committee of Directors and IT Strategy Committee. He is a co-promoter of Asian Paints Limited and has spent over the last two decades in various capacities with Asian Paints Limited. He is actively involved in Confederation of Indian Industry (CII), Young President's Organisation (YPO), Federation of Indian Chambers of Commerce and Industry (FICCI) and other Business Councils in various capacities. He also serves on Next Generation of Leaders Board in Indian School of Business, Hyderabad. He was identified as 'Stars 2000'- Potential Leaders in the New Millennium by Business India Magazine in the year 1998.

Key Skills and Competencies

Mr. Dani has pursued Chemical Engineering at University of Wisconsin-Madison, USA. He also did Advanced Management Program at INSEAD, Fontaine leau, Paris. He is an expert in information technology, data analytics, digital platforms, cyber security, consumer behaviour, sales & marketing, corporate governance, risk management and strategic thinking. He has vast experience in housing and real estate sector.

Directorship in Other Listed Companies

- Havells India Limited – Independent Director.

Dr. Bhaskar Ghosh (DIN: 06656458) is an Independent Director of the Corporation. Dr. Ghosh has been a director of the Corporation since September 27, 2018. Dr. Ghosh is the Chairman of the IT Strategy Committee and a member of the Audit and Governance Committee of Directors and Risk Management Committee. He is the Chief Strategy Officer of Accenture and is responsible for Accenture's strategy and investments, including ventures and acquisitions and Accenture Research. He also oversees the development of all assets and offerings across Accenture's services. In addition to this, he is also responsible for Industry X digital manufacturing and intelligent products and platforms and driving responsible business and sustainability services. He is also a member of Accenture's Global Management Committee. Prior to the current role, he was the advisor to the Chief Executive Officer on important topics, including growth and investment strategy, business performance, organisational effectiveness and restructuring. Dr. Ghosh has been awarded six patents in the area of software engineering and platform development.

Key Skills and Competencies

Dr. Ghosh holds a Bachelor's degree in Science and a Master's degree in Business Administration from Calcutta University. He is also a Doctor of Philosophy in Business Administration from Utkal University. He is an expert in information technology, data analytics, digital platform, cyber security, consumer behaviour, sales & marketing, risk management and strategic thinking. He has vast experience in information technology sector.

Directorship in Other Listed Companies

Dr. Ghosh does not hold directorship in any other company.

Ms. Ireena Vittal (DIN: 05195656) is an Independent Director of the Corporation. Ms. Vittal has been a director of the Corporation since January 30, 2019. Ms. Vittal is a member of the Audit and Governance Committee of Directors and the Nomination and Remuneration Committee of Directors. She was a partner with McKinsey & Co. for 16 years where she served global companies on issues of growth and sustainable scale up. She has co-authored several studies relating to agriculture and urbanisation. She is among India's most respected consultants. She has also served government and public institutions to design and implement solutions core to India's development, such as inclusive urban development and sustainable rural growth. She is a recognised thought partner to consumer facing companies looking to build large-scale, profitable businesses in emerging markets.

Key Skills and Competencies

Ms. Vittal holds a Bachelor's degree in Science (Electronics) from Osmania University and a Post Graduate Diploma in Business Management from the Indian Institute of Management, Calcutta. She is an expert in strategy including digital, finance, marketing (consumer behaviour & insights) & sales/channel evolution and has vast experience in agriculture, urbanisation and the rural sector.

Directorship in Other Listed Companies

- Godrej Consumer Products Limited and Wipro Limited - Independent Director.

Mr. V. Srinivasa Rangan (DIN: 00030248) is the Executive Director of the Corporation. Mr. Rangan joined the Corporation in 1986 and has served in Delhi Region and was the Senior General Manager – Corporate Planning & Finance function since 2001. Mr. Rangan has been Executive Director of the Corporation with effect from January 1, 2010. He is also the Chief Financial Officer of the Corporation and is responsible for mobilisation of funds for the Corporation, investments and asset liability management. Mr. Rangan is also a member of the Stakeholders Relationship Committee of Directors, Corporate Social Responsibility Committee of Directors and Risk Management Committee.

Key Skills and Competencies

Mr. Rangan holds a Bachelor's degree in Commerce from University of Delhi and is an Associate of The Institute of Chartered Accountants of India. He is an expert in finance, accountancy, audit, economics, corporate governance, legal & regulatory compliance, risk management and strategic thinking. He has vast experience in housing finance and real estate sector.

Directorships in Other Listed Companies

- Atul Limited – Independent Director.
- Computer Age Management Services Limited - Non-Executive Director.

▶ **Ms. Renu Sud Karnad** (DIN: 00008064) is the Managing Director of the Corporation. She joined the Corporation in 1978 and was appointed as the Executive Director of the Corporation in 2000, re-designated as the Joint Managing Director of the Corporation in October 2007. Ms. Karnad has been the Managing Director of the Corporation with effect from January 1, 2010. Ms. Karnad is a member of the Corporate Social Responsibility Committee of Directors, Risk Management Committee and IT Strategy Committee. Ms. Karnad is currently the President of the International Union for Housing Finance (IUHF), an association of global housing finance firms.

Key Skills and Competencies

Ms. Karnad holds a Master's degree in Economics from the University of Delhi and a Bachelor's degree in law from the University of Mumbai. She is a Parvin Fellow – Woodrow Wilson School of Public and International Affairs, Princeton University, USA. She is an expert in finance, economics, sales & marketing, human resources and risk management. She has vast experience in housing finance, real estate and infrastructure sector.

Directorships in Other Listed Companies

- GlaxoSmithKline Pharmaceuticals Limited – Non-Executive Chairperson.
- ABB India Limited - Independent Director.
- HDFC Asset Management Company Limited, HDFC Life Insurance Company Limited and HDFC Bank Limited – Non-Executive Director.
- Unitech Limited – Nominee Director (Appointed by Government of India).

▶ **Mr. Keki M. Mistry** (DIN: 00008886) is the Vice Chairman & Chief Executive Officer of the Corporation. Mr. Mistry joined the Corporation in 1981. He was appointed as the Executive Director of the Corporation in 1993, as the Deputy Managing Director in 1999 and as the Managing Director in 2000. He was re-designated as the Vice Chairman & Managing Director of the Corporation in October 2007. Mr. Mistry has been the Vice Chairman & Chief Executive Officer of the Corporation with effect from January 1, 2010. He is currently the Chairman of CII National Council on Corporate Governance and a member of Primary Markets Advisory Committee set up by the Securities and Exchange Board of India (SEBI). He was also a member of the Committee on Corporate Governance set up by SEBI. Mr. Mistry is a member of the Corporate Social Responsibility Committee of Directors and Risk Management Committee.

Key Skills and Competencies

Mr. Mistry is a Fellow of The Institute of Chartered Accountants of India. He is an expert in finance, accountancy, audit, economics, consumer behaviour, sales & marketing, corporate governance, risk management and strategic thinking. He has vast experience in financial sector including housing finance.

Directorships in Other Listed Companies

- Torrent Power Limited and Tata Consultancy Services Limited – Independent Director.
- HDFC Asset Management Company Limited and HDFC Life Insurance Company Limited – Non-Executive Director.

BOARD COMMITTEES

AUDIT & GOVERNANCE COMMITTEE

Mr. Jalaj Dani - Chairman
Independent Director

Mr. Nasser Munjee
Independent Director

Dr. Bhaskar Ghosh
Independent Director

Ms. Ireena Vittal
Independent Director

NOMINATION & REMUNERATION COMMITTEE

Dr. J. J. Irani - Chairman
Independent Director

Mr. Nasser Munjee
Independent Director

Mr. U. K. Sinha
Independent Director

Ms. Ireena Vittal
Independent Director

STAKEHOLDERS RELATIONSHIP COMMITTEE

Dr. J. J. Irani - Chairman
Independent Director

Mr. Jalaj Dani
Independent Director

Mr. V. Srinivasa Rangan
Executive Director

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Deepak S. Parekh - Chairman
Non-Executive Chairman

Mr. Jalaj Dani
Independent Director

Mr. Keki M. Mistry
Vice Chairman & Chief Executive Officer

Ms. Renu Sud Karnad
Managing Director

Mr. V. Srinivasa Rangan
Executive Director

RISK MANAGEMENT COMMITTEE

Mr. Nasser Munjee - Chairman
Independent Director

Dr. Bhaskar Ghosh
Independent Director

Mr. Keki M. Mistry
Vice Chairman & Chief Executive Officer

Ms. Renu Sud Karnad
Managing Director

Mr. V. Srinivasa Rangan
Executive Director

Mr. Conrad D'Souza
Member of Executive Management

Ms. Madhumita Ganguli
Member of Executive Management

Mr. Suresh Menon
Member of Executive Management

IT STRATEGY COMMITTEE

Dr. Bhaskar Ghosh - Chairman
Independent Director

Mr. Jalaj Dani
Independent Director

Ms. Renu Sud Karnad
Managing Director

Mr. R. Arivazhagan
Member of Executive Management

Mr. Dilip Shetty
Associate Member of Executive Management

Mr. R. Sankaranarayan
Senior General Manager (Information Technology)

Mr. Dipta Bhanu Gupta
Senior General Manager (IT-USG)

Mr. Milind Marathe
Joint General Manager (Information Technology)

Mr. Guruprasad Mandrawadkar
Joint General Manager (Data Analytics)

Mr. Sushil Bhagwat
Deputy General manager (IT-USG - Operations)

Mr. Saket Saxena
Deputy General Manager (CREST)

SENIOR EXECUTIVES

MEMBERS OF EXECUTIVE MANAGEMENT

- Mr. R Arivazhagan
- Mr. Conrad D'Souza
- Ms. Madhumita Ganguli
- Mr. Mathew Joseph
- Mr. Suresh Menon
- Mr. Rajeev Sardana

SENIOR GENERAL MANAGERS

- Mr. Praveen Kumar Bhalla
- Mr. Dipta Bhanu Gupta
- Mr. Vinayak R Mavinkurve
- Mr. Naresh Manohar Nadkarni
- Mr. Subodh Salunke
- Mr. Sunil V Shaligram
- Mr. R Sankaranarayan

GENERAL MANAGERS

- Ms. Harini Anand
- Mr. Vikas Bajpai
- Mr. Pawandeep Singh Bawa
- Ms. Himani Datar
- Ms. Rosy Dias
- Mr. Varghese George
- Mr. Santosh Gopalkrishnan
- Ms. Trupti Nilesh Gore
- Mr. Roshan Gupta
- Mr. Rajiv Mittal
- Mr. Vinayak P Parkhi
- Mr. T Ravishankar
- Mr. Mahesh Shah
- Ms. Anjalee S Tarapore

ASSOCIATE MEMBERS OF EXECUTIVE MANAGEMENT

- Mr. Sudhir Kumar Jha
- Mr. K Suresh Kumar
- Mr. Dilip Shetty

ADDITIONAL SENIOR GENERAL MANAGERS

- Mr. Satrajit Bhattacharya
- Mr. Ankur Gupta
- Mr. Arjun Gupta
- Mr. Sanjay Joshi
- Mr. K V Vishwanathan

DEBENTURE TRUSTEES

- IDBI Trusteeship Services Ltd.
  Asian Building, Ground Floor,
  17, R. Kamani Marg,
  Ballard Estate, Mumbai 400 001.
  Tel. No.: +91 22-4080 7000
  Fax No.: +91 22-6631 1776

PRINCIPAL BANKERS

- HDFC Bank Ltd.
- State Bank of India
- Axis Bank Ltd.

SECRETARIAL AUDITORS

- Parikh & Associates
  Company Secretaries
- BNP & Associates
  Company Secretaries
  (From April 1, 2021)

COMPANY SECRETARY

- Mr. Ajay Agarwal

STATUTORY AUDITORS

- B S R & Co. LLP
  Chartered Accountants

SOLICITORS AND ADVOCATES

- Wadia Ghandy & Co.
- AZB & Partners
- Argus Partners
- Shardul Amarchand Mangaldas & Co.
- Singhi & Co.

IN-HOUSE SHARE TRANSFER AGENT

- Investor Services Department
  5th Floor, Ramon House,
  H. T. Parekh Marg,
  169, Backbay Reclamation,
  Churchgate, Mumbai 400 020.
  Tel. No.: +91 22-6141 3900
  E-mail: investorcare@hdfc.com

REGISTERED OFFICE

- Ramon House, H. T. Parekh Marg,
  169, Backbay Reclamation,
  Churchgate, Mumbai 400 020.
  Tel. No.: +91 22-6176 6000
  CIN : L70100MH1977PLC019916
  Website: www.hdfc.com

CORPORATE OFFICE

- HDFC House, H.T. Parekh Marg,
  165-166, Backbay Reclamation,
  Churchgate, Mumbai 400 020.
  Tel. Nos.: +91 22-6631 6000,
  2282 0282

CHAIRMAN'S LETTER
TO OUR SHAREHOLDERS

Hope Begins at Home

The pandemic has been one of the most scarring periods in living memory. Through this unfortunate devastation, if there is one key takeaway, it is that hope begins at home. More than ever before, a home is not just a physical space, it is a feeling. A home is sacred. It is where the strongest human bonds are created. The pandemic has taught us that the three phases of a fulfilling life – learning, earning and returning can be done from home. Since inception, HDFC recognised the importance of housing and for forty-four long years, we have stayed true to our objective of enabling Indians to become homeowners.

The year under review entailed two distinct halves. The first was the shock and suddenness of the national lockdown. Working remotely called for a reorientation of mindsets, systems and processes. It was also a period when we further fortified our balance sheet through our capital raise. The upside of conducting virtual roadshows was that it enabled us to reach out to a significantly larger investor base across several geographies.

The second half of the financial year reaffirmed our belief that more than ever before, people are craving for homes. Demand was for affordable housing and high-end properties. It came from first-time homeowners and those moving up the property ladder into larger homes or relocating.

Every loan disbursed during the pandemic reassured us that as an organisation, we were resilient, adaptable but most importantly, humane. In the darkest of days, we saw that the more innovative and efficient we got in disbursing loans, including optimising our digital platforms, the more hope and happiness we were able to bring to our customers.

A confluence of factors aided the sharp recovery seen in housing in the second half of the financial year. Developers were more willing to rapidly close out deals. Interest rates were at record lows. Continued fiscal benefits on home loans and concessional stamp duty rates offered by certain state governments also encouraged home buyers.

Despite the economy contracting 7.3% in FY21, the demand for home loans surpassed all expectations. Going forward, the risks of recurring waves of infections may result in temporary set-backs, but the inherent demand for homes loans remains stronger than ever.

Across the globe, the battle against the virus is still raging. At this juncture, the only way to navigate this crisis is vaccinating as many people as fast as possible.

Stellar Role of Regulators

I do believe that the second wave of infections in India could have less of an impact on the economy than the first wave. As is the case globally, recovery is likely to remain patchy and uneven.

Since the outbreak of the pandemic, despite the disruptions, the Indian financial system and capital markets have displayed remarkable resilience. Kudos must go to the regulators who have consistently been responsive to the needs of the economy. The regulators have had their ear to the ground, welcomed feedback and have taken measured steps in a consensual manner.

The Reserve Bank of India (RBI) has had to do the heavy-lifting. It is only befitting to acknowledge that without RBI's timely interventions, much of the financial system may well have been decimated due to the extreme risk averseness in the early days of the pandemic. Since February 2020, the support announced by RBI stood at ₹ 15.7 trillion, which is equivalent to 8% of GDP. No doubt, the task ahead remains daunting as RBI has to balance the need for growth, facilitate the government's borrowing programme, rein in inflation, continue with stimulus measures and support sectors deeply impacted by COVID-19.

The Indian capital markets appear to have had a smooth run -- largely driven by the overall sentiment of the markets. Yet, behind the scenes, the Securities and Exchange Board of India (SEBI) has been working at a frenetic pace, with the single objective of ensuring normalcy of all market operations throughout the pandemic. SEBI responded with alacrity to not just the need to ease compliance burdens, but also provided extensive options to make it easier and faster for issuers to raise capital. As a result, Indian companies raised a record high equity capital of ₹ 1.9 trillion in FY21.

Despite the challenges, SEBI continued its focus on deepening the corporate bond markets, facilitating new and innovative market instruments, focusing on investor protection and ensuring India Inc. stays at the forefront of benchmark standards on environmental, social and governance (ESG) disclosures.

The leadership of both these institutions and their workforce deserves a place of honour for the yeoman service rendered in these trying times.

More than ever before, a home is not just a physical space, it is a feeling. A home is sacred. It is where the strongest human bonds are created. The pandemic has taught us that the three phases of a fulfilling life – learning, earning and returning can be done from home.

Ironing Out Regulatory Wrinkles

As FY21 marks the first transition year of housing finance companies (HFCs) being regulated by RBI, I thought I could share some ponderings on the regulatory landscape. These are reflections of my personal views.

Regulation and supervision are critical functions in any financial system and it is important that trust between a regulator and regulatee is never compromised.

Regulatory clarity helps minimise potential conflicts. Often, there are differences in interpreting regulations. For instance, non-banking financial companies, including HFCs have been following Indian Accounting Standards (IndAS), which is still not aligned with the prudential guidelines. This results in differences in opinions between the inspection teams, regulated entities and even the auditors. Banks and insurance companies have not migrated to IndAS, but it has been three years since NBFCs have. While this isn't a level playing field, it may be prudent to at least resolve these open-ended issues sooner than later.

Another niggling point for HFCs is retention of customers. Lenders are susceptible to losing their existing customers to other players who often lure them through lower interest rates or increased loan amounts. As there are no prepayment penalties on floating rate loans, a lender can take over a home loan rather effortlessly. Direct selling agents (who are not tied agents) are happy to play along as it means getting paid a commission twice over on the same borrower's loan. Balance transfers only shift assets from one player to another; it does not increase home loans or home ownership at a system level. Yet, this is par for the course in a competitive business landscape.

The issue is that onboarding a home loan customer takes a great deal of effort and entails costs as well. But certainly, an endeavour to retain a performing customer which could entail a change in the rate of interest is not akin to a loan being restructured. It would be of great comfort for all HFCs to have this issue put to rest.

The current environment has proved that there can be no better protection for a borrower than home loan insurance and home insurance. COVID-19 has shown how fragile and uncertain life can be and people now truly realise the importance of life insurance. In equal measure, given the risks around climate change and abrupt weather patterns, home insurance becomes a key risk mitigant. Currently, an insurance loan given to a home loan borrower is considered as a non-housing loan. Insurance is voluntary for a home loan borrower, but the reality is that the insurance loan to the home loan customer should be considered as an integral component of a housing loan and be permitted to be classified accordingly. After all, insurance protects both, the customer and the HFC.

My last submission is that the regulatory framework in its current form may have the unintended consequence of penalising a HFC for maintaining excess liquidity. Larger amounts of liquidity are being held by HFCs out of abundant precaution. But surely maintenance of higher liquidity should not become the hindering factor leading HFCs to have to recalibrate their housing and non-housing portfolios so as to meet the prescribed minimum threshold limits of assets in housing finance. A minor tweak which could exclude surplus liquid balances from total assets to arrive at prescribed limits would go a long way in helping HFCs.

These issues are minor teething problems in a regulatory framework that is evolving. The important part is to be able to keep having dialogues with the regulators. RBI has done well to create the Regulations Review Authority along with an advisory group for the same. This committee hopefully will have the ear of both, the regulator and the regulated entities, thereby creating the much-needed bridge.

People of the Year

History will record the year as one of the greatest tests of courage, resilience and compassion. One falls short of words to adequately express gratitude to all the frontline healthcare workers. One also has to appreciate the wonders of technology that kept a socially distanced world connected and marvel the progress of science and medicine which brought vaccines to the world in the shortest time ever.

At HDFC, everything we did, achieved and was lauded for is attributable to our employees who put customers first, believed in their collective strength and displayed the tenacity to keep persevering. During this period, it became more apparent that we have some young and promising talent which we will continue to nurture and build a pipeline of leadership. As for plans on longer-term succession planning, I assure you, it continues to remain a top priority and very much a work-in-progress.

I could not have been more grateful for having Keki, Renu and Rangan lead at the forefront. Keki was the undisputed choice of the board to continue at the helm for the next three years. Continuity and stability is needed at this juncture. Renu has been the ‘go-to’ person for all our employees as she tirelessly rallied teams together, leading with sensitivity and compassion. Rangan has finely balanced his dual role of managing the Corporation’s resources in a tough environment, whilst also overseeing the compliance function.

Lastly, I must take this opportunity to thank and bid adieu to two of our very valuable directors on our board. Nasser Munjee and J. J. Irani will be completing their term as directors in July 2021. Each with their own characteristic style have contributed immensely in guiding the board’s overall strategy.

My relationship with Nasser goes back 43 years as he was one of the first employees at HDFC. Nasser rose to the ranks of executive director at HDFC and later worked on setting up and heading Infrastructure Development Finance Corporation. Nasser has always been appreciated for his futuristic outlook and forthright views on governance. He has been a part of HDFC from its startup stage right up to its journey today. He truly has been an HDFC lifer.

J. J. Irani joined HDFC’s board in 2008. Being a veteran from the Tata group, his value system was closely aligned to HDFC and the board benefitted from his deep industry experience. Rarely one to mince his words, he always stood his ground whilst expressing his strong opinions. He ably chaired the nomination and remuneration committee, overseeing the phased board refreshment.

Change in any institution is inevitable – be it at the helm or down the line. I do also want to acknowledge the contributions of employees who have superannuated from HDFC over the years. We continue to build upon their efforts and this has held us in good stead.

Against the backdrop of this pandemic, what the future holds only time will tell, but my instinct is that we will find calm in the chaos sooner than we think.

Directors' Report

TO THE MEMBERS

Your directors are pleased to present the forty-fourth annual report of your Corporation with the audited accounts for the year ended March 31, 2021.

Financial Results	For the Year Ended March 31, 2021 ₹ in crore	For the Year Ended March 31, 2020 ₹ in crore
Profit Before Fair Value Gain, Sale of Investments, Dividend and Expected Credit Loss	**15,631.43**	**12,639.78**
Fair Value Gain consequent to merger of GRUH Finance Limited with Bandhan Bank Limited	-	9,019.81
Profit on Sale of Investments	1,397.69	3,523.75
Dividend	733.97	1,080.68
Impairment on Financial Instruments (Expected Credit Loss)	(2,948.00)	(5,913.10)
Profit Before Tax	**14,815.09**	**20,350.92**
Tax Expense	2,787.79	2,581.27
Net Profit After Tax	**12,027.30**	**17,769.65**
Other Comprehensive Income	1,734.22	(6,652.31)
Total Comprehensive Income	**13,761.52**	**11,117.34**
Retained Earnings		
Opening Balance	14,137.67	11,635.24
Profit for the year	12,027.30	17,769.65
Re-measurement of Defined Benefit Plan	6.30	(31.99)
Amount Available for Appropriations	**26,171.27**	**29,372.90**
Appropriations:		
Special Reserve No. II	2,000.00	3,400.00
General Reserve	2,700.00	8,034.60
Statutory Reserve (Under Section 29C of the National Housing Bank Act, 1987)	500.00	200.00
Final Dividend Paid	3,642.68	3,019.29
Tax on Final Dividend	-	581.34
Closing Balance Carried Forward	**17,328.59**	**14,137.67**

Impact of COVID-19

The financial year ended March 31, 2021 marked a full year since the World Health Organisation declared the outbreak of COVID-19 as a pandemic. Countries across the globe continued to face drastic economic and social disruptions along with tragic loss of lives and livelihoods. Eruptions of new waves and variants of the virus necessitated restrictions and lockdowns.

As regards the Corporation, a fortified balance sheet, continued demand for housing, leveraging technology for the convenience of customers, remote working and adhering to social distancing norms and hygiene protocols enabled full business continuity since the outbreak of the pandemic.

In April 2021, India witnessed a second wave of infections. Details of the impact of COVID-19 are elucidated in the Management Discussion and Analysis Report (MD&A).

Dividend

The board assessed the performance of the Corporation during the year under review in light of the on-going pandemic. The board recognised the need to strike a balance between being prudent and conserving capital in the Corporation, whilst also meeting expectations of shareholders. The board after assessing the capital buffers, liquidity levels and the impact of COVID-19 on the operations of the Corporation, recommended payment of dividend for the financial year ended March 31, 2021 of ₹ 23 per equity share of face value of ₹ 2 each compared to ₹ 21 per equity share in the previous year.

The dividend pay-out ratio for the year ended March 31, 2021 is 34.5%.

The dividend recommended is in accordance with the principles and criteria as set out in the Dividend Distribution Policy. The Dividend Distribution Policy is placed on the Corporation's website.

Issue of Securities on Qualified Institutions Placement Basis

Pursuant to the approval of shareholders by way of a postal ballot on July 21, 2020, the Corporation completed its Qualified Institutions Placement (QIP) of equity shares and secured, redeemable non-convertible debentures simultaneously with warrants in August 2020. The QIP was in accordance with applicable provisions of the Companies Act, 2013, rules framed thereunder and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Equity and Warrants

Under the QIP, the Corporation raised ₹ 10,000 crore through the issue and allotment of 5,68,18,181 equity shares of face value of ₹ 2 each at an issue price of ₹ 1,760 per equity share (including a premium of ₹ 1,758 per equity share).

The Corporation also raised ₹ 307 crore through the issue and allotment of 1,70,57,400 warrants at an issue price of ₹ 180 per warrant which was paid upfront. The warrants carry a right exercisable by the warrant holder to exchange each warrant for one equity share of face value of ₹ 2 each of the Corporation at any time on or before August 10, 2023, at a warrant exercise price of ₹ 2,165 per equity share, to be paid by the warrant holder at the time of exchange of the warrants. As at March 31, 2021, no warrants had been converted into equity shares.

The maximum equity dilution on account of the aforesaid QIP issue, assuming full conversion of all the warrants into equity shares at the warrant exercise price is 4.23%, based on the enhanced share capital.

Non-Convertible Debentures (NCDs)

Further, the Corporation raised ₹ 3,693 crore through the issue and allotment of 36,930 secured, redeemable NCDs at par having a tenor of 3 years, carrying a coupon rate of 5.40% payable annually. The NCDs are rated by CRISIL Ratings Limited (CRISIL) and ICRA Limited (ICRA) and are assigned the highest ratings, 'CRISIL AAA Stable' and 'ICRA AAA/Stable' respectively.

The equity shares, warrants and NCDs are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

MD&A, Report of the Directors on Corporate Governance and Business Responsibility Report

In accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and directions issued by National Housing Bank (NHB) and Reserve Bank of India (RBI), the MD&A and the Report of the Directors on Corporate Governance form part of this report.

In accordance with the Listing Regulations, the Business Responsibility Report (BRR) has been placed on the Corporation's website. The policy on Business Responsibility is placed on the Corporation's website.

Regulatory Guidelines

In August 2019, the central government conferred the powers of regulation of Housing Finance Companies (HFCs) to RBI from NHB. NHB continues to carry out the function of supervision of HFCs.

In October 2020, RBI issued the regulatory framework for HFCs in supersession of the corresponding regulations by NHB. The objective of the framework was to facilitate regulatory transition in a phased manner with least disruption.

During the year, RBI introduced certain regulatory changes for HFCs such as the principal business criteria for housing finance, definition of housing finance, minimum net owned fund requirements, guidelines on liquidity risk management framework and liquidity coverage ratio, amongst others.

Further, on February 17, 2021, RBI issued Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 (RBI HFC Directions). These directions came into force with immediate effect.

Key changes in the regulations are detailed in the MD&A.

The Corporation is in compliance with the applicable provisions of the RBI HFC Directions and other directions/ guidelines issued by RBI/NHB as applicable.

Lending Operations

The Corporation is a Non-Banking Financial Company - Housing Finance Company (NBFC-HFC) and is engaged in financing the purchase and construction of residential houses, real estate and certain other purposes in

India. All other activities of the Corporation revolve around the main business.

Despite the challenges posed by the pandemic, lending operations of the Corporation continued seamlessly during the year.

The individual loan business began to see normalcy return from the month of September 2020 onwards, which coincided with the gradual easing of strict lockdown restrictions imposed to contain the spread of COVID-19. In the second half of the financial year, the demand for housing remained robust, with growth trends exceeding expectations. Growth in home loans was aided by low interest rates, softer or stable property prices, continued fiscal benefits on home loans and concessional stamp duty rates offered in certain states. The demand for home loans was from both, affordable housing and higher end properties.

De-growth in individual disbursements owing to the lockdown and restrictions imposed in the first half of the financial year was offset by recovery in the second half of the year. For most parts of the first quarter of the financial year, there was a complete lockdown and the second quarter entailed partial restrictions. Thus, individual disbursements in the first half of the financial year was 35% lower compared to the corresponding period in the previous year. With restrictions gradually easing in the second half of the financial year, individual disbursements were 42% higher compared to the corresponding period in the previous year. Consequently, during the year ended March 31, 2021, individual loan disbursements reported a growth of 3% compared to the previous year.

During the year, due to the prevailing uncertainties, the risk averse environment continued for non-individual loans and lending was restricted to select, high rated entities.

The Assets Under Management (AUM) as at March 31, 2021 amounted to ₹ 5,69,894 crore as compared to ₹ 5,16,773 crore in the previous year.

On an AUM basis, the growth in the individual loan book was 12%. The growth in the total loan book on an AUM basis was 10%.

The Corporation's outstanding loan book stood at ₹ 4,98,298 crore as at March 31, 2021, compared to ₹ 4,50,903 crore in the previous year.

During the year, the Corporation assigned loans amounting to ₹ 18,980 crore compared to ₹ 24,127 crore in the previous year.

As at March 31, 2021, the outstanding amount in respect of individual loans sold was ₹ 71,421 crore. The Corporation continues to service these loans.

Further details of lending operations are provided in the MD&A.

Market Borrowings

The Corporation is in compliance with the provisions of the Housing Finance Companies Issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014 and RBI HFC Directions as applicable and has been regular in payment of principal and interest on the NCDs.

Details of market borrowings are provided in the MD&A and notes to accounts.

Deposits

Deposits outstanding as at March 31, 2021 amounted to ₹ 1,50,131 crore as compared to ₹ 1,32,324 crore in the previous year – a growth rate of 13%.

CRISIL and ICRA have for the twenty-sixth consecutive year, reaffirmed their 'CRISIL FAAA/Stable' and 'ICRA MAAA/Stable' ratings respectively for HDFC's deposits. These ratings represent the highest degree of safety regarding timely servicing of financial obligations.

There has been no default in repayment of deposits or payment of interest during the year. All the deposits accepted by the Corporation are in compliance with the requirements of the regulations regarding deposit acceptance.

As at March 31, 2021, public deposits amounting to ₹ 890 crore had not been claimed by 43,680 depositors. Since then, 5,629 depositors have claimed or renewed deposits of ₹ 148 crore.

Depositors were intimated regarding the maturity of deposits with a request to either renew or claim their deposits. Where the deposit remains unclaimed, reminder letters are sent to depositors periodically and follow up action is initiated through the concerned agent or branch.

Deposits remaining unclaimed for a period of seven years from the date they became due for payment have to be transferred to the Investor Education and Protection Fund (IEPF) established by the central government. The concerned depositor can claim the deposit from the IEPF. During the year, an amount of ₹ 4 crore was transferred to the IEPF.

Capital Adequacy Ratio

As at March 31, 2021, the Corporation's capital adequacy ratio (CAR) stood at 22.2%, of which Tier I capital was 21.5% and Tier II capital was 0.7%.

As per regulatory norms, the minimum stipulated capital adequacy ratio to be achieved on or before March 31, 2021 was 14% and the minimum Tier I capital was 10%. The minimum capital adequacy ratio for HFCs would increase to 15% on or before March 31, 2022.

Corporate Social Responsibility (CSR)

During the year, the Corporation's CSR activities focused primarily on COVID-19 relief, education, healthcare, livelihoods and supporting persons with disabilities. Other interventions taken up during the year included support for senior citizen homes, support for Olympic athletes including para-athletes and environmental programmes supporting solid waste management, green energy and ecological restoration for urban and rural communities.

The Corporation prioritised key sub-thematic areas within each of these sectors to ensure that the CSR interventions were targeted most optimally. The Corporation contributed directly and through the H T Parekh Foundation to the identified social sectors.

Further details on the prescribed CSR spend under Section 135 of the Companies Act, 2013 and the amount spent during the year under review are provided in the Annual Report on CSR activities annexed to this report.

Subsidiary and Associate Companies

In accordance with the provisions of Section 136 of the Companies Act, 2013, the annual report of the Corporation, the annual financial statements and the related documents of the Corporation's subsidiary companies are placed on the website of the Corporation.

Shareholders may download the annual financial statements and detailed information on the subsidiary companies from the Corporation's website or may write to the Corporation for the same. Further, the documents shall also be available for inspection by the shareholders at the registered office of the Corporation.

The merger of the Corporation's subsidiaries, HDFC ERGO Health Insurance Limited (formerly Apollo Munich Health Insurance Company Limited) with and into HDFC ERGO General Insurance Company Limited (HDFC ERGO) was approved by the National Company Law Tribunal (NCLT) on September 29, 2020. The final approval for the merger by the Insurance Regulatory and Development Authority of India (IRDAI) was received on November 11, 2020. The appointed date of the merger was March 1, 2020 and the effective date was November 13, 2020. Consequently, HDFC ERGO Health Insurance Limited was dissolved with effect from the said date.

RBI had directed the Corporation to reduce its shareholding in its insurance companies to below 50%. Shareholders' approval for the same was obtained at the Annual General Meeting (AGM) of the Corporation held on July 30, 2020.

During the year, the Corporation sold 1.43% of its shareholding in HDFC Life Insurance Company Limited (HDFC Life). As at March 31, 2021, the Corporation's shareholding in HDFC Life stood at 49.97%.

Accordingly, HDFC Life and its subsidiaries, HDFC Pension Management Company Limited and HDFC International Life & Re Company Limited ceased to be subsidiaries of the Corporation, under the Companies Act, 2013.

However, for the purpose of consolidated financial statements, the above-mentioned companies will continue to be accounted as subsidiary companies. As per Indian Accounting Standards, the Corporation consolidates a subsidiary when it controls the said company.

As per RBI's directive, the Corporation has to reduce its shareholding in HDFC ERGO to below 50% by May 12, 2021.

HDFC Credila Financial Services Limited, a wholly owned subsidiary of the Corporation was converted into a public limited company (from a private limited company) with effect from October 8, 2020.

The Corporation has not made any loans or advances in the nature of loans to any of its subsidiary or associate company or companies in which its directors are deemed to be interested, other than in the ordinary course of business.

The Corporation is in compliance with the provisions of Foreign Exchange Management Act, 1999 with respect to downstream investments made by it/by its subsidiaries during the year. Further, as required by the

Foreign Exchange Management (Non-debt Instruments) Rules, 2019, the Corporation has obtained a certificate from statutory auditors on the same.

A review of the key subsidiary and associate companies of the Corporation form part of the MD&A which forms part of this report. Further, a statement containing salient features of financial statements of the subsidiaries and associates of the Corporation in the prescribed Form No. AOC-1 is provided elsewhere in this annual report.

Particulars of Employees

HDFC had 3,226 employees as of March 31, 2021. During the year, 15 employees employed throughout the year were in receipt of remuneration of ₹ 1.02 crore or more per annum and 1 employee employed for part of the year was in receipt of remuneration of ₹ 8.5 lac or more per month.

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

Further disclosures on managerial remuneration are annexed to this report.

Prevention, Prohibition and Redressal of Sexual Harassment of Women at the Workplace

The Corporation has a policy on prevention, prohibition and redressal of sexual harassment of women at the workplace and has an Internal Complaints Committee (ICC) in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Corporation's policy on the same is placed on the Corporation's website. The ICC comprises majority of women members. Members of the Corporation's ICC are responsible for conducting inquiries pertaining to such complaints.

The Corporation on a regular basis sensitises its employees, including outsourced employees on the prevention of sexual harassment at the workplace through workshops, group meetings, online training modules and awareness programmes which are held on a regular basis. The Corporation also conducted a special training programme for the members of the ICC. During the year, two complaints were received by the ICC. One case was reviewed and disposed of while the other case which was received in the month of March 2021 was being investigated by the ICC as at March 31, 2021.

Particulars of Loans, Guarantees or Investments

Since the Corporation is an NBFC-HFC, the disclosures regarding particulars of the loans given, guarantees given and securities provided is exempt under the provisions of Section 186 (11) of the Companies Act, 2013.

As regards investments made by the Corporation, the details of the same are provided in notes to the financial statements of the Corporation for the year ended March 31, 2021 (note 10).

Particulars of Contracts or Arrangements with Related Parties

The particulars of contracts or arrangements with related parties as prescribed in Form No. AOC–2 is annexed to this report. Details of related party transactions are given in the notes to the financial statements.

The policy on Related Party Transactions of the Corporation ensures proper approval and reporting of the concerned transactions between the Corporation and its related parties.

The policy on Related Party Transactions is published elsewhere in the annual report and is also placed on the Corporation's website.

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

During the year ended March 31, 2021, earnings in foreign currency stood at ₹ 2 crore and expenditure in foreign currency stood at ₹ 782 crore (largely pertaining to interest on foreign currency borrowings).

The Corporation is in the business of housing finance and hence its operations are not energy intensive. The Corporation is cognisant of the importance of imbibing measures towards optimum energy utilisation and conservation.

Employees Stock Option Scheme (ESOS)

The stock options granted to the employees operate under various schemes. There has been no variation in the terms of the options granted under any of the schemes and all the schemes are in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 (SBEB Regulations).

On September 4, 2020, the Corporation approved the grant of 3,83,96,531 stock options and on February 2, 2021 approved the grant of 25,000 stock options – each stock option representing one equity share of ₹ 2 each to eligible employees and directors of the Corporation under Employees Stock Option Scheme - 2020 (ESOS-20). The exercise prices were determined based on the market price defined in the SBEB Regulations i.e. the latest available closing price of the equity share on the NSE, prior to the dates of the respective meetings of the Nomination and Remuneration Committee at which the options were granted. Subject to fulfilling the conditions specified in ESOS-20, 50% of the options granted shall vest on the completion of one year from the date of grant or upon completion of three years of service with the Corporation, whichever is later. The remaining 50% shall vest on completion of one year thereafter. The options are exercisable over a period of five years from the date of their respective vesting. None of the options granted have vested during the year and consequently, no options have been exercised under ESOS-20.

The stock options granted to employees pursuant to the Corporation's stock option schemes are measured at fair value of the options at the grant date using Black-Scholes model. The fair value of the options determined at grant date is recognised as employee compensation cost over the vesting period on straight line basis over the period of the option, based on the number of grants expected to vest, with a corresponding increase in equity.

The disclosures as required under SBEB Regulations have been placed on the website of the Corporation.

Unclaimed Dividend and Shares

As at March 31, 2021, dividend amounting to ₹ 24.22 crore had not been claimed by shareholders of the Corporation. The Corporation takes various initiatives to reduce the quantum of unclaimed dividend and has been periodically intimating the concerned shareholders, requesting them to encash their dividend before it becomes due for transfer to the IEPF.

Unclaimed dividend amounting to ₹ 2.30 crore for FY13 was transferred to the IEPF on September 1, 2020. Further, in compliance with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the Corporation transferred 65,928 equity shares of ₹ 2 each (corresponding to the dividend for FY13 and remaining unclaimed for a continuous period of 7 years) in favour of the IEPF. However, the concerned shareholders may claim the unclaimed dividend and unclaimed shares from IEPF, the procedure for which is detailed on the Corporation's website.

The unclaimed dividend in respect of FY14 must be claimed by shareholders on or before August 20, 2021, failing which the Corporation would be required to transfer the unclaimed dividend and the corresponding shares to the IEPF within a period of 30 days from the said date.

Directors

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Corporation, Mr. Keki M. Mistry is liable to retire by rotation at the ensuing AGM. He is eligible for re-appointment.

The board at its meeting held on May 7, 2021, approved the re-appointment of Mr. Keki M. Mistry as the Managing Director (designated as the Vice Chairman & Chief Executive Officer) of the Corporation for a period of 3 years with effect from May 7, 2021. The re-appointment is subject to the approval of the members of the Corporation at the ensuing AGM. Mr. Keki M. Mistry continues to be liable to retire by rotation.

The necessary resolution for the re-appointment of Mr. Keki M. Mistry and his brief profile has been included in the notice convening the ensuing AGM.

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

The details on the number of board/ committee meetings held are provided in the Report of the Directors on Corporate Governance, which forms part of this report.

Auditors

At the 40th AGM of the Corporation held on July 26, 2017, the members had appointed Messrs B S R & Co. LLP, Chartered Accountants, (firm registration number 101248W/W-100022) as the statutory auditors for a term of 5 consecutive years and to hold office until the conclusion of the 45th AGM.

The details of remuneration paid by the Corporation to Messrs B S R & Co. LLP, chartered accountants are provided in note 34.1 of the financial statements. The non-audit fees paid to the statutory auditors by the Corporation does not exceed the audit/ limited review fees.

During the year, Messrs B S R & Co. LLP, chartered accountants and all entities in the network firm of which the statutory auditor is a part received a total remuneration of ₹ 9.02 crore from the Corporation and its certain subsidiaries. The remuneration pertains to fees for audit, internal financial control reporting, limited reviews, tax audits and taxation services, certifications and other matters.

In accordance with applicable laws, during the year, the audit partner was rotated.

The auditors' report annexed to the financial statement for the year under review does not contain any qualifications.

As per the guidelines issued by RBI on April 27, 2021 for the appointment of statutory auditors, NBFC-HFCs with an asset size of ₹15,000 crore and above are required to have a minimum of two audit firms. The guidelines have to be adopted from the second half of FY22 onwards. The guidelines also require rotation of audit firm after a period of 3 years. Since B S R & Co. LLP, chartered accountants has completed the specified time period as the statutory auditors, the Corporation would have to appoint two new audit firms for conducting the audit for FY22. The Corporation is in the process of identifying suitable audit firms and the requisite approval of the members will be sought at a future date.

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 Parikh & Associates, practicing company secretaries undertook the secretarial audit of the Corporation for the FY21. The Secretarial Audit Report is annexed to this report and does not contain any qualifications.

The Secretarial Compliance Report as prescribed by SEBI is provided elsewhere in the annual report.

The Board of Directors of the Corporation at its meeting held on May 7, 2021, appointed Messrs BNP & Associates, practicing company secretaries as the secretarial auditors to undertake the secretarial audit of the Corporation for FY22.

Orders Passed by Regulators

During the year, there were no significant or material orders passed by the regulators or courts or tribunals against the Corporation.

In September 2020, NHB imposed a monetary penalty of ₹ 1,50,000 on the Corporation for non-compliance with two provisions of the Housing Finance Companies (NHB) Directions, 2010 pertaining to FY 2018-19. The Corporation paid the penalty on October 8, 2020. The Corporation maintains that this is not significant or material in nature.

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 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 Corporation as at March 31, 2021 and of the profit of the Corporation 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 Corporation and for preventing and detecting frauds and other irregularities;

d) The annual accounts of the Corporation have been prepared on a going concern basis;

e) Internal financial controls have been laid down to be followed by the Corporation and such internal financial controls are adequate and operating effectively; and

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

Internal Financial Control

The Corporation has put in place adequate policies and procedures to ensure that the system of internal financial controls is commensurate with the size and nature of the Corporation'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 Corporation, prevention and detection of frauds, accuracy and completeness of accounting records and ensuring compliance with corporate policies.

Annual Return

The Form No. MGT-7 for FY21 is uploaded on the Corporation's website.

Material changes and commitment, if any, affecting the financial position of the Corporation from the financial year end till the date of this report

There are no material changes and commitments affecting the financial position of the Corporation which have occurred after March 31, 2021 till the date of this report.

Acknowledgements

The directors place on record their gratitude for the support of various regulatory authorities including NHB, RBI, SEBI, IRDAI, Pension Fund Regulatory and Development Authority, Ministry of Housing and Urban Affairs, Ministry of Corporate Affairs, Registrar of Companies, Financial Intelligence Unit (India), the stock exchanges, National Securities Depository Limited and Central Depository Services (India) Limited.

The Corporation acknowledges the role of all its key stakeholders - shareholders, borrowers, channel partners, depositors, deposit agents and lenders for their continued support to the Corporation.

Your directors place on record their appreciation for the hard work and dedication of all the employees and support services of the Corporation and the co-operation of all its subsidiary and associate companies, especially during the difficult times of the pandemic.

Last and most importantly, your directors remain extremely grateful to the medical fraternity, frontline workers and other first-hand responders who continue to work tirelessly in an endeavour to overcome the pandemic.

On behalf of the Board of Directors

MUMBAI
May 7, 2021

DEEPAK S. PAREKH
Chairman

Annex to Directors' Report - 1

DISCLOSURES ON MANAGERIAL REMUNERATION

Details of remuneration as required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided below:

Ratio of remuneration of each director to the median employees' remuneration for FY21

Name	Designation	Ratio of remuneration to the median employees' remuneration
Mr. Deepak S. Parekh	Chairman	27
Mr. Nasser Munjee	Independent Director	6
Dr. J. J. Irani	Independent Director	5
Mr. U. K. Sinha	Independent Director	5
Mr. Jalaj Dani	Independent Director	6
Dr. Bhaskar Ghosh	Independent Director	6
Ms. Ireena Vittal	Independent Director	6
Mr. V. Srinivasa Rangan	Executive Director	91
Ms. Renu Sud Karnad	Managing Director	124
Mr. Keki M. Mistry	Vice Chairman & CEO	138

Percentage increase in the remuneration of each director and key managerial personnel in FY21

Key Managerial Personnel

Name	Designation	Increase in Remuneration# (%)
Mr. Keki M. Mistry	Vice Chairman & CEO	#
Ms. Renu Sud Karnad	Managing Director	#
Mr. V. Srinivasa Rangan	Executive Director	2*
Mr. Ajay Agarwal	Company Secretary	12*

 # On account of the COVID-19 pandemic, there was no increase in the remuneration of the managerial personnel during FY21.

** Encashed certain past accrued benefits, during FY21.*

Non-Executive/Independent Directors

During FY21, the commission paid to each independent director was unchanged at ₹ 35 lac compared to the previous year. The commission to independent directors remained unchanged due to the COVID-19 pandemic and the resultant lock-down. Due to the same reason the annual commission paid to the Chairman also remained the same at ₹ 2.40 crore. During the year, there was no change in the sitting fees paid to the non-executive directors for attending the board/committee meetings.

Further details are provided in Report of the Directors on Corporate Governance.

Number of permanent employees

HDFC had 3,226 employees as of March 31, 2021.

Percentage increase in the median remuneration of employees in FY21

On account of the COVID-19 pandemic, there was no increase in the remuneration of the employees, including managerial personnel, during FY21.

Average percentile increase already made in salaries of employees other than managerial personnel in last financial year and its comparison with the percentile increase in managerial remuneration

As mentioned above, there was no increase in the remuneration of the employees, including managerial personnel, during FY21.

The remuneration of key managerial personnel is based on the overall performance of the Corporation.

Annex to Directors' Report - 2

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)	(g)
1	HDFC Bank Ltd., Associate Company	Consideration on Assignment / Sale of Loans	April 2020- March 2021	HDFC Bank Ltd. has an option to buy 70% of the loans disbursed out of the loans sourced by it for the Corporation. As per the agreements, the loans continue to be serviced by the Corporation, for which it is paid a consideration on mutually agreeable terms.	-	-

The above-mentioned transaction was entered into by the Corporation in its ordinary course of business. The materiality threshold is as prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014.

On behalf of the Board of Directors

MUMBAI
May 7, 2021

DEEPAK S. PAREKH
Chairman

Annex to Directors' Report - 3

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. Brief outline on CSR Policy of the Company

Housing Development Finance Corporation Limited ("Corporation") has a Board approved Corporate Social Responsibility (CSR) Policy in compliance with section 135 of the Companies Act, 2013 and the rules made thereunder. Pursuant to the amendments to Companies (Corporate Social Responsibility Policy) Rules, 2014 on January 22, 2021, the CSR Policy has been amended and approved by the Board at its meeting held on May 7, 2021 and the amended Policy shall be effective from 1 April, 2021. The main objective of the CSR Policy is to lay down guidelines to make CSR a key business process and support programmes aimed at development of communities who are inequitably endowed.

The Corporation believes in conducting its business responsibly, fairly and in a transparent manner. It continually seeks ways to bring about an overall positive impact on the society and environment where it operates. The Corporation has been making consistent efforts over the years towards economic and social upliftment of the marginalized and vulnerable sections of society.

The Corporation primarily implements its CSR initiatives through the H T Parekh Foundation (Foundation), a Section 25 registered charitable institution set up by HDFC in October 2012, to commemorate the legacy of its Founder Chairman, Shri H T Parekh. The CSR mandate of the Corporation is undertaken either directly or through partnerships with implementing agencies with a proven track record of expertise, governance and implementation ability.

The CSR projects undertaken by the Corporation are within the framework of Schedule VII of the Companies Act, 2013. The Corporation's CSR projects are focused on 4 core sectors of Education, Healthcare, Livelihoods and supporting Persons with Disabilities as a separate target group. The Corporation also recognizes the need to play a strong role in ensuring Environment Sustainability; therefore programmes in the areas of solid waste management, green energy and ecological restoration are part of its CSR activities.

The CSR policy of the Corporation *inter alia* provides guiding principles for selection and implementation of CSR activities in pursuance of Schedule VII to the Companies Act, 2013 (Clause VI), roles and responsibilities of the CSR Committee (Clause VII), guidance for formulation of an annual action plan (Clause VIII), process for implementation of CSR activities (Clause IX), modalities of monitoring and evaluation framework (Clause X), manner of undertaking impact assessment (Clause XI) and reporting mechanism. The CSR Policy of the Corporation is available on the Corporation's website at **www.hdfc.com**

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Deepak S. Parekh	Non-Executive Non-Independent Chairman	3	3
2.	Mr. Jalaj Dani	Independent Director	3	3
3.	Mr. Keki M. Mistry	Vice Chairman & CEO	3	3
4.	Ms. Renu Sud Karnad	Managing Director	3	3
5.	Mr. V. Srinivasa Rangan	Executive Director	3	3

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

The weblink for the requisite information is as under:

https://www.hdfc.com/about-us#corporate-social-responsibility

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

   Not Applicable

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

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (₹ Crore)	Amount required to be set – off for the financial year, if any (₹ Crore)
1	2020-21	Nil	Nil
	TOTAL	**Nil**	**Nil**

6. **Average net profit of the company as per section 135(5)** ₹ 8,460.70 Crore

7.

Sr. No.		(₹ Crore)
7 a)	Two percent of average net profit of the company as per section 135(5)	169.21
7 b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	NA
7 c)	Amount required to be set off for the financial year, if any	Nil
7 d)	Total CSR obligation for the financial year (7a+7b- 7c)	169.21

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

Total Amount Spent for the Financial Year (₹ Crore)	Amount Unspent (₹ Crore)				
	Total Amount transferred to Unspent CSR Account as per section 135(6) [Refer Note 3]		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
189.82	Nil	NA	-	Nil	NA

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

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No) [Refer Note 1]	Location of the project	Project duration	Amount allocated for the project (₹ Crore) [Refer Note 2]	Amount spent in the current Financial Year (₹ Crore)	Amount transferred to Unspent CSR Account for the project as per the Section 135(6) (₹ Crore) [Refer Note 3]	Mode of Implementation Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				District (State)						Name	CSR Registration number [Refer Note 4]
1A	**Education - Higher Education & Research** *Programmes targeting institutional support, need based scholarships and research projects*	(ii) Promoting education		Chitoor (Andhra Pradesh); Delhi; Sonipat (Haryana); Bengaluru (Karnataka); Mumbai (Maharashtra); Gautam Buddha Nagar/Noida (Uttar Pradesh)	Upto 24 months	24.28	24.28	-	No	H T Parekh Foundation	

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No) [Refer Note 1]	Location of the project	Project duration	Amount allocated for the project (₹ Crore) [Refer Note 2]	Amount spent in the current Financial Year (₹ Crore)	Amount transferred to Unspent CSR Account for the project as per the Section 135(6) (₹ Crore) [Refer Note 3]	Mode of Implementation Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				District (State)						Name	CSR Registration number [Refer Note 4]
1B	**Education - Foundational Learning** *Programmes focused on systems strengthening, teacher capacity building and development of resources to achieve grade appropriate learning for children*	(ii) Promoting education		Delhi; Ahmedabad (Gujarat); Ranchi, Sahibganj, Pakur, Palamu, Purbi Singhbhum, Koderma, Hazaribagh & Dumka (Jharkhand); Bengaluru (Karnataka); Nandurbar, Nashik, Parbhani, Gadchiroli, Amravati, Satara, Solapur, Hingoli, Mumbai (Maharashtra); Hyderabad (Telangana)	Upto 18 months	9.28	9.28	-	No	H T Parekh Foundation	
1C	**Education - Early Childhood Education** *Programmes addressing education needs of pre-school children for better school readiness*	(ii) Promoting education		All Districts (Haryana); All Districts (Punjab); Parbhani & Mumbai (Maharashtra)	Upto 15 months	4.18	4.18	-	No	H T Parekh Foundation	
1D	**Education - Career Readiness and Lifeskills** *Programmes for secondary students especially girls to stay and complete school*	(ii) Promoting education		Bengaluru (Karnataka); All Districts (Madhya Pradesh); All Districts (Odisha)	Upto 21 months	1.20	1.20	-	No	H T Parekh Foundation	
2A	**Healthcare - Cancer Support** *Programmes for prevention, early diagnosis, treatment and care*	(i) Promoting healthcare, including preventive healthcare		Kamrup Metropolitan District/Guwahati (Assam); Mumbai (Maharashtra); Pan India; Varanasi (Uttar Pradesh)	Upto 24 months	10.80	10.80	-	No	H T Parekh Foundation & Indian Cancer Society	
2B	**Healthcare - Nutrition** *Programmes for capacity building of frontline workers and access to nutritious food & supplements for maternal & child health*	(i) Promoting healthcare and eradicating malnutrition		Dibrugarh, Kamrup Metropolitan District/Guwahati (Assam); Palwal, Panipat (Haryana); Koppal (Karnataka); Chhindwara (Madhya Pradesh); Gadchiroli, Mumbai (Maharashtra); Kolkata (West Bengal)	Upto 24 months	6.04	6.04	-	No	H T Parekh Foundation	
2C	**Healthcare - Other Interventions**	(i) Promoting healthcare, including preventive healthcare		Multiple states	Upto 20 months	1.73	1.73	-	No	H T Parekh Foundation	

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No) [Refer Note 1]	Location of the project	Project duration	Amount allocated for the project (₹ Crore) [Refer Note 2]	Amount spent in the current Financial Year (₹ Crore)	Amount transferred to Unspent CSR Account for the project as per the Section 135(6) (₹ Crore) [Refer Note 3]	Mode of Implementation Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				District (State)						Name	CSR Registration number [Refer Note 4]
3A	**Skilling & Livelihoods - Migrants Welfare** *Programmes for access to social security & entitlements, job link support and livelihood opportunities*	(ii) Promoting livelihood enhancement projects (iii) Measures for reducing inequalities faced by socially & economically backward groups		Delhi; Faridabad, Gurugram (Haryana); Bengaluru (Karnataka); Mumbai, Palghar, Pune, Raigad, Thane (Maharashtra); Ajmer, Alwar, Banswara, Bhilwara, Bikaner, Chittorgarh, Churu, Dungarpur, Hanumangarh, Jaipur, Jodhpur, Udaipur (Rajasthan); Gautam Buddha Nagar/Noida, Ghaziabad, Lucknow, Kanpur (Uttar Pradesh)	Upto 14 months	4.82	4.82	-	No	H T Parekh Foundation	
3B	**Skilling & Livelihoods – Women focused Livelihoods** *Programmes for job-linked skilling & livelihood enhancement in rural & urban locations, focusing primarily on women*	(ii) Employment enhancing vocational skills, livelihood enhancement projects especially among women		Chikkaballapur (Karnataka); Ahmednagar, Mumbai, Nashik (Maharashtra); Koraput, Nabrangpur (Odisha)	Upto 22 months	2.25	2.25	-	No	H T Parekh Foundation; Vrutti	
4	**Urban Sanitation** *Programmes for creating access to and improvement of sustainable sanitation services across urban, low income settlements*	(i) Promoting sanitation		Delhi; Kolhapur (Maharashtra); Khorda/ Bhubaneshwar, Cuttack, Puri (Odisha); Jodhpur (Rajasthan); Chennai, Tiruchirappalli (Tamil Nadu); North 24 Parganas (West Bengal)	Upto 13 months	5.32	5.32	-	No	H T Parekh Foundation; Sulabh International Social Service Organisation; Eram Scientific Solutions Private Limited	
5	**Environmental Sustainability** *Ecological restoration, waste management and clean energy projects*	(iv) Ensuring environmental sustainability		Sonitpur (Assam); Gurugram (Haryana); Mumbai, Pune, Thane (Maharashtra)	Upto 24 months	3.14	3.14	-	No	H T Parekh Foundation	

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No) [Refer Note 1]	Location of the project	Project duration	Amount allocated for the project (₹ Crore) [Refer Note 2]	Amount spent in the current Financial Year (₹ Crore)	Amount transferred to Unspent CSR Account for the project as per the Section 135(6) (₹ Crore) [Refer Note 3]	Mode of Implementation Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				District (State)						Name	CSR Registration number [Refer Note 4]
6	**Supporting Persons with Disabilities (PwDs)** *Programmes focused on healthcare, education and livelihoods to improve quality of life for PwDs*	(i) Promoting healthcare, including preventive healthcare (ii) Promoting education including special education, promoting employment enhancing vocation skills especially among the differently abled (vii) Training for paralympics sports		Vijayawada, Vishakhapatnam (Andhra Pradesh); Kamrup Metropolitan District/Guwahati (Assam); Delhi; Bengaluru (Karnataka); Thiruvananthapuram (Kerala); Mumbai, Pune (Maharashtra); East Khasi Hills (Meghalaya); East Sikkim (Sikkim); Chennai, Coimbatore, Kanchipuram, Theni, Villupuram (Tamil Nadu); Hyderabad (Telangana); West Tripura (Tripura); Dehradun (Uttarakhand);	Upto 15 months	5.86	5.86	-	No	H T Parekh Foundation	
7	Promotion of the Arts and heritage restoration	(v) Promotion & development of traditional art, restoration of buildings and sites of historical importance		Ahmedabad (Gujarat); Bengaluru (Karnataka)	Upto 27 months	7.80	7.80	-	No	H T Parekh Foundation; Gujarat Mahila Housing SEWA Trust	
8	Community Development - Senior citizen homes and women's shelters	(iii) Setting up facilities for senior citizens, empowering women, measures for reducing inequalities faced by socially and economically backward groups		Bengaluru (Karnataka); Mumbai (Maharashtra); Kolkata (West Bengal)	Upto 15 months	0.68	0.68	-	No	H T Parekh Foundation	
	TOTAL					**87.38**	**87.38**	-			

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

Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No) [Refer Note 1]	Location of the project	Amount spent for the project (₹ Crore)	Mode of implementation -Direct (Yes/No)	Mode of implementation- Through implementing agency	
				District (State)			Name	CSR Registration number [Refer Note 4]
1A	**COVID-19 Support - Contribution to Central Government Funds**	(viii) Contribution to PM CARES Fund		Pan India	60.00	No	Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)	
1B	**COVID-19 Support - Preventive and curative healthcare equipment and supplies**	(i) Promoting healthcare, including preventive healthcare		Delhi; Ahmedabad, Surat (Gujarat); Ahmednagar, Mumbai, Pune, Sangli, Thane (Maharashtra); Dimapur (Nagaland); Jaipur (Rajasthan); Madurai (Tamil Nadu)	11.33	Yes (Vendor procurements)	-	
1C	**COVID-19 Support - Community based relief activities and aid at COVID-19 health facilities**	(xii) Disaster management, including relief, rehabilitation & reconstruction		Delhi; Patna (Bihar); Ahmedabad (Gujarat); Gurugram (Haryana); Srinagar (Jammu & Kashmir); Alirajpur, Barwani (Madhya Pradesh); Mumbai, Palghar, Pune, Raigad, Thane (Maharashtra); Koraput (Odisha); Banswara, Chittorgarh, Jaipur, Jodhpur, Udaipur (Rajasthan); Hyderabad (Telangana); Lucknow, Gautam Buddha Nagar /Noida (Uttar Pradesh); Howrah (West Bengal)	5.57	No	Apnalaya; Coro for Literacy; Centre For Advocacy and Research; Grameen Sneh Foundation; Gujarat Mahila Housing SEWA Trust; HelpAge India; H T Parekh Foundation Hunger Heroes; Jan Sahas Social Development Society; Janvikas; Jeevan Dhara; Kashtakari Panchayat; Pragati; Praja Foundation; Samaritan Help Mission; Seva Sahayog Foundation; Society for Rural Urban and Tribal Initiative; Stree Mukti Sanghatana; The Akshayapatra Foundation; The Bandra Holy Family Hospital Society; VAAGDHARA; Youth for Unity and Voluntary Action	
2A	**Education - Higher Education** *Programmes targeting institutional support and need based scholarships*	(ii) Promoting education		Mumbai (Maharashtra); Mohali (Punjab)	5.18	No	H T Parekh Foundation	
2B	**Education - Foundational Learning** *Programmes focused on systems strengthening, teacher capacity building and development of resources to achieve grade appropriate learning for children*	(ii) Promoting education		Barwani, Khandwa (Madhya Pradesh); Krishnagiri (Tamil Nadu); Dehradun (Uttarakhand)	2.67	No	H T Parekh Foundation	

Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No) [Refer Note 1]	Location of the project	Amount spent for the project (₹ Crore)	Mode of implementation -Direct (Yes/No)	Mode of implementation- Through implementing agency	
				District (State)			Name	CSR Registration number [Refer Note 4]
3A	**Healthcare - Eyecare** *Programmes to support avoidable blindness*	(i) Promoting healthcare, including preventive healthcare		Saran (Bihar); Chennai (Tamil Nadu); Kolkata (West Bengal)	3.25	No	H T Parekh Foundation	
3B	**Healthcare - Paediatric Surgeries** *Programmes supporting heart surgeries and related treatment for children*	(i) Promoting healthcare, including preventive healthcare		Secunderabad (Andhra Pradesh); Raipur (Chhattisgarh); Ernakulam (Kerala); Mumbai (Maharashtra); Kolkata (West Bengal)	1.23	No	H T Parekh Foundation	
3C	**Healthcare - Cancer Support** *Programmes for prevention, early diagnosis, treatment and care*	(i) Promoting healthcare, including preventive healthcare		Cachar (Assam)	2.34	No	H T Parekh Foundation; Indian Cancer Society	
3D	**Healthcare - Nutrition** *Programmes supporting access to nutritious food and supplements for maternal & child health*	(i) Promoting healthcare and eradicating malnutrition		Delhi; Chandigarh; Gurugram (Haryana); Bengaluru (Karnataka); Gautam Buddha Nagar /Noida (Uttar Pradesh)	0.76	No	H T Parekh Foundation	
4A	**Skilling & Livelihoods – Women focused Livelihoods** *Programmes for job-linked skilling & livelihood enhancement in rural and urban locations, focusing on women*	(ii) Employment enhancing vocational skills, livelihood enhancement projects especially among women		Kamrup Metropolitan District/ Guwahati (Assam); Bengaluru (Karnataka); Howrah, Paschim Bardhaman (West Bengal)	0.83	No	H T Parekh Foundation	
4B	**Skilling & Livelihoods - Migrants Welfare** *Programmes for access to social security & entitlements, job link support & livelihood opportunities*	(ii) Promoting livelihood enhancement projects (iii) Measures for reducing inequalities faced by socially & economically backward groups		Ahmedabad, Surat (Gujarat); Mumbai (Maharashtra)	0.58	No	H T Parekh Foundation	
5A	**Environmental Sustainability** *Ecological restoration, waste management & clean energy projects*	(iv) Ensuring environmental sustainability		Kangra (Himachal Pradesh); Mumbai, Pune, Thane (Maharashtra)	1.75	No	H T Parekh Foundation	
5B	**Urban Sanitation** *Programmes for creating access to & improvement of sustainable sanitation services in urban public areas*	(i) Promoting sanitation		Tiruchirappalli (Tamil Nadu)	1.10	No	H T Parekh Foundation	

Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No) [Refer Note 1]	Location of the project	Amount spent for the project (₹ Crore)	Mode of implementation -Direct (Yes/No)	Mode of implementation- Through implementing agency	
				District (State)			Name	CSR Registration number [Refer Note 4]
6	**Supporting Persons with Disabilities (PwDs)** *Programmes focused on healthcare, education & livelihoods to improve quality of life for PwDs*	(i) Promoting healthcare, including preventive healthcare (ii) Promoting education including special education		Bengaluru (Karnataka); Delhi; Ernakulam (Kerala); Chennai (Tamil Nadu)	1.29	No	H T Parekh Foundation	
7	**Community Development - Senior citizen homes**	(iii) Setting up facilities for senior citizens		Chennai (Tamil Nadu)	0.41	No	H T Parekh Foundation	
	TOTAL				**98.29**			

d)	**Amount spent on Administrative Overheads**	**₹ 4.15 Crore**
e)	**Amount spent on Impact Assessment, if applicable**	**NA**
f)	**Total amount spent for the Financial Year (8b+8c+8d+8e)**	**₹ 189.82 Crore**
g)	**Excess amount for set off, if any**	**Nil**

Sr. No.	Particular	Amount (₹ Crore)
(i)	Two percent of average net profit of the company as per section 135(5)	169.21
(ii)	Unspent CSR of FY 2015-16 carried forward & spent in the current year	20.06
(iii)	Total amount spent for the Financial Year	189.82
(iv)	Excess amount spent for the financial year [(iii)-(ii)-(i)]	0.55
(v)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
(vi)	Amount available for set off in succeeding financial years	0.55

Notes :

1 The Head office of the Corporation is located in Mumbai and its business is conducted across India through 387 branches and service centers. In line with this, the Corporation's CSR projects are also undertaken across the country.

2 Amount allocated towards the project for FY 2020-21 only.

3 The Corporation has fulfilled its entire CSR obligation for FY 2020-21 (including carry forward of unspent CSR of FY 2015-16), on both ongoing and other than ongoing projects. Accordingly, no amount has been transferred to the Unspent CSR account.

4 CSR Registration number is mandatory from April 1, 2021 (FY 2021-22). The CSR Registration number of the Corporation's key implementing agency, H T Parekh Foundation is CSR00000821.

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

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135(6) (₹ Crore)	Amount spent in the reporting Financial Year (₹ Crore)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (₹ Crore)
				Name of the Fund	Amount	Date of transfer	
1.	2019-20	NA	NA	NA	NA	NA	NA
	TOTAL						

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

Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (₹ Crore)	Amount spent on the project in the reporting Financial Year (₹ Crore)	Cumulative amount spent at the end of reporting Financial Year (₹ Crore)	Status of the project- Completed/ Ongoing
1A	-	Education - Higher Education & Research	2019-20	Upto 18 months	52.03	21.18	48.03	Ongoing
1B	-	Education - Foundational Learning	2019-20	Upto 24 months	2.80	1.40	2.80	Ongoing *
1C	-	Education - Career Readiness & Lifeskills	2019-20	Upto 21 months	2.45	0.51	1.72	Ongoing
2A	-	Healthcare – Nutrition	2019-20	Upto 24 months	2.19	0.87	2.19	Ongoing *
2B	-	Healthcare - Paediatric Surgeries	2019-20	Upto 24 months	2.05	0.63	2.05	Completed
2C	-	Healthcare - Cancer Support	2019-20	Upto 24 months	1.50	0.25	1.25	Ongoing
2D	-	Healthcare – Eyecare	2019-20	Upto 20 months	0.90	0.55	0.90	Ongoing *
3	-	Skilling & Livelihoods – Women focused Livelihoods	2019-20	Upto 22 months	6.50	1.75	5.75	Ongoing
4	-	Urban Sanitation	2019-20	Upto 12 months	2.25	1.10	2.25	Completed
5	-	Environmental Sustainability	2019-20	Upto 24 months	6.30	2.28	6.30	Ongoing *
6	-	Promotion of the Arts & Heritage restoration	2019-20	Upto 27 months	1.25	0.30	0.90	Ongoing
	TOTAL				**80.22**	**30.82**	**74.14**	

* Funds for the project have been fully disbursed, and project is expected to be completed in FY 2021-22.

10. **Details relating to the assets created or acquired through CSR spent in the financial year**

Date of creation or acquisition of the capital asset(s)	Details of the capital asset(s) created or acquired	Amount of CSR spent for creation or acquisition of capital asset (₹ Crore) [Refer Note 5]	Details of the entity or public authority or beneficiary under whose name the capital asset is registered
15 March 2021	**Asset description:** An advanced CT scan machine - Siemens CT Scanner – Somatom go.Now **Address:** Cachar Cancer Hospital and Research Centre, Meherpur, Silchar-788015, Cachar, Assam	2.20	The CACHAR Cancer Hospital Society
	Asset description: Medical equipment for cancer diagnosis and treatment	2.01	Tata Memorial Centre
13 November 2020	1) Elisa Reader & Washer Automated- Tecan Freedom Evo 75		
19 March 2021	2) Immobilization Device - Orfit Immobilization Device		
31 March 2021	3) CO2 Laser - Lumenis CO2 Laser- Acupulse Duo **Address:** Tata Memorial Hospital, Dr. E Borges Road, Parel, Mumbai - 400 012		

Date of creation or acquisition of the capital asset(s)	Details of the capital asset(s) created or acquired	Amount of CSR spent for creation or acquisition of capital asset (₹ Crore) [Refer Note 5]	Details of the entity or public authority or beneficiary under whose name the capital asset is registered
24 September 2020	**Asset description:** 3 ventilators for COVID-19 treatment - GE Carescape R860 **Address:** Assam Rifles Composite Hospital, Sukhovi, Dimapur, Nagaland 797115	0.62	Assam Rifles
27 February 2021	**Description:** Mobile medical van with basic medical equipment – Maruti Ertiga Smart Hybrid ZXI **Address:** No. 1, Kalluri Salai, Koluthuvanchery Pariniputhur, Chennai - 600 122	0.12	Little Drops Home for the Aged Destitute
Total		**4.95**	

Note 5: Details provided for assets where the creation/acquisition has been completed as on March 31, 2021. Additionally, ₹ 39.46 Crore has been spent during the year for assets presently under construction as on March 31, 2021, and will be disclosed in the subsequent financial year, once completed.

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

Not Applicable

For Housing Development Finance Corporation Limited

MUMBAI
May 07, 2021

KEKI M. MISTRY
Vice Chairman & CEO

DEEPAK S. PAREKH
Chairman - CSR Committee

Annex to Directors' Report - 4

FORM NO. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

[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,

Housing Development Finance Corporation Limited
HDFC House, H T Parekh Marg, 165-166, Backbay Reclamation,
Churchgate, Mumbai-400 020

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

Based on our verification of the Corporation's books, papers, minute books, forms and returns filed and other records maintained by the Corporation, to the extent the information provided by the Corporation, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Corporation has, during the period under review covering the financial year ended on March 31, 2021 ("the Audit Period"), generally complied with the statutory provisions listed hereunder and also that the Corporation 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 records which include books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Corporation for the Audit Period according to the provisions of:

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

(ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

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

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

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

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

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

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

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

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

(g) The Securities and Exchange Board of India (Listing Obligations and

Disclosure Requirements) Regulations, 2015;

(h) The Securities and Exchange Board of India (Intermediaries) Regulations, 2008;

(i) The Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to the obligations of Issuer Company);

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

1. National Housing Bank Act, 1987;

2. The Housing Finance Companies (NHB) Directions, 2010;

3. Guidelines on Know your Customer and Anti-Money Laundering Measures;

4. Returns to be submitted by Housing Finance Companies;

5. Guidelines for Asset Liability Management System in Housing Finance Companies;

6. Housing Finance Companies-Issuance of Non-convertible Debentures on private placement basis (NHB) Directions, 2014;

7. Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016;

8. Housing Finance Companies - Auditor's Report (National Housing Bank) Directions, 2016;

9. Guidelines on Fair Practices Code for Housing Finance Companies;

10. Guidelines on Reporting and Monitoring of Frauds in Housing Finance Companies;

11. Information Technology Framework for HFCs – Guidelines;

12. Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2018;

13. Pension Fund Regulatory and Development Authority (Redressal of Subscriber Grievance) Regulations, 2015;

14. SEBI Circular on strengthening the Guidelines and Raising Industry standards for RTA, Issuer Companies and Banker to an Issue;

15. RBI Commercial Paper Directions, 2017 w.r.t. issue of commercial papers and applicable operating guidelines issued by FIMMDA (Fixed Income Money Market and Derivatives Association of India); and

16. Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.

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

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

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

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

We report that:

During the period under review, the National Housing Bank levied a penalty of ₹ 1,50,000 for non-compliance of two provisions of paragraph 2(1)(zc)(ii) and paragraph 2(1)(v)(x) of the Housing Finance Companies (NHB) Directions, 2010, the said penalty was paid on October 8, 2020.

We further report that:

The Board of Directors of the Corporation is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors was on account of re-appointment of managing director and executive director of the Corporation that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Decisions at the Board Meetings were taken unanimously.

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

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

1. Issue of 1,50,77,063 equity shares under the Employee Stock Option Scheme (ESOS 2011/2014/2017) to its employees and executive directors;

2. Issue of 4,61,500 Secured Redeemable Non-convertible Debentures aggregating to an amount of ₹ 46,150 crore;

3. The Corporation has issued and allotted through Qualified Institutions Placement basis:

a. 5,68,18,181 equity shares of ₹ 2 each at an issue price of ₹ 1,760 per equity share (including a premium of ₹ 1,758 per equity share), aggregating ₹ 10,000 crore;

b. 1,70,57,400 Warrants at an issue price of ₹ 180 per Warrant ("Warrant Issue Price"), aggregating to ₹ 307 crore; and with a right exercisable by the Warrant holder to exchange each Warrant for one equity share of ₹ 2 each of the Corporation, any time before the expiry of a period of 36 months from the date of its allotment, at an exercise price of ₹ 2,165 per Warrant ("Warrant Exercise Price"); and

c. 36,930 Secured Redeemable Non-convertible Debentures at par having a tenor of 3 years, carrying a coupon rate of 5.40% payable annually, aggregating to ₹ 3,693 crore.

4. The Corporation redeemed Secured Redeemable Non-convertible Debentures aggregating to ₹ 41,294 crore; and

5. Commercial Papers aggregating ₹ 55,570 crore were issued during the period under review and Commercial Papers aggregating ₹ 53,925 crore redeemed on the maturity date.

For **Parikh & Associates**
Company Secretaries

P. N. Parikh
Partner
FCS No.: 327
CP No.: 1228
UDIN:F000327C000185303

MUMBAI
April 27, 2021

Annexure 'A'

To,
The Members,
Housing Development Finance Corporation Limited

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

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

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

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Corporation.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Corporation nor of the efficacy or effectiveness with which the management has conducted the affairs of the Corporation.

For **Parikh & Associates**
Company Secretaries

P. N. Parikh
Partner
FCS No.: 327
CP No.: 1228
UDIN:F000327C000185303

MUMBAI
April 27, 2021

Annex to Directors' Report - 5

SECRETARIAL COMPLIANCE REPORT

SECRETARIAL COMPLIANCE REPORT OF HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED FOR THE YEAR ENDED MARCH 31, 2021

To,
The Board of Directors,
Housing Development Finance Corporation Limited
HDFC House, H. T. Parekh Marg,
165-166, Backbay Reclamation,
Churchgate, Mumbai - 400 020

We have examined:

(a) all the documents and records made available to us and explanation provided by Housing Development Finance Corporation Limited ("the listed entity"),

(b) the filings/submissions made by the listed entity to the stock exchanges,

(c) website of the listed entity,

(d) any other document/filing, as may be relevant, which has been relied upon to make this certification, for the year ended March 31, 2021 ("Review Period") in respect of compliance with the provisions of:

  (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

  (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations as amended from time to time, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:-

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

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

(f) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(g) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

(h) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

(i) Securities and Exchange Board of India (Intermediaries) Regulations, 2008;

(j) Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to the obligations of Issuer Company);

and circulars/guidelines issued thereunder;

and based on the above examination and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, We hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/guidelines issued thereunder, except in respect of matters specified below:-

Sr. No.	Compliance Requirement (Regulations/circulars/ guidelines including specific clause)	Deviations	Observations/Remarks of the Practicing Company Secretary
NIL			

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from our examination of those records.

(c) The following are the details of actions taken against the listed entity/*(the listed entity does not have an identifiable promoter)*/directors/material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/Regulations and circulars/guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/remarks of the Practicing Company Secretary, if any.
NIL				

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
NONE				

For **Parikh & Associates**
Company Secretaries

P. N. PARIKH
Partner
FCS No.: 327
CP No.: 1228
UDIN: F000327C000185347

MUMBAI
April 27, 2021

Certificate of Non-Disqualification of Directors

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[pursuant to Regulation 34(3) and Schedule V Para-C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members of
Housing Development Finance Corporation Limited
Ramon House, 169, Backbay Reclamation,
H.T. Parekh Marg, Churchgate,
Mumbai - 400 020

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Housing Development Finance Corporation Limited having CIN L70100MH1977PLC019916 and having registered office at Ramon House, 169, Backbay Reclamation, H. T. Parekh Marg, Churchgate, Mumbai- 400 020 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause (10)(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

It is the responsibility of Directors to submit relevant documents with complete and accurate information in accordance with the provisions of the Companies Act, 2013.

Our responsibility is to express an opinion on these based on our verification.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN
1.	Deepak Shantilal Parekh	00009078
2.	Nasser Mukhtar Munjee	00010180
3.	Jamshed Jiji Irani	00311104
4.	Upendra Kumar Sinha	00010336
5.	Jalaj Ashwin Dani	00019080
6.	Bhaskar Ghosh	06656458
7.	Ireena Vittal	05195656
8.	Vedanthachari Srinivasa Rangan	00030248
9.	Renu Sud Karnad	00008064
10.	Keki Minoo Mistry	00008886

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **N. L. Bhatia & Associates**
Practicing Company Secretaries
UIN: P1996MH055800
UDIN: F008663C000162036

Bhaskar Upadhyay
(Partner)
FCS: 8663
CP No.: 9625

MUMBAI
April 23, 2021

Compliance Certificate on Corporate Governance

TO THE MEMBERS OF HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

We have examined the compliance of conditions of Corporate Governance by Housing Development Finance Corporation Limited ("the Corporation") for the year ended on 31st March, 2021, as stipulated in chapter IV of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Corporation for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Corporation.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Corporation has complied with the conditions of Corporate Governance as specified in chapter IV of the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Corporation nor the efficiency or effectiveness with which the Management has conducted the affairs of the Corporation.

For **Bhandari & Associates**
Company Secretaries
Firm Registration No.: P1981MH043700

S. N. Bhandari
Partner
FCS No.: 761
CP No.: 366
UDIN: F000761C000209112

MUMBAI
April 29, 2021

Report of the Directors on Corporate Governance

The COVID-19 pandemic created profound challenges for boards across the world. Organisations were tested on their risk management practices and whether their boards were ably equipped to identify and adequately respond to risks. Several boards had to re-examine their assumptions in their risk management frameworks in order to strengthen their organisation's preparedness for unforeseen risks.

Organisations that follow robust corporate governance practices have been able to weather the crisis more effectively. The quality of governance has been a differentiator during the crisis and will remain so in a post pandemic environment.

Boards have had to address several factors during this period of unprecedented uncertainty. These included managing investor expectations by frequently communicating with them, explaining the impact of the crisis on the organisation and steps being taken to address the challenges. Additional critical factors included reviewing their respective organisation's succession planning processes, evaluating executive compensation plans, health and safety of its staff and support functions and austerity measures to tide the crisis, heightened board oversight on cyber security and re-examining the overall business continuity plan.

There are now a number of emerging corporate governance trends that will impact boards over the long-run. Greater focus on climate risk, social impact of the business, human capital management including employee welfare, gender and racial diversity and shareholder activism have taken precedence.

Recognising the critical role being played by the board of directors, the Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI) initiated steps to decriminalise a number of offences under the Companies Act, 2013 in case of defaults, but not involving frauds. Such salutary steps go a long way in establishing confidence, especially amongst independent directors.

Philosophy on Corporate Governance

The Corporation has consistently focused on governance practices that meet the highest ethical standards, prudency and long-term growth irrespective of business cycles. Since inception the Corporation has emphasised on a robust risk management framework that is intricately linked to resilience and crisis preparedness. The board takes cognisance of the Corporation's risk appetite and ensures its integration with the overall strategy.

The board acts as the stewardship body of the Corporation and has brought in its diverse experience to guide the Corporation during the height of the COVID-19 pandemic. The directors' deep industry knowledge aided the Corporation in addressing various issues such as economic uncertainty, regulatory changes, digitalisation, market volatility and cyber security threats.

The Corporation assesses itself on financial and non-financial parameters, including environmental, social and governance (ESG) factors. The Corporation's focus on ESG parameters and commitment to build a sustainable ecosystem for housing in India is best reflected in its core values imbibed in all spheres and activities. Thus, HDFC's philosophy is to encompass all its stakeholders and proactively engage with all the constituents, including shareholders, investors, regulators, customers, employees, channel partners and the surrounding community.

The Corporation was adjudged as the 'Best Company of the Year' at the Economic Times Award for 2020. The Corporation was also conferred with the 'Golden Peacock Award for Excellence in Corporate Governance' for the year 2020 by the Institute of Directors. During the year, the Corporation was awarded the 'Best Audit Committee Award – 2019' at the 7th Asia Business Responsibility E-Summit by the Asian Centre for Corporate Governance & Sustainability.

The Corporation has complied with the applicable provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the corporate governance directions issued by National Housing Bank/Reserve Bank of India, as applicable.

Board of Directors

Composition

The Board of Directors comprises 10 members. There are 7 non-executive directors including the Chairman of the Corporation. The three whole-time directors include the Vice-Chairman & Chief Executive Officer (CEO), the Managing Director and the Executive Director & Chief Financial Officer (CFO). Of the 7 non-executive directors, 6 are independent directors. The composition of the board is in conformity with the Listing Regulations and Companies Act, 2013.

The role of the chairperson and the CEO are distinct and separate.

In the opinion of the board, the independent directors continue to fulfil the criteria prescribed for an independent director as stipulated in Regulation 16(1)(b) of the Listing Regulations and Section 149(6) of the Companies Act, 2013 and are independent of the management of the Corporation.

All the directors of the Corporation have confirmed that they are not debarred from holding the office of director by virtue of any order by SEBI or any other authority. The directors have ascertained that neither they nor any other company on which they serve as directors have been identified as a wilful defaulter. All the directors of the Corporation have confirmed that they satisfy the fit and proper criteria as prescribed under the applicable regulations and none of the directors are related to each other.

Brief profiles of the directors, along with their directorships in other Indian listed companies are set out elsewhere in the annual report.

Details of the Board of Directors in terms of their directorships/memberships in committees of public companies as at the date of this report are as under:

Sr. No.	Name of Director	Age	Category	Number of Directorships[1]			Of which Number of committees[2]	
				HDFC & its Group Companies	Other Companies	Total	Member	Chairperson
1	Mr. Deepak S. Parekh (Chairman)	76	Non-Executive Non-Independent	4	2	6	2	-
2	Dr. J. J. Irani	84	Independent	1	-	1	1	1
3	Mr. Nasser Munjee	68	Independent	1	7	8	4	2
4	Mr. U. K. Sinha	69	Independent	1	3	4	5	3
5	Mr. Jalaj Dani	51	Independent	1	4	5	4	2
6	Dr. Bhaskar Ghosh	61	Independent	1	-	1	1	-
7	Ms. Ireena Vittal	52	Independent	1	2	3	3	-
8	Mr. V. Srinivasa Rangan (Executive Director)	61	Whole-Time	6	3	9	6	-
9	Ms. Renu Sud Karnad (Managing Director)	68	Whole-Time	5	4	9	9	3
10	Mr. Keki M. Mistry (Vice Chairman & CEO)	66	Whole-Time	4	2	6	7	2

[1] *Excludes directorships in private companies, foreign companies, companies under Section 8 of the Companies Act, 2013, Partnership Firms, LLP, HUF, Sole Proprietorship and Association of Individuals (Trust, Society).*

[2] *Includes Audit Committee and Stakeholders Relationship Committee in all public limited companies.*

The number of directorships held by all directors as well as their membership/chairmanship in committees is within the prescribed limits under the Companies Act, 2013 and Listing Regulations.

Responsibilities of the Board

The Board of Directors represents the interests of the Corporation's stakeholders in optimising long-term value by providing the management with guidance and strategic direction. The board's mandate is to oversee the Corporation's strategic direction, review corporate performance, maintain highest ethical standards of governance, assess the adequacy of risk management and mitigation measures, evaluate internal financial controls, authorise and monitor strategic investments, facilitate and review board and senior management succession planning and oversee regulatory compliance and corporate social responsibility activities.

The responsibilities of the board also include ensuring that the Corporation is transparent in all its dealings with its stakeholders, overseeing the effectiveness of key executives of the Corporation and aligning the remuneration policy with the long-term interests of the Corporation and its stakeholders.

Directors are expected to attend all the board/committee meetings. The Corporation schedules the meetings well in advance and provides necessary assistance to enable the directors to participate in the said meetings, either in person or through audio-visual means.

The Corporation has an appropriate directors' & officers' liability insurance policy, which provides indemnity to its directors and all employees in respect of liabilities incurred as a result of their office.

All board members ensure that their work in other capacities does not impinge on their fiduciary responsibilities as directors of the Corporation.

Board Expertise and Attributes

The board comprises directors that bring a wide range of skills, expertise and experience which enhances overall board effectiveness.

The Nomination and Remuneration Committee of Directors assesses and recommends to the board, core skill sets required by directors to enable the board to perform its oversight function effectively. These span across parameters such as industry experience, technical/strategic competencies, behavioural and personal attributes and other skills.

The Nomination and Remuneration Committee had identified the skills/expertise (see table below) required by the directors of the Corporation, keeping in mind the business requirements. These are periodically re-assessed to meet evolving changes and requirements of the Corporation.

The Corporation has mapped the skills possessed by the directors vis-à-vis those identified, based on the information provided by the directors. A tabular representation of the same is as below:

Skill Areas	Mr. Deepak S. Parekh	Dr. J. J. Irani	Mr. Nasser Munjee	Mr. U. K. Sinha	Mr. Jalaj Dani	Dr. Bhaskar Ghosh	Ms. Ireena Vittal	Mr. V. Srinivasa Rangan	Ms. Renu Sud Karnad	Mr. Keki M. Mistry
Industry experience	✓		✓		✓			✓	✓	✓
Leadership and strategic planning	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Financial expertise	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Business operations	✓		✓		✓			✓	✓	✓
Consumer behaviour, sales & marketing	✓	✓			✓	✓	✓		✓	✓

Skill Areas	Mr. Deepak S. Parekh	Dr. J. J. Irani	Mr. Nasser Munjee	Mr. U. K. Sinha	Mr. Jalaj Dani	Dr. Bhaskar Ghosh	Ms. Ireena Vittal	Mr. V. Srinivasa Rangan	Ms. Renu Sud Karnad	Mr. Keki M. Mistry
Information Technology & cyber security	✓				✓	✓			✓	
Corporate governance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Risk management	✓		✓	✓	✓	✓		✓	✓	✓
Legal and regulatory compliance	✓			✓				✓	✓	
Public policy development experiences	✓	✓		✓			✓			✓

Role of Independent Directors

Independent directors play a key role in the decision-making process of the board as they approve the overall strategy of the Corporation and oversee performance of the management. The independent directors are committed to acting in what they believe is in the best interest of the Corporation and its stakeholders.

The independent directors bring to the Corporation a wide range of experience, knowledge and judgment as they draw on their varied proficiencies. Consequently, the independent directors bring in their external perspectives and past experiences by providing valuable insights, which are unbiased and objective. All independent directors have committed and allocated sufficient time to perform their duties effectively.

Role of Executive Directors

Mr. Keki M. Mistry, Vice Chairman & CEO, Ms. Renu Sud Karnad, Managing Director and Mr. V. Srinivasa Rangan, Executive Director are responsible for the day-to-day administration and operations of the Corporation.

Mr. Mistry is responsible for the overall functioning of the Corporation, its business strategy, including the strategy on investments in the Corporation's group companies and liaisoning with investors.

Ms. Renu Sud Karnad is responsible for the lending operations of the Corporation, both individual and non-individual. She also oversees the functions of human resources, communication and brand strategy. She is the whole-time director charged with the responsibility of the Corporation's IT strategy and cyber security.

Mr. V. Srinivasa Rangan is the CFO of the Corporation and is responsible for mobilisation of funds for the Corporation, investments, asset liability management and financial accounts. He is the director in charge of business responsibility.

Appointment of Independent Directors

The Corporation has a board approved policy on Appointment of Directors and Members of Senior Management and a policy on Fit and Proper Criteria for Directors, based on which an existing director whose appointment is intended to be continued and a new director proposed to be appointed is evaluated.

The Corporation recognises the importance of a diverse board which leverages different perspectives, knowledge, experience and expertise, which would help the Corporation retain its competitive advantage. Accordingly, the Corporation has a board approved Policy on Board Diversity which provides a framework that sets the standards for a diversified board.

The said policies are available on the Corporation's website, *www.hdfc.com.*

The Nomination and Remuneration Committee of Directors recommends and the board approves the appointment/ re-appointment of independent directors. The process for re-appointment of independent directors entails a detailed evaluation of the contributions made by the existing directors. New directors are inducted after assessing skill requirements of the board and identifying areas of expertise which would be beneficial for the Corporation.

The terms and conditions of appointment of the independent directors, along with a sample letter have been placed on the Corporation's website.

Familiarisation Programme

The Corporation conducts familiarisation programmes for its directors from time to time. The familiarisation programme ensures that the non-executive directors are updated on the business and regulatory environment and the overall operations of the Corporation. This enables the non-executive directors to make better informed decisions in the interest of the Corporation and its stakeholders.

The Corporation also provides directors with a reference manual periodically which *inter alia* covers a brief about the Corporation, its subsidiaries and key associate companies, products and services offered, the roles, functions, powers and duties of the directors, the detailed charter of various committees, the disclosures/declarations to be submitted by directors and list of various policies/codes adopted by the Corporation. The board also meets with the CEOs and senior management of key subsidiary companies and is briefed on the performance of these companies. A monthly compendium containing updates about the Corporation and its subsidiary and associate companies, synopsis of relevant regulatory changes and case laws is circulated to all the directors for their ready reference.

The Corporation provided regular written updates to the board, detailing the impact of the COVID-19 pandemic on the operations of the Corporation and the mitigation measures taken by the Corporation from time to time.

An overview of the familiarisation programme during the year has been placed on the Corporation's website.

Board Meetings

The meetings of the Board of Directors are normally held at the Corporation's corporate office in Mumbai. Meetings are generally scheduled well in advance and the notice of each board meeting is given in writing to each director. The board meets at least once a quarter to review the quarterly performance and financial results of the Corporation. Members of the board are free to convene a board meeting at any time and shall inform the company secretary regarding the same. In case of a special and urgent business need, board approval is taken by passing resolutions by circulation as permitted by law, which is noted and confirmed at the subsequent board meeting. The members of the board are expected to attend all the board meetings, unless there are any unavoidable circumstances. During the year, in view of the COVID-19 pandemic, all outstation directors participated in the meetings through audio-visual means in accordance with the relaxations granted by the MCA.

The company secretary in consultation with the Chairman and the whole-time directors prepares a detailed agenda for the meetings. The board is provided with the relevant information as stipulated in the Listing Regulations. The board members have access to all information of the Corporation. The board papers, agenda and explanatory notes are circulated to the directors well in advance and are also made available on a digital platform. The members of the board are free to recommend inclusion of any matter in the agenda for discussion. The Chairman moderates the overall discussion to arrive at a conclusive and consensus opinion and also summarises the discussions to ensure that decisions taken are appropriately recorded.

Senior management is invited to attend the board meetings so as to provide additional inputs on the matters being discussed by the board. At the board meetings, the whole-time directors and senior management make presentations on various matters including the financial results, operations, risk management, liquidity, asset liability management, the economic and regulatory environment, customer grievance redressal mechanism or any other matter which the board needs to be apprised of.

The minutes of each board meetings are finalised and recorded in the minutes book.

Post the board meetings, the Corporation has a system of communication and follow-up on actions taken by the management as suggested by the board and the same is updated to the board at its subsequent meetings or earlier if necessary.

During the year under review, the board met seven times. The meetings were held on May 25, 2020, June 8, 2020, July 30, 2020, November 2, 2020, December 24, 2020, February 2, 2021 and March 22, 2021. The Corporation endeavours that the gap between the approval of financial results by the Audit and Governance Committee and the board is kept to minimum, as required under the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015. The attendance of the directors at the above-mentioned board meetings and the 43rd Annual General Meeting (AGM) held on July 30, 2020, along with the sitting fees paid to them are listed below:

Directors	Board meetings			Attendance at the 43rd AGM
	Number of meetings attended	% of meetings attended	Sitting fees paid (₹)	
Mr. Deepak S. Parekh (Chairman)	7	100%	7,00,000	Yes
Mr. Nasser Munjee	7	100%	7,00,000	Yes
Dr. J. J. Irani	7	100%	7,00,000	Yes
Mr. U. K. Sinha	7	100%	7,00,000	Yes
Mr. Jalaj Dani	7	100%	7,00,000	Yes
Dr. Bhaskar Ghosh	7	100%	7,00,000	Yes
Ms. Ireena Vittal	7	100%	7,00,000	Yes
Mr. V. Srinivasa Rangan (Executive Director)	7	100%	-	Yes
Ms. Renu Sud Karnad (Managing Director)	7	100%	-	Yes
Mr. Keki M. Mistry (Vice Chairman & CEO)	7	100%	-	Yes

The board met on May 7, 2021, to *inter alia* approve the audited annual financial results of the Corporation and the audited consolidated financial results for the year ended March 31, 2021.

Committees of the Board

To enable better and more focused attention on the affairs of the Corporation, the board delegates particular matters to committees of the board set up for the purpose. These committees prepare the groundwork for decision-making and report the same to the board at the subsequent meetings. There have been no instances wherein the board has not accepted the recommendations of any committee.

During the year under review, the board constituted a committee of directors to consider, review and approve raising of capital on a Qualified Institutions Placement (QIP) basis. The issue was completed in August 2020.

The composition and functioning of these board committees is in compliance with the applicable provisions of the Companies Act, 2013, Listing Regulations and the corporate governance directions issued by National Housing Bank/ Reserve Bank of India, as applicable.

Current Board Committees and their Composition

Directors	Committees					
	Audit & Governance	Nomination & Remuneration	Stakeholders Relationship	Risk Management[1]	IT Strategy[1]	Corporate Social Responsibility
Mr. Deepak S. Parekh						C
Dr. J. J. Irani		C	C			
Mr. Nasser Munjee	M	M		C		
Mr. U. K. Sinha		M				
Mr. Jalaj Dani	C		M		M	M
Dr. Bhaskar Ghosh	M			M	C	
Ms. Ireena Vittal	M	M				
Mr. V. Srinivasa Rangan			M	M		M
Ms. Renu Sud Karnad				M	M	M
Mr. Keki M. Mistry				M		M

***C:** Chairperson **M:** Member*

[1] *Also comprises senior executives of the Corporation.*

Audit and Governance Committee

The Audit and Governance Committee solely comprises independent directors namely, Mr. Jalaj Dani (Chairman), Mr. Nasser Munjee, Dr. Bhaskar Ghosh and Ms. Ireena Vittal.

All the members of the committee have accounting and financial management expertise. The quorum for the meeting of the committee is two members. The company secretary is the secretary to the committee.

The terms of reference of the committee includes overseeing the Corporation's financial reporting process, disclosures of financial information, reviewing of governance practices and financial performance of the unlisted subsidiaries of the Corporation. The committee reviews the financial results prior to recommending the same to the board for its approval.

The committee recommends to the board, the appointment or re-appointment of the statutory auditors and internal auditors of the Corporation and their remuneration. The committee and auditors discuss the nature and scope of the audit prior to the commencement of the audit and areas of concern, if any, arising post audit. In addition, the committee approves payment of fees for other services rendered by the statutory auditors. The committee annually reviews with the management the performance of statutory and internal auditors of the Corporation to ensure that an objective, professional and cost-effective relationship is being maintained. The committee also annually reviews the continued eligibility and independence of the statutory auditors.

The committee's functions include reviewing the information systems audit, adequacy of the internal audit function, its structure, reporting process, audit coverage and frequency of internal audits, periodical review of the internal audit reports on compliances pertaining to Know Your Customer (KYC) norms, internal controls and other compliances, reviewing the findings of any internal investigation by the internal auditors in matters relating to suspected fraud or irregularity or failure of internal control systems of material nature and report the same to the board, oversee the vigil/whistle blower mechanism, reviewing the compliances with the guidelines on reporting and monitoring of frauds, evaluation of internal financial controls and risk management systems adopted by the Corporation and the going concern assessment on account of the COVID-19 pandemic.

The committee is also responsible for reviewing the utilisation of investments made by the Corporation and loans given by the Corporation to its subsidiary companies. It also reviews the investments made by unlisted subsidiaries on a quarterly basis.

The committee grants approval for transactions to be entered into by the Corporation with its related parties in terms of the policy on Related Party Transactions of the Corporation and the pricing policy and reviews all such transactions on a quarterly basis.

The committee reviews compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (Insider Trading Regulations) and verifies that the systems for internal control are adequate and operating effectively. The committee is also entrusted with the responsibility of reviewing instances of non-compliances with the Insider Trading Regulations and the HDFC Securities Dealing Code, if any.

The committee also reviews the reports of the internal and statutory auditors and ensures that adequate follow-up action is taken by the management on observations and recommendations made by the respective auditors.

The statutory auditors and internal auditors of the Corporation perform independent reviews of the ongoing effectiveness of the internal checks and balances put in place by the Corporation for its operations and records, as part of the audit process.

The CEOs and other senior executives of the subsidiaries of the Corporation are invited to make presentations on various matters related to the performance of their respective companies including financial results, operational highlights, risk management and governance framework.

During the year, the committee *inter alia* reviewed the statement of uses/application of funds raised by issuance of securities on QIP and private placement basis, management of assets and liabilities of the Corporation, process for undertaking transactions with related parties including the pricing policy, statement of related party transactions, risk profile of the Corporation, status of compliances with the KYC and Prevention of Money Laundering Policy, Fair Practices Code and complaints received and redressed under the Whistle Blower Policy of the Corporation. The committee on a quarterly basis also reviewed the frauds that were reported to the regulatory authorities and update on frauds that were reported earlier. The committee reviewed the investments made by the unlisted subsidiary companies of the Corporation and their audited annual financial statements and other matters as mandated under Section 177 of the Companies Act, 2013 and Regulation 18(3) of the Listing Regulations. The committee also reviewed the functioning including governance at certain subsidiaries of the Corporation.

The Audit and Governance Committee separately met the statutory auditors to discuss audit related matters and the adequacy of financial controls. During the year, the credit rating agencies which rate the Corporation's instruments, met the Chairman of the Audit and Governance Committee to *inter alia* discuss matters relating to related party transactions, internal financial controls and material disclosures made by the Corporation.

The Committee on a quarterly basis discusses and reviews with the statutory auditors of the Corporation, the key highlights of the limited review of the unaudited financial results of the Corporation before recommending the same to the board for its approval.

During the year under review, the committee met six times. The meetings were held on May 25, 2020, July 30, 2020, November 2, 2020, December 24, 2020, February 2, 2021 and March 22, 2021. The Chairman of the committee was present at the 43rd AGM to answer shareholder queries.

The statutory and secretarial auditors of the Corporation were also present at said AGM to answer shareholder queries.

The details of the attendance of the members of the committee along with sitting fees paid are listed below:

Members	**Number of meetings attended**	**% of attendance**	**Sitting fees paid (₹)**
Mr. Jalaj Dani (Chairman)	6	100%	6,00,000
Mr. Nasser Munjee	6	100%	6,00,000
Dr. Bhaskar Ghosh	6	100%	6,00,000
Ms. Ireena Vittal	6	100%	6,00,000

The committee met on May 7, 2021 to *inter alia* review the audited annual financial results of the Corporation and the audited consolidated financial results for the year ended March 31, 2021 and recommended the same to the board for its approval.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee solely comprises independent directors. The present members of the committee are Dr. J. J. Irani (Chairman), Mr. Nasser Munjee, Mr. U. K. Sinha and Ms. Ireena Vittal.

The terms of reference of the committee *inter alia* include formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board a policy relating to the remuneration of the directors, key managerial personnel, senior management and other employees of the Corporation as well as a policy on board diversity. The committee formulates the criteria for evaluation of the Chairman, independent directors, executive directors, the board as a whole and board committees.

The committee's function includes identifying persons who are qualified to become directors of the Corporation, recommending their appointment or re-appointment of the existing directors to the board, ensuring that such persons meet the relevant criteria prescribed under applicable laws including qualification, area of expertise and experience, track record and integrity. The committee is entrusted with reviewing and approving the remuneration payable to the executive directors of the Corporation within the overall limits as approved by the shareholders and commission payable to the Chairman of the Corporation. The committee also recommends to the board, payment of all forms of remuneration to senior management of the Corporation.

The committee's terms of reference also include formulation and administration of the employees stock option schemes, including granting of options to eligible employees and directors under these schemes. During the year, the committee approved the grant of stock options to eligible employees/whole-time directors of the Corporation under HDFC Employees Stock Option Scheme – 2020.

The committee was cognisant of the need to strike a judicious balance between compensating executive directors and senior management, whilst also being sensitive in meeting shareholder expectations on remuneration parameters. This was especially pertinent as management teams needed to demonstrate substantial qualities of leadership and resilience in navigating through these unprecedented times. Given the challenges arising from COVID-19 pandemic, which affected economies and businesses, the Nomination and Remuneration Committee and the Board of Directors decided against increments in the salary of employees and whole-time directors during FY21.

During the year under review, the committee met five times. The meetings were held on May 7, 2020, September 4, 2020, November 2, 2020, February 2, 2021 and March 22, 2021. The Chairman of the committee was present at the 43rd AGM to answer shareholder queries.

The details of the attendance of the members of the committee along with sitting fees paid are listed below:

Members	Number of meetings attended	% of attendance	Sitting fees paid (₹)
Dr. J. J. Irani (Chairman)	5	100%	5,00,000
Mr. Nasser Munjee	5	100%	5,00,000
Mr. U. K. Sinha	5	100%	5,00,000
Ms. Ireena Vittal	5	100%	5,00,000

Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises majority of independent directors. The present members of the committee are Dr. J. J. Irani (Chairman), Mr. Jalaj Dani and Mr. V. Srinivasa Rangan.

The terms of reference of the committee *inter alia* include reviewing mechanisms adopted by the Corporation to redress shareholder, depositor and debenture holder grievances, the status of litigations filed by/against shareholders of the Corporation, reviewing the internal/secretarial audit report and reviewing the initiatives taken to reduce the quantum of unclaimed dividends and effective exercise of voting by shareholders. The committee oversees adherence to service standards and standard operating procedures pertaining to investor services. The committee reviews the status of compliances with applicable corporate and securities laws.

During the year, the committee also reviewed various initiatives taken by the Corporation in ensuring timely receipt of the annual report by the shareholders and effective e-voting by shareholders which was done by way of sending reminders (through SMS and e-mails) prior to the commencement of e-voting period and also during the e-voting period.

During the year under review, the committee met four times. The meetings were held on June 20, 2020, August 6, 2020, October 30, 2020 and February 2, 2021.

The Chairman of the committee was present at the 43rd AGM to answer shareholder queries.

The details of the attendance of the members of the committee along with sitting fees paid are listed below:

Members	Number of meetings attended	% of attendance	Sitting fees paid (₹)
Dr. J. J. Irani (Chairman)	4	100%	4,00,000
Mr. Jalaj Dani	4	100%	4,00,000
Mr. V. Srinivasa Rangan	4	100%	-

Risk Management Committee

The Risk Management Committee (RMC) comprises majority of directors, which includes two independent directors, three whole-time directors and members of executive management. The committee is chaired by an independent director, Mr. Nasser Munjee.

Mr. Mathew Joseph, Member of Executive Management is the Chief Risk Officer (CRO) *inter alia* responsible for identifying, monitoring and overseeing risks, including potential risks to the Corporation and reporting of the same to RMC. Necessary measures have been put in place by the board to safeguard the independence of the CRO. The CRO has vetted all credit products (retail and wholesale) offered by the Corporation from the perspective of inherent and control risks. The CRO does not have any reporting relationship with business verticals of the Corporation or given any business targets.

The role of the RMC is to ensure that risks impacting the business of the Corporation are identified and appropriate measures are taken to mitigate the same. The Corporation has adopted an integrated risk management framework. The framework lays down the procedures for identification of risks, assessment of its impact on the business of the Corporation and the efficacy of the measures taken to mitigate the same. The risks are evaluated at an inherent and residual level, based on the impact of such risks and the likelihood of its occurrence.

During the year, the Corporation assessed and reviewed risks arising from the COVID-19 pandemic and the Corporation's response, especially related to employee well-being, business continuity and financial resilience. The RMC has put in place additional mitigation measures to respond to unforeseen crisis events and assess business continuity plans and fall back mechanisms. In addition, the RMC also evaluated and monitored technological and cyber security risks and ESG and climate related risks associated with the business of the Corporation and ensured that appropriate processes and systems are being put in place as mitigation measures.

The regional business heads and the functional heads of the Corporation are responsible for identifying, monitoring and periodically re-evaluating the risk profile of their respective region/function, which is then reviewed by the internal risk management committee.

The internal risk management committee comprising executive directors and members of senior management meets periodically. This committee is responsible to ensure that appropriate methodology, processes and systems are in place to monitor, identify and review risks associated with the business of the Corporation.

The internal risk management committee apprises the RMC on key risks associated with the business, its root causes and measures taken to mitigate the same. The RMC in turn apprises the Audit and Governance Committee and the board which endorses and approves the overall integrated risk management strategy of the Corporation.

In order to further improve and strengthen risk management and to ensure that emerging risks are adequately covered and the risk management framework and infrastructure is aligned with leading global practices and evolving regulatory requirements, the Corporation, appointed a leading consultancy firm to conduct a gap assessment and benchmarking of the existing risk management framework, risk organisation structure, coverage of risks relevant to the business, impact assessment of COVID-19 on the Corporation and provide recommendations on a roadmap for such implementation.

The Board of Directors and the Audit and Governance Committee of Directors reviewed the key risks associated with the business of the Corporation and the efficacy of the measures in place to mitigate the risks. The board was of the opinion that there were no key risks immediately foreseeable that could threaten the existence of the Corporation.

During the year under review, the RMC met twice on October 30, 2020 and March 20, 2021. The details of the attendance of the members of the committee along with sitting fees paid are listed below:

Members	Number of meetings attended	% of attendance	Sitting fees paid (₹)
Mr. Nasser Munjee (Chairman)	2	100%	2,00,000
Dr. Bhaskar Ghosh	1	50%	1,00,000
Mr. Keki M. Mistry	2	100%	-
Ms. Renu Sud Karnad	2	100%	-
Mr. V. Srinivasa Rangan	2	100%	-
Mr. Conrad D'Souza[1]	2	100%	-
Ms. Madhumita Ganguli[1]	2	100%	-
Mr. Suresh Menon[1]	1	50%	-

[1] Member of Executive Management.

Leave of absence was granted to Dr. Bhaskar Ghosh and Mr. Suresh Menon, who were unable to attend the meeting held on March 20, 2021.

Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) committee comprises the Chairman, one independent director and three whole-time directors of the Corporation. The present members are Mr. Deepak S. Parekh (Chairman), Mr. Jalaj Dani, Mr. Keki M. Mistry, Ms. Renu Sud Karnad and Mr. V. Srinivasa Rangan.

The terms of reference of the committee *inter alia* include formulation and implementation of CSR policy, approval of CSR activities, chalking out an annual action plan, recommending the amount of expenditure to be incurred on CSR activities to the board, approval of ongoing projects and review and approval of projects/programmes to be supported by the Corporation. Details of CSR activities is annexed to the Directors' Report.

During the year under review, the committee met thrice. The meetings were held on May 25, 2020, November 2, 2020 and March 20, 2021.

The details of the attendance of the members of the committee are listed below:

Members	Number of meetings attended	% of attendance
Mr. Deepak S. Parekh (Chairman)	3	100%
Mr. Jalaj Dani	3	100%
Mr. Keki M. Mistry	3	100%
Ms. Renu Sud Karnad	3	100%
Mr. V. Srinivasa Rangan	3	100%

The non-executive directors have waived receipt of sitting fees for attending the meetings of the CSR committee.

Detailed terms of reference of the above-mentioned committees are placed on the Corporation's website.

Information Technology (IT) Strategy Committee

The IT Strategy Committee comprises two independent directors, a whole-time director and few senior officials of the Corporation. The committee is chaired by an independent director, Dr. Bhaskar Ghosh. During the year, the Committee was re-constituted by inducting three senior officials of the Corporation as members.

Mr. R. Arivazhagan – Member of Executive Management is the Chief Information Technology Officer of the Corporation.

The terms of reference of the committee *inter alia* include approving the IT strategy and policy documents, assessing the implementation of the IT plan, reviewing IT investment requirements and overseeing the execution of IT related policies on governance, cyber and information security, business continuity and IT outsourcing.

During the year, the committee reviewed various initiatives taken by the Corporation on account of the COVID-19 pandemic which *inter alia* included ensuring sufficient safeguards were in place to facilitate work from home and ensure there was adequate awareness and training programmes for employees on customer privacy and cyber security. The committee also reviewed digitalisation initiatives undertaken by the Corporation for its deposit and lending operations. The committee also reviewed and assessed the need for upgrading systems where required.

The Corporation did not witness any instances of security breach during the year. The external agencies have assessed and confirmed that the security level checks put in place by the Corporation are appropriate. The Corporation has in place a cyber-risk insurance policy.

During the year under review, the Committee met thrice. The meetings were held on June 15, 2020, December 10, 2020 and January 29, 2021. The independent directors were paid ₹1,00,000 each as sitting fees per meeting.

Meeting of Independent Directors

The independent directors convene separate meetings to discuss various issues at their discretion without the presence of the management and the Chairman of the Corporation. The main objective of such meetings is for the independent directors to evaluate the performance of the Chairman, the whole-time directors and the overall performance of the board and its committees.

The meeting of independent directors was held on March 22, 2021. Mr. U. K. Sinha was appointed Chairman for the meeting. All the independent directors participated in the meeting and were paid sitting fees of ₹1,00,000 each.

At the meeting, apart from conducting performance evaluation, the independent directors assessed the quality, quantity and timeliness of the flow of information between the Corporation's management and the board and expressed its satisfaction on the same.

Remuneration Policy

The remuneration policy, including the criteria for remunerating non-executive directors and whole-time directors is recommended by the Nomination and Remuneration Committee and approved by the board. The key objective of the remuneration policy is to ensure that the remuneration is aligned with the overall performance of the Corporation. The policy ensures that it 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 remuneration to the members of executive management and the company secretary is recommended by the Nomination and Remuneration Committee and approved by the board of the Corporation.

The remuneration policy is placed on the Corporation's website. The remuneration paid to the directors is in line with the remuneration policy of the Corporation.

Remuneration of Directors

Non-Executive Directors

The remuneration for non-executive directors consists of sitting fees and commission. The payment of the annual commission to non-executive directors is based on the performance of the Corporation as well as that of the individual non-executive director. The commission payable to non-executive directors is approved by the board and is within the overall limits as approved by the shareholders of the Corporation.

Details of remuneration to the Non-Executive Directors for FY21 is as under:

Directors	Fees for attending board/ committee meetings (₹)	Commission payable* (₹)	Total Amount (₹)	Number of shares held as at March 31, 2021
Mr. Deepak S. Parekh[1]	12,00,000	3,00,00,000	3,12,00,000	12,00,000
Mr. Nasser Munjee	21,00,000	45,00,000	66,00,000	-
Dr. J. J. Irani	17,00,000	45,00,000	62,00,000	65,000
Mr. U. K. Sinha	13,00,000	45,00,000	58,00,000	-
Mr. Jalaj Dani	22,00,000	45,00,000	67,00,000	-
Dr. Bhaskar Ghosh	18,00,000	45,00,000	63,00,000	20,000
Ms. Ireena Vittal	19,00,000	45,00,000	64,00,000	10,000

[1]Excludes value of perquisite upon exercise of stock options which were granted during earlier financial years. Stock options are always granted at the prevailing market prices and as such the intrinsic value of the options is nil. No options were granted during the year. Fees for board/committee meetings include fees paid for meetings pertaining to the QIP issue during the year.

**As a practice, commission will be paid to the directors after the financial statements are adopted by the members at the ensuing AGM.*

The non-executive directors of the Corporation do not hold any warrants issued by the Corporation.

Executive Directors

The elements of the remuneration package of executive directors comprise salary, commission, perquisites (equivalent to their respective annual salary), other benefits and allowances which include telephones for the Corporation's business, house rent allowance or house maintenance allowance, leave travel allowance, leave encashment, contributions to provident funds, superannuation funds and provision towards post-retirement pension schemes of the Corporation, other post-retirement benefits in the form of medical benefits and use of the Corporation's car as per the schemes framed and/or to be framed by the Corporation and as approved by the board/Nomination and Remuneration Committee, from time to time and all other benefits as provided to the senior employees of the Corporation. The same is decided by the Nomination and Remuneration Committee within the overall limits as approved by the shareholders at the AGMs.

The annual increments of the executive directors are linked to their performance and are decided by the Nomination and Remuneration Committee. Service contracts and the notice period are as per the terms of agreement entered into by each whole-time director with the Corporation.

No severance fee is payable by the Corporation on termination of these contracts. The whole-time directors of the Corporation have been appointed by the shareholders on a contractual basis for a fixed tenure. They are, however, liable to retire by rotation.

Details of the remuneration paid and stock options granted to the whole-time directors for FY21 is as under:

Particulars of Remuneration	**Mr. Keki M. Mistry (Managing Director - Vice Chairman & CEO) (₹)**	**Ms. Renu Sud Karnad (Managing Director) (₹)**	**Mr. V. Srinivasa Rangan (Executive Director & CFO) (₹)**
Salary	6,26,56,712.00	5,49,65,868.00	4,06,07,212.80
Value of perquisites, other benefits, allowances & retirement benefits*	1,23,16,528.00	84,83,367.03	61,57,705.84
Commission payable	9,52,50,000.00	8,67,00,000.00	6,51,00,000.00
Gross Remuneration	**17,02,23,240.00**	**15,01,49,235.03**	**11,18,64,918.64**
Number of Stock Options granted under ESOS-2020	12,00,000	12,00,000	10,00,000
Number of shares held as at March 31, 2021	8,05,000	25,50,247	6,94,475

**Expenses towards gratuity and leave encashment provisions are determined actuarially on an overall basis at the end of each year and accordingly, have not been considered in the above information. Also excludes value of perquisite upon exercise of stock options which were granted during earlier financial years. Even if the same were to be added to the aforesaid remuneration the total remuneration of the above personnel would be within the ceilings as provided in Section 197 of the Companies Act, 2013. Stock options are always granted at the prevailing market price and as such the intrinsic value of the options is nil. However, under Ind AS 102, an amount of ₹ 30.71 crore has been charged to the Statement of Profit and Loss Account for FY21 with a corresponding credit to the reserves.*

The executive directors also receive sitting fees for attending the meetings of the board and its committees including advisory boards of certain subsidiary companies.

Evaluation of the Board and Directors

The board, as an outcome of the evaluation process carried out in the previous year, took cognisance of the recommendations to enhance digitalisation initiatives for the purpose of business and assessed the growing role of technology by devising a medium to long-term strategy. During its meeting held on March 22, 2021, the board was updated on various aspects of the lending business, the competitive landscape, plans to overcome challenges and strategies for business growth.

During the year, the evaluation of the performance of the board as a whole, its committees thereof and the performance of directors was conducted internally through an online module.

Dr. J. J. Irani, Chairman of the Nomination and Remuneration Committee, shared the feedback received on board evaluation with members of the committee, board and other independent directors at their respective meetings.

The whole-time directors and the Chairman of the Corporation were evaluated based on various quantitative and qualitative criteria, including knowledge and competency, commitment and contribution, leadership, governance and other parameters. The directors also undertook peer evaluation with a view to have a more comprehensive board evaluation process.

The overall performance evaluation exercise was completed to the satisfaction of the board. As an outcome of this exercise, the board suggested conducting regular strategy sessions. Some of the directors emphasised the need to focus more on succession planning, competitive mapping and long-term strategies. The evaluation exercise commended the performance of the board and senior management in withstanding the unprecedented challenges caused by the COVID-19 pandemic.

Succession Planning

The Corporation believes that sound succession plans for the board and senior leadership is very important to create a robust future for the Corporation. The Corporation recognises that succession planning is a continuous process rather than a one-time event and has put in place a Policy on Succession Planning that aligns talent management with the objective and endeavours to mitigate critical risks such as vacancy, readiness and transition risk.

The Corporation has a formal succession planning initiative being followed at an organisational level. The human resources department has in advance identified superannuating employees at all decision-making levels and identified successors to take over these roles. The emphasis of the Corporation is on facilitating the transformation of managers into leaders and to create a large pool of talent that can implement strategies of the Corporation. The Nomination and Remuneration Committee periodically reviews the succession planning process being followed by the Corporation, especially at the board and senior management level.

Investor Grievances

Mr. Ajay Agarwal, company secretary of the Corporation is the compliance officer for the purpose of the Listing Regulations.

During the year, the Corporation received 5 investor complaints, of which 4 complaints were resolved to the satisfaction of the shareholders. One complaint was pending as at March 31, 2021, which was subsequently resolved.

Presently, the Corporation is a party to litigations (including certain cases in which the Corporation has been impleaded as a necessary party to such litigations) relating to disputes over title to shares. The Corporation is not in agreement with the claims made by the aggrieved parties and the litigations are not material in nature.

Subsidiary Companies

HDFC ERGO General Insurance Company Limited (HDFC ERGO) is an unlisted material subsidiary of the Corporation.

Each quarter, the Audit and Governance Committee reviews the utilisation of loans given by the Corporation to and investments made by the Corporation in the subsidiary companies. The committee also reviews the audited annual financial statements of subsidiary companies and investments made by unlisted subsidiary companies on a quarterly basis. Further, the committee periodically reviews the performance including governance practices followed by key subsidiary companies.

The minutes of the board meetings of the unlisted subsidiary companies of the Corporation and significant transactions, key decisions and arrangements entered into by all the unlisted subsidiary companies are placed before the board on a quarterly basis. The board is periodically apprised of the performance of key subsidiary companies, including material developments. The board on a quarterly basis is also apprised on the compliance of laws applicable to the subsidiaries (including step-down subsidiaries) of the Corporation based on the certificates issued by the respective companies.

The Reserve Bank of India has stipulated that the Corporation should reduce its shareholding in HDFC ERGO to below 50% by May 12, 2021. Post this, HDFC ERGO will cease to be a subsidiary company of the Corporation under the Companies Act, 2013.

Further details about subsidiaries/associates are available in the Director's Report and the Management Discussion and Analysis Report.

Code of Conduct and Management of Conflict of Interest

The code of conduct for non-executive directors, whole-time directors and members of senior management of the Corporation are in conformity with the requirements of the Listing Regulations and are placed on the Corporation's website. The directors and members of senior management have affirmed their adherence to the provisions of the respective codes.

The Corporation also has a board approved policy on management of conflict of interest to provide guidance to the directors and employees of the Corporation on managing situations of conflict of interest which may arise from time to time, whilst performing a designated function. The policy is placed on the Corporation's website. The Corporation also has a board approved guidepost for directors and senior executives to adhere to whilst dealing with situations of conflict of interest.

During the year, to further enhance the mechanism for dealing in transactions wherein there may be a conflict of interest, the board strengthened its internal guideposts for directors and senior executives by including additional conditions while approving loans/investments on behalf of the Corporation.

The code of conduct of the Corporation reflects the Corporation's long-standing commitment of doing business with integrity and zero tolerance for corrupt practices in any form, including bribery. The Corporation also has an Anti-Bribery and Anti-Corruption Policy which provides necessary information and guidance on dealing with bribery and corruption issues. The code of conduct is placed on the Corporation's website.

Securities Dealing Code

Consequent to the amendments to the SEBI (Prohibition of Insider Trading) Regulations, 2015 as well as issuance of certain clarifications by SEBI on Prohibition of Insider Trading, the Corporation's Securities Dealing Code was revised during the year.

The code is applicable to all directors, employees, their immediate relatives and other connected persons. These identified persons are prohibited from trading in the securities of the Corporation during the restricted trading periods notified by the Corporation, from time to time and whilst in possession of any unpublished price sensitive information relating to the Corporation.

Dealing with Unpublished Price Sensitive Information

The policy on Determination of Material Events and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information are placed on the Corporation's website and deal with the adequate and timely disclosure of information and events of the Corporation.

The Corporation has an Investor Relations Policy which *inter alia* lays down the procedures and systems to ensure that unpublished price sensitive information is shared confidentially and strictly on a need to know basis.

Mr. Conrad D'Souza, Member of Executive Management, is the Chief Investor Relations Officer of the Corporation.

Transactions with Non-Executive Directors

The non-executive directors of the Corporation do not have any pecuniary relationships or transactions with the Corporation or its directors, senior management, subsidiary or associate companies, other than in the normal course of business.

Related Party Transactions

The Corporation has a board approved policy on Related Party Transactions. The policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions entered into between the Corporation and its related parties. The policy is placed on the Corporation's website and is provided elsewhere in the annual report.

There were no transactions with related parties that may have potential conflict with the interest of the Corporation. Details of related party transactions entered into by the Corporation in the ordinary course of its business are included in the notes forming part of the financial statements and are also uploaded on the Corporation's website, along with submission to stock exchanges on a half-yearly basis. Details of material related party transactions which require approval of the shareholders of the Corporation has been detailed in the notice convening the ensuing AGM.

The Audit and Governance Committee is entrusted with the task of reviewing the pricing policy of the Corporation on an annual basis to determine arm's length pricing for transactions to be entered by the Corporation with its related parties.

Further, there were no financial or commercial transactions by the senior management where their personal interests may have potential conflict with the interests of the Corporation.

Whistle Blower Policy

The Corporation has a board approved Whistle Blower Policy and a vigil mechanism to ensure that all employees/ directors of the Corporation work in a conducive environment and are given a platform to freely express their concerns or grievances on various matters pertaining to any malpractice, actual/suspected fraud or violation of the Corporation's code of conduct. The policy is placed on the Corporation's website. The policy provides that the whistle blower shall be protected against any detrimental action as a result of any allegations made in good faith and allows direct access to the chairman of the Audit and Governance Committee.

During the year under review, 17 complaints were received under the whistle blower mechanism of the Corporation, of which 7 were relating to group companies. The Whistle Blower Complaints Committee reviewed the complaints relating to the Corporation, including those pending from the previous financial year and ascertained that one qualified as a complaint under the whistle blower mechanism. The complainant was adequately responded to and accordingly, as at March 31, 2021, no complaint was pending.

During the year, no person was denied access to the Audit and Governance Committee to express concerns or reporting grievances under the Whistle Blower Policy and/or vigil mechanism.

Strictures and Penalties

During the year under review, as also during the last three years, no penalties or strictures were imposed on the Corporation by any stock exchange, SEBI or other statutory authority on matters relating to the capital markets.

Accounting Standards

The Corporation has complied with the applicable Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 and rules made thereunder. The financial statements for the year have been prepared in accordance with Schedule III to the Companies Act, 2013.

Secretarial Standards

The Corporation has complied with the applicable provisions of secretarial standards issued by The Institute of Company Secretaries of India.

Proceeds from Private Placement Issues

During the year under review, the Corporation raised an amount of ₹ 49,843 crore through secured redeemable non-convertible debentures (NCDs), issued in various tranches on a private placement basis including ₹ 3,693 crore issued through QIP. The funds raised from the issuance of NCDs were utilised for housing finance business requirements.

During the year, the Corporation raised ₹ 10,000 crore of equity capital through QIP. The Corporation also received ₹ 307 crore upfront through the issue of warrants.

The net proceeds of the funds raised through the issues has been utilised to augment the long term resources of the Corporation, to maintain sufficient liquidity in the uncertain economic environment driven by the outbreak of the COVID-19 pandemic, for general corporate purposes and to finance organic and inorganic business opportunities.

Details of all the above-mentioned issues and the end use of funds were provided to the Audit and Governance Committee and the board on a periodic basis. Further details of the issues are provided in the Management Discussion and Analysis Report.

Shareholders

The Corporation had 5,84,323 shareholders as at March 31, 2021. The main channel of communication to the shareholders is through the annual report and quarterly financial results.

The board acknowledges its responsibility towards its shareholders and therefore encourages open and active dialogue with all its shareholders – be it individuals, domestic institutional investors or foreign investors. The Corporation believes that the AGM is a principal forum which provides shareholders an opportunity to interact with the Board of Directors, auditors and senior management of the Corporation. During the year, in view of the COVID -19 pandemic, the AGM was held through a two-way audio-visual means, which enabled shareholders of the Corporation to participate at the meeting, irrespective of their location and interact with the board.

The Corporation communicates with its institutional shareholders through meetings with analysts and discussions between fund managers and management. The Corporation also participates at investor conferences and non-deal roadshows, from time to time. All interactions with institutional shareholders, fund managers and analysts are based on generally available information that is accessible to the public on a non-discriminatory basis. The presentations made to analysts and fund managers are placed on the Corporation's website. The official news releases are also displayed on the website.

Details relating to quarterly performance and financial results are disseminated to the shareholders through press releases and uploaded on the Corporation's website. The financial results are *inter alia* published in Business Standard, The Free Press Journal and Navshakti and also sent through e-mail to the shareholders of the Corporation. Further, the Corporation also publishes certain key notices in widely circulated vernacular newspapers.

A section on 'Shareholders' Information' is provided elsewhere in the annual report.

The management statement on the integrity and fair presentation of the financial statements is provided as a part of the annual report in the Management Discussion and Analysis Report.

Annual General Meetings

The details of the last three AGMs held are given below:

Financial Year	Meeting	Venue	Date	Time	Number of Special Resolutions passed
2017-18	41st AGM	Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020	July 30, 2018	2:30 p.m.	4
2018-19	42nd AGM		August 2, 2019	2:30 p.m.	3
2019-20	43rd AGM	Via audio visual means	July 30, 2020	2:30 p.m.	3

Postal Ballot

During the year, the members of the Corporation approved the following matters through postal ballot on July 21, 2020. A snapshot of the voting results of the postal ballot is as follows:

Resolution No.	Particulars	% of votes polled on outstanding shares	% of votes in favour on votes polled	% of votes against on votes polled
1.	Special Resolution – Issuance of securities on a Qualified Institutions Placement basis	81.52	99.24	0.76
2.	Special Resolution – Issuance of equity shares to eligible employees and directors of the Corporation under Employees Stock Option Scheme – 2020	81.50	90.29	9.71

Mr. N. L. Bhatia, Managing Partner, Messrs N. L. Bhatia & Associates, practicing company secretaries was appointed as the scrutiniser for the postal ballot process. The detailed voting procedure mentioned in the postal ballot notice, the scrutiniser's report and the voting results are available on the Corporation's website.

No further resolution is proposed to be passed through postal ballot under the provisions of the Companies Act, 2013.

Compliance

Messrs Bhandari and Associates, practicing company secretaries, have certified that the Corporation has complied with the mandatory requirements as stipulated under the Listing Regulations. The said certificate and various other certificates issued by other practicing company secretaries on other matters relating to compliance are annexed to this report.

Mr. Sudhir Kumar Jha, Associate Member of Executive Management (Head – Legal) is the compliance officer in accordance with the Chapter IX of Master Direction-Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and erstwhile Housing Finance Companies – Corporate Governance (NHB) Directions, 2016 relating to corporate governance.

Non-Mandatory Requirements

The Corporation is in compliance with the non-mandatory requirements listed in the Listing Regulations.

Certification of Financial Reporting and Internal Controls

In accordance with the Listing Regulations, a certificate confirming the correctness of the financial statements, adequacy of internal control measures and matters to be reported to the Audit and Governance Committee was taken on record at the board meeting convened for approval of the audited financial statements of the Corporation for the year under review.

Going Concern

The board is satisfied that the Corporation 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.

On behalf of the Board of Directors

MUMBAI
May 7, 2021

DEEPAK S. PAREKH
Chairman

Compliance with Code of Conduct

I confirm that for the year under review, the Corporation has received from the directors and senior management, a declaration of compliance with the Code of Conduct as applicable to them.

MUMBAI
April 27, 2021

KEKI M. MISTRY
Vice Chairman & CEO

Management Discussion and Analysis Report

INTRODUCTION

On March 11, 2020, the World Health Organisation declared COVID-19 as a pandemic. The pandemic remains amongst the most scathing times in living memory. Over a year into the pandemic, there continues to be loss of lives and livelihoods. According to the International Monetary Fund (IMF), an additional 95 million people have fallen below the threshold of extreme poverty in 2020, reversing a two-decade trend of global poverty reduction. Several countries have witnessed second and third wave eruptions of the virus, necessitating intermittent restrictions and lockdowns. COVID-19 has accelerated the speed of adoption of digital technologies across all spheres of activity and these positive changes are likely to be long sustaining trends. While new variants and mutating viruses remain a challenge, the rapid roll-out of vaccines across the globe has given rise to some degree of optimism in overcoming the pandemic. In April 2021, India's second wave of infections increased significantly in its intensity.

Global Macroeconomic Overview

Despite disruptions and prevailing uncertainties, the global economic outlook continued to improve. After a global economic contraction of 3.3% in calendar year 2020, the IMF is projecting global growth to recover to 6% in calendar year 2021. This is based on continued fiscal stimulus measures, accommodative monetary policies and a wider coverage of a vaccinated population. The stronger than anticipated recovery is also attributed to resilience and quick adaptation to life during a pandemic. Communication and technology tools have enabled several businesses to ensure business continuity, despite extant challenges. Yet, divergent recovery paths have resulted in widening inequalities, particularly for contact-intensive sectors, the marginalised and low skilled workers.

Indian Macroeconomic Overview

From March 25, 2020 till June 8, 2020 India was under a severe lockdown. The suddenness of the announcement triggered widespread concerns as all activities, barring few essential services were mandated to close. This led to massive supply disruptions and demand destruction. Income losses and unemployment scaled levels never seen before. In the early part of FY21, an exodus of migrant workers faced acute hardships as they attempted to leave the cities they worked in and return to their villages. As a result of the strict lockdown, the first quarter of FY21 resulted in a GDP contraction of 24.4%.

During the second quarter of FY21, as lockdown restrictions gradually eased, high frequency indicators such as goods and services tax collections, e-tolls, auto sales, railway freight, electricity consumption, amongst several others began exhibiting signs of recovery. The economy recuperated with GDP growth contracting by 7.3% in the second quarter and recording a positive growth rate of 0.4% in the third quarter of FY21.

As per advance estimates by the National Statistical Office, India's GDP is expected to contract by 8.0% in FY21. Notwithstanding uncertainties on the extent of recurrent waves of infections, the Indian economy is expected to be on a recovery trend. In April 2021, the Reserve Bank of India (RBI) had projected GDP growth for FY22 at 10.5%.

Other macro fundamentals of the Indian economy continued to remain strong. Total foreign portfolio investment inflows in debt and equity stood at USD 37 billion in FY21. Foreign exchange reserves stood at USD 577 billion as at March 31, 2021. India now holds the fourth largest foreign exchange reserves in the world.

As at March 31, 2021, year-on-year bank deposit growth grew by 11.4%, however, bank credit growth remained subdued at 5.6% despite sharp reductions in interest rates, reflecting a continued risk averse environment.

In April 2021, India witnessed an eruption of a second wave of infections. This resurgence has placed immense strain on the healthcare infrastructure of the country. Yet, India holds 60% of the global vaccine manufacturing capacity and there remains hope of a speedy roll-out of vaccinating its vast population. As of date, unlike in the previous wave of infections, there is no national lockdown stipulated by the central government. Instead, the strategy of micro-containment zones has been adopted and various state governments have announced lockdowns or restrictions of varying degrees. At this juncture, there remains a great deal of uncertainty on the impact the second wave would have on the Indian economy.

Housing and Real Estate Markets

The demand for housing remained strong during the year. Low interest rates, softer or stable property prices, improved affordability, continued support of fiscal incentives on a home loan and concessional stamp duty rates offered by certain states were factors that encouraged more homebuyers. The housing market was buoyant with an increased number of first-time homebuyers and buyers opting for larger homes or acquiring homes in another location. Given the low mortgage to GDP penetration at 10% in India and the continued shortage of housing, it is evident that the demand for housing is structural and not pent up demand.

Segments of the real estate sector continued to face stress. Construction activity came to a complete halt in March 2020 with the announcement of the nationwide lockdown. Though by June 2020, restrictions were gradually lifted, construction activities did not resume especially in the major metro cities as there remained a paucity of labour. Following the end of the monsoon season, from September 2020 onwards, activity on construction sites resumed.

Developers who were overleveraged in the pre-pandemic period were more severely impacted by the pandemic. Given the prevailing conditions, many developers were willing to negotiate in order to swiftly close out property deals. This helped reduce unsold inventories and improve overall cash flows. Some developers increased their equity, entered into joint development agreements, availed of last mile funding or monetised their non-core assets to improve their financial positions.

The demand for data centres and warehousing increased, while sectors like retail and malls were impacted by the pandemic.

During the year, the government announced various measures to help the real estate sector. Some of these were:

- COVID-19 was treated as *'force majeure'* under the Real Estate (Regulation and Development Act) 2016 and registration and completion timelines were extended by 6 to 9 months where the expiry dates were on or after March 25, 2020.
- The Credit Linked Subsidy Scheme for the middle-income groups (income levels of above ₹ 6 lac up to ₹ 18 lac) was extended by a year up to March 31, 2021.
- An additional ₹ 18,000 crore was provided under the Prime Minister's Awas Yojana (Urban) through extra budgetary resources.
- In July 2020, the Ministry of Housing and Urban Affairs launched a scheme, Affordable Rental Housing Complexes for urban migrants/poor.
- In November 2020, the government increased the differential rate between the circle rate and the agreement value from 10% to 20%, for primary sales of residential units of value up to ₹ 2 crore. This is applicable till June 30, 2021.
- With effect from August 25, 2020, the state of Maharashtra reduced the stamp duty on properties from 5% to 2% up to December 31, 2020 and to 3% from January 1, 2021 to March 31, 2021. Madhya Pradesh and Karnataka also reduced stamp duty charges during the year. In January 2021, the Maharashtra government reduced the premium charged by civic authorities on real estate development by 50% up to December 31, 2021.

INTEREST RATES AND LIQUIDITY SCENARIO

In the initial months of the financial year, liquidity remained extremely tight. Given the uncertainties due to COVID-19, credit markets turned very risk averse. However, with the steady interventions by RBI through large infusions of liquidity, interest rates steadily declined. In March 2020, RBI reduced the repo rate by 75 basis points (bps) and in May 2020 it reduced the rate by another 40 bps, thus aggregating an overall reduction of 115 bps.

Market rates began to inch up in the fourth quarter of FY21 against the backdrop of concerns on rising infections, sharp rise in US treasury yields and due to the announcement of the government's large borrowing programme for FY22, estimated at ₹ 12 lac crore. RBI once again intervened through various monetary tools and reiterated its commitment towards an accommodative monetary policy stance to support growth and ensure an orderly evolution of the yield curve. This helped to quell market concerns.

Overall, the total liquidity support announced by RBI since February 6, 2020 up to March 31, 2021, amounted to ₹ 13.6 lac crore. This entailed a combination of open market operations, variable rate repos, long-term repo operations, targeted long-term repo operations (TLTRO 1.0 and 2.0), reduction in the cash reserve ratio and statutory liquidity ratio of banks, special liquidity facility for mutual funds, refinance lines to

NABARD, SIDBI, NHB and Exim Bank and simultaneous purchase and sale of securities under special open market operations to better manage the yield curve. The banking system remained in surplus throughout FY21 and the surplus ranged between ₹ 2.1 lac crore and ₹ 6.7 lac crore.

During the year, there was a significant improvement in monetary transmission to deposit and lending rates of banks. According to RBI, the weighted average lending rate on fresh rupee loans declined by 107 bps since March 2020, in response to the reduction of 115 bps in the policy repo rate.

IMPACT OF COVID-19

The Corporation identified three pillars as key monitorables to assess the financial impact of COVID-19 on the Corporation:

1) **Liquidity:** In the first half of the financial year, the Corporation maintained significantly higher levels of liquidity compared to the previous year. This was against the backdrop of an extremely credit averse environment, particularly in the months of April and May 2020. In the second half of the financial year, as liquidity conditions eased, the Corporation gradually reduced its average levels of investments in liquid funds. The maintenance of higher liquidity buffers entailed a negative carry, but was necessary as a prudent strategy given the overall uncertainties on account of the pandemic. During the year, the Corporation remained a beneficiary in terms of flight to safety, which is best reflected in the increase in deposits. The Corporation was able to raise resources from multiple sources. The Corporation stands comfortable on liquidity.

2) **Growth:** The individual loan business was impacted in the first half of the financial year due to the imposition of a strict national lockdown. The growth trajectory improved gradually as restrictions were lifted and from September 2020 onwards, growth trends normalised. Subsequently, the demand for home loans surpassed expectations. The second half of FY21 saw strong growth of receipts, approvals and disbursements of individual loans by the Corporation.

   During the year, the risk averse environment continued for non-individual loans and the Corporation opted to restrict its lending to select, high rated entities.

   On an overall basis, the Corporation is well geared towards being able to serve its customers through its digital platforms and/or its physical offices.

3) **Asset Quality:** Concerns on asset quality persist, particularly for non-individual loans. While various interventions by the government and RBI helped alleviate financial stress, at a systemic level, non-performing loans across stressed sectors continue to be of concern. As far as individual loans are concerned, given that most homebuyers are genuine users of their homes and already have substantial equity in their home, a rise in delinquency rates on individual home loans should not be protracted. In March 2021, individual collection efficiency stood at 98%, in line with pre-COVID levels. However, the impact of the second wave of COVID-19 on both, individual and non-individual loans is currently uncertain and will continue to remain a key monitorable. The Corporation has always been prudent in terms of its provisioning.

SIGNIFICANT CHANGES IN THE REGULATORY FRAMEWORK

On February 17, 2021, RBI issued Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021. These directions came into force with immediate effect.

Some of the significant changes include the change in the definition of 'principal business' and 'housing finance'. Accordingly, a company will be treated as a Non-Banking Financial Company – Housing Finance Company (NBFC-HFC) if it meets two key conditions. First, of the total assets (netted off by intangible assets), not less than 60% should be towards providing finance for housing. Second, out of the total assets (netted off by intangible assets), not less than 50% should be by way of housing finance for individuals.

RBI has also stipulated specific criteria as to what comprises housing finance. Accordingly, the Corporation's overall portfolio mix of housing and non-housing loans will undergo a change as per the new regulations.

A timeline for transition has been provided by RBI as follows:

Timeline	Minimum percentage of total assets towards housing finance	Minimum percentage of total assets towards housing finance for individuals
March 31, 2022	50%	40%
March 31, 2023	55%	45%
March 31, 2024	60%	50%

As per the directions, the Corporation has submitted a board approved plan to RBI indicating timelines for the transition.

Another significant change in the directions entail Guidelines on Liquidity Coverage Ratio (LCR). NBFC-HFCs are required to maintain liquidity buffers to withstand potential liquidity disruptions by ensuring that it has sufficient High Quality Liquid Assets (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. As per the guidelines, the weighted values of the net cash flows are calculated after the application of respective haircuts for HQLA and considering stress factors on inflows at 75% and outflows at 115%.

For all deposit taking NBFC-HFCs, there is a phased transition towards meeting the minimum LCR as given below:

From	December 01, 2021	December 01, 2022	December 01, 2023	December 01, 2024	December 01, 2025
Minimum LCR	50%	60%	70%	85%	100%

The Corporation has put in place a liquidity risk management framework so as to adhere to the above-mentioned guidelines and timelines.

COVID-19: KEY REGULATORY FORBEARANCES & SCHEMES

To alleviate COVID-19 induced financial stress various measures, forbearances and schemes were put in place by the government, RBI and other authorities. Some of these include:

- Corporate debt defaults arising between March 25, 2020 and March 25, 2021 remained out of the purview of the Insolvency and Bankruptcy Code, 2016.
- RBI initially permitted lenders to offer a moratorium on the payment of instalments falling due between March 1, 2020 and May 31, 2020 (moratorium 1) to eligible borrowers whose accounts were standard as at February 29, 2020. This was further extended up to August 31, 2020 (moratorium 2). In respect of accounts that were granted the moratorium, the asset classification remained standstill during the moratorium period.
- The Corporation offered the moratorium to eligible customers through the 'opt-in' mechanism during the moratorium period. Post the moratorium period, the movement of ageing has been at actuals. As at March 31, 2021, there are nil accounts where asset classification benefits are extended. The Corporation has made adequate provisions for impairment loss as per its Expected Credit Loss model. Disclosures are provided in the notes forming part of the standalone financial statements.
- The Honourable Supreme Court of India (Hon'ble SC) in a public interest litigation vide an interim order dated September 3, 2020 directed that accounts which were not declared as non-performing assets (NPA) till August 31, 2020 would not be declared as NPA till further orders. This interim order granted stood vacated on March 23, 2021 based on the judgement of the Hon'ble SC.
- During the quarter ended September 30, 2020 and December 30, 2020, no additional borrower accounts under moratorium granted category were classified as NPA which was not declared as NPA till August 31, 2020. The Corporation, however, classified such accounts as stage 3 and provisioned accordingly in the Statement of Profit and Loss. Such accounts were also reported as proforma NPA numbers during the quarter ended September 30, 2020 and December 31, 2020. Further details on asset quality is provided elsewhere in this report.
- In August 2020, RBI allowed a one-time restructuring (OTR) of loans due to COVID-19 related

stress without classifying them as NPA. Eligible borrowers were those classified as standard, but not in default for more than 30 days as at March 1, 2020. The resolution under this framework for eligible loans was invoked by December 31, 2020. For personal loans, the resolution had to be implemented by March 31, 2021. For all other loans, the resolution is to be implemented by June 30, 2021. Where there were multiple lending institutions with exposures to the borrower, an inter-creditor agreement had to be signed within 30 days of invocation.

- As at March 31, 2021, total loans invoked under the above-mentioned framework stood at ₹ 4,479 crore which was equivalent to 0.8% of loans under management. Of the loans being restructured, 27% are individual loans and 73% are non-individual loans. The largest account under the resolution framework accounted for 0.5% of Assets Under Management.

- In terms of resolution plans implemented, as at March 31, 2021, loans restructured amounted to ₹ 3,687 crore. The Corporation has classified these loans as stage 2 accounts and made necessary provisions on the same.

- The government's Emergency Credit Line Guarantee Scheme (ECLGS 1.0 & 2.0) provides a 100% guarantee on loans up to 20% of the eligible borrower's total outstanding credit. ECLGS 1.0 is applicable for MSMEs/ businesses with aggregate exposure up to ₹ 50 crore, provided the account was not overdue for more than 60 days as at February 29, 2020. Under ECLGS 2.0, for borrowers with aggregate credit above ₹ 50 crore and up to ₹ 500 crore, the scheme is restricted to 26 sectors as identified by the Kamath Committee under RBI's Resolution Framework and the health sector. Under ECLGS 2.0, the exposure could not be overdue for more than 30 days as at February 29, 2020.

  The validity of ECLGS 1.0 and 2.0 is up to June 30, 2021 and or till guarantees of an aggregate amount of ₹ 3 lac crore is reached. Disbursements have to be availed before September 30, 2021.

- As at March 31, 2021, under ECLGS 1.0 and 2.0, the Corporation approved ₹ 2,481 crore of loans and disbursed ₹ 935 crore under this scheme. 93% of such loans were non-individual loans, predominantly in the hotel and real estate sectors.

- As a COVID-19 relief scheme, the government announced a grant of ex-gratia payment of the difference between compound interest and simple interest for six months to eligible borrowers for the period March 1, 2020 up to August 31, 2020, irrespective of whether the moratorium was availed or not. The ex-gratia payment by the government was for certain categories of loans such as housing loans, consumer loans, MSME loans amongst others, which were standard as at February 29, 2020 and the aggregate facilities with all lending institutions did not exceed ₹ 2 crore.

- In November 2020, the Corporation implemented the scheme and credited the accounts or remitted the amounts to eligible borrowers. Of the Corporation's total claim of ₹ 278 crore, an amount of ₹ 213 crore was received from the government.

- Following the Hon'ble SC judgement dated March 23, 2021, RBI in April 2021 instructed lenders to refund/ adjust interest on interest charged to all borrowers during the moratorium period i.e. March 1, 2020 to August 31, 2020, irrespective whether the moratorium had been availed or not. The methodology for determining the amount of interest on interest was issued by the Indian Banks' Association.

- As of date, the Corporation is in the process of implementing the above. As at March 31, 2021, the Corporation held a specific liability of ₹115 crore, which was debited to interest income to meet its obligation towards refund of interest on interest to eligible borrowers as prescribed by RBI. Accordingly, interest income for the year ended March 31, 2021 was lower by ₹115 crore.

FINANCIAL AND OPERATIONAL PERFORMANCE

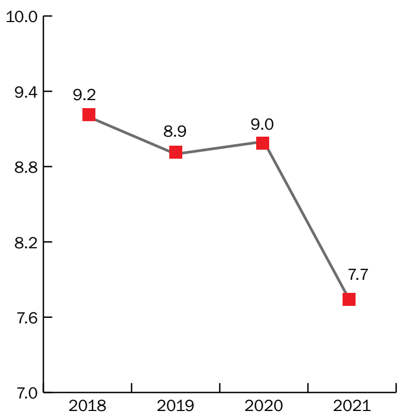
Financial Performance

Total income of the Corporation for the year ended March 31, 2021 was ₹ 48,176 crore.

The financials for the year ended March 31, 2021 are not comparable with that of the previous year. In the previous year, the Corporation had fair value gain consequent to the merger of GRUH Finance Limited (GRUH) with Bandhan Bank Limited amounting to ₹ 9,020 crore. The total income in the previous year was ₹ 58,763 crore. Further, during the year, profit on sale of investments and dividend income was lower compared to the previous year.

Total expenses stood at ₹ 33,361 crore compared to ₹ 38,412 crore

Cost to Income Ratio
(%)



Excludes notional cost on ESOS and CSR

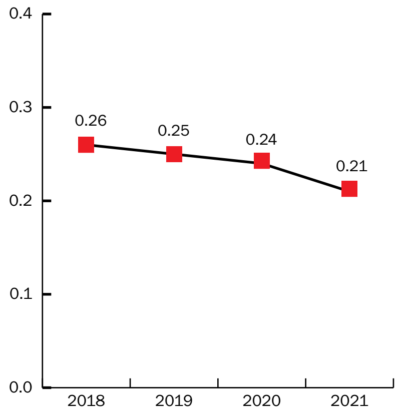
in the previous year. Partly owing to the low interest rate regime during the year under review, the lower revenue from operations was offset by reduced expenses as well.

The net interest income (NII) for the year ended March 31, 2021 stood at ₹ 15,172 crore compared to ₹ 12,904 crore in the previous year, representing a growth of 18%. Inclusive of fees and income on assigned loans, the NII for the year ended March 31, 2021 stood at ₹ 16,372 crore compare to ₹ 13,909 crore in the previous year.

The reported profit before tax for the year ended March 31, 2021 stood at ₹ 14,815 crore compared to ₹ 20,351 crore in the previous year.

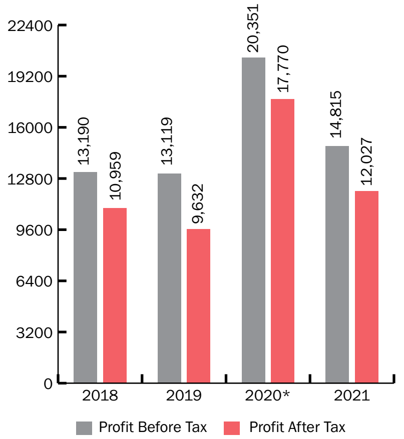
After providing for tax of ₹ 2,788 crore (Previous Year: ₹ 2,581 crore), the profit after tax before other comprehensive income for the year ended March 31, 2021 stood at ₹ 12,027 crore compared to ₹ 17,770 crore in the previous year.

Administrative Expenses to Average Total Assets
(%)



Excludes notional cost on ESOS and CSR

Profits
(₹ in crore)



* In FY20, GRUH Finance merged with Bandhan Bank. As per IndAS, the Corporation had on derecognition of the investment in GRUH, recorded a fair value gain of Rs 9,020 crore through the Statement of Profit and Loss of FY20.

To reiterate, the reported profit numbers for the year are not comparable with those of the previous year owing to the following:

- Profit on sale of investments for the year ended March 31, 2021 stood at ₹ 1,398 crore compared to ₹ 3,524 crore in the previous year. During the year under review, the profit on sale of investments pertained to the stake sale of 1.43% in HDFC Life Insurance Company Limited (HDFC Life). In the previous year, the profit on sale of investments pertained to the stake sale of GRUH.
- Fair value gain consequent to the merger of GRUH with Bandhan Bank in the previous year amounted to ₹ 9,020 crore.
- Net gain on fair value changes and income on loans assigned: ₹ 2,146 crore (Previous Year: ₹ 1,067 crore).

- Dividend income for the year ended March 31, 2021 stood at ₹ 734 crore compared to ₹1,081 crore in the previous year. The drop in dividend income was because in the first half of the year under review, the regulators for banks and insurance companies did not permit payment of dividends from the profits pertaining to the financial year ended March 31, 2020 owing to uncertainties due to COVID-19. Accordingly, the Corporation did not receive any dividend from its investment in banks. In February 2021, the insurance regulator permitted insurance companies to pay dividend from the current year's profits. Accordingly, the Corporation received interim dividend from HDFC ERGO General Insurance Company Limited (HDFC ERGO), but HDFC Life did not pay any dividend in FY21.
- During the year, the Corporation approved the 'Grant of Stock Options under the HDFC Employees Stock Option Scheme 2020'. Under Indian Accounting Standards (IndAS), the employee stock options are required to be fair valued and charged to the Statement of Profit and Loss as a part of employee benefit expenses primarily over the vesting period. This resulted in a charge to the Statement of Profit and Loss of ₹ 338 crore during the year ended March 31, 2021 compared to ₹ 14 crore in the previous year.
- Provisioning (including provisioning for the impact of COVID-19) for the year under review was ₹ 2,948 crore compared to ₹ 5,913 crore in the previous year.

To facilitate a like-for-like comparison, after adjusting for profit on sale of investment, fair value gain consequent to the scheme of amalgamation, other fair value changes, income of loans assigned, dividend, employee stock options and provisioning, the adjusted profit before tax for the year ended March 31, 2021 is ₹ 13,823 crore compared to ₹ 11,586 crore in the previous year, reflecting a growth of 19%.

The total comprehensive income for the year ended March 31, 2021 stood at ₹ 13,762 crore compared to ₹ 11,117 crore in the previous year.

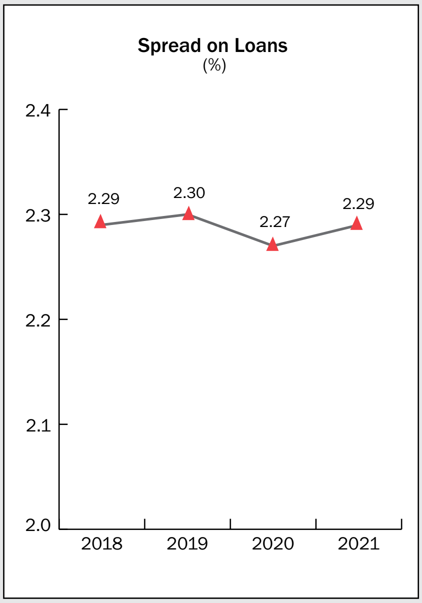
Statement of Profit and Loss

Key elements of the statement of profit and loss for the year ended March 31, 2021 are:

- Net Interest Income grew by 18% during the year.
- Net Interest Margin stood at 3.5%, compared to 3.4% in the previous year.
- Administrative expenses as a percentage of average assets (excluding expenses on notional cost of employees stock option scheme and corporate social responsibility) stood at 0.21% as at March 31, 2021 compared to 0.24% in the previous year.
- The Corporation's cost to income ratio (excluding notional cost on employees stock option scheme and corporate social responsibility) stood at 7.7% for the year ended March 31, 2021 compared to 9.0% in the previous year. HDFC's cost to income ratio continues to be among the lowest in the financial sector in Asia. The reduction in the cost to income ratio during the year is also attributed partly to COVID-19 induced lockdowns and restrictions, thus leading to lower expenses incurred on travel and conveyance, electricity charges and digitalisation initiatives have reduced expenses such as printing, stationary and postage charges.
- After adjusting for sale of strategic investments, the pre-tax return on average assets was 2.6% and the post-tax return on average assets was 2.1%.
- The Board of Directors recognised the need to strike a balance between being prudent and conserving capital in the Corporation, whilst also meeting expectations of shareholders. The board after assessing the impact of COVID-19 on the financials of the Corporation, assessing its capital requirements and other commitments, recommended a dividend of ₹ 23 per equity share compared to ₹ 21 per equity share in the previous year. The dividend pay-out ratio is 34.5%.
- Return on equity was 12.3%.
- After adjusting for sale of strategic investments, the return on Tier 1 Capital was 14.8%.

Spread on Loans

The average yield on loan assets during the year was 8.99% per annum compared to 10.18% in the previous year. The average all-inclusive cost of funds was 6.70% per annum as compared to 7.91% in the previous year. The spread on loans over the cost of borrowings for the year was 2.29% per annum as against 2.27% in the previous year. Spread on individual loans for the year was 1.93% and on non-individual loans was 3.22%.



Operational Performance

Lending Operations

Despite the challenges posed by the pandemic, lending operations of the Corporation continued seamlessly during the year. Much of this was attributed to the ability to stay connected with customers by leveraging on the Corporation's digital platforms.

Individual loan business was impacted in the first quarter of the financial year owing to the strict national lockdown imposed. However, as restrictions gradually eased, the individual loan business saw month-on-month improvements.

The individual loan business began to see normalcy return from the month of September 2020 onwards. In the second half of the financial year, the demand for housing remained robust, with growth trends exceeding expectations. Growth in home loans was aided by low interest rates, softer or stable property prices, continued fiscal benefits on home loans and concessional stamp duty rates offered in certain states.

Individual disbursements in the first half of the financial year was 35% lower compared to the corresponding period in the previous year. In the second half of the financial year, individual disbursements were 42% higher compared to the corresponding period in the previous year. Consequently, during the year ended March 31, 2021, individual loan disbursements reported a growth of 3% compared to the previous year.

The average size of individual loans stood at ₹ 29.5 lac during the year, compared to ₹ 27.0 lac in the previous year. The increase in the average loan size is largely attributable to the fact that demand for home loans was from both, affordable housing and higher end properties.

Based on loans disbursed during the year, 78% were salaried customers, while 22% were self-employed (including professionals). In terms of the acquisition mode, of the loans disbursed during the year, 55% were first-purchase homes i.e. directly from the builder, 37% were through resale and 8% self-construction.

As at March 31, 2021, cumulatively, the Corporation had financed 8.4 million housing units.

Affordable Housing

The Corporation continued its commitment towards supporting the government's flagship scheme, 'Housing for All' and pursued efforts towards lending to the Economically Weaker Section (EWS), Low Income Group (LIG) and Middle Income Group (MIG) segments.

The Corporation has the largest number of home loan customers – of approximately 2.3 lac who have availed benefits under the Credit Linked Subsidy Scheme (CLSS). As at March 31, 2021, cumulative loans disbursed by the Corporation under CLSS stood at ₹ 39,333 crore and the cumulative subsidy amount stood at ₹ 5,211 crore.

The Corporation continued its focus on lending to credit worthy home loan customers across all income segments as reflected in the table below.

Housing Loan Approvals to Customers Based on Income Slabs in FY21

Category	Household Income per annum	Home Loan Approvals in FY21	
		% in Value Terms	% in Number Terms
Economically Weaker Section	Up to ₹ 3 lac	2%	6%
Low Income Group	Above ₹ 3 lac up to ₹ 6 lac	14%	27%
Middle Income Group	Above ₹ 6 lac up to ₹ 18 lac	44%	48%
High Income Group	Above ₹ 18 lac	40%	19%
Total		**100%**	**100%**

The average home loan to the EWS and LIG segment during the year stood at ₹ 10.8 lac and ₹ 18.6 lac respectively.

Rural Housing

Against the backdrop of a good monsoon and strong agricultural growth, the rural economy remained buoyant. The Corporation continued its focus on rural housing, providing loans to both, salaried and self-employed customers for properties situated in rural areas. Most of these customers have household incomes from agriculture and agri-allied industries. The properties under rural housing are located either in the hinterland or in peripheral areas closer to larger cities. Rural housing loans accounted for approximately 9% of individual loans disbursed during the year.

Non-Individual Loans

As far as non-individual loans were concerned, the Corporation opted to be cautious in lending, given the continued risk averseness. Several developers remained under stress and construction activity of on-going projects did not resume till the second quarter of the financial year which is when the labour force began to return back to the construction sites. The Corporation remained selective in incremental lending for construction finance given the prevailing stress in the sector.

The Corporation, however, supported efforts of the government and RBI to help alleviate COVID-19 induced stress by extending loans to eligible borrowers under ECLGS and facilitating the one-time restructuring scheme.

During the year, the Corporation focused on lending to select, top grade corporates.

As a result of the development of the real estate investment trust (REITS) market in India, the Corporation received large prepayments on its lease rental discounting book which was also one of the reasons why the non-individual loan book showed a lower growth.

Loan Portfolio

The loan approval process of the Corporation is decentralised, with varying approval limits. The Corporation has a three-tiered committee of management structure with varying approval limits. Larger proposals, as appropriate, are referred to the Board of Directors.

The Assets Under Management (AUM) as at March 31, 2021 amounted to ₹ 5,69,894 crore as compared to ₹ 5,16,773 crore in the previous year.

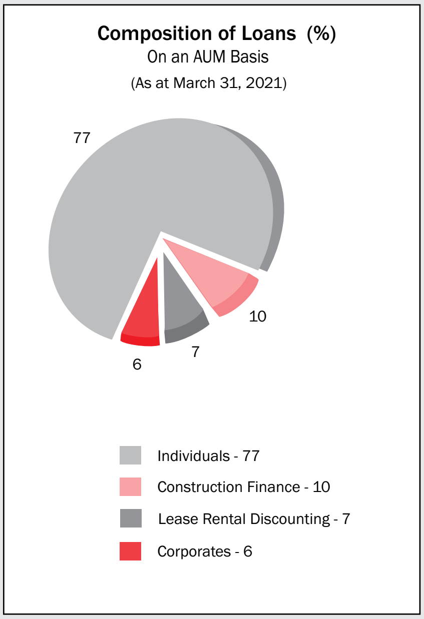
On an AUM basis, the growth in the individual loan book was 12% and the non-individual loan book was 4%. The growth in the total loan book on an AUM basis was 10%.

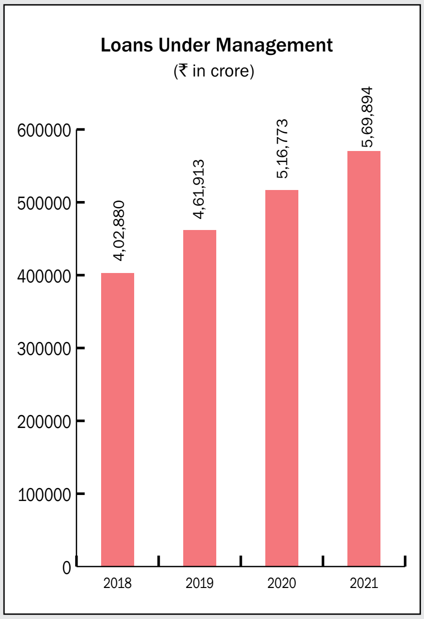
During the year, the Corporation's loan book increased from ₹ 4,50,903 crore to ₹ 4,98,298 crore as at March 31, 2021. In addition, total loans securitised and/or assigned by the Corporation and outstanding as at March 31, 2021 amounted to ₹ 71,596 crore.

The table below provides a synopsis of the gross loan book of the Corporation:

(₹ crore)

	As at March 31, 2021	As at March 31, 2020
Individual Loans	3,68,804	3,25,923
Corporate Bodies	1,22,707	1,18,165
Others	6,787	6,815
Total	**4,98,298**	**4,50,903**





The net increase in the loan book during the year, (after removing the loans that were sold) stood at ₹ 47,395 crore.

Principal loan repayments stood at ₹ 92,111 crore compared to ₹ 90,223 crore in the previous year after excluding loans written off during the year amounting to ₹ 1,372 crore (Previous Year: ₹ 995 crore).

Prepayments on retail loans stood at 10.3% of the opening balance of individual loans compared to 10.9% in the previous year. 64% of these prepayments were full prepayments.

Of the total loan book (including loans sold), individual loans comprise 77%.

The growth in the individual loan book, after adding back loans sold in the preceding twelve months was 19% (13% net of loans sold).

Non-individual loans grew by 4% during the year and comprised 23% of the portfolio.

The growth in the total loan book would have been 15% had the Corporation not sold any loans during the year.

Assignment/Sale of Loans

During the year, the Corporation, sold individual loans amounting to ₹ 18,980 crore (Previous Year: ₹ 24,127 crore). All the loans assigned during the year were to HDFC Bank pursuant to the buyback option embedded in the home loan arrangement between the Corporation and HDFC Bank. Of the total loans sold during the year, ₹ 5,671 crore qualified as priority sector advances for banks.

As at March 31, 2021, individual loans outstanding in respect of all loans assigned/securitised stood at ₹ 71,421 crore. HDFC continues to service these loans.

The advantage for the Corporation in selling loans under the loan assignment route is that there is no credit enhancement to be provided by the Corporation on the loans sold and the credit risk is passed on to the purchaser. The assignment of loans is also Return on Equity accretive to the Corporation as no capital or provisioning is required to be maintained on these loans.

Product-wise Loan Performance

As at March 31, 2021, the product-wise break-up of loans on an AUM basis was – individual loans: 77%, corporate loans: 6%, construction finance: 10% and commercial lease rental discounting: 7%.

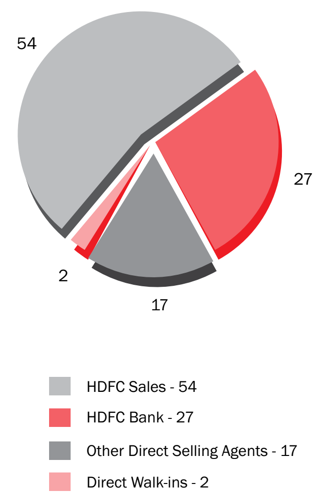
During the year, on an AUM basis, 92% of the incremental growth in the loan book came from individual loans and 8% from non-individual loans.

Sourcing of Loans

The Corporation's distribution channels which include HDFC Sales Private Limited (HSPL), HDFC Bank and third party direct selling associates (DSAs) play an important role in sourcing home loans.

HDFC has third party distribution tie-ups with commercial banks, small finance banks, non-banking financial companies and other distribution companies including e-portals for retail loans. All distribution channels only source loans, while the control over the credit, legal and technical appraisal continues to rest with HDFC, thereby ensuring that the quality of loans disbursed is not compromised in any way and is consistent across all distribution channels.

Loan Sourcing (%)
(As at March 31, 2021)



In value terms, HSPL, HDFC Bank and third party DSAs sourced 54%, 27% and 17% of home loans disbursed respectively during the year. 83% of the Corporation's individual loan business during the year was sourced directly or through the Corporation's affiliates.

Physical and Digital Reach

Geographic Reach

The Corporation's physical distribution network now spans 593 outlets, which includes 203 offices of HDFC's wholly owned distribution company, HSPL. During the year, efforts were focused on expanding into deep geographies so as to widen the Corporation's footprint. These outlets are typically manned by one or two individuals and leverage completely on the digital platforms of the Corporation.

HDFC has overseas offices in London, Singapore and Dubai. The Dubai office caters to customers across Middle-East through its service associates.

Digitalisation Initiatives

While the Corporation already had several digitalisation tools and platforms in place to support the lending business, the suddenness of shifting to remote working owing to the COVID-19 outbreak hastened the pace and adoption of digital infrastructure for a number of products and services. For instance, the digital on-boarding platform, which was used for direct and website based applications was opened up for all channel partners. The Corporation's mobile app for channel partners facilitates real time tracking and processing of loan applications.

Direct fetch information from public portals like the Goods and Services Tax Network, Ministry of Corporate Affairs, Income Tax and tools like bank statement information analysers which provides real-time analytical capabilities are integrated into the loan processes, thereby strengthening loan origination and processing controls. Several other loan control checks have been automated. The application programming interface (API) has been facilitated through various fintech platforms.

During the year, approximately 81% of borrowers were digitally on-boarded. The Corporation has also piloted an end-to-end digitally enabled product, wherein all checks and controls are entirely system driven and loans are auto approved.

Digital platforms not only enabled business continuity during the lockdown, but has also helped process larger volumes with greater speed and efficiency. The Corporation has adopted a *'One HDFC'* strategy which capitalises on using technology seamlessly and facilitates redeployment of manpower wherever it is most required. Thus, if there is a particular geography where there is an increase in business volumes, the Corporation optimises its use of resources so as to ensure that high customer service standards are maintained. Customers have responded well to the Corporation's online platforms and have appreciated the ease of using such platforms.

Co-lending Arrangements

In an endeavour to broad base the Corporation's reach, efforts were made towards entering into strategic co-lending partnerships for housing loans. Such arrangements entail the sharing of risk and reward on mutually agreed terms between co-lending partners.

The objective of the Corporation in entering into any co-lending arrangement is to tap into a wider customer base across different geographies. The advantage for a customer is that he/she gets a blended rate of interest on the loan.

The Corporation has ensured that all loans under such arrangements will be processed in accordance with standard operating procedures and as per the loan eligibility criteria as specified by the Corporation. Under this arrangement, there will be no change in the methodology of appraisal norms by the Corporation. Thus, the Corporation will retain all controls on appraisals of such loans.

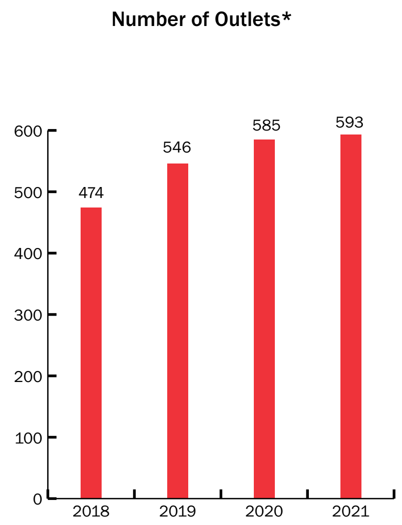
Marketing Initiatives

During the year, the Corporation undertook a myriad of marketing initiatives whilst capitalising on digital platforms. The Corporation enhanced its automated chatbot service to enable its existing and new customers to connect and interact with the HDFC brand and get immediate, personalised service 24x7.

Recognising a growing preference towards voice assistance, the Corporation offers not only text based solutions, but voice based conversational solutions as well through popular voice activated smart devices. The Corporation is also driving ad campaigns, content strategies and digital campaigns on voice search.

To cater to those using local language searches, the Corporation serves ads and content on search engines in vernacular languages to be relevant to users looking for home loan related information in their regional language.

During the year, the Corporation's aired four advertisement films based on the catchphrase, *'the new normal'*. The Corporation leveraged the surge in over-the-top (OTT) viewership and advertised the commercials on



* Inclusive of outlets of wholly owned distribution company

OTT channels as well. This allowed the brand to gain viewership of younger, engaged and varying audience profiles. The Corporation also strengthened its social media marketing on various platforms so as to reach out to a diverse audience group and deepen the brand engagement.

Leveraging its long-standing relationships with reputed developers from across the country, the Corporation organised virtual property exhibitions as a value-added service for home seekers, enabling them to shortlist, compare and choose from a wide range of property options.

As regards customer lifecycle management, the Corporation continued to focus on business growth by upselling and cross-selling products to existing customers at predefined milestones as guided by digital analytics.

Data Analytics

During the year, the Corporation capitalised on machine learning and artificial intelligence tools used in data analytics to provide insights for business growth, risk management and improve process efficiencies. Predictive and prescriptive models across the life cycle of the retail loans customer like acquisition, underwriting, delinquency, retention, amongst others are being built to support various business functions across the organisation. Through a unified data layer, efforts are being made to facilitate a 360-degree view of behaviour across the customer life cycle. The objective is to help better manage customer expectations.

Investments

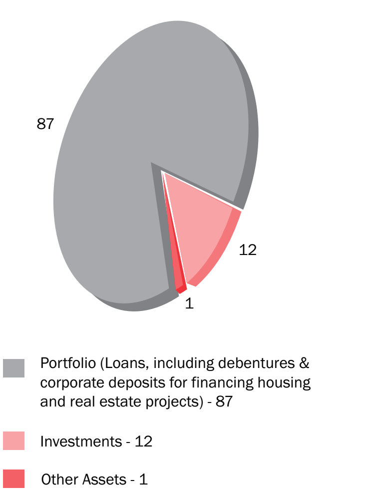
The Investment Committee constituted by the Board of Directors is responsible for approving investment proposals in line with the limits as set out by the Board of Directors.

The investment function supports the core business of housing finance. The investment mandate includes ensuring adequate levels of liquidity to support core business requirements, maintaining a high degree of safety and optimising the level of returns, consistent with acceptable levels of risk.

As at March 31, 2021, the investment portfolio stood at ₹ 68,637 crore compared to ₹ 64,944 crore in the previous year. The proportion of investments to total assets was 12%. The increase in the investment portfolio during the year was primarily on account of the larger amounts invested in high quality liquid assets.

The Corporation maintained substantially higher liquidity buffers, owing to increased uncertainties and risk averseness in the financial sector. Accordingly, the average balances maintained in liquid mutual funds was significantly higher, especially in the first half of the year compared to the previous year.

Asset Profile (%)



NBFC-HFCs are required to maintain a statutory liquidity ratio (SLR) in respect of public deposits raised. As at March 31, 2021, the SLR requirement was 13% of public deposits.

As at March 31, 2021, the total government securities stood at ₹ 22,567 crore of which ₹ 13,816 crore was towards SLR and ₹ 8,751 crore comprised securities held towards liquidity support.

Surplus from deployment of liquid funds in cash management schemes of mutual funds was ₹ 813 crore.

The average yield on the non-equity treasury portfolio for the year was 5.2% per annum on an annualised basis.

Dividend received during the year was ₹ 734 crore, of which ₹ 717 crore was received from subsidiary companies.

As at March 31, 2021, the market value of listed equity investments in subsidiary and associate companies was higher by ₹ 2,61,590 crore compared to the value at which these investments are reflected in the balance sheet. This unaccounted gain includes appreciation in the market value of investments in HDFC Bank held by the Corporation's wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited. It, however, excludes the unrealised gains on unlisted subsidiaries such as HDFC ERGO

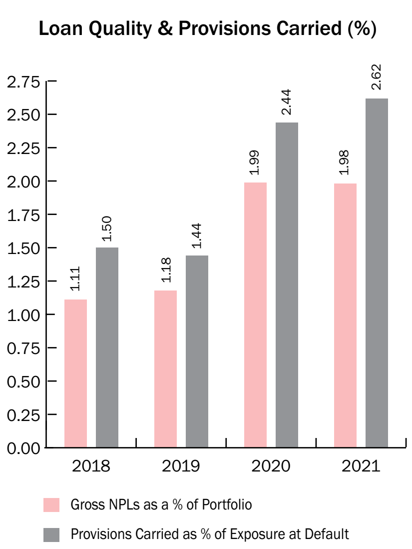
General Insurance Company Limited, HDFC Credila Financial Services Limited, amongst others.

Asset Quality

Non-Performing Assets & Provisioning

Collection efficiency ratios for individual loans have improved, nearing pre-COVID levels. The collection efficiency for individual loans in March 2021 stood at 98.0% compared to 96.3% in September 2020.

In accordance with regulatory norms, gross non-performing loans outstanding amounted to ₹ 9,759 crore as at March 31, 2021, constituting 1.98% of the loan portfolio. The principal outstanding in respect of individual loans where the instalments were in arrears constituted 0.99% of the individual portfolio and the corresponding figure was 4.77% in respect of the non-individual portfolio. During the year, certain cases in non-individual loans were resolved.



Portfolio includes loans and investments in debentures and corporate deposits for financing real estate projects.

As per the prudential norms prescribed by RBI, the Corporation is required to carry a provision of ₹ 5,491 crore, of which ₹ 3,102 crore is on account of non-performing assets and the balance is in respect of standard loans. The regulatory provisioning for non-performing loans is determined solely on the period of default. The actual provisions carried as at March 31, 2021 stood at ₹ 13,025 crore.

Cumulative COVID-19 provision as at March 31, 2021 stood at ₹ 844 crore.

On a gross basis, the Corporation has written off loans aggregating to ₹ 1,372 crore during the year. On loans that have been written off, the Corporation will continue making efforts to recover the money. The Corporation has, since inception, written off loans (net of subsequent recovery) aggregating to ₹ 3,366 crore. Thus, as at March 31, 2021, the total loan write offs stood at 21 basis points of cumulative disbursements since inception of the Corporation.

In accordance with the write off policy of the Corporation, loans may entail either a partial or a full write off, determined on a case-by-case basis.

During the year, where recovery has proven to be difficult, the Corporation continued to adopt various methods to settle loans. The Corporation has also opted to reach settlements through sell-downs to asset reconstruction companies, institutions or private equity players. In certain overdue loans, the Corporation has resorted to the invocation of pledged shares.

The Corporation has in select cases, entered into debt asset swap arrangements entailing immovable property. Whilst entering into such arrangements, the Corporation's key considerations are the marketability and saleability of the property, its present and expected valuation, demand and supply factors based on the location of the property, legal titles, whether it is free from encumbrances, amongst other factors. The properties taken over by the Corporation are a mix of residential and commercial properties located in key metro cities. The properties are either for the Corporation's own use or being held for capital appreciation, which the Corporation will dispose of at an appropriate time and in accordance with directions as stipulated by the regulator.

Accordingly, the Corporation has entered into debt asset swaps wherein the gross carrying amount of the financial and non-financial assets taken over as at March 31, 2021 stood at ₹ 347 crore and ₹ 1,432 crore respectively.

Impairment on Financial Instruments - Expected Credit Loss

Under Ind AS, asset classification and provisioning moves from the 'rule based', incurred loss model to the Expected Credit Loss (ECL) model of providing for expected future credit losses. Thus, loan loss provisions are made on the basis of the Corporation's historical loss experience and future expected credit loss, after factoring in various other parameters.

Classification of Assets

Exposure at Default (EAD)	As at March 31, 2021	As at March 31, 2020
Stage 1	91.4%	92.2%
Stage 2	6.3%	5.5%
Stage 3	2.3%	2.3%
Total	**100.0%**	**100.0%**

The increase in the stage 2 accounts is of account of certain assets which were classified as stage 1 in the previous year, but have opted for either ECLGS or OTR and thus have been reclassified as stage 2 based on a qualitative assessment of the respective exposures.

Expected Credit Loss Based on Exposure at Default

(₹ in crore)

EAD	Individual		Non-Individual		Total	
Stage 1	3,55,367	97%	98,662	75%	4,54,029	92%
Stage 2	7,180	2%	24,367	19%	31,547	6%
Stage 3	4,236	1%	7,396	6%	11,632	2%
EAD Total	**3,66,783**	**100%**	**1,30,425**	**100%**	**4,97,208**	**100%**
ECL	**Individual**		**Non-Individual**		**Total**	
Stage 1	638	27%	449	4%	1,087	8%
Stage 2	802	34%	5,079	48%	5,881	45%
Stage 3	939	39%	5,118	48%	6,057	47%
ECL Total	**2,379**	**100%**	**10,646**	**100%**	**13,025**	**100%**
ECL / EAD	**Individual**		**Non-Individual**		**Total**	
Stage 1	0.2%		0.5%		0.2%	
Stage 2	11.2%		20.8%		18.6%	
Stage 3	22.1%		69.2%		52.1%	
ECL / EAD	**0.65%**		**8.16%**		**2.62%**	

The total balance in the Impairment on Financial Instruments – Expected Credit Loss (provisions carried) as at March 31, 2021 amounted to ₹ 13,025 crore. This is equivalent to 2.62% of the EAD. The balance in the Impairment on Financial Instruments – Expected Credit Loss more than adequately covers loans where the instalments were in arrears for over 90 days.

Fixed Assets and Investment Properties

Net fixed assets as at March 31, 2021 amounted to ₹ 986 crore. Net additions to fixed assets during the year was ₹ 105 crore, including right-of-use assets of ₹ 55 crore.

Net investment in properties as at March 31, 2021 amounted to ₹ 841 crore. Net additions to investment properties during the year was ₹ 60 crore.

Resource Mobilisation

Issue of Securities on Qualified Institutions Placement Basis

The Corporation completed its Qualified Institutions Placement (QIP) of equity shares and secured, redeemable non-convertible debentures simultaneously with warrants in August 2020. The QIP was in accordance with applicable provisions of the Companies Act, 2013, rules framed thereunder and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Equity and Warrants

Under the QIP, the Corporation raised ₹ 10,000 crore through the issue and allotment of 5,68,18,181 equity shares of face value of ₹ 2 each at an issue price of ₹ 1,760 per equity share (including a premium of ₹ 1,758 per equity share).

The Corporation also raised ₹ 307 crore through the issue and allotment of 1,70,57,400 warrants at an issue price of ₹ 180 per warrant which was paid upfront. The warrants carry a right exercisable by the warrant holder to exchange each warrant for one equity share of face value of ₹ 2 each of the Corporation at any time on or before August 10, 2023, at a warrant exercise price of ₹ 2,165 per equity share, to be paid by the warrant holder at the time of exchange of the warrants. As at March 31, 2021, no warrants had been converted into equity shares.

The maximum equity dilution on account of the aforesaid QIP issue, assuming full conversion of all the warrants into equity shares at the warrant exercise price is 4.23%, based on the enhanced share capital.

Non-Convertible Debentures (NCDs)

Further, the Corporation raised ₹ 3,693 crore through the issue and allotment of 36,930 secured, redeemable NCDs at par having a tenor of 3 years, carrying a coupon rate of 5.40% payable annually. The NCDs are rated by CRISIL Ratings Limited (CRISIL) and ICRA Limited (ICRA) and are assigned the highest rating 'CRISIL AAA Stable' and 'ICRA AAA/Stable' respectively.

The equity shares, warrants and NCDs are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

Share Capital

As on April 1, 2020, the Corporation had a balance of ₹ 346 crore in the share capital account. The Corporation has allotted 5,68,18,181 equity shares of ₹ 2 each pursuant to the QIP issue and 1,50,77,063 shares pursuant to the exercise of stock options by certain employees/ directors. After considering the above allotments during the year, the balance in the share capital account as on March 31, 2021 is ₹ 361 crore.

Subordinated Debt

As at March 31, 2021, the Corporation's outstanding subordinated debt stood at ₹ 4,000 crore. The debt is subordinated to present and future senior indebtedness of the Corporation and has been assigned the highest rating of 'CRISIL AAA/Stable' and 'ICRA AAA/Stable'. The Corporation did not issue any subordinated debt during the year.

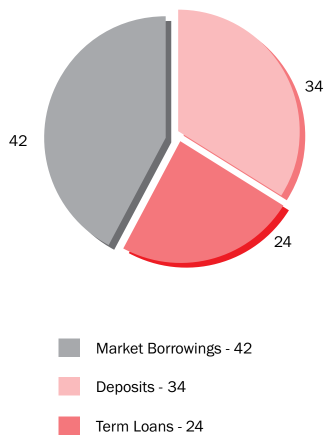
Based on the balance term to maturity, as at March 31, 2021, ₹ 1,800 crore of the book value of subordinated debt was considered as Tier II under the regulatory guidelines for the purpose of capital adequacy computation.

Borrowings

Borrowings as at March 31, 2021 amounted to ₹ 4,41,365 crore as against ₹ 4,19,102 crore in the previous year. Borrowings constituted 78% of funds employed as at March 31, 2021. Of the total borrowings, debentures and securities constituted 42%, deposits 34% and term loans 24%.

Breakdown of Borrowings (%)

(As at March 31, 2021)



Summary of Total Borrowings

Borrowings	March 31, 2021	March 31, 2020
Term Loans	1,05,179	1,04,909
Market Borrowings	1,86,055	1,81,869
Deposits	1,50,131	1,32,324
Total	**4,41,365**	**4,19,102**

Non-Convertible Debentures & Commercial Paper

During the year under review, the Corporation raised an amount of ₹ 49,843 crore through secured redeemable non-convertible debentures (NCDs), issued in various tranches on a private placement basis, including ₹ 3,693 crore issued through the QIP.

The Corporation's NCD issues have been listed on the wholesale debt market segment of the NSE and the BSE. The NCDs have been assigned the highest ratings of 'CRISIL AAA/ Stable' and 'ICRA AAA/Stable'. The Corporation has been regular in making payments of principal and interest on the NCDs.

There are no NCDs which have not been claimed by investors or not paid by the Corporation after the date on which the NCDs became due for redemption.

The Corporation has been qualified as a 'large corporate' by SEBI and accordingly has ensured that more than 25% of its incremental borrowings during the year was by way of issuance of debt securities.

The Corporation's short-term debt programme has been assigned the highest ratings of 'CRISIL A1+', 'ICRA A1+' and 'CARE A1+' by CRISIL, ICRA and CARE Ratings respectively.

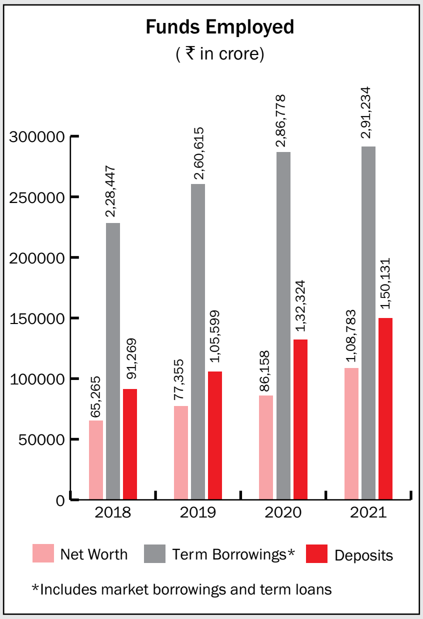
As at March 31, 2021, the Corporation had commercial paper (CPs) with an outstanding amount of ₹ 30,776 crore and the weighted average outstanding maturity was 254 days. CPs constituted 7% of the outstanding borrowing as at March 31, 2021. The CPs of the Corporation are listed on the wholesale debt market segments of the NSE and BSE.

Rupee Denominated Bonds Overseas

Under the Corporation's Medium Term Note Programme, the Corporation did not raise any funds through Rupee denominated bonds during the year. As at March 31, 2021, total outstanding Rupee denominated bonds overseas stood at ₹ 2,800 crore.

Deposits

According to regulatory directions, housing finance companies can accept public deposits not exceeding 3 times its net owned funds.



As at March 31, 2021, total outstanding deposits stood at ₹ 1,50,131 crore compared to ₹ 1,32,324 crore in the previous year. The number of deposit accounts stood at approximately 21 lac.

CRISIL and ICRA have for the twenty-sixth consecutive year, reaffirmed their 'FAAA/Stable' and 'MAAA/Stable' ratings respectively for HDFC's deposits. These ratings represent the highest degree of safety regarding timely servicing of financial obligations and also carries the lowest credit risk.

Increasing uncertainties in market conditions led to a flight to safety, which was reflected in the strong mobilisation of deposits of the Corporation during the financial year. The renewal ratio of retail deposits stood at 65% during the year.

The Corporation has over 23,000 active key deposit agents. Brokerage is paid on the deposits generated by deposits agents, depending on the product, amount and period of the deposit. Incentive is also paid on certain products, depending on the amount of deposits generated by the deposit agent. Brokerage and incentive payments are amortised over the period of the deposit.

The Corporation's online deposit platform continued to be well received and appreciated for its simplicity and convenience, besides being a green initiative. During the year, more than 52% of transactions were through the online deposits. Time and effort was also spent in training key partners to effectively use the online deposit platform. Various other digitalisation initiatives are underway to increase online deposit penetration.

Term Loans from Banks, Institutions and Refinance from National Housing Bank (NHB)

As at March 31, 2021, the total loans outstanding from banks, institutions and NHB (including foreign currency borrowings from domestic banks) amounted to ₹ 1,05,179 crore as compared to ₹ 1,04,909 crore as at March 31, 2020.

HDFC's long-term and short-term bank loan facilities have been assigned the highest rating by CARE and ICRA, signifying highest safety for timely servicing of debt obligations.

During the year, the Corporation availed refinance from NHB under various refinance schemes such as Additional Special Refinancing Facility, Affordable Housing Fund and Regular Refinance Scheme and Promoting Green Housing Refinance Scheme amounting to ₹ 5,175 crore.

External Commercial Borrowings

The Corporation has in place a medium term note programme for an amount of up to USD 2.8 billion which enables the Corporation to issue rupee/ foreign currency denominated bonds in the international capital markets, subject to regulatory approvals.

During the financial year, the Corporation has not raised any new ECBs.

The outstanding external commercial borrowings (ECBs) constitute borrowings from Asian Development Bank under the Housing Finance Facility Project (USD 12 million) and ECBs under RBI's Low Cost Affordable Housing Scheme (USD 1,804 million).

Risk Management

The Corporation has a risk management framework with overall governance and oversight by the Risk Management Committee, the Audit and Governance Committee and the Board of Directors. The Corporation recognises that risk management entails a combination of both, a bottom-up and a larger strategic overview of all functions across the organisation. Some of the risk scenarios identified during the year are given below:

- **People risk:** In light of the pandemic, the health and well-being of the Corporation's employees, customers, agents, suppliers, shareholders and all other stakeholders is paramount.
- **Disruptions due to COVID-19:** The risks of repeated wave of infections could have an adverse impact on business if the intensity increases and is for a prolonged period of time.
- **Credit risk in the construction finance portfolio:** Delays in construction owing to the current

environment could result in slower sales and possible delays in loan repayments.

- **Credit risk in individual loans:** A substantial reduction in salary or job losses may lead to increased stress on the retail portfolio.
- **Refinancing and prepayment of loans:** Competitors refinancing loans on better terms, whilst the cost and effort of originating and underwriting such loans has already been undertaken by the Corporation.
- **Regulatory risks:** As HFCs transit to the new regulatory framework, there could be risks arising from varying interpretations of the regulatory framework and accounting standards.
- **Cyber security:** Rising sophistication of network and web attacks despite increased vigilance and security controls.
- **Environment, Social and Governance (ESG):** ESG has become central to all spheres of activity and risks to the Corporation may arise if adequate disclosures and adoption of various ESG frameworks do not meet stakeholder expectations.

Financial Risk Management

The Corporation manages its liquidity, foreign exchange, interest rate and counterparty risks in accordance with its Financial Risk Management and Asset Liability Management Policy and prescribed guidelines.

The Corporation maintains minimum daily liquidity equivalent of at least one month's market maturities, in the form of units of mutual funds and investment in government securities. Further, under RBI's guidelines on Liquidity Risk Management Framework. HFCs would also need to maintain HQLA covering at least the next 30 days of net cash outflows (as defined by the guidelines) with effect from December 2021.

Assets and liabilities in foreign currencies are converted at the rates of exchange prevailing at the year-end. Foreign currency liabilities aggregated to USD 1,856 million as at March 31, 2021. The currency risk on the borrowings is hedged through derivatives such as swaps and options entered into with banks/ financial institutions. As at March 31, 2021, the Corporation's foreign currency exposure on borrowings net of risk management arrangements was nil, the same as in the previous year.

HDFC's foreign currency borrowings are linked to USD LIBOR or JPY LIBOR, the risk on which is hedged through coupon only and foreign currency interest rate swaps. The unhedged exposure on the foreign currency coupon for maturities beyond one year is nil on USD and JPY 569 million.

The Corporation enters into INR interest rate swaps to manage the risk arising from the mismatch on account of floating rate loans forming bulk of the assets, and fixed rate borrowings forming a large portion of liabilities. As at March 31, 2021, the Corporation entered into such swaps, converting its fixed rate rupee NCDs of a notional amount of ₹ 93,160 crore for varying maturities into floating rate liabilities linked to MIBOR. As a result of the swaps, HDFC pays the floating rate and receives the fixed rate.

As at March 31, 2021, 85% of the total assets and 78% of the total liabilities were on a floating rate basis.

The Corporation has an ongoing exercise to hedge potential credit risks on receivables from banks on account of derivative contracts, by entering into collateralisation arrangements with them.

The Corporation does not have any exposures to commodities and hence does not have any commodity price risk.

Asset Liability Management (ALM)

Assets and liabilities are classified on the basis of their contracted maturities. However, the estimates based on past trends in respect of prepayment of loans and renewal of liabilities which are in accordance with the ALM guidelines issued by the regulator have not been taken into consideration while classifying the assets and liabilities under the Schedule III to the Companies Act, 2013.

The ALM position of the Corporation is based on the maturity buckets as per the regulatory guidelines. In computing the information, certain estimates, assumptions and adjustments have been made by the management. The ALM position is as under:

As at March 31, 2021, assets and liabilities with maturity up to 1 year amounted to ₹ 1,26,346 crore and ₹ 1,13,241 crore respectively. Assets and liabilities with maturity of greater than 1 year and up to 5 years amounted to ₹ 2,70,522 crore and ₹ 2,44,329 crore respectively and assets and liabilities with maturity beyond 5 years amounted to

₹ 1,83,734 crore and ₹ 2,23,032 crore respectively.

Capital Adequacy Ratio

The Corporation's capital adequacy ratio (CAR) stood at 22.2%, of which Tier I capital was 21.5% and Tier II capital was 0.7%. The minimum CAR as per the prescribed regulations is 14% and minimum Tier 1 Capital is 10%.

On or before March 31, 2022, NBFC-HFCs are required to maintain a minimum CAR of 15% and minimum Tier 1 Capital at 10%.

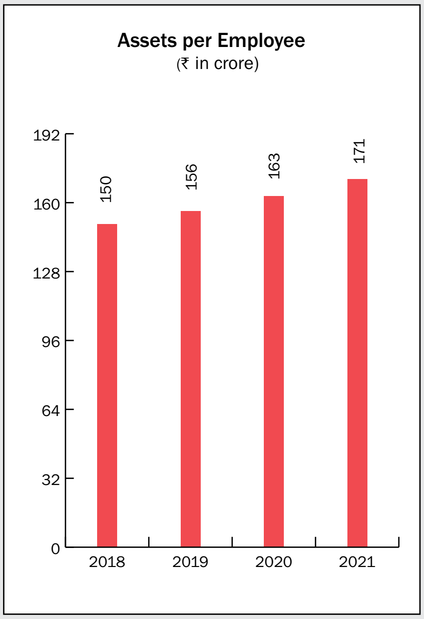
As at March 31, 2021, the risk weighted assets stood at around ₹ 3,98,000 crore.

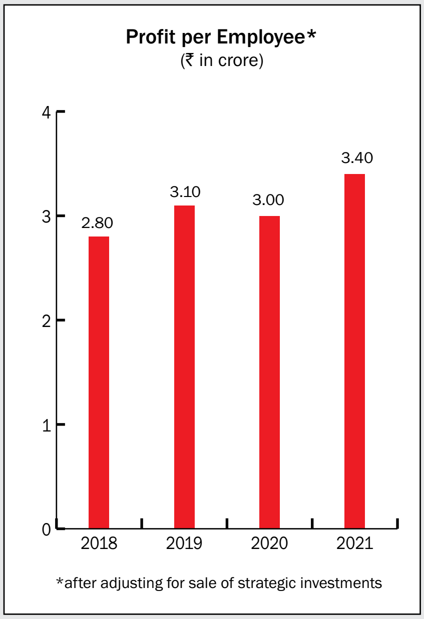
Internal Control Systems and their Adequacy

The Corporation has instituted adequate internal control systems commensurate with the nature of its business and the size of its operations. Internal audit is carried out by independent firms of chartered accountants and cover all the branches and key areas of business. All significant audit observations and follow-up actions thereon are reported to the Audit and Governance Committee. All the members of the Audit and Governance Committee are independent directors.

Material Developments in Human Resources

The Corporation has always believed that its employees are its most valued resource and has always ensured their all-round development. The employees are trained in functional and behavioural skills to ensure high standards of service to internal and external stakeholders.





During the year, leveraging technology, many of the in-person training programmes were converted into online courses to ensure continuity of knowledge and skill based training during the pandemic. In-house videos on various products and processes were developed by employees to share best practices. Further, the Corporation procured a number of soft skills e-learning courses for its employees.

As at March 31, 2021, the Corporation has 390 offices (excluding offices of HSPL) and the total number of employees is 3,226.

Total assets per employee as at March 31, 2021 stood at ₹ 171 crore as compared to ₹ 163 crore in the previous year. The net profit per employee as at March 31, 2021 was ₹ 3.4 crore compared to ₹ 3.0 crore in the previous year (after adjusting for sale of strategic investments).

Awards and Recognitions

During the year, some of the awards and recognitions received by the Corporation included:

- Awarded 'Company of The Year' at The Economic Times Awards for Corporate Excellence for the year 2020.
- Awarded the 'Golden Peacock Award for Excellence in Corporate Governance - 2020' by the Institute of Directors.
- Awarded 'Best Audit Committee – 2019' at the 7th Asia Business Responsibility E-Summit by the Asian Centre for Corporate Governance & Sustainability.
- Featured in the list of top ten wealth creators over 25 years (1995-2020) - a study undertaken by Motilal Oswal - 25th Annual Wealth Creation Study, 2020.

Subsidiaries and Associates

Though housing finance remains the core business, the Corporation has created tremendous value through its investments in its subsidiary and associate companies and will continue to support these companies whenever required. The Corporation will continue to explore avenues for such investments with the objective of providing a wide range of financial services and products under the HDFC brand name.

During the year, the Corporation's subsidiary, HDFC ERGO Health Insurance Limited (formerly Apollo Munich Health Insurance Company Limited) was merged into HDFC ERGO. The appointed date of the merger was March 1, 2020 and the effective date was November 13, 2020. Consequently, HDFC ERGO Health Insurance Limited was dissolved with effect from the said date.

RBI had directed the Corporation to reduce its shareholding in its insurance companies to below 50%.

Accordingly, during the year, the Corporation sold 1.43% of its shareholding in HDFC Life for a total consideration of ₹ 1,398 crore. As at March 31, 2021, the Corporation's shareholding in HDFC Life stood at 49.97% and ceased to be a subsidiary under the Companies Act, 2013.

However, for the purpose of consolidated financial statements, HDFC Life will continue to be accounted as a subsidiary company. As per IndAS, the Corporation consolidates a subsidiary when it controls the said company.

As per RBI's directive, the Corporation has to reduce its shareholding in HDFC ERGO to below 50% by May 12, 2021.

During the year, the Corporation made a gross investment of ₹ 55 crore in its subsidiary, HDFC Sales.

In November 2020, the Corporation entered into an agreement to invest in Renaissance Investment Solutions ARC Private Limited (Renaissance), representing 19.95% of its share capital for a consideration of ₹ 49.9 lac. Brookfield Property Manager (DIFC) Limited is a majority shareholder in Renaissance. Renaissance will undertake the business of asset reconstruction, subject to receipt of approval from RBI. Renaissance is an associate of the Corporation.

In February 2021, HDFC Property Ventures Limited (HPVL), a wholly owned subsidiary of the Corporation sold its entire stake in Magnum Foundations Private Limited (Magnum). Subsequent to the sale by HPVL, Magnum ceased to be an associate of the Corporation.

In April 2021, the Corporation concluded the sale of its equity stake of 24.48% of the equity capital of Good Host Spaces Private Limited (Good Host) to Baskin Lake Investments Limited. Post the sale, Good Host ceased to be an associate of the Corporation.

The financials with respect to HDFC Bank, HDFC Life and HDFC ERGO are presented as per their statutory financial statements prepared under Indian GAAP.

Review of Key Subsidiary and Associate Companies

HDFC Bank Limited (HDFC Bank)

HDFC and HDFC Bank continue to maintain an arm's length relationship in accordance with the regulatory framework. Both organisations, however, capitalise on the strong synergies through a system of referrals, special arrangements and cross selling in order to effectively provide a wide range of products and services under the 'HDFC' brand name.

As at March 31, 2021, advances of HDFC Bank stood at ₹ 11,32,837 crore – an increase of 14% over the previous year. Total deposits stood at ₹ 13,35,060 crore – an increase of 16%. As at March 31, 2021, HDFC Bank's distribution network includes 5,608 banking outlets and 16,087 ATMs in 2,902 locations.

For the year ended March 31, 2021, HDFC Bank reported a profit after tax of ₹ 31,117 crore as against ₹ 26,257 crore in the previous year, representing an increase of 19%.

HDFC together with its wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited holds 21.1% of the equity share capital of HDFC Bank.

Amid the second wave of COVID-19 in India, HDFC Bank did not declare any dividend for the year ended March 31, 2021, in view of the persisting uncertainty.

HDFC Life Insurance Company Limited (HDFC Life)

As at March 31, 2021, total premium income of HDFC Life stood at ₹ 38,583 crore as compared to ₹ 32,707 crore in the previous year, representing a growth of 18%. As at March 31, 2021, the company had a portfolio of 36 individual and 12 group products, along with 7 optional rider benefits, catering to a diverse range of customer needs.

The company continued on its trajectory of delivering consistent and strong business performance in FY21, whilst outpacing industry growth. The company recorded a growth of

17% in terms of individual weighted received premium (WRP) during FY21 as against private industry growth of 8%. The company ranked second in terms of individual weighted received premium, with its private market share increasing from 14.2% to 15.5% in FY21. The private market share within group and overall new business segment stood at 27.6% and 21.5% respectively. This has been delivered on the back of its proven strategy of adhering to a balanced product mix and diversified distribution, whilst leveraging digital capabilities.

Despite logistical challenges through the year, the company insured close to 40 million lives in FY21. The renewal premiums grew by 19% on the back of robust collections in the recently launched long-term savings products, with 13th month persistency improving from 88% in FY20 to 90% in FY21.

HDFC Life has reported a standalone profit after tax of ₹ 1,360 crore for the year ended March 31, 2021 as against ₹ 1,295 crore in the previous year.

The new business margin based on actual expenses (post overrun) stood at 26.1% (Previous Year: 25.9%).

As at March 31, 2021, the Indian Embedded Value stood at ₹ 26,617 crore (Previous Year: ₹ 20,650 crore). The operating return on embedded value stood at 18.5%.

The solvency ratio of the company was 201% as at March 31, 2021 as against the minimum regulatory requirement of 150%.

HDFC Life recommended a dividend of ₹ 2.02 per equity share of ₹ 10 each.

The Corporation's shareholding in HDFC Life stood at 49.97%.

HDFC Asset Management Company Limited (HDFC AMC)

HDFC AMC is one of India's largest mutual fund managers. As at March 31, 2021, the quarterly average assets under management (QAAUM) stood at ₹ 4.2 lac crore compared to ₹ 3.7 lac crore as at March 31, 2020.

The ratio of equity oriented AUM and non-equity oriented AUM was 43:57. HDFC AMC is the largest actively managed equity-oriented mutual fund in the country with market share at 13.3% in terms of actively managed equity-oriented QAAUM as at March 31, 2021.

For the year ended March 31, 2021, the profit after tax stood at ₹ 1,326 crore as against ₹ 1,262 crore in the previous year.

HDFC AMC recommended a final dividend of ₹ 34 per equity share of ₹ 5 each compared to the total dividend of ₹ 28 per share paid in the previous year.

During the year, the Corporation received dividend of ₹ 314 crore from HDFC AMC.

HDFC holds 52.7% of the equity share capital of HDFC AMC.

HDFC ERGO General Insurance Company Limited (HDFC ERGO)

HDFC ERGO continued to retain its market ranking as the third largest private sector player in the general insurance industry. The company had a market share of 10.8% (private sector) and 6.2% (overall) in terms of gross direct premium for the year ended March 31, 2021.

During the year, HDFC ERGO Health Insurance Limited (formerly Apollo Munich Health Insurance Company Limited) merged with and into HDFC ERGO.

The company offers a complete range of insurance products like motor, health, travel, home and personal accident in the retail segment, customised products like property, marine, aviation, cyber security and liability insurance in the corporate segment and crop insurance. The company had a balanced portfolio mix with the retail segment accounting for 62% of the business.

The gross written premium of HDFC ERGO for the year ended March 31, 2021 stood at ₹ 12,444 crore compared to ₹ 9,760 crore in the previous year (on a merged basis).

The combined ratio as at March 31, 2021 stood at 103.2%. The solvency ratio of the company was 190% as at March 31, 2021 as against the minimum regulatory requirement of 150%.

For the year ended March 31, 2021, profit after tax stood at ₹ 592 crore compared to ₹ 327 crore in the previous year.

HDFC ERGO paid an interim dividend of ₹ 3 per equity share of face value ₹ 10 per share during the year. Accordingly, the Corporation received ₹ 108 crore as dividend from HDFC ERGO.

HDFC holds 50.6% of the equity share capital of HDFC ERGO.

HDFC Property Funds

HDFC Venture Capital Limited & HDFC Property Ventures Limited

HDFC Venture Capital Limited (HVCL) is investment manager to HDFC

Property Fund, a registered venture capital fund with SEBI. All the balance investments of the close-ended fund have been fully exited during the financial year ended March 31, 2021. The fund generated attractive risk adjusted returns for the investors.

HDFC Property Ventures Limited (HPVL) provides investment advisory services to overseas asset management companies (AMCs). Such AMCs in turn manage and advise Indian and offshore private equity funds and investors.

HDFC holds 80.5% of the equity share capital of HVCL (with the balance held by State Bank of India) and 100% of the equity share capital of HPVL.

The Corporation has sponsored two off shore funds – HIREF International LLC ('HIREF') and HIREF International Fund II Pte Ltd ('HIREF II').

HIREF was launched in 2007 and has a corpus of USD 800 million and includes USD 50 million of commitment by the Corporation. The fund has made several profitable exits and is in the process of exiting the balance investments. The fund had made 14 investments in total and 5 investments are yet to be exited.

HIREF II had its final closing in April 2015 with a total corpus of USD 321 million which includes USD 40 million of commitment by the Corporation. The Fund has made 10 investments of which 3 investments have been profitably exited.

HDFC Ventures Trustee Company Limited has entered into a trust deed to act as a trustee to 'HDFC India Real Estate Fund III' ('HIREF III') which is registered under SEBI (Alternative Investment Funds) Regulations, 2012. HIREF III is in the process of raising INR equivalent of USD 500 million. HIREF III has received a commitment from a marque global investor.

HDFC Capital Advisors Limited

HDFC Capital Advisors Limited (HDFC Capital) is in the business of providing investment management services for real estate private equity financing. The Company also seeks to promote innovation and the adoption of new technologies within the real estate sector by investing in and partnering with technology companies.

HDFC Capital is one of the largest residential real estate fund managers in India with funds under management in excess of USD 1.3 billion. The company is the investment manager to HDFC Capital Affordable Real Estate Fund 1 (H-CARE 1) and HDFC Capital Affordable Real Estate Fund 2 (H-CARE 2), which are registered with SEBI as Category II Alternative Investment Funds. In addition, the company is also an investment advisor to a special situations fund focused on high-yield opportunities in the Indian residential real estate sector.

HDFC Capital was set up with the primary objective of providing long-term equity and mezzanine capital to developers at the land and pre-approval stage for the development of affordable and mid-income housing in India. H-CARE 1 and H-CARE 2 combine to create a USD 1.1 billion platform targeting the development of affordable and mid-income housing. These funds are committed with leading developers across India in the affordable and mid-income housing space. The platform is expected to support the development of approximately 75 residential projects and 1.7 lac residential units in urban India.

HDFC Capital believes that new technologies will play a vital role in the creation of efficiencies within the real estate development cycle which is critical for affordable housing projects. The company has set up the HDFC Affordable Real Estate and Technology Programme (H@ART), a first-of-its-kind initiative aimed at creating efficiencies and lowering costs in each part of the development cycle for a real estate project. H@ART seeks to invest, partner and mentor real estate technology companies that drive innovation and efficiencies within the affordable housing ecosystem.

HDFC Capital is a wholly owned subsidiary of the Corporation.

HDFC Sales Private Limited (HSPL)

HSPL continues to strengthen the Corporation's marketing and sales efforts by providing a dedicated sales force to sell home loans and other financial products.

HSPL has a presence in 203 locations. During the year under review, HSPL sourced loans accounting for 54% of individual loans disbursed by HDFC.

During the year, the company made a profit of ₹ 19 crore.

HSPL is a wholly owned subsidiary of the Corporation.

HDFC Credila Financial Services Limited (HDFC Credila)

HDFC Credila is India's first dedicated education loan company, providing loans to students pursuing higher education in India and abroad. As at March 31, 2021, HDFC Credila had cumulatively disbursed ₹ 12,055 crore to over 70,922 customers. The outstanding loan book stood at ₹ 6,267 crore. The average loan amount approved during the year was ₹ 26.8 lac.

For the year ended March 31, 2021, HDFC Credila reported a profit after tax of ₹ 155 crore as against ₹ 123 crore in the previous year, representing a growth of 26%.

As at March 31, 2021, the capital adequacy ratio stood at 24% and Tier 1 capital stood at 17.7%.

In addition to having its own sales team, branch network and digital channels for sourcing applications, HDFC Credila capitalises on HDFC Group's distribution network to source and market education loans.

HDFC Credila's borrowers are entitled to income tax exemption under Section 80E of the Income Tax Act, 1961.

HDFC Credila is a wholly owned subsidiary of the Corporation.

HDFC Education and Development Services Private Limited (HDFC Edu)

HDFC Edu is the Corporation's wholly owned subsidiary which focuses on the education sector.

The objective of HDFC Edu entering the education space is to imbibe best practices in education and facilitate innovation, thereby creating a visible impact on the educations system in the country.

The company provides services to The HDFC Schools which are located in Gurugram, Pune and Bengaluru. These schools follow the National Curriculum Framework, 2005 and are affiliated with the Central Board of Secondary Education.

The HDFC Schools believe in inclusive education and cater to children with special needs with trained teachers to take care of them. The schools also have children from underprivileged backgrounds. The schools now have more than 2,500 students and have created employment for more than 500 people.

With the help of the technology support provided by the Company, all three schools to which we provide services were quick to adapt to the COVID-19 situation. Even though the schools are locked up physically, online interactive classes had commenced via virtual classrooms almost immediately. The Company is continuously monitoring the situations advising the schools to follow the various Government directives of different states.

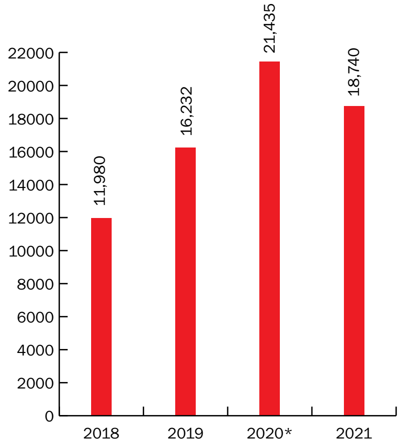
AUDITED CONSOLIDATED ACCOUNTS

Whilst Ind AS has been made applicable for NBFCs, including housing finance companies from the accounting period beginning April 1, 2018, the same is still pending for adoption by banks and insurance companies.

The consolidated financial statements comprise the standalone financial statements of the Corporation together with its subsidiaries which are consolidated on a line-by-line basis and its associates which are accounted on the equity method.

On a consolidated basis for the year ended March 31, 2021, the profit before tax was ₹ 24,237 crore as compared to ₹ 26,193 crore in the previous year.

Consolidated Profit After Tax Attributable to the Corporation
(₹ in crore)



*During FY20 GRUH was amalgamated with Bandhan Bank which resulted in a gain of ₹ 9,799 crore in the Statement of Profit and Loss

After providing ₹ 3,750 crore (Previous Year: ₹ 3,367 crore) for tax, the profit after tax stood at ₹ 20,487 crore as compared to ₹ 22,826 crore in the previous year.

The total comprehensive income stood at ₹ 22,069 crore as compared to ₹ 16,613 crore in the previous year.

The profit attributable to the Corporation during the year ended March 31, 2021 was ₹ 18,740 crore.

The post-tax return on assets for the consolidated group accounts for the year ended March 31, 2021 was 2.6%. The return on equity stood at 13.7%. The basic and diluted earnings per share (on a face value of ₹ 2 per share) for the group was ₹ 105.6 and ₹ 104.7 respectively.

standalone

FINANCIAL STATEMENTS

Independent Auditors' Report

TO THE MEMBERS OF

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Report on the audit of the standalone financial statements

Opinion

We have audited the standalone financial statements of Housing Development Finance Corporation Limited (the 'Corporation'), which comprise the Standalone Balance Sheet as at 31 March 2021, 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 for the year then ended, and notes to the standalone financial statements including a summary of the 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 (the '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 Corporation as at 31 March 2021, and profit and other comprehensive income, 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 Corporation in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matters

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Impairment of loans to customers, including off balance sheet elements

Refer to the accounting policies in Note 3.2.5 the standalone financial statements: Impairment and write off; Note 3.2.6 to the standalone financial statements: Determination of Expected Credit Loss; and Note 9 to the standalone financial statements: Loans</td></tr>
<tr><td>Subjective estimate

Recognition and measurement of impairment of loans involve significant management judgement.

The Corporation has recorded an impairment loss allowance of ₹ 13,003.77 Crores as at 31 March 2021 (₹ 10,959.48 Crores as at 31 March 2020) and has recognized a charge of ₹ 2,948.26 Crores for the year ended 31 March 2021 (charge of ₹ 5,907.67 Crores for the year ended 31 March 2020) in its statement of profit and loss.</td><td>Our key audit procedures included:

Design / controls

We performed end to end process walkthroughs to identify the key systems, applications and controls used in the ECL processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the ECL process.</td></tr>
</table>

Key audit matter	How the matter was addressed in our audit
Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Corporation's estimation of ECL are: • Data inputs - The application of ECL model requires several data inputs. This increases the risk that the data that has been used to derive assumptions in the model, which are used for ECL calculations, may not be complete and accurate. • Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Exposures at Default ("EAD"), Probabilities of Default ("PD") and Loss Given Default. The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered as a significant judgmental aspect of the Corporation's modelling approach. • Economic scenarios – Ind AS 109 requires the Corporation to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19. • Restructuring – the determination of whether any rescheduling of principal / interest to a borrower (including under regulations / a regulatory directive) results in a 'restructuring' conclusion under Ind AS is subject to interpretation / judgment. The outcome of this assessment impacts the staging conclusion of the loans, which in turn determines the amount of ECL provision which needs to be recorded. • Determination of ECL on non-homogeneous loans involves assessment of borrower specific cash flows/ collateral value determination, which requires significant management estimation and judgment.	**Key aspects of our controls testing involved the following:** • Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment model. • Testing the design and operating effectiveness of the key controls over the application of the staging criteria. • Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights. • For specifically assessed non-homogeneous loans, testing controls over the monitoring of the credit watch list, approval of external collateral valuation vendors and review controls over the approval and computation of significant impairments. • Testing management's controls over authorisation and calculation of post model adjustments and management overlays. • Testing the 'Governance Framework' controls over validation, implementation and model monitoring. • Testing management's controls on compliance with Ind AS 109 disclosures related to ECL. • Testing key controls operating over the information technology system in relation to loan impairment, including system access and system change management, program development and computer operations. **Test of details** Key aspects of our testing included: • Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. • Model calculations testing through re-performance, where possible.

Key audit matter	How the matter was addressed in our audit
• Qualitative adjustments – Adjustments to the model-driven ECL results are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts, especially in relation to economic uncertainty as a result of COVID-19. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Corporation. The extent to which the COVID-19 pandemic will impact the Corporation's current estimate of impairment loss allowances is dependent on future developments, which are uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans to customers, including off balance sheet elements, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. **Disclosures** The disclosures regarding the Corporation's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results. Further, disclosures to be provided as per circulars issued by the regulator with regards to non-performing assets and provisions will also be an area of focus, particularly as this will be the first year some of these disclosures will be presented and are related to an area of significant estimate.	• Test of details of post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 related overlays, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data • Assessing disclosures - assessing whether the disclosures appropriately disclose and address the requirements of Ind AS 109. Testing whether the disclosures are in accordance with the requirements of the circulars issued by the regulators. Involvement of specialists - we involved financial risk modelling specialists for the following: • Evaluating the appropriateness of the Corporation's Ind AS 109 impairment methodologies and reasonableness of assumptions used (including management overlays). • For models refresh undertaken during the year, evaluating whether the refresh was appropriate by assessing the updated model / methodology. • The reasonableness of the Corporation's considerations of the impact of the current economic environment due to COVID-19 on the ECL determination.
Valuation of Derivatives Instruments and Hedge Accounting Refer to the accounting policies in Note 3.2.11 to the standalone financial statements: Derivative financial instruments; Note 7 to the standalone financial statements: Derivative financial instruments and Note 44.6 to the standalone financial statements– Foreign currency risk (Fair value of ₹ 2,154 Crores and notional value of ₹ 118,269 Crores)	

Key audit matter	How the matter was addressed in our audit
The Corporation enters into derivative contracts in order to manage and hedge risks such as foreign exchange rate risk and interest rate risk on the borrowings. The Corporation either enters into cash flow hedges or fair value hedges depending on the risk being hedged. The valuation of derivative instruments and application of hedge accounting and evaluating hedge effectiveness is complex and operationally cumbersome and requires close monitoring from Corporation's management.	**Our key audit procedures included:** **Design / controls** • Obtained an understanding of the risk management policies and tested key controls on (i) valuation of derivative instruments (ii) at the time of designation of hedging relationship including authorisation by designated authority; documentation prepared by management at the inception of the hedge transaction; (iii) ongoing monitoring and review of the hedge relationship by management including test of hedge effectiveness.
	Substantive tests • Checked that the valuation of derivative instruments, for selected samples, is as per Ind AS 109; • Examined hedge documentation, for selected samples, to assess the compliance of documentation with Ind AS 109 requirements; • Tested for a sample, the reconciliation of derivative instruments to independent confirmations obtained from third party; • Involved specialists to perform independent valuation and compared the same with the valuation undertaken/ determined by the Corporation; • For selected samples, compared input data used in the Corporation's valuation models to independent sources; • Tested for a sample, the appropriateness of the hedge accounting entries; • Considered the appropriateness of disclosures in relation to financial risk management, derivative instruments and hedge accounting in the standalone financial statements.
Information technology ('IT') **IT systems and controls** The Corporation's key financial accounting and reporting processes are highly dependent on information systems including automated controls in information systems, such that there exists a risk that, gaps in the IT control environment could result in the financial accounting and reporting records being misstated. The Corporation uses several systems for its overall financial reporting.	**Our key audit procedures included:** • Understood General IT Control i.e. access controls, program/ system change, program development, computer operations (i.e. job processing, data/ system backup incident management) over key financial accounting and reporting systems, and supporting control systems (referred to as in-scope systems); • Understood IT infrastructure i.e. operating systems and databases supporting the in-scope systems;

Key audit matter	How the matter was addressed in our audit
In addition, the prevailing COVID 19 situation has caused the required IT systems to be made accessible on a remote basis and at the same time there are ever increasing challenges to protect the integrity of the Corporation's systems and data. We identified 'IT systems and controls' as key audit matter because of the high level of automation, significant number of systems being used by management and the scale and complexity of the IT architecture.	• Test checked the General IT Controls for design and operating effectiveness for the audit period over the in-scope systems. • Understood IT application controls covering – user access and roles, segregation of duties, and – key interfaces and reports. • Test checked the IT application controls for design and operating effectiveness for the audit period; • Performed testing to determine that IT application controls that underwent changes, followed the standard change management process; • Test checked controls over the IT infrastructure covering user access (including privilege users), data center; • Performed procedures around Cybersecurity and COVID-19 to determine the impact (if any) on financial statements.

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Corporation's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Director's report and Management Discussion & Analysis (MD&A) report, but does not include the standalone financial statements and our auditors' report thereon.

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

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

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

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

The Corporation'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 Corporation in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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, management and Board of Directors are responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Board of Directors is also responsible for overseeing the Corporation'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 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 judgement and maintain professional scepticism 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 Corporation 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 in the Standalone financial statements made by Management and Board of Directors.
- Conclude on the appropriateness of management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation'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 Corporation 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government in terms

of Section 143 (11) of the Act, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 Corporation 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 2021 and taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2021 from being appointed as a Director in terms of Section 164 (2) of the Act; and

f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Corporation 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 Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Corporation has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements – Refer note 40 to the standalone financial statements;

ii. the Corporation has recognised provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer note 7.1 to the standalone financial statements;

iii. there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Corporation during the year ended 31 March 2021. Whilst the Corporation transferred the unclaimed dividend, 2,148 underlying equity shares relating to such unclaimed dividend could not be transferred as the depository participant confirmed to the Corporation that the aforesaid equity shares were not available in the demat accounts of the respective shareholders; and

iv. the disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2021.

C. With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Corporation to its Directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any Director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) 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
ICAI UDIN: 21111855AAAACQ7395

Mumbai
07 May 2021

Annexure "A" to the Independent Auditors' Report – 31 March 2021

(Referred to in our report of even date)

i. (a) The Corporation has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Corporation has a regular programme of physical verification of property, plant and equipment by which property, plant and equipment are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Corporation 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 based on test check examination of the records and registered sale deeds / transfer deeds / conveyance deeds provided to us, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Corporation as at the balance sheet date, except the following, which are presented as properties under the head of Investment properties and non-current assets held for sale:

Particulars		₹ in crore	Remarks
Freehold land and buildings Two properties	Gross block	114	The Corporation is in the process of transferring these assets in its name. The process will be concluded after the necessary regulatory clearances have been obtained.
	Net block	104	
107 units	Gross block	137	The Corporation is in the process of selling the investment.
	Net block	137	

In respect of immovable properties of land and buildings that have been taken on lease and disclosed as property, plant and equipment in the standalone financial statements, the lease agreements are in the name of the Corporation, where the Corporation is the lessee in the agreement.

ii. The Corporation does not hold any inventory. Accordingly, paragraph 3 (ii) of the Order is not applicable to the Corporation.

iii. According to the information and explanations given to us and based on the audit procedures conducted by us, the Corporation has not granted loans during the current year, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.

iv. According to the information and explanations given to us and on the basis of our examination of the records of the Corporation, the Corporation has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantee and security, as applicable.

v. According to the information and explanations given to us, the Corporation has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under apply. Accordingly, the provision of clause 3(v) of the Order is not applicable to the Corporation.

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 Act, for any activities conducted / services rendered by the Corporation. Accordingly, paragraph 3(vi) of the Order is not applicable to the Corporation.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the books of account of the Corporation, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, service tax, value added tax, goods and services tax, cess and other material statutory dues applicable to it have generally been regularly deposited by the Corporation with the appropriate authorities. As explained to us, the Corporation did not have any dues on account of Customs Duty and Excise Duty.

According to the information and explanations given to us and on the basis of our examination of the records, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales-tax, service tax, value added tax, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2021 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, there are no dues of income tax, value added tax and goods and services tax that have not been deposited on account of any dispute. However, according to information and explanations given to us, the following dues of interest on lease tax and service tax have not been deposited by the Corporation on account of disputes:

Name of the statute	Nature of dues	Amount (₹ in crore)	Period to which the amount relates	Forum where dispute is pending
Maharashtra Sales Tax on the Transfer of the Right to use any Goods for any Purpose Act, 1985	Interest on lease tax	0.02	1999-2000	Commissioner of Sales Tax (Appeals)
The Finance Act, 1994	Service Tax	0.80	2007-2012	CESTAT West Zone, Mumbai

viii. According to the information and explanations given to us and on the basis of our examination of the records, the Corporation has not defaulted in the repayment of loans or borrowings to financial institutions, banks or debenture holders. The Corporation has not taken loans or borrowings from government.

ix. According to the information and explanations given to us and based on our examination of the records, the Corporation has applied the money raised from term loans during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. The Corporation has not raised money by way of public offer during the year.

x. During the course of our examination of the books and records of the Corporation, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Corporation or any instance of material fraud on the Corporation by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.

xi. According to the information and explanations given to us and based on our examination of the records of the Corporation, the Corporation has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. According to the information and explanations given to us, the Corporation is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Corporation, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the standalone financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations give to us and based on our examination of the records, the Corporation has not made any preferential allotment and private placement of shares or fully or partly convertible debentures during the year under review and accordingly, paragraph 3(xiv) of the Order is not applicable to the Corporation.

xv. According to the information and explanations given to us and based on our examination of the records, the Corporation has not entered into any non-cash transactions with Directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Corporation.

xvi. According to the information and explanation given to us, the Corporation is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Thus, paragraph 3 (xvi) of the Order is not applicable to the Corporation.

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

SAGAR LAKHANI
Partner
Membership No: 111855
ICAI UDIN: 21111855AAAACQ7395

Mumbai
07 May 2021

Annexure - B to the Independent Auditors' Report on the standalone financial statements of Housing Development Finance Corporation Limited for the year ended 31 March 2021

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

(Referred to in paragraph (2A.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 standalone financial statements of Housing Development Finance Corporation Limited (the 'Corporation') as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Corporation for the year ended on that date.

In our opinion, the Corporation 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 2021, based on the internal financial controls with reference to financial statements criteria established by the Corporation 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 and Board of Directors responsibility for internal financial controls

The Corporation'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 Corporation 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 Corporation's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Corporation'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 financial 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 standalone 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 Corporation'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 disposition of the company's assets that could have a material effect on the standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone 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
ICAI UDIN: 21111855AAAACQ7395

Mumbai
07 May 2021

HDFC

Standalone Balance Sheet as at March 31, 2021

₹ in Crore

		Notes	As at March 31, 2021	As at March 31, 2020
ASSETS				
(1)	**Financial Assets**			
(a)	Cash and Cash Equivalents	5	**769.97**	3,141.88
(b)	Bank Balances other than (a) above	6	**374.78**	283.81
(c)	Derivative Financial Instruments	7	**2,154.48**	5,709.28
(d)	Receivables			
	(i) Trade Receivables	8	**155.38**	230.06
	(ii) Other Receivables		**-**	-
(e)	Loans	9	**4,85,294.26**	4,39,943.28
(f)	Investments	10	**68,636.77**	64,944.37
(g)	Other Financial Assets	11	**3,381.42**	2,742.01
(h)	Non-Current Assets held for sale		**156.46**	-
	Total Financial Assets		**5,60,923.52**	5,16,994.69
(2)	**Non-Financial Assets**			
(a)	Current Tax Assets (Net)	12.1	**2,356.88**	3,101.78
(b)	Deferred Tax Assets (Net)	12.2	**1,655.30**	1,567.94
(c)	Investment Property	13	**840.57**	890.43
(d)	Property, Plant and Equipment	14	**986.42**	986.10
(e)	Other Intangible Assets	15	**369.46**	362.85
(f)	Other Non-Financial Assets	16	**331.64**	189.77
(g)	Non-Current Assets held for sale		**134.79**	-
	Total Non-Financial Assets		**6,675.06**	7,098.87
	Total Assets		**5,67,598.58**	5,24,093.56

Standalone Balance Sheet as at March 31, 2021 (Continued)

₹ in Crore

		Notes	As at March 31, 2021	As at March 31, 2020
LIABILITIES AND EQUITY				
LIABILITIES				
(1)	**Financial Liabilities**			
(a)	Derivative Financial Instruments	7	1,660.86	320.67
(b)	Payables	17		
	(A) Trade Payables	17.1		
	(i) Total outstanding dues of micro enterprises and small enterprises		7.48	3.90
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		331.67	192.90
	(B) Other Payables			
	(i) Total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(c)	Debt Securities	18	1,82,054.73	1,76,868.71
(d)	Borrowings (Other than Debt Securities)	19	1,05,179.18	1,04,908.64
(e)	Deposits	20	1,50,131.13	1,32,324.29
(f)	Subordinated Liabilities	21	4,000.00	5,000.00
(g)	Other Financial Liabilities	22	12,991.70	15,896.48
	Total Financial Liabilities		4,56,356.75	4,35,515.59
(2)	**Non-Financial Liabilities**			
(a)	Current Tax Liabilities (Net)	23	441.29	192.90
(b)	Provisions	24	251.29	260.54
(c)	Other Non-Financial Liabilities	25	1,766.60	1,966.47
	Total Non-Financial Liabilities		2,459.18	2,419.91
	Total Liabilities		4,58,815.93	4,37,935.50
(3)	**EQUITY**			
(a)	Equity Share Capital	26	360.79	346.41
(b)	Other Equity	27	1,08,421.86	85,811.65
	Total Equity		1,08,782.65	86,158.06
	Total Liabilities and Equity		5,67,598.58	5,24,093.56

See accompanying notes to the Standalone Financial statements.

As per our report of even date attached.

Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Sagar Lakhani
Partner
Membership No. 111855

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

J. J. Irani
(DIN: 00311104)

U. K. Sinha
(DIN: 00010336)

Bhaskar Ghosh
(DIN: 06656458)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

Nasser Munjee
(DIN: 00010180)

Jalaj Dani
(DIN: 00019080)

Ireena Vittal
(DIN: 05195656)

Ajay Agarwal
Company Secretary
(FCS: 9023)

MUMBAI, May 07, 2021

Standalone Statement of Profit and Loss for the year ended March 31, 2021

₹ in Crore

			Notes	Year ended March 31, 2021	Year ended March 31, 2020
REVENUE FROM OPERATIONS					
	(i)	Interest Income	28	42,771.96	42,647.12
	(ii)	Surplus from deployment in Cash Management Schemes of Mutual Funds		812.78	1,102.21
	(iii)	Dividend Income	29.1	733.97	1,080.68
	(iv)	Rental Income	29.2	77.16	70.36
	(v)	Fees and Commission Income	29.3	211.65	192.78
	(vi)	Net Gain on Fair Value Changes	29.4	956.48	9,119.04
	(vii)	Profit on Sale of Investments	29.5	1,397.69	3,523.75
	(viii)	Profit / (Loss) on Sale of Investments Properties		(2.20)	35.11
	(ix)	Income on Derecognised (assigned) Loans	29.6	1,190.25	967.87
(I)	**Total Revenue from Operations**			48,149.74	58,738.92
(II)	**Other Income**			26.12	24.42
(III)	**Total Income (I + II)**			48,175.86	58,763.34
EXPENSES					
	(i)	Finance Cost	30	28,614.76	31,001.36
	(ii)	Impairment on Financial Instruments (Expected Credit Loss)	31	2,948.00	5,913.10
	(iii)	Employee Benefit Expenses	32	914.11	592.92
	(iv)	Depreciation, Amortisation and Impairment	13,14 & 15	158.78	147.74
	(v)	Establishment Expenses	33	32.52	40.37
	(vi)	Other Expenses	34	692.60	716.93
(IV)	**Total Expenses (IV)**			33,360.77	38,412.42
(V)	**Profit Before Tax (III - IV)**			14,815.09	20,350.92
		Tax expense			
		- Current tax		3,040.65	2,571.68
		- Deferred tax		(252.86)	9.59
(VI)	**Total Tax Expense**		12.3	2,787.79	2,581.27
(VII)	**Net Profit After Tax (V - VI)**			12,027.30	17,769.65

Standalone Statement of Profit and Loss for the year ended March 31, 2021 (Continued)

₹ in Crore

		Notes	Year ended March 31, 2021	Year ended March 31, 2020
(VIII)	**Other Comprehensive Income**			
	(A) (i) Items that will not be reclassified to profit or (loss)		**1,815.61**	(7,398.62)
	(ii) Income tax relating to items that will not be reclassified to profit or (loss)		**(138.09)**	683.03
	Sub Total (A)	**35**	**1,677.52**	(6,715.59)
	(B) (i) Items that will be reclassified to profit or (loss)		**75.77**	84.56
	(ii) Income tax relating to items that will be reclassified to profit or (loss)		**(19.07)**	(21.28)
	Sub Total (B)	**35**	**56.70**	63.28
	Other Comprehensive Income (A + B)		**1,734.22**	(6,652.31)
(IX)	**Total Comprehensive Income (VII + VIII)**		**13,761.52**	11,117.34
(X)	**Earnings per Equity Share**	**36**		
	Basic (₹)		**67.77**	102.91
	Diluted (₹)		**67.20**	102.12

See accompanying notes to the Standalone Financial statements.

As per our report of even date attached.

Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Sagar Lakhani
Partner
Membership No. 111855

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

J. J. Irani
(DIN: 00311104)

U. K. Sinha
(DIN: 00010336)

Bhaskar Ghosh
(DIN: 06656458)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

Nasser Munjee
(DIN: 00010180)

Jalaj Dani
(DIN: 00019080)

Ireena Vittal
(DIN: 05195656)

Ajay Agarwal
Company Secretary
(FCS: 9023)

MUMBAI, May 07, 2021

Standalone Statement of Changes in Equity for the year ended March 31, 2021

A. Equity Share Capital

₹ in Crore

	Notes	Amount
As at April 1, 2019		**344.29**
Equity share capital issued during the year		**2.12**
As at April 1, 2020	**26**	**346.41**
Equity share capital issued during the year		**14.38**
As at March 31, 2021	**26**	**360.79**

B. Other Equity (Refer Note 27)

₹ in Crore

Particulars	Reserves and Surplus								Other Comprehensive Income			Employee Stock Option Reserve	Foreign Currency Monetary Item Translation	Money received against share warrants	Total
	Capital Reserve	Securities Premium	Retained Earnings	General Reserve	Special Reserve I	Special Reserve II	Statutory Reserve	Shelter Assistance Reserve	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Cost of Hedge				
Balance as at April 1, 2019 (Opening Balance)	0.04	30,661.21	11,635.24	15,905.51	51.23	13,016.95	5,027.42	3.21	(170.23)	(222.45)	(2.44)	1,098.06	7.43	-	77,011.18
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	**0.04**	**30,661.21**	**11,635.24**	**15,905.51**	**51.23**	**13,016.95**	**5,027.42**	**3.21**	**(170.23)**	**(222.45)**	**(2.44)**	**1,098.06**	**7.43**	**-**	**77,011.18**
Profit for the year	-	-	17,769.65	-	-	-	-	-	-	-	-	-	-	-	**17,769.65**
Other Comprehensive Income for the year	-	-	(31.99)	-	-	-	-	-	(6,683.60)	41.86	21.42	-	-	-	**(6,652.31)**
Total Comprehensive Income for the year	**-**	**-**	**17,737.66**	**-**	**-**	**-**	**-**	**-**	**(6,683.60)**	**41.86**	**21.42**	**-**	**-**	**-**	**11,117.34**
Movement for the year	-	-	-	-	-	-	-	-	-	-	-	13.64	(7.43)	-	**6.21**
Transfer of Securities premium on conversion of warrants and exercise of ESOP	-	102.28	-	-	-	-	-	-	-	-	-	(102.28)	-	-	**-**
Dividends including tax on dividend	-	-	(3,600.63)	-	-	-	-	-	-	-	-	-	-	-	**(3,600.63)**
Transfer from retained earnings	-	-	(11,634.60)	8,034.60		3,400.00	200.00	-	-	-	-	-	-	-	**-**
Received during the year	-	1,280.66	-	-	-	-	-	-	-	-	-	-	-	-	**1,280.66**
Utilised during the year	-	-	-	-	-	-	-	(3.11)	-	-	-	-	-	-	**(3.11)**
Balance as at March 31, 2020	**0.04**	**32,044.15**	**14,137.67**	**23,940.11**	**51.23**	**16,416.95**	**5,227.42**	**0.10**	**(6,853.83)**	**(180.59)**	**18.98**	**1,009.42**	**-**	**-**	**85,811.65**

Particulars	Reserves and Surplus								Other Comprehensive Income			Employee Stock Option Reserve	Foreign Currency Monetary Item Translation	Money received against share warrants	Total
	Capital Reserve	Securities Premium	Retained Earnings	General Reserve	Special Reserve I	Special Reserve II	Statutory Reserve	Shelter Assistance Reserve	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Cost of Hedge				
Balance as at April 1, 2020 (Opening Balance)	**0.04**	**32,044.15**	**14,137.67**	**23,940.11**	**51.23**	**16,416.95**	**5,227.42**	**0.10**	**(6,853.83)**	**(180.59)**	**18.98**	**1,009.42**	**-**	**-**	**85,811.65**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Restated balance at the beginning of the reporting period	**0.04**	**32,044.15**	**14,137.67**	**23,940.11**	**51.23**	**16,416.95**	**5,227.42**	**0.10**	**(6,853.83)**	**(180.59)**	**18.98**	**1,009.42**	**-**	**-**	**85,811.65**
Profit for the year	-	-	12,027.30	-	-	-	-	-	-	-	-	-	-	-	**12,027.30**
Other Comprehensive Income for the year	-	-	6.30	-	-	-	-	-	1,671.21	(17.69)	74.40	-	-	-	**1,734.22**
Total Comprehensive Income for the year	**-**	**-**	**12,033.60**	**-**	**-**	**-**	**-**	**-**	**1,671.21**	**(17.69)**	**74.40**	**-**	**-**	**-**	**13,761.52**
Movement for the year	-	-	-	-	-	-	-	-	-	-	-	389.06	-	-	**389.06**
Transfer of Securities premium on exercise of ESOP	-	224.80	-	-	-	-	-	-	-	-	-	(224.80)	-	-	**-**
Dividends including tax on dividend	-	-	(3,642.68)	-	-	-	-	-	-	-	-	-	-	-	**(3,642.68)**
Transfer from retained earnings	-	-	(5,200.00)	2,700.00	-	2,000.00	500.00	-	-	-	-	-	-	-	**-**
Received during the year (refer notes 26.1 and 26.6)	-	11,817.65	-	-	-	-	-	-	-	-	-	-	-	307.03	**12,124.68**
Utilised during the year (refer note 26.6)	-	(22.34)	-	-	-	-	-	(0.03)	-	-	-	-	-	-	**(22.37)**
Balance as at March 31, 2021	**0.04**	**44,064.26**	**17,328.59**	**26,640.11**	**51.23**	**18,416.95**	**5,727.42**	**0.07**	**(5,182.62)**	**(198.28)**	**93.38**	**1,173.68**	**-**	**307.03**	**1,08,421.86**

See accompanying notes to the Standalone Financial Statements.

As per our report of even date attached.

Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Sagar Lakhani
Partner
Membership No. 111855

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

J. J. Irani
(DIN: 00311104)

U. K. Sinha
(DIN: 00010336)

Bhaskar Ghosh
(DIN: 06656458)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

Nasser Munjee
(DIN: 00010180)

Jalaj Dani
(DIN: 00019080)

Ireena Vittal
(DIN: 05195656)

Ajay Agarwal
Company Secretary
(FCS: 9023)

MUMBAI, May 07, 2021

Standalone Cash Flow Statement for the year ended March 31, 2021

₹ in Crore

			Year ended March 31, 2021	Year ended March 31, 2020
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before tax		**14,815.09**	20,350.92
	Adjustments for:			
	Depreciation, Amortisation and Impairment		**158.78**	147.74
	Impairment on Financial Instruments (Expected Credit Loss)		**2,948.00**	5,913.10
	Expense on Employee Stock Option Scheme		**338.42**	13.64
	Net gain on fair value changes		**(956.48)**	(9,119.04)
	Interest Expense		**28,383.48**	30,797.57
	Interest Income		**(43,584.74)**	(43,942.11)
	Profit on Sale of Investments		**(1,397.69)**	(3,523.75)
	(Profit)/Loss on Sale of Investment Properties and Fixed Assets (Net)		**2.14**	(35.11)
	Utilisation of Shelter Assistance Reserve		**(0.03)**	(3.11)
	Operating Profit before Working Capital changes and adjustment for interest received and paid		**706.97**	599.85
	(Increase)/Decrease in Financial Assets and Non Financial Assets		**2,825.09**	(3,217.84)
	Increase/(Decrease) in Financial and Non Financial Liabilities		**(3,050.77)**	1,680.14
	Cash from/(used in) Operations before adjustments for interest received and paid		**481.29**	(937.85)
	Interest Received		**43,703.69**	43,505.61
	Interest Paid		**(29,335.32)**	(30,564.30)
	Taxes Paid		**(2,039.03)**	(2,961.68)
	Net Cash from Operations		**12,810.63**	9,041.78
	Loans Disbursed (Net)		**(48,813.18)**	(45,344.63)
	Inter Corporate Deposits (Net)		**8.26**	1,010.50
	Redemption/(Investment) in Cash Management Schemes of Mutual Funds (Net)		**7,521.10**	(8,524.44)
	Net cash used in Operating Activities	A	**(28,473.19)**	(43,816.79)
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Property, Plant and Equipment		**(63.00)**	(78.06)
	Sale of Property, Plant and Equipment		**0.53**	0.89
	Net Cash used for Property, Plant and Equipment		**(62.47)**	(77.17)
	Purchase of Investment Properties		**(91.27)**	(278.73)
	Sale of Investment Properties		**57.14**	65.43
	Net Cash flow from/(used) for Investment Properties		**(34.13)**	(213.30)
	Investments			
	- in Subsidiary Companies		**(55.00)**	(2,156.72)
	- in Associates Companies		**(0.50)**	(86.71)
	Other Investments:			
	- Purchase of Investments		**(9,572.69)**	(5,571.92)
	- Sale of Investments		**1,225.01**	612.45
	Sale of Investments in subsidiaries		**-**	1,639.14
	Net cash used in Investing Activities	B	**(8,499.78)**	(5,854.23)

Standalone Cash Flow Statement for the year ended March 31, 2021 (Continued)

₹ in Crore

			Year ended March 31, 2021	Year ended March 31, 2020
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Share Capital - Equity		**14.38**	2.12
	Money Received Against Warrants		**307.03**	0.00
	Securities Premium (Net of Issue expenses)		**11,845.95**	1,280.66
	Sale proceeds of Investments in Subsidiary Companies		**1,484.25**	1,903.27
	Borrowings (Net)		**233.79**	27,352.67
	Deposits (Net)		**17,837.24**	26,725.35
	Proceeds from Debt Securities and Subordinated Liabilities		**1,05,660.00**	1,02,820.65
	Repayment of Debt Securities and Subordinated Liabilities		**(99,111.04)**	(1,04,018.86)
	Payments for principal portion of lease liability		**(27.86)**	(10.81)
	Dividend paid - Equity Shares		**(3,642.68)**	(3,021.60)
	Tax paid on Dividend		**-**	(581.35)
	Net cash from financing activities	**C**	**34,601.06**	52,452.10
	Net Increase/(Decrease) in cash and cash equivalents	**[A+B+C]**	**(2,371.91)**	2,781.08
	Add : Cash and cash equivalents as at the beginning of the year		**3,141.88**	360.80
	Cash and cash equivalents as at the end of the year		**769.97**	3,141.88
	Components of cash and cash equivalents			
	Cash on hand		**0.49**	0.14
	In Current Accounts		**367.87**	3,110.38
	In Deposit accounts with original maturity of 3 months or less		**200.23**	-
	Cheques on hand		**201.38**	31.36
	Total		**769.97**	3,141.88

Note

1. During the year, the Corporation has received Dividend of ₹ 773.97 Crore (Previous year ₹ 1,080.68 Crore).
2. Net movement in Borrowings (including Debt Securities), Deposits and Subordinated Liabilities amounting to ₹ 22,263.40 Crore (Previous year ₹ 52,887.24 Crore) includes fresh issuance, repayments and effect of changes in foreign exchange rates.

See accompanying notes to the Standalone Financial statements.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Sagar Lakhani
Partner
Membership No. 111855

MUMBAI, May 07, 2021

Directors

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

J. J. Irani
(DIN: 00311104)

U. K. Sinha
(DIN: 00010336)

Bhaskar Ghosh
(DIN: 06656458)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

Nasser Munjee
(DIN: 00010180)

Jalaj Dani
(DIN: 00019080)

Ireena Vittal
(DIN: 05195656)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Notes forming part of the standalone financial statements

1 Overview

Housing Development Finance Corporation Limited ('HDFC' or 'the Corporation' or 'the Company') was incorporated in 1977 as the first specialised Mortgage Company domiciled in India as a limited company having its Corporate office at HDFC House, H T Parekh Marg, Churchgate, Mumbai 400 020. The principal business is providing finance to individuals, corporates and developers for the purchase, construction, development and repair of houses, apartments and commercial properties in India. The business is conducted through its branches in India and its overseas offices at London, Singapore and Dubai supported by a network of agents for sourcing loans as well as deposits. HDFC is the holding company for investments in its associates and subsidiary companies. The Corporation is a public limited company and its shares are listed on the Bombay Stock Exchange (BSE), India, and the National Stock Exchange (NSE), India, and the Corporation's Synthetic INR Denominated bonds are listed on the London Stock Exchange.

2 Basis of Preparation and Presentation

2.1 Statement of Compliance and Basis of Preparation and Presentation

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Companies Act, 2013 (the "Act"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The Balance Sheet, Statement of Profit and Loss, Statement of Cash Flow and Statement of Changes in Equity are together referred as the financial statement of the Corporation.

The standalone financial statements of the Corporation are prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 under Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS").

The financial statements are prepared and presented on going concern basis and the relevant provisions of the ACT and the guidelines and directives issued by the Reserve Bank of India (RBI) and National Housing Bank ("NHB") to the extent applicable.

Amounts in the financial statements are presented in Indian Rupees in Crore rounded off to two decimal places as permitted by Schedule III to the Act. Per share data is presented in Indian Rupee to two decimal places. The Corporation presents its Balance Sheet in the order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 39.

Accounting policies are consistently applied except where a newly-issued Ind AS initially adopted or a revision to an existing Ind AS requires a change in the accounting policy.

2.2 Functional and Presentation Currency

The financial statements are presented in Indian Rupees (₹) which is the functional and the presentation currency of the Corporation and all values are rounded to the nearest Crore with two decimals, except when otherwise indicated.

2.3 Basis of Measurement

The financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair values.

A historical cost is a measure of value used for accounting in which the price of an asset on the balance sheet is based on its historical cost, it is generally fair value of consideration given in exchange for goods and services at the time of transaction or original cost when acquired by the Corporation.

Notes forming part of the standalone financial statements (Continued)

Fair value is the price that likely to be received on sell of an asset or paid to transfer a liability in an orderly transaction between market participants on 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 Corporation takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102 Share based Payment, leasing transactions that are within the scope of Ind AS 116 Leases.

Fair value measurements under Ind AS are categorised into fair value hierarchy 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 quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation can access on measurement date.
- Level 2 inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 where unobservable inputs are used for the valuation of assets or liabilities.

2.4 **Use of Estimates and Judgements**

The preparation of the financial statements in conformity with Indian Accounting Standards ("Ind AS") requires the management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Accounting estimates could change from period to period. Actual results could differ from those estimates. Revisions to accounting estimates are recognised prospectively. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future 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. Some of the areas involving significant estimation / judgement are determination of Expected Credit Loss, fair valuation of Investments, Income taxes, share based payments and employee benefits.

3 Significant Accounting Policies

3.1 **Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

3.1.1 **Interest**

Interest income on financial instruments is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ("EIR") applicable.

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets measured at fair value through profit and loss ("FVTPL"), transaction costs are recognised in the statement of profit and loss at initial recognition.

Notes forming part of the standalone financial statements (Continued)

Interest income/expenses is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets/liabilities (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets, interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses).

3.1.2 **Dividend Income**

Dividend income is recognised when the Corporation's right to receive dividend is established.

3.1.3 **Fee and Commission Income**

Fee and commission income include fees other than those that are an integral part of EIR. The Corporation recognises the fee and commission income in accordance with the terms of the relevant contracts / agreement and when it is probable that the Corporation will collect the consideration.

3.1.4 **Rental Income**

Income from operating leases are recognised in the statement of profit and loss as per the contractual rentals unless another systematic basis is more representative of the time pattern in which benefits are derived from the leased assets.

3.1.5 **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.

3.2 **Financial Instruments**

3.2.1 **Fair Valuation of Investments (other than Investment in Subsidiaries and Associates)**

Some of the Corporation's Investments (other than Investment in Subsidiaries and Associates) are measured at fair value. In determining the fair value of such Investments, the Corporation uses quoted prices (unadjusted) in active markets for identical assets or based on inputs which are observable either directly or indirectly. However in certain cases, the Corporation adopts valuation techniques and inputs which are not based on market data. When Market observable information is not available, the Corporation has applied appropriate valuation techniques and inputs to the valuation model.

The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Information about the valuation techniques and inputs used in determining the fair value of Investments are disclosed in Note 44.3.2.

3.2.2 **Recognition and Initial Measurement**

All financial assets and liabilities, (including financial instruments received in settlement of erstwhile loan assets) with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Corporation becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfer is initiated or disbursement cheque is issued to the customer. The Corporation recognises debt securities, deposits and borrowings when funds are received by the Corporation.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL are recognised immediately in the statement of profit and loss.

If the transaction price differs from fair value at initial recognition, the Corporation recognise for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in the statement of profit and loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to defer the difference between the fair value at initial recognition and the transaction price.

After initial recognition, the deferred gain or loss will be recognised in the statement of profit and loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

3.2.3 Classification and Subsequent Measurement of Financial Assets and Liabilities

3.2.3.1 *Financial Assets*

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

- Amortised cost
- Fair Value through other comprehensive income
- Fair Value through Profit and Loss

3.2.3.1.1 Amortised Cost

The Corporation classifies and measures cash and bank balances, Loans, Trade receivable, certain debt investments and other financial assets at amortised cost if the following condition is met:

- Financial Assets that are held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows, and that have contractual cash flows that are SPPI;

3.2.3.1.2 Fair Value through Other Comprehensive Income ("FVOCI")

The Corporation classifies and measures certain debt instruments at FVOCI when the investments are held within a business model, the objective of which is achieved by both, collecting contractual cash flows and selling the financial instruments and the contractual terms of the financial instruments meet the Solely Payment of Principal and Interest on principal amount outstanding ('SPPI') test.

The Corporation measures all equity investments at fair value through profit or loss, unless the investments is not for trading and the Corporation's management has elected to classify irrevocably some of its equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

3.2.3.1.3 Fair Value through Profit and Loss ("FVTPL")

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; and/or

Notes forming part of the standalone financial statements (Continued)

- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement is recognised in the statement of profit and loss.

3.2.4 **Evaluation of Business Model**

Classification and measurement of financial instruments depends on the results of the Solely Payments of Principal and Interest on the principal amount outstanding ("SPPI") and the business model test (refer note). The Corporation determines the business model at a level that reflects how the Corporation's financial instruments are managed together to achieve a particular business objective.

The Corporation monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Corporation's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those instruments.

3.2.4.1 ***Business Model Test***

An assessment of business model for managing financial assets is fundamental to the classification of a financial asset. The Corporation determines the business model at a level that reflects how financial assets are managed together to achieve a particular business objective. The Corporation's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Corporation considers all relevant information and evidence available when making the business model assessment such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Corporation's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Corporation determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model. The Corporation reassesses it's business model at each reporting period to determine whether the business model has changed since the preceding period. For the current and prior reporting period the Corporation has not identified a change in its business model.

The loans initiated by the Corporation and outstanding include loans for which an option is given to a third party to acquire loans by way of assignment. This is consequent to an arrangement with the party that sources loans for the Corporation and has an option to acquire through assignment, a fixed percentage of the aggregate value of loans sourced by it for the Corporation at a predetermined price. As per the arrangement, loans assigned are substituted by newly sourced loans which ensures contractual cash flows are collected by the Corporation. Accordingly, all such outstanding loans have been classified at amortised cost.

3.2.4.1.1 **Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding**

For an asset to be classified and measured at amortised cost or at FVOCI, its contractual terms should give rise to cash flows that meet SPPI test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI, such financial assets are either classified as fair value through profit & loss account or fair value through other comprehensive income.

3.2.4.1.2 **Subsequent Measurement and Gain and Losses**

Financial Assets at Amortised Cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Debt Instrument at FVOCI

These assets are subsequently measured at fair value. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on subsequent measurement is recognised in OCI and on derecognition the cumulative gain or loss recognised in OCI will be recycled to statement of profit and loss.

Equity Instrument at FVOCI

Gains and losses on equity instruments measured at FVOCI are recognised in other comprehensive income and never recycled to the statement of profit and loss. Dividends are recognised in profit or loss as dividend income when the right to receive payment has been established, except when the Corporation benefits from such proceeds as a recovery of whole or part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are fair valued at each reporting date and not subject to an impairment assessment.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gain or losses, including any interest or dividend income, are recognised in the statement of profit and loss.

3.2.4.1.3 **Reclassifications**

If the business model under which the Corporation holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Corporation's financial assets.

3.2.4.2 **Financial Liabilities and Equity Instruments**

3.2.4.2.1 ***Classification as Debt or 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.

Notes forming part of the standalone financial statements (Continued)

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 unfavourable to the Corporation or a contract that will or may be settled in the Corporation's own equity instruments and is a non-derivative contract for which the Corporation is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Corporation's own equity instruments.

3.2.4.2.2 ***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 Corporation are recognised at the face value and proceeds received in excess of the face value are recognised as Securities Premium.

3.2.4.2.3 ***Subsequent Measurement and Gain and Losses***

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

3.2.5 **Impairment and Write-off**

The Corporation recognises loss allowances for Expected Credit Losses on the following financial instruments that are not measured at FVTPL:

– Loans and advances to customers;

– Other financial assets;

– Debt instruments measured at amortised cost and at FVOCI;

– Loan commitments; and

– Financial guarantees.

Equity instruments are measured at fair value and not subject to an impairment loss.

ECL is required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. loss allowance on default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Lifetime ECL, i.e. lifetime ECL that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL is measured at an amount equal to the 12-month ECL.

The Corporation has established a policy to perform an assessment at the end of each reporting period whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instruments.

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

Stage 1: When loans are first recognised, the Corporation recognises an allowance based on 12 months ECL.

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

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

Stage 3: When loans are considered credit-impaired, the Corporation records an allowance for the life time expected credit losses.

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

3.2.6 **Determination of Expected Credit Loss ("ECL")**

The measurement of impairment losses (ECL) across all categories of financial assets requires judgement.

In particular, the estimation of the amount and timing of future cash flows based on Corporation's historical experience and collateral values when determining impairment losses along with the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Elements of the ECL models that are considered accounting judgments and estimates include:

- Bifurcation of the financial assets into different portfolios when ECL is assessed on a collective basis.
- Corporation's criteria for assessing if there has been a significant increase in credit risk. (Refer Note)
- Development of ECL models, including choice of inputs / assumptions used.

The various inputs used and the process followed by the Corporation in measurement of ECL has been detailed in Note.

3.2.6.1 ***Measurement of Expected Credit Losses***

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

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

The Corporation's ECL for financial guarantee is estimated based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs.

The Corporation measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Notes forming part of the standalone financial statements (Continued)

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

Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities after considering the credit conversion factor (for Stage 1 and Stage 2 assets), and accrued interest from missed payments.

Probability of Default (PD) is the probability of whether borrowers will default on their obligations which are calculated based on historical default rate summary of past years using origination vintage analysis.

Loss Given Default (LGD) is an estimate of the loss from a financial asset given that a default occurs. The LGD is computed using the Corporation's own loss and recovery experience. It is usually expressed as a percentage of the EAD.

3.2.6.2 ***Significant Increase in Credit Risk***

The Corporation monitors all financial assets, including loan commitments and financial guarantee contracts issued that are subject to impairment requirements, to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Corporation measures the loss allowance based on lifetime rather than 12-month ECL. The Corporation's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Corporation monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for a significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Corporation compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Corporation considers both quantitative and qualitative information that is reasonable and supportable, including historical experience that is available without undue cost or effort.

The qualitative factors that indicate a significant increase in credit risk are reflected in PD models on a timely basis. However, the Corporation still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending, there is a particular focus on assets that are included on a 'watch list'. Given an exposure is on a watch list once, there is a concern that the creditworthiness of the specific counterparty has deteriorated. ECL assessment for watch list accounts is done on a case by case approach after considering the probability of weighted average in a different recovery scenario. For individual loans the Corporation considers the expectation of forbearance, payment holidays, and events such as unemployment, bankruptcy, divorce, or death.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD is more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when a financial asset becomes 30 days past due and overdue more than 1 calendar month, but not Stage 3; in addition to SICR accounts, the Corporation considers that a significant increase in credit risk has occurred and the asset is classified in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

Notes forming part of the standalone financial statements (Continued)

3.2.6.3 ***Credit-Impaired Financial Assets***

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- restructuring of loans due to financial difficulty of the borrowers;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event. Instead the combined effect of several events may have caused financial assets to become credit-impaired. The Corporation assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Corporation considers factors such as bond yields, credit ratings and the ability of the borrower to raise funds.

A loan is considered credit-impaired when a concession is granted to the borrower due to deterioration in the borrower's financial condition. The definition of default includes unlikeliness to pay indicators and a back-stop if amounts are overdue for 90 days or more.

Borrowers forming part of schemes released under the regulatory packages like Moratorium, One-Time restructuring and Emergency credit linked guaranteed scheme were evaluated for credit impairment.

3.2.6.4 ***Definition of Default***

The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL.

The Corporation considers the following as constituting an event of default:

- the borrower is past due more than 90 days + Accounts Identified by HDFC as NPA as per regulatory guidelines + Objective Evidence for impairment (Qualitative Overlay); or
- the borrower is unlikely to pay its credit obligations to the Corporation.

When assessing if the borrower is unlikely to pay its credit obligation, the Corporation takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not as relevant for individual lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

3.2.6.5 ***Write-off***

Loans and debt securities are written off when the Corporation has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Corporation determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Corporation may apply enforcement activities to financial assets written off/ may assign / sell loan exposure to ARC / Bank / a financial institution for a negotiated consideration. Recoveries resulting from the Corporation's enforcement activities could result in impairment gains. The corporation has a Board approved policy on Write off and one time settlement of loans.

Notes forming part of the standalone financial statements (Continued)

3.2.7 Modification and Derecognition of Financial Assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between the initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Corporation renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. Loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Corporation assesses whether this modification results in derecognition. In accordance with the Corporation's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Corporation considers the following:

Qualitative factors, such as contractual cash flows after modification, are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants, if these do not clearly indicate a substantial modification, then; a quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original EIR. If there is a significant difference in present value, the Corporation deems the arrangement substantially different, leading to derecognition.

In the case where the financial asset is derecognised the loss allowances for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the revised terms may lead to a gain or loss on derecognition. The new financial asset may have a loss allowance measured based on 12-month ECL except where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Corporation monitors the credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Corporation determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms;
- The remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification does not result in derecognition, the estimate of PD reflects the Corporation's ability to collect the modified cash flows taking into account the Corporation's previous experience of similar forbearance action, as well as various behavioral indicators, including the borrower's

Notes forming part of the standalone financial statements (Continued)

payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition, the loss allowance is continued to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans is generally measured based on 12-month ECL when there is evidence of the borrower's improved repayment behavior following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition, the Corporation calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Corporation measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Corporation derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in the statement of profit and loss, with the exception of equity investment designated as measured at FVOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the statement of profit and loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Corporation retains an option to repurchase part of a transferred asset), the Corporation allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in the statement of profit and loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the statement of profit and loss.

3.2.8 Derecognition of Financial Liabilities

The Corporation derecognises financial liabilities when, and only when, the Corporation'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.

3.2.9 Collateral Valuation and Repossession

The Corporation provides fully secured, partially secured, and unsecured loans to individuals and Corporates to mitigate the credit risk on financial assets, the Corporation seeks to use collateral, where possible as per the powers conferred on the Housing Finance Companies under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("SARFAESI").

Notes forming part of the standalone financial statements (Continued)

In its normal course of business, the Corporation does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and not treated as non–current assets held for sale.

3.2.10 **Servicing of Assets / Liabilities**

The Corporation transfers loans through securitisation and direct assignment transactions. The transferred loans are de-recognised and gains/losses are accounted for, only if the Corporation transfers substantially all risks and rewards specified in the underlying assigned loan contract. In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions for a fee, the Corporation recognises the fair value of future service fee income over service obligations cost on net basis as service fee income in the statement of profit and loss and, correspondingly creates a service asset in balance sheet.

The Corporation recognises either a servicing asset or a servicing liability for servicing contract. If the fee to be received is not expected to compensate the Corporation adequately for performing the servicing activities, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing activities, a servicing asset is recognised. Corresponding amount is recognised in Statement of Profit and Loss.

3.2.11 **Derivative Financial Instruments**

The Corporation enters into a variety of derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held include foreign exchange forward contracts, interest rate swaps, cross currency interest rate swaps and foreign exchange option contracts.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Corporation designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

3.2.11.1 ***Hedge Accounting***

The Corporation makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Corporation applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Corporation formally designates and documents the hedge relationship to which the Corporation wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Corporation's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Corporation would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Notes forming part of the standalone financial statements (Continued)

Hedges that meet the criteria for hedge accounting are accounted for, as described below:

3.2.11.2 ***Fair Value Hedges***

Fair value hedges hedge the exposure to changes in the fair value of a recognised asset or liability, or an identified portion of such an asset, liability, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in Finance Costs. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in Finance Cost.

The Corporation classifies a fair value hedge relationship when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationship is fixed rate debt issued and other borrowed funds. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet hedge effectiveness criteria, the Corporation discontinues hedge accounting from the date on which the qualifying criteria are no longer met. For hedged items recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item on termination of the hedge accounting relationship is amortised over the remaining term of the original hedge using the recalculated EIR method by recalculating the EIR at the date when the amortisation begins. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit and loss.

3.2.11.3 ***Cash Flow Hedges***

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as Finance Cost in the statement of profit and loss.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

3.2.12 **Financial Guarantee Contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Corporation are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

Notes forming part of the standalone financial statements (Continued)

- the amount of the loss allowance determined in accordance with Ind AS 109; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the Corporation’s revenue recognition policies.

The Corporation has not designated any financial guarantee contracts as FVTPL.

3.3 Property, Plant and Equipment (“PPE”)

PPE held for use are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

PPE is recognised when it is probable that future economic benefits associated with the item is expected to flow to the Corporation 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. Cost includes professional fees related to the acquisition of PPE.

An item of property, plant and equipment 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 the statement of profit and loss.

3.4 Investment Property

Investment properties are properties held to earn rentals and/or capital appreciation and are measured and reported at cost, less accumulated depreciation and accumulated impairment losses.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of property is recognised in the Statement of Profit and Loss in the same period.

3.5 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 Corporation 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.

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

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

3.6 Capital work-in-progress

Capital work in progress includes assets not ready for the intended use and is carried at cost, comprising direct cost and related incidental expenses.

3.7 Depreciation and Amortisation

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 estimated useful lives specified in Schedule II to the Act, or in case of assets where the estimated 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 is recognised on prospective basis.

Depreciation for additions to/deductions from, owned assets is calculated pro rata to the period of use.

Freehold land is not depreciated. Leasehold land is amortised over the duration of the lease. The useful life of the property, plant and equipment held by the Corporation is as follows:

Class of Assets	Useful Life
Buildings	60 years
Computer Hardware*	4 years
Furniture & Fittings	10 years
Office Equipment	5 years
Vehicles*	5 years
Computer Software*	4 years

* 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.

Intangible assets with finite useful lives are 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.

Intangible assets with indefinite useful lives are tested for impairment by comparing its recoverable amount with its carrying amount annually and whenever there is an indication that the intangible asset may be impaired.

3.8 Impairment of Assets other than Financial Instruments

As at the end of each accounting year, the Corporation reviews the carrying amounts of its PPE, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any.

3.9 Employee Benefits

3.9.1 Share-based Payment Arrangements

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Corporation measures the cost of equity-settled transactions with Option holders using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield.

The stock options granted to employees pursuant to the Corporation's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity. On cancellation or lapse of option granted to employees, the compensation cost charged to statement of profit & loss is credited with corresponding decrease in equity.

Notes forming part of the standalone financial statements (Continued)

3.9.2 **Defined Contribution Plans**

3.9.2.1 ***Superannuation Fund***

The Corporation's contribution to superannuation fund is considered as a defined contribution plan and is charged as an expense based on the amount of contribution required to be made.

3.9.3 **Defined Benefit Plans**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

3.9.3.1 ***Provident Fund***

All employees of the Corporation are entitled to receive benefits under the Provident Fund. The Corporation makes a contribution to provident fund and the schemes thereunder, as recognised by the Income-tax authorities and administered by the trust. The contributions are recognised as an expense in the year in which they are incurred. The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees is unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Corporation. Actuarial valuation of this Provident Fund interest shortfall is done as per the guidance note issued in this respect by The Institute of Actuaries of India (IAI) and provision towards this liability, if any is recognised.

3.9.3.2 ***Gratuity and Other Post Retirement Benefits***

For defined benefit plans in the form of gratuity fund and post retirement pension scheme for whole-time Directors, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurements are recognised in the Other Comprehensive Income in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of planned assets.

3.9.3.3 ***Short-term Employee Benefits***

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

3.9.3.4 ***Long-term Employee Benefits***

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date, based on actuarial valuation.

Notes forming part of the standalone financial statements (Continued)

3.10 **Leases**

The Corporation as Lessee

The Corporation's lease asset classes primarily consist of leases for office premises. The Corporation assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation assesses whether:

(i) the contract involves the use of an identified asset

(ii) the Corporation has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Corporation has the right to direct the use of the asset.

At the date of commencement of the lease, the Corporation recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Corporation changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Corporation as Lessor

Leases for which the Corporation is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

3.11 **Dividends on Ordinary Shares**

The Corporation recognises a liability to make cash to equity holders of the Corporation when the dividend is authorised and the distribution is no longer at the discretion of the Corporation. 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 forming part of the standalone financial statements (Continued)

3.12 **Cash and Cash Equivalents**

Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short-term deposits with banks (with an original maturity of three months or less from the date of placement) and cheques on hand. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

3.13 **Securities Premium Account**

Securities premium is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of shares and issue expenses of securities which qualify as equity instruments.

3.14 **Borrowing Costs**

Borrowing costs include interest expense calculated using the EIR on respective financial instruments measured at amortised cost, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

3.15 **Foreign Currencies**

(i) Functional currency of the Corporation and foreign operations has been determined based on the primary economic environment in which the Corporation and its foreign operations operate considering the currency in which funds are generated, spent and retained.

(ii) Transactions in currencies other than the Corporation's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the year-end. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise except for Long Term Monetary Items outstanding as at March 31, 2018, for which differences are recognized in FCMITDA and amortised in Profit & Loss statement.

3.16 **Segments**

The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate or certain other purposes, in India. All other activities of the Corporation revolve around the main business. This in the context of Ind AS 108 – Operating Segments reporting is considered to constitute one reportable segment.

3.17 **Investments in Subsidiaries, Joint Ventures and Associates**

Investments in Subsidiaries and Associates are measured at cost as per Ind AS 27 – Separate Financial Statements.

3.18 **Earnings Per Share**

Basic earnings per share is computed by dividing profit or loss attributable to ordinary equity holders by the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

3.19 **Taxes on Income**

The Corporation's tax jurisdiction is in India. Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for certain tax positions.

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the statement of profit and loss except when they relate to items that are recognized outside statement of profit and loss

Notes forming part of the standalone financial statements (Continued)

(whether in other comprehensive income or directly in equity), in which case tax is also recognized outside statement of profit and loss.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

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 realized 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 Corporation intends to settle its current tax assets and liabilities on a net basis.

Significant accounting estimates and judgements are involved in determining Corporation'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 Corporation's view on settling with the tax authorities.

The Corporation provides for current tax liabilities at the best estimate that is expected to be paid to the tax authorities where an outflow is probable.

3.20 Goods and Services Input Tax Credit

Goods and Services tax input credit is recognised for in the books in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/utilising the credits.

3.21 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when:

(i) The Corporation has a present obligation (legal or constructive) as a result of a past event; and

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

(iii) 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.

Contingent liability is disclosed in case of:

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

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

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.

Notes forming part of the standalone financial statements (Continued)

Contingent Assets:

Contingent assets are not recognised in the financial statements.

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.

3.22 **Commitments**

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for;

b) Uncalled liability on shares and other investments partly paid;

c) Funding related commitment to associate and joint venture companies; and

d) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

3.23 **Non-Current Assets held for sale**

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

3.24 **Statement of Cash Flows**

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

i. changes during the period in operating receivables and payables transactions of a non-cash nature;

ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses; and

iii. All other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

4. Consequent to the outbreak of COVID-19 pandemic, the Indian government had announced lockdown in March 2020. Subsequently, the lockdown has been lifted by the government in a phased manner outside specified containment zones.

The extent to which the COVID-19 pandemic, including the current second wave that has significantly increased the number of cases in India, may continue to impact Corporation's performance, will depend on ongoing and future developments, which are uncertain, including among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by us.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020, the Corporation had offered moratorium on the payment of instalments falling due between March 1, 2020 and August 31, 2020 ('moratorium period') to eligible borrowers. In respect of accounts where moratorium benefit was granted, the staging of those accounts as at March 31, 2021 is based on the days past due status considering the benefit of moratorium period in accordance with the COVID-19 Regulatory Package announced by the RBI vide aforesaid notifications.

Notes forming part of the standalone financial statements (Continued)

5. Cash and Cash Equivalents

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Cash on hand	**0.49**	0.14
(ii) Balances with banks:		
- In Current Accounts	**367.87**	3,110.38
- In Deposit Accounts with original maturity of 3 months or less	**200.23**	-
(iii) Cheques, drafts on hand	**201.38**	31.36
Total	**769.97**	3,141.88

6. Bank Balances Other than Cash and Cash Equivalents

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
(i) In other Deposit accounts		
- original Maturity more than 3 months	**254.33**	167.14
(ii) Earmarked balances with banks		
- In Current Accounts	**15.31**	-
- Unclaimed Dividend Account	**24.22**	24.60
- Towards Guarantees Issued by Banks	**0.73**	0.69
- In Deposit Accounts	**23.74**	-
- Others - against Foreign Currency Loans [Refer Note 19.2]	**56.45**	91.38
Total	**374.78**	283.81

Notes forming part of the standalone financial statements (Continued)

7. Derivative Financial Instruments

The Corporation enters into derivatives for risk management purposes. Derivatives held for risk management purposes as of these reporting dates, meet the hedge accounting requirements.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

₹ in Crore

Particulars	As at March 31, 2021			As at March 31, 2020		
	Notional Amounts*	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts*	Fair Value - Assets	Fair Value - Liabilities
Part I						
(i) Currency derivatives:						
- Forwards	1,054.00	-	64.33	12,391.25	485.00	-
- Currency swaps	15,333.00	925.47	135.41	18,269.88	2,079.45	60.10
- Options purchased (net)	-	-	-	11,007.12	856.31	-
Subtotal (i)	**16,387.00**	**925.47**	**199.74**	**41,668.25**	**3,420.76**	**60.10**
(ii) Interest rate derivatives:						
- INR Interest Rate Swaps	93,160.00	1,229.01	1,306.58	65,100.00	2,288.52	-
- USD Interest Swaps	8,722.00	-	154.54	12,750.40	-	260.57
Subtotal (ii)	**1,01,882.00**	**1,229.01**	**1,461.12**	**77,850.40**	**2,288.52**	**260.57**
Total Derivative Financial Instruments (i)+(ii)	**1,18,269.00**	**2,154.48**	**1,660.86**	**1,19,518.65**	**5,709.28**	**320.67**
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging:						
- Interest rate derivatives	93,160.00	1,229.01	1,306.58	65,100.00	2,288.52	-
Subtotal (i)	**93,160.00**	**1,229.01**	**1,306.58**	**65,100.00**	**2,288.52**	**-**
(ii) Cash flow hedging:						
- Currency derivatives	16,387.00	925.47	199.74	41,668.25	3,420.76	60.10
- Interest rate derivatives	8,722.00	-	154.54	12,750.40	-	260.57
Subtotal (ii)	**25,109.00**	**925.47**	**354.28**	**54,418.65**	**3,420.76**	**320.67**
Total Derivative Financial Instruments (i)+(ii)	**1,18,269.00**	**2,154.48**	**1,660.86**	**1,19,518.65**	**5,709.28**	**320.67**

* Notional amounts of the respective currencies have been converted as at March 31, 2021 and March 31, 2020 exchange rate. The notional on currency swaps includes ₹ 54.97 crore on account of 60 million of ADB loan naturally hedged by placing equivalent deposit with Cayman Island.

7.1 The Corporation has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Corporation has reviewed and ensured that adequate provision as required under Ind AS for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

7.2 Refer Note 44.6.1 for foreign currency risk.

Notes forming part of the standalone financial statements (Continued)

8. Trade Receivables

₹ in Crore

Particulars	March 31, 2021	March 31, 2020
Receivables considered good - Unsecured	**160.82**	230.23
Receivables which have significant increase in Credit Risk	**-**	-
	160.82	230.23
Less: Provision for Expected Credit Loss	**5.44**	0.17
Total	**155.38**	230.06

8.1 Trade Receivables includes amounts due from the related parties ₹ **73.82 Crore** (Previous Year ₹ 118.22 Crore) [Refer Note 43].

No trade or other receivable are due from directors or other officers of the Corporation either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

9. Loans

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Loans (Amortised Cost)		
Individual Loans	**3,68,768.78**	3,25,889.21
Corporate Bodies	**1,22,706.60**	1,18,165.46
Others	**6,787.29**	6,814.71
Staff Loans	**35.36**	33.38
Total – Gross (A)	**4,98,298.03**	4,50,902.76
Less: Impairment loss allowance (Expected Credit Loss)	**13,003.77**	10,959.48
Total – Net (A)	**4,85,294.26**	4,39,943.28
(a) Secured by tangible assets	**4,68,641.73**	4,28,031.07
(b) Secured by intangible assets	**11,004.78**	9,068.14
(c) Covered by bank and government guarantee	**1,953.30**	930.75
(d) Unsecured	**16,698.22**	12,872.80
Total – Gross (B)	**4,98,298.03**	4,50,902.76
Less: Impairment loss allowance (Expected Credit Loss)	**13,003.77**	10,959.48
Total – Net (B)	**4,85,294.26**	4,39,943.28
(I) Loans in India		
(i) Public Sector	**1,044.63**	1,142.63
(ii) Other than Public Sector	**4,97,253.40**	4,49,760.13
Total – Gross (C)(I)	**4,98,298.03**	4,50,902.76
Less: Impairment loss allowance (Expected Credit Loss)	**13,003.77**	10,959.48
Total – Net (C)(I)	**4,85,294.26**	4,39,943.28
(II) Loans outside India	**-**	-
Less: Impairment loss allowance (Expected Credit Loss)	**-**	-
Total – Net (C)(II)	**-**	-
Total (C) (I) and (II)	**4,85,294.26**	4,39,943.28

Notes forming part of the standalone financial statements (Continued)

9 (a) **Loans details**

₹ in Crore

Particulars	Principal	Installment / Interest O/s	EIR Adjustment	Total
As at 31 March 2021				
Individual Loans	3,65,135.00	1,946.85	1,686.94	**3,68,768.78**
Corporate Bodies	1,20,512.57	2,830.45	(636.42)	**1,22,706.60**
Others	6,520.52	266.77	-	**6,787.29**
Staff Loans	35.36	-	-	**35.36**
Total	**4,92,203.45**	**5,044.07**	**1,050.52**	**4,98,298.03**
As at 31 March 2020				
Individual Loans	3,22,593.17	1,847.74	1,448.29	**3,25,889.21**
Corporate Bodies	1,16,260.68	2,549.59	(644.80)	**1,18,165.46**
Others	6,597.82	216.89	-	**6,814.71**
Staff Loans	33.38	-	-	**33.38**
Total	**4,45,485.05**	**4,614.22**	**803.49**	**4,50,902.76**

9 (b) Loans granted by the Corporation are secured or partly secured by one or a combination of the following securities;

- Registered / equitable mortgage of property;
- Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies;
- Hypothecation of assets;
- Bank guarantees, company guarantees or personal guarantees;
- Negative lien;
- Assignment of receivables;
- Liquidity Support. Collateral [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit]

9 (c) Loans including Installment and Interest outstanding due from the directors amounts to ₹ **Nil** (Previous Year ₹ 0.02 Crore) and other related parties ₹ **23.91 Crore** (Previous Year ₹ 4.63 Crore) [Refer Note 43].

9 (d) There were no loans given against the collateral of gold jewellery and hence the percentage of such loans to the total outstanding asset is **Nil** (Previous Year Nil).

9 (e) Loans including Installment and Interest outstanding amounts to ₹ **529.41 Crore** (Previous Year ₹ 467.16 Crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

Notes forming part of the standalone financial statements (Continued)

9 (f) **Expected Credit Loss**

Expected Credit Loss is a calculation of the present value of the amount expected not to be recovered on a financial asset, for financial reporting purposes. Credit risk is the potential that the obligor and counterparty will fail to meet its financial obligations to the lender. This requires an effective assessment and management of the credit risk at both individual and portfolio level.

The key components of Credit Risk assessment are:

- Probability of Default (PD): represents the likelihood of default over a defined time horizon.
- Exposure at Default (EAD): represents the gross exposure at the time of default.
- Loss Given Default (LGD): represents the proportion of EAD that is likely loss post-default.

The definition of default is taken as more than 90 days past due (DPD) for all individual loans, corporate loans, and others. Delinquency buckets have been considered as the basis for the staging of all loans with:

- 0-30 DPD and overdue up to one calendar month is classified as stage 1
- 31-90 DPD and overdue more than one calendar month, but not Stage 3; in addition to SICR accounts is classified as stage 2 and
- 90+ DPD + Accounts Identified by HDFC as NPA as per regulatory guidelines + Objective Evidence for impairment (Qualitative Overlay) is classified as stage 3

EAD is the total amount outstanding including accrued interest as of reporting date. The ECL is computed as a product of PD, LGD and EAD.

Macro-economic Variables: The measurement of ECL should be forward looking in nature. In order to incorporate forward looking macroeconomic characteristics into ECL, relationships with macroeconomic variables such as Gross Domestic Product, Inflation, Total investments, National Savings, etc. (relevant variables to the underlying loan portfolio) are analysed and modelled into estimates of Probability of Default (PD). Forecasted 12-months and Lifetime PDs are driven by IMF macroeconomic forecasts for India released as part of World Economic Outlook, October 2020.

COVID-19 Impact Analysis – Further, the Corporation has also evaluated its individual and non-individual portfolios to determine any specific category of customers which may reflect higher credit losses (e.g. based on specific sectors) or borrowers who have shown stress due to COVID like salary cut / loss of pay, job loss temporary / permanent, business closed, business related financial difficulty, increase in business expenditure, etc. Basis such determination, the Corporation has recognised provisions as management overlay for specific categories of customers. Cumulative Covid-19 provision as at March 31, 2021 stood at ₹ **843.57 Crore**.

Notes forming part of the standalone financial statements (Continued)

9.1 **Individual Loans**

9.1.1 **Credit Quality of Assets**

For the purpose of computing Probability of Default (PD), the Corporation classifies all individual loans at amortized cost and has assessed them at the collective pool level.

The individual loan book has been divided into the following segments –

- Housing and Non-Housing
- Salaried and Self Employed
- Geographical location (North, East, West and South)

The 12 months default rates have been forecasted to create the PD term structure which incorporates both 12 month (Stage 1 Loans) and lifetime PD (Stage 2 Loans). The historical 12 months default rates are modelled against relevant macroeconomic variables to arrive at future 12 months point-in-time default rates. The forecasted default rates are then used to create point-in-time PD term structure.

The vintage analysis methodology has been used to create the LGD vintage. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the interest rate. The Individual Loans portfolio has been considered together for the LGD computation.

9.2 **Corporate Lending**

9.2.1 **Credit Quality of Assets**

Measurement of ECL for stage 1 and certain stage 2 non-individual / corporate loans is based on portfolio approach where PD and LGD is calculated based on historic performance of the portfolio further segmented into: i) Corporate Finance ii) Construction Finance iii) Lease Rental Discounting iv) Inter-Corporate Deposits. Certain loans classified as stage 2 and all the loans classified as Stage 3 are assessed for ECL provisioning based on case to case approach by calculating probability weighted average cashflows under different recovery scenarios.

The vintage analysis methodology has been used to create the LGD vintage for measurement of ECL, based on a portfolio approach. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the effective interest rate.

The Corporation has identified certain non individual accounts as Watch List under Stage 2 based on the following criteria:

- Builders' Cash flows are insufficient to service the loan due to slow sales or the project is stalled.
- Borrowers' operational cashflows are insufficient indicating possibility of further delayed payments.
- Security cover is insufficient for repayment of loans.
- Where the borrowing company has been proceeded upon under Insolvency and Bankruptcy Code (IBC) by creditors and such reference has been admitted by the National Company Law Tribunal (NCLT).

Such accounts identified as watchlist are upgraded by the Corporation, where the management is satisfied that the risks associated with the account have abated.

9.3 **ECL Provision**

In addition to the management overlays described above in relation to the impact of COVID-19, during the year, the management has recognised additional provisions towards overlay in relation to specific categories of individual customers e.g. customers associated with incomplete projects, the impact of a reduction in collateral value associated with specific Stage 3 customers, customers associated with projects covered by subvention schemes, etc.

Further, during the year, the Corporation has also applied point in time method for determining the probability of default in relation to computation of provision under the expected credit loss model for non-individual customers.

9.4 **An analysis of changes in the gross carrying amount of loans and the corresponding ECL allowances in relation to loans are, as follows:**

₹ in Crore

Particulars	**2020-21**				2019-20			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	4,15,864.43	24,794.46	10,243.87	**4,50,902.76**	3,83,260.55	17,638.23	5,708.28	**4,06,607.06**
Increase in EAD - new assets originated or purchased / further increase in existing assets [Net]	1,40,913.53	1,698.19	722.98	**1,43,334.70**	1,38,929.94	1,342.74	564.02	**1,40,836.70**
Assets repaid in part or full (excluding write offs) [Net]	(70,759.32)	(2,916.89)	(1,916.49)	**(75,592.70)**	(66,288.21)	(2,607.16)	(2,523.76)	**(71,419.13)**
Assets Derecognised (Loans Assigned)	(18,979.78)	-	-	**(18,979.78)**	(24,127.25)	-	-	**(24,127.25)**
Assets written off	-	-	(1,366.95)	**(1,366.95)**	-	-	(994.62)	**(994.62)**
Transfers to Stage 1	2,810.54	(2,444.37)	(366.17)	-	2,028.23	(1,736.57)	(291.66)	-
Transfers to Stage 2	(13,456.74)	14,080.15	(623.41)	-	(16,131.88)	16,310.36	(178.48)	-
Transfers to Stage 3	(1,150.08)	(3,750.74)	4,900.82	-	(1,806.95)	(6,153.14)	7,960.09	-
Gross carrying amount closing balance	**4,55,242.58**	**31,460.80**	**11,594.65**	**4,98,298.03**	**4,15,864.43**	**24,794.46**	**10,243.87**	**4,50,902.76**

Notes forming part of the standalone financial statements (Continued)

9.5 Reconciliation of ECL balance is given below:

₹ in Crore

Particulars	2020-21				2019-20			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
ECL opening balance	346.12	5,750.29	4,863.07	**10,959.48**	240.89	3,134.84	2,471.70	**5,847.43**
ECL Remeasurements due to changes in EAD / assumptions [Net]	1,358.65	1,739.22	313.37	**3,411.24**	844.70	3,345.10	1,916.87	**6,106.67**
Assets written off	-	-	(1,366.95)	**(1,366.95)**	-	-	(994.62)	**(994.62)**
Transfers to Stage 1	136.85	(100.51)	(36.34)	-	131.06	(104.28)	(26.78)	-
Transfers to Stage 2	(653.28)	811.41	(158.13)	-	(821.90)	840.44	(18.54)	**0.00**
Transfers to Stage 3	(100.61)	(2,320.25)	2,420.86	-	(48.63)	(1,465.81)	1,514.44	-
ECL closing balance	**1,087.73**	**5,880.16**	**6,035.88**	**13,003.77**	**346.12**	**5,750.29**	**4,863.07**	**10,959.48**

The Expected Credit Loss (ECL) shown above is computed on the Exposure At Default (EAD) which comprises of the Gross Carrying Amount adjusted for the following amounts:

₹ in Crore

Particulars	As on March 31, 2021	As on March 31, 2020
EMI / Interest Amounts Received in Advance	**(317.75)**	(195.51)
Undisbursed Loan	**47,620.30**	20,211.37
Financial Guarantees	**299.50**	384.86

9.6 Summary of Impairment loss allowance (Expected Credit Loss)

₹ in Crore

Particulars	Stage 1	Stage 2	Stage 3	Total
March 31, 2021	1,087.73	5,880.16	6,035.88	13,003.77
March 31, 2020	346.12	5,750.29	4,863.07	10,959.48

Stage 1 - Loss allowance measured at 12 month expected credit losses.

Stage 2 and 3 - Loss allowance measured at life-time expected credit losses.

9.7 Concentration of Exposure

₹ in Crore

Particulars	As on March 31, 2021	As on March 31, 2020
Total Loans to twenty largest borrowers *	**58,927.60**	52,099.32
Percentage of Loans & Advances to twenty largest borrowers to Total advances of the Corporation	**10.69%**	11.05%

* Loans (principal outstanding, accrued interest, undrawn loan commitment, financial guarantees and inter corporate deposits) outstanding as on date has been considered for the computation of concentration of exposure.

Notes forming part of the standalone financial statements (Continued)

10. INVESTMENTS

₹ in Crore

Investments	As at March 31, 2021						
	Amortised cost	At Fair Value			Sub-Total	Others*	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			
	(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)	(7)=(1)+(5)+(6)
Mutual Funds	-	-	16,497.02	-	16,497.02	-	16,497.02
Government Securities$	22,567.13	-	-	-	-	-	22,567.13
Equity Shares	-	7,025.68	1,099.19	-	8,124.87	-	8,124.87
Preference Shares	3.50	-	-	-	-	-	3.50
Debentures	803.50	32.85	33.57	-	66.42	-	869.92
Subsidiaries - Equity Shares	-	-	-	-	-	4,934.61	4,934.61
Subsidiaries - Venture Fund	-	-	-	-	-	334.39	334.39
Associates - Equity Shares	-	-	-	-	-	14,050.24	14,050.24
Pass-through Certificates	18.33	-	-	-	-	-	18.33
Security Receipts	-	-	175.00	-	175.00	-	175.00
Investment in Units of Venture Capital Fund and Alternate Investment Fund	-	-	996.73	-	996.73	-	996.73
Investment in Units of Real Estate Investment Trust ('REIT')	-	-	79.44	-	79.44	-	79.44
Total – Gross (A)	23,392.46	7,058.53	18,880.96	-	25,939.48	19,319.25	68,651.19
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	23,392.46	7,058.53	18,880.96	-	25,939.48	19,319.25	68,651.19
Total (B)	23,392.46	7,058.53	18,880.96	-	25,939.48	19,319.25	68,651.19
Less: Expected Credit Loss	0.69	-	-	-	-	-	0.69
Less: Allowance for Impairment loss (C)	-	-	-	-	-	13.73	13.73
Total – Net (D) = (A)-(C)	23,391.77	7,058.53	18,880.96	-	25,939.48	19,305.52	68,636.77

$ The Corporation has not recognised any provision under Expected Credit Loss on Investments made in Government Securities.

* Others includes Investment in subsidiaries and associates which have been carried at cost.

₹ in Crore

Investments	As at March 31, 2020						
	Amortised cost	At Fair Value			Sub-Total	Others*	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss			
	(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)	(7)=(1)+(5)+(6)
Mutual Funds	-	-	24,038.19	-	24,038.19	-	24,038.19
Government Securities$	14,268.27	-	-	-	-	-	14,268.27
Equity Shares	-	4,952.21	603.76	-	5,555.97	-	5,555.97
Preference Shares	3.18	-	0.78	-	0.78	-	3.96
Debentures	423.62	101.30	34.58	-	135.88	-	559.50
Subsidiaries - Equity Shares	-	-	-	-	-	4,910.17	4,910.17
Subsidiaries - Preference Shares	-	-	-	-	-	-	-
Subsidiaries - Debentures	-	-	96.33	-	96.33	-	96.33
Subsidiaries - Venture Fund	-	-	-	-	-	332.48	332.48

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Investments	As at March 31, 2019						
	Amortised cost	At Fair Value			Sub-Total	Others*	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at FVTPL			
Associates - Equity Shares	-	-	-	-	-	14,206.21	14,206.21
Pass-through Certificates	22.57	-	-	-	-	-	22.57
Security Receipts	-	-	176.13	-	176.13	-	176.13
Investment in Units of Venture Capital Fund and Alternate Investment Fund	-	-	775.21	-	775.21	-	775.21
Total – Gross (A)	**14,717.64**	**5,053.51**	**25,724.98**	**-**	**30,778.49**	**19,448.86**	**64,944.99**
(i) Investments outside India	-	-	-		-		-
(ii) Investments in India	14,717.64	5,053.51	25,724.98	-	30,778.49	19,448.86	64,944.99
Total (B)	**14,717.64**	**5,053.51**	**25,724.98**	**-**	**30,778.49**	**19,448.86**	**64,944.99**
Less: Allowance for Impairment loss (Expected Credit Loss) (C)	0.62	-	-	-	-	-	0.62
Total – Net (D) = (A)-(C)	**14,717.02**	**5,053.51**	**25,724.98**	**-**	**30,778.49**	**19,448.86**	**64,944.37**

$ The Corporation has not recognised any provision under Expected Credit Loss on Investments made in Government Securities.

* Others includes Investment in subsidiaries and associates which have been carried at cost.

Note 10.1 GRUH Finance Limited

During the previous year, in view of the scheme of amalgamation filed by GRUH Finance Limited ("GRUH"), a Subsidiary of the Corporation, and Bandhan Bank Limited ("Bandhan") and the subsequent directive by the Reserve Bank of India to the Corporation to hold not more than 9.9% of the share capital of Bandhan post merger, the Corporation sold its partial holding in the shares of the GRUH and reccognised profit on sale of investments recognised amounting to ₹ 3,523.75 Crore. Consequently, on August 30, 2019 the Corporation's shareholding in GRUH was reduced to 38% and accordingly the investment in GRUH was classified as an associate company. On the effective date of the merger of GRUH with Bandhan Bank Limited (Bandhan Bank) i.e. October 17, 2019, the Corporation was allotted 15,93,63,149 shares aggregating 9.90% of the total issued share capital of Bandhan. On derecognition of investment in GRUH as an associate, the Corporation has recorded a fair value gain of ₹ 9,019.81 Crore through the Statement of Profit and Loss for the year ended March 31, 2020.

Note 10.2 HDFC ERGO Health Insurance Limited

During the year, the National Company Law Tribunal has sanctioned the Scheme of Amalgamation for merger of HDFC ERGO Health Insurance Limited (formerly Apollo Munich Health Insurance Company Limited) (HDFC ERGO Health) with and into HDFC ERGO General Insurance Company Limited (HDFC ERGO), subsidiaries of the Corporation and Insurance Regulatory and Development Authority of India (IRDAI) has issued final approval for the merger. Consequently, HDFC ERGO Health has been merged with HDFC ERGO from appointed date i.e. March 1, 2020. As at the end of this quarter the Corporation's holding in HDFC ERGO, the merged entity is 50.56 per cent. As per the directions of RBI, the Corporation is required to reduce its shareholding in the merged entity to 50 per cent or below on within 6 months post amalgamation.

Note 10.3 Debt Asset Swap

The Corporation has entered into debt assets swap, wherein the gross carrying amount of the Investments taken over as at March 31, 2021 stood at ₹ **347.30 Crore** (Previous Year ₹ 62.47 Crore).

Note 10.4 Good Host Spaces Private Limited

Subsequent to the year ended March 31, 2021, the Corporation has sold its entire holding i.e. **47,75,241** equity shares representing **24.48%** of the equity capital of Good Host Spaces Private Limited (Good Host) an associate. Accordingly, investment in Good Host is classified as assets held for sale as on March 31, 2021. Profit on sale of investment in Good Host will be recognised in financial year 2021-2022.

Notes forming part of the standalone financial statements (Continued)

11. Other Financial Assets

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Security Deposits	**38.39**	37.62
Receivables on Assigned Loans *	**1,717.83**	1,332.09
Amounts Receivable on swaps and other derivatives	**1,454.98**	1,380.48
Inter Corporate Deposits	**21.12**	29.38
Receivables on Sale of Investments	**32.40**	-
Receivable for Ex-Gratia Interest - Government scheme (Refer note 11.1)	**65.14**	-
Others	**83.48**	-
Total Gross	**3,413.34**	**2,779.57**
Less: Impairment loss allowance (Expected Credit Loss)	**31.92**	37.56
Total Net of Expected Credit Loss	**3,381.42**	**2,742.01**

* includes retained excess interest spread and servicing assets

11.1 The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announced COVID-19 Relief Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (Scheme), as per the eligibility criteria and other aspects specified therein and irrespective of whether the moratorium was availed or not. The Corporation has implemented the Scheme and credited an amount to the eligible borrowers loan account as per the Scheme.

12. Taxes on Income

12.1 Current Tax Assets (Net)

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Advance Tax (Net of Provision)	**2,356.88**	3,101.78
Total	**2,356.88**	**3,101.78**

12.2 Deferred Tax Assets (Net)

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred Tax Assets (Net)	**1,655.30**	1,567.94
Net Deferred Tax Asset	**1,655.30**	**1,567.94**

Notes forming part of the standalone financial statements (Continued)

12.2.1 Movement in Deferred Tax Assets/Liabilities

₹ in Crore

Particulars	As at March 31, 2020	Profit or loss	Other Comprehensive Income	Total	As at March 31, 2021
Deferred taxes on timing differences due to following items:					
Property, plant and equipment	(21.24)	(0.47)	-	(0.47)	(21.71)
Expected credit losses	2,284.79	450.96	-	450.96	2,735.75
Provisions other than Expected credit loss	50.17	3.30	-	3.30	53.47
Fair valuation on financial assets at FVTPL	(963.43)	(24.39)	-	(24.39)	(987.82)
Fair valuation on financial assets at FVOCI	736.05	-	(135.98)	(135.98)	600.07
Remeasurements of employee benefits through OCI	2.96	-	(0.68)	(0.68)	2.28
Impact of accounting under Expected Interest Rate (EIR)	(626.11)	(181.01)	-	(181.01)	(807.12)
Foreign exchange transactions and translations	104.75	4.47	(28.84)	(24.37)	80.38
Total	**1,567.94**	**252.86**	**(165.50)**	**87.36**	**1,655.30**

12.2.1 Movement in Deferred Tax Assets/Liabilities (Previous Year)

₹ in Crore

Particulars	As at March 31, 2019	Profit or loss	Other Comprehensive Income	Total	As at March 31, 2020
Deferred taxes on timing differences due to following items:					
Property, plant and equipment	(50.67)	29.43	-	29.43	(21.24)
Expected credit losses	1,800.50	484.29	-	484.29	2,284.79
Provisions other than Expected credit loss	72.69	(22.52)	-	(22.52)	50.17
Fair valuation on financial assets at FVTPL	(100.64)	(862.79)	-	(862.79)	(963.43)
Fair valuation on financial assets at FVOCI	63.40	-	672.65	672.65	736.05
Remeasurements of employee benefits through OCI	1.00	-	1.96	1.96	2.96
Impact of accounting under Expected Interest Rate (EIR)	(574.70)	(51.41)	-	(51.41)	(626.11)
Foreign exchange transactions and translations	(115.23)	147.97	72.01	219.98	104.75
Income recognition on Stage III accounts	(265.44)	265.44	-	265.44	-
Total	**830.91**	**(9.59)**	**746.62**	**737.03**	**1,567.94**

Notes forming part of the standalone financial statements (Continued)

12.3 **Income Tax recognised in profit or loss**

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current Tax		
In respect of the current year	**3,040.65**	2,571.68
Deferred Tax		
In respect of the current year	**(252.86)**	9.59
Total Income tax expense recognised in the current year relating to continuing operations	**2,787.79**	2,581.27

12.3.1 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 Corporation 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. (Refer note 40.2)

12.3.2 **Reconciliation of income tax expense of the year can be reconciled to the accounting profit as follows:**

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Standalone Profit before tax	**14,815.09**	20,350.92
Income tax expense calculated at 25.168%	**3,728.66**	5,121.92
Effect of expenses that are not deductible in determining taxable profit	**206.28**	174.09
Effect of incomes which are taxed at different rates	**(183.06)**	(1,430.36)
Effect of incomes which are exempt from tax	**(536.49)**	(1,158.12)
Effect on deferred tax balances due to the changes in income tax rate	-	237.67
Deduction under Section 36(1)(viii) of the Income tax Act, 1961	**(427.60)**	(363.93)
Income tax expense recognised in statement of profit and loss	**2,787.79**	2,581.27
Effective tax rate (%)	**18.82%**	12.68%

The tax rate used for the reconciliations above is the corporate tax rate of **25.168%** (Previous year 25.168%) for the financial year ended March 31, 2021 payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

12.3.3 During the previous year, the Corporation has elected to exercise the option of a lower tax rate provided under Section 115BAA of the Income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. Accordingly, the Corporation had recognised provision for income tax and re-measured its deferred tax assets (including re-measuring the opening balance as at April 1, 2019 and had taken a charge of ₹ 237.67 Crore relating to the same) basis the rate provided in the said section.

Notes forming part of the standalone financial statements (Continued)

13. Investment Property

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Gross carrying amount		
Opening gross carrying amount	**661.54**	348.48
Additions	**73.44**	344.83
Disposal	**(13.27)**	(22.26)
Transfer to Property, Plant and Equipment / Held for sale (net)	**(83.04)**	(9.51)
Closing gross carrying amount	**638.67**	661.54
Accumulated depreciation		
Opening accumulated depreciation	**21.42**	14.16
Depreciation charge	**11.81**	8.73
Depreciation on Sale	**(0.89)**	(1.03)
Transfer to Property, Plant and Equipment / Held for sale (net)	**(4.14)**	(0.44)
Closing accumulated depreciation	**28.20**	21.42
Accumulated Impairment		
Opening accumulated Impairment	**21.65**	13.00
Impairment charge	**-**	8.65
Closing accumulated Impairment	**21.65**	21.65
Net carrying amount Investment Property	**588.82**	618.47
Investment Property - Under construction	**251.75**	271.96
Investment Property - including under construction	**840.57**	890.43

13.1 The Corporation has entered into debt assets swap, wherein the gross carrying amount of the Investment properties including properties held for sale taken over stood at March 31, 2021 stood at ₹ **910.50 Crore** (Previous Year ₹ 497.42 Crore), the properties taken over by the corporation are mix of residential and commercial properties located in key metro cities. The properties being held for capital appreciation, which the Corporation will dispose of at an appropriate time and in accordance with the applicable regulations.

Notes forming part of the standalone financial statements (Continued)

13.2 **Fair Value**

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Investment properties (Excluding work in progress)	**1,111.83**	964.40

The fair value of the Corporation's investment properties as at March 31, 2021 and March 31, 2020 has been arrived at on the basis of a External Valuation / Internal Valuation basis respectively (Level 3).

The Corporation leases out its investments properties. The Corporation has classified these leases as operating leases, because they do not transfer substantially all of the risk and rewards incidental to the ownership of the assets.

Rental Income recognised by the Corporation during the year ended March 31, 2021 in respect of Investment Properties amount to ₹ **52.13 Crore** (Previous year ₹ 44.76 Crore).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting period.

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	**44.90**	48.59
Between one and two years	**35.93**	44.21
Between two and three years	**26.23**	34.46
Between three and four years	**15.53**	25.16
Between four and five years	**7.54**	14.94
More than five years	**3.54**	10.68
Total	**133.67**	178.04

Notes forming part of the standalone financial statements (Continued)

14. Property, Plant and Equipment

Year ended March 31, 2021

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2020	Additions	Adjustments	Deductions	As at March 31, 2021	As at March 31, 2020	For the Year	Adjustments	Deductions	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Land:												
Freehold	100.63	-	-	-	**100.63**	-	-	-	-	**-**	**100.63**	100.63
Right of use - Land	349.55	-	-	-	**349.55**	26.64	8.88	-	-	**35.52**	**314.03**	322.91
Buildings:												
Own Use	262.53	0.45	43.49	0.02	**306.45**	16.04	11.34	3.08	0.02	**30.44**	**276.01**	246.49
Leasehold Improvements	35.62	6.13	-	0.96	**40.79**	13.62	5.94	-	0.95	**18.61**	**22.18**	22.00
Right of use - Buildings	262.73	55.30	-	7.78	**310.25**	68.27	70.32	-	3.41	**135.18**	**175.07**	194.46
Computer Hardware	61.38	17.28	-	5.23	**73.43**	23.48	16.73	-	5.22	**34.99**	**38.44**	37.90
Furniture and Fittings												
Own Use	31.32	5.21	-	0.89	**35.64**	7.85	4.61	-	0.76	**11.70**	**23.94**	23.47
Office Equipment etc.:												
Own Use	36.29	5.98	-	1.12	**41.15**	9.04	5.71	-	1.01	**13.74**	**27.41**	27.25
Vehicles	15.61	1.76	-	0.67	**16.70**	4.62	3.86	-	0.49	**7.99**	**8.71**	10.99
	1,155.66	92.11	43.49	16.67	**1,274.59**	169.56	127.39	3.08	11.86	**288.17**	**986.42**	986.10

Previous Year ended March 31, 2020

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at April 1, 2019	Additions	Adjustments	Deductions	As at March 31, 2020	As at April 1, 2019	For the Year	Adjustments	Deductions	As at March 31, 2020	As at March 31, 2020	As at April 1, 2019
Land :												
Freehold	15.67	84.96	-	-	100.63	-	-	-	-	-	100.63	15.67
Right of use - Land	349.55	-	-	-	349.55	17.76	8.88	-	-	26.64	322.91	331.79
Buildings :												
Own Use	199.28	53.78	9.51	0.04	262.53	9.55	6.06	0.44	0.01	16.04	246.49	189.73
Leasehold Improvements	28.90	7.30	-	0.58	35.62	8.74	5.46	-	0.58	13.62	22.00	20.16
Right of use - Buildings	-	268.36	-	5.63	262.73	-	69.06	-	0.79	68.27	194.46	-
Computer Hardware	41.33	25.51	-	5.46	61.38	16.44	12.49	-	5.45	23.48	37.90	24.89
Furniture and Fittings												
Own Use	29.09	4.48	-	2.25	31.32	5.58	4.43	-	2.16	7.85	23.47	23.51
Office Equipment etc.:												
Own Use	32.76	5.57	-	2.04	36.29	5.53	5.47	-	1.96	9.04	27.25	27.23
Vehicles	13.66	3.96	-	2.01	15.61	2.41	3.86	-	1.65	4.62	10.99	11.25
	710.24	453.92	9.51	18.01	1,155.66	66.01	115.71	0.44	12.60	169.56	986.10	644.23

15. Other Intangible Assets

Year ended March 31, 2021

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2020	Additions	Adjustments	Deductions	As at March 31, 2021	As at March 31, 2020	For the Year	Adjustments	Deductions	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Computer Software	21.41	12.31	-	-	**33.72**	8.56	5.85	-	-	**14.41**	**19.31**	12.85
Non Compete Fees	10.92	-	-	-	**10.92**	10.92	-	-	-	**10.92**	**-**	-
Development Right	350.00	0.15	-	-	**350.15**	-	-	-	-	**-**	**350.15**	350.00
	382.33	12.46	-	-	**394.79**	19.48	5.85	-	-	**25.33**	**369.46**	362.85

Previous Year ended March 31, 2020

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2019	Additions	Adjustments	Deductions	As at March 31, 2020	As at March 31, 2019	For the Year	Adjustments	Deductions	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Computer Software	11.93	9.48	-	-	21.41	4.83	3.73	-	-	8.56	12.85	7.10
Non Compete Fees	-	10.92	-	-	10.92	-	10.92	-	-	10.92	-	-
Development Right	-	350.00	-	-	350.00	-	-	-	-	-	350.00	-
	11.93	370.40	-	-	382.33	4.83	14.65	-	-	19.48	362.85	7.10

The Corporation has entered into debt assets swap, wherein the gross carrying amount of the PPE and Other Intangible Assets taken over stood at ₹ **521.33 Crore** as at March 31, 2021 (Previous Year ₹ 350.15 Crore), the properties taken over by the corporation are mix of residential and commercial properties located in key metro cities. These properties being held for own use.

Notes forming part of the standalone financial statements (Continued)

16. Other Non-Financial Assets

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured; considered good		
Capital Advances	**141.45**	66.72
Other Advances	**153.51**	96.58
Prepaid Expenses	**36.74**	26.49
Total Gross	**331.70**	**189.79**
Less: Provision for Expected Credit Loss (ECL)	**0.07**	0.02
Total Net of ECL	**331.64**	**189.77**

16.1 Other Advances includes amounts due from the related parties ₹ **70.98 Crore** (Previous Year ₹ 14.88 Crore) [Refer Note 43].

17. Payables

17.1 Trade Payables

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	**7.48**	3.90
Total outstanding dues of creditors other than micro enterprises and small enterprises	**331.67**	192.90

17.1.1 The information as 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 Corporation. The amount of principal and interest outstanding during the year is given below:

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
a) Principal amount and the interest due thereon	**7.48**	3.90
b) The amount of interest paid	**-**	-
c) Amounts paid after appointed date during the year	**0.06**	0.03
d) Amount of interest accrued and unpaid as at year end	**0.00**	-
e) The amount of further interest due and payable even in the succeeding year	**-**	-
Total	**7.54**	**3.93**

17.1.2 Trade Payables includes ₹ **217.57 Crore** (Previous Year ₹ 55.40 Crore) due to related parties [Refer Note 43].

Notes forming part of the standalone financial statements (Continued)

18. Debt Securities

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Bonds - Secured	**12.40**	20.10
Non-Convertible Debentures - Secured	**1,48,474.04**	1,42,033.78
Synthetic Rupee Denominated Bonds - Unsecured	**2,800.00**	6,100.00
Commercial Papers - Unsecured	**30,776.05**	28,715.38
Total of Debt Securities (A)	**1,82,062.49**	1,76,869.26
Less: Unamortised borrowing cost	**(7.76)**	(0.55)
Debt Securities net of unamortised borrowing cost	**1,82,054.73**	1,76,868.71
Debt securities in India	**1,79,262.49**	1,70,769.26
Debt securities outside India	**2,800.00**	6,100.00
Total of Debt Securities (B)	**1,82,062.49**	1,76,869.26
Less: Unamortised borrowing cost	**(7.76)**	(0.55)
Total of Debt Securities net of unamortised borrowing cost	**1,82,054.73**	1,76,868.71

Refer Note 44.3 for Categories of Financial Instruments

18.1 All secured debts are secured by negative lien on the assets of the Corporation and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirements under Section 29B of the National Housing Bank Act, 1987.

18.2 Non-Convertible Debentures includes ₹ **4,076 Crore** (Previous Year ₹ 2,430.80 Crore) from related parties [Refer Note.43].

18.3 The Corporation had established a Medium Term Note Programme (MTN Programme) for USD 2,800 mn so as to enable the Corporation to issue debt instruments in the international capital markets, subject to regulatory approval. The Corporation has raised ₹ **11,100 Crore** through Rupee Denominated Bonds to overseas investors till date, the outstanding as at March 31, 2021 is ₹ **2,800 Crore** (Previous year ₹ 6,100 Crore). The Corporation was the first Indian corporate issuer of such bonds. The bonds are listed on the London Stock Exchange. These bonds are unsecured and the currency risk is borne by the investor.

The Corporation had issued Rupee Denominated Bonds under the MTN Programme through the approval route to finance eligible projects and borrowers as permitted by the External Commercial Borrowing guidelines issued by Reserve Bank of India (RBI) regulations.

Notes forming part of the standalone financial statements (Continued)

18.4 Terms of redemption of Nominal value of bonds and debentures and repayment terms as at March 31, 2021

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
7.00% to 8.00%	**8.20**	**4.20**	**-**	**-**	**12.40**
Non-Convertible Debentures					
4.23% to 7.99%	22,275.00	34,963.00	18,245.00	17,530.00	93,013.00
8.05% to 8.96%	6,000.00	2,465.00	2,850.00	21,280.00	32,595.00
9.00% to 9.90%	3,155.00	4,400.00	1,985.00	12,755.75	22,295.75
Zero Coupon Bonds	500.00	-	-	-	500.00
Total	**31,930.00**	**41,828.00**	**23,080.00**	**51,565.75**	**1,48,403.75**
Synthetic Rupee Denominated Bonds					
6.73% to 8.75%	1,000.00	1,800.00	-	-	2,800.00
Debt Securities	**0-1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Commercial Papers					
3.51% to 4.00%	20,069.01	-	-	-	20,069.01
4.01% to 5.00%	9,067.50	-	-	-	9,067.50
5.01% to 7.00%	1,639.53	-	-	-	1,639.53
Total	**30,776.05**	**-**	**-**	**-**	**30,776.05**
Total Debt Securities	**63,714.25**	**43,632.20**	**23,080.00**	**51,565.75**	**1,81,992.20**

Terms of redemption of Nominal value of bonds and debentures and repayment terms as at March 31, 2020

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
9.00% to 11.00%	7.70	12.40	-	-	20.10
Non-Convertible Debentures					
6.77% to 8.00%	8,500.00	26,395.00	8,245.00	7,005.00	50,145.00
8.01% to 10.00%	23,474.00	12,020.00	7,835.00	34,788.75	78,117.75
10.01% to 11.95%	6,300.00	-	-	4,545.00	10,845.00
Zero Coupon Bonds	-	500.00	-	-	500.00
Total	**38,274.00**	**38,915.00**	**16,080.00**	**46,338.75**	**1,39,607.75**
Synthetic Rupee Denominated Bonds					
6.73% to 8.75%	3,300.00	2,300.00	500.00	-	6,100.00
Debt Securities	**0-1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Commercial Papers					
5.73% to 7.00%	21,241.59	-	-	-	21,241.59
7.01% to 8.00%	7,473.79	-	-	-	7,473.79
Total	**28,715.38**	**-**	**-**	**-**	**28,715.38**
Total Debt Securities	**70,297.08**	**41,227.40**	**16,580.00**	**46,338.75**	**1,74,443.23**

Notes forming part of the standalone financial statements (Continued)

19. Borrowings (Other Than Debt Securities) - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Term Loans from Banks - Secured		
Scheduled Banks	**68,577.40**	67,047.59
Term Loans from other parties - Secured		
Asian Development Bank	**117.99**	211.59
National Housing Bank	**16,202.65**	14,377.00
	84,898.04	81,636.18
Term Loans from Banks - Unsecured		
Scheduled Banks	**7,050.00**	5,846.28
External Commercial Borrowing - Low Cost Affordable Housing	**13,280.41**	17,512.20
	20,330.41	23,358.48
Total Borrowings (A)	**1,05,228.45**	1,04,994.66
Less: Unamortised borrowing cost	**(49.27)**	(86.02)
Net Borrowings net of unamortised borrowing cost	**1,05,179.18**	1,04,908.64
Borrowings in India	**91,830.04**	87,270.87
Borrowings outside India	**13,398.41**	17,723.79
Total of Borrowings (B)	**1,05,228.45**	1,04,994.66
Less: Unamortised borrowing cost	**(49.27)**	(86.02)
Net Borrowings net of unamortised borrowing cost	**1,05,179.18**	1,04,908.64

19.1 All secured borrowings are secured by negative lien on the assets of the Corporation, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under Section 29B of the National Housing Bank Act, 1987.

19.2 The Corporation has availed a loan of USD 100 million from the Asian Development Bank (Loan II). In respect of tranches 1 and 2 aggregating to USD 60 million, as per the agreements with a scheduled bank, the Corporation has handed over the dollar funds to the overseas bank and has obtained rupee funds in India amounting to ₹ 200 Crore by way of a term loan and ₹ 100 Crore through issue of bonds which have been subscribed by the bank.

In respect of tranche 3 of USD 40 million, as per the agreement with a financial institution, the Corporation has handed over the dollars to the Bank of India, Cayman Island and under a back-to-back arrangement obtained rupee funds in India. All payments in foreign currency are the responsibility of the financial institution. In terms of the agreements, the Corporation's foreign exchange liability is protected (Refer Note 6).

The loan availed from Asian Development Bank and the deposit placed with Bank of India, Cayman Island are revalued at the closing rate of exchange and are shown separately in the financial statement.

19.3 The Corporation had outstanding External Commercial Borrowing (ECBs) of USD 1,325 million and JPY 53,200 million for financing prospective owners of low cost affordable housing units as per the ECB guidelines issued by Reserve Bank of India ("RBI") from time to time. The borrowing has a maturity upto five years. In terms of the RBI guidelines, part of the borrowings have been swapped into rupees for the entire maturity by way of principal only swaps and balance borrowing has been hedged through forward / option contracts for shorter tenor. The currency exposure on the interest has been hedged by way of forward contracts for part of foreign currency borrowings.

Notes forming part of the standalone financial statements (Continued)

The charges for raising of the aforesaid ECB has been amortised over the tenure of the ECB.

19.4 As on March 31, 2021, the Corporation has foreign currency borrowings of **USD 1,377.45 million** and **JPY 53,200 million** (Previous Year USD 4,426.85 million and JPY 53,200 million). The Corporation has undertaken currency swaps, forward contracts and option contracts of a notional amount of **USD 1,365 million** and **JPY 53,200 million** (Previous Year USD 4,406.72 million and JPY 53,200) and foreign currency arrangements of **USD 12.45 million** (PY USD 20.13 million) to hedge the foreign currency risk.

As a part of Asset Liability Management (ALM) on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into INR interest rate swaps of a notional amount of ₹ **93,160 Crore** (Previous Year ₹ 65,100 Crore), Coupon Only Swaps of ₹ **1,030 Crore** (Previous Year ₹ 1,059.38 Crore), USD Interest rate Swaps notional amount of ₹ **8,722 Crore** (Previous Year ₹ 12,750.40 Crore) as on March 31, 2021 for varying maturities into floating rate liabilities linked to various benchmarks.

19.5 **Terms of borrowings and repayment as at March 31, 2021**

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks - Secured					
4.10% to 5.00%	53,398.00	5,100.00	-	-	58,498.00
5.01% to 6.00%	1,000.00	3,085.00	1,500.00	-	5,585.00
6.01% to 6.55%	600.00	2,100.00	1,500.00	-	4,200.00
Fixed 2.00% to 2.70%	294.40	-	-	-	294.40
Total	**55,292.40**	**10,285.00**	**3,000.00**	**-**	**68,577.40**
Term Loans from Other Parties - Secured					
Asian Development Bank					
6 Months USD LIBOR + 40 bps	-	117.99	-	-	117.99
National Housing Bank - Secured					
3.0% to 4.0%	222.27	592.72	592.72	536.72	1,944.43
4.01% to 5.0%	2,494.04	1,317.46	1,077.89	274.24	5,163.63
5.01% to 6.0%	804.13	1,813.12	1,786.64	669.62	5,073.51
6.01% to 7.0%	684.63	1,818.56	764.62	-	3,267.81
7.01% to 9.0%	431.78	211.76	109.73	-	753.26
Total	**4,636.85**	**5,753.62**	**4,331.60**	**1,480.58**	**16,202.65**
Term Loans from Banks - Unsecured					
4.60% to 5.00%	6,950.00	-	-	-	6,950.00
5.01% to 5.15%	100.00	-	-	-	100.00
Total	**7,050.00**	**-**	**-**	**-**	**7,050.00**
External Commercial Borrowing - Low Cost Affordable Housing - Unsecured					
1 Month LIBOR + 50 bps to 126 bps	2,760.00	9,048.41	-	-	11,808.41
3 Month LIBOR + 85 bps	-	1,472.00	-	-	1,472.00
Total	**2,760.00**	**10,520.41**	**-**	**-**	**13,280.41**
Total Borrowings	**69,739.25**	**26,677.02**	**7,331.60**	**1,480.58**	**1,05,228.45**

Notes forming part of the standalone financial statements (Continued)

Terms of borrowings and repayment as at March 31, 2020

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks - Secured					
6.65% to 7.00%	10,675.00	-	-	-	10,675.00
7.01% to 8.00%	30,898.00	3,200.00	2,950.00	-	37,048.00
8.01% to 9.00%	1,475.00	1,000.00	-	-	2,475.00
Fixed 2.68% to 5.01%	16,849.59	-	-	-	16,849.59
Total	**59,897.59**	**4,200.00**	**2,950.00**	**-**	**67,047.59**
Term Loans from Other Parties - Secured					
Asian Development Bank					
6 Months USD LIBOR + 40 bps	-	211.59	-	-	211.59
National Housing Bank - Secured					
4.00% to 6.00%	551.04	1,469.46	1,448.51	890.17	4,359.18
6.01% to 8.00%	1,328.33	3,264.65	2,973.56	1,366.28	8,932.82
8.01% to 10.00%	385.50	598.00	101.50	-	1,085.00
Total	**2,264.87**	**5,332.11**	**4,523.57**	**2,256.45**	**14,377.00**
Term Loans from Banks - Unsecured					
6.65% to 7.00%	560.00	-	-	-	560.00
7.01% to 8.00%	2,600.00	-	-	-	2,600.00
Variable USD LIBOR + 72 bps - 225 bps	2,686.28	-	-	-	2,686.28
Total	**5,846.28**	**-**	**-**	**-**	**5,846.28**
External Commercial Borrowing - Low Cost Affordable Housing - Unsecured					
1 Month LIBOR + 50 bps to 126 bps	3,783.50	4,351.03	9,377.67	-	17,512.20
Total Borrowings	**71,792.24**	**14,094.73**	**16,851.24**	**2,256.45**	**1,04,994.66**

20. Deposits - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits		
(i) Public Deposits	**93,657.82**	87,777.91
(ii) From Banks	**326.00**	218.00
(iii) From Others - Secured	**11,191.02**	8,170.19
(iv) From Others - Unsecured	**45,326.77**	36,498.27
Total	**1,50,501.61**	1,32,664.37
Less: Unamortised transaction cost	**(370.48)**	(340.08)
Borrowings net of unamortised cost	**1,50,131.13**	1,32,324.29

20.1 Deposits includes ₹ **156.98 Crore** (Previous Year ₹ 191.20 Crore) from related parties [Refer Note 43].

Notes forming part of the standalone financial statements (Continued)

20.2 Public deposits as defined in Paragraph 4.1.30 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 read with Paragraph 3 (xiii) of Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016, are secured by floating charge and Lien in favour of the Trustee's for Depositors on the Statutory Liquid Assets maintained in terms of Paragraph 42.2 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 read with sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987.

20.3 All secured deposits are secured by negative lien on the assets of the Corporation subject to the charge created in favour of its depositors pursuant to the regulatory requirements under Section 29B of the National Housing Bank Act, 1987.

21. Subordinated Liabilities - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Non-Convertible Subordinated Debentures	**4,000.00**	5,000.00
Total	**4,000.00**	**5,000.00**
Subordinated Liabilities in India	**4,000.00**	5,000.00
Subordinated Liabilities outside India	**-**	-
Total	**4,000.00**	**5,000.00**

21.1 **Terms of Borrowings and Repayment:**

As at March 31, 2021

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
8.65% - 9.60%	1,000.00	-	3,000.00	-	4,000.00

As at March 31, 2020

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
8.65% - 9.60%	1,000.00	1,000.00	3,000.00	-	5,000.00

21.2 These debentures are subordinated to present and future senior indebtedness of the Corporation and qualify as Tier II capital under National Housing Bank (NHB) guidelines for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2021, **45%** (Previous Year 52%) of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.

Notes forming part of the standalone financial statements (Continued)

22. Other Financial Liabilities

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due on Debt Securities and Deposits	**11,045.05**	11,950.64
Amounts payable on Assigned / Securitised Loans	**563.11**	453.55
Security and other deposits received	**34.26**	37.85
Unclaimed dividend	**24.22**	24.60
Unclaimed matured deposits	**964.02**	1,827.56
Interest accrued on unclaimed matured deposits	**123.16**	178.90
Lease Liability in respect of leased premises	**191.06**	203.89
Others	**46.82**	1,219.49
Total	**12,991.70**	**15,896.48**

22.1 As required under Section 124 of the Companies Act, 2013 read together with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Corporation has transferred ₹ **2.30 Crore** (Previous Year ₹ 3.92 Crore) being unpaid dividend, underlying 65,928 equity shares of ₹ 2 each (Previous Year: 77,370) and ₹ **4.00 Crore** (Previous Year ₹ 3.92 Crore) being unclaimed deposits to the Investor Education and Protection Fund (IEPF). As of March 31, 2021, no amount was due for transfer to the IEPF. However, 2,148 equity shares could not be transferred as the depositories informed that the aforesaid shares were not available in the demat accounts of the respective shareholders.

23. Current Tax Liabilities (Net)

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Tax (Net of Advance Tax)	**441.29**	192.90
Total	**441.29**	**192.90**

24. Provisions

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits	**251.29**	260.54
Total	**251.29**	**260.54**

25. Other Non-Financial Liabilities

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Installment / Income received in advance	**508.91**	432.12
Deferred gain on fair valuation (Initial recognition)	**710.50**	1,065.75
Statutory Remittances	**473.76**	348.69
Others	**73.43**	119.91
Total	**1,766.60**	**1,966.47**

Notes forming part of the standalone financial statements (Continued)

25.1 The Corporation had invested in 100 Crore equity shares of Yes Bank Limted at ₹ 10 each on 14 March 2020. Of these, 75% of the equity shares i.e. 75 Crore shares are locked in and not permitted to be sold within 3 years from the date of acquisition. Accordingly, the gain on initial recognition of ₹ 1,065.75 Crore, based on fair valuation of such locked in shares was deferred and amortised over the locked in period. For the purposes of subsequent measurement, these shares have been designated as Fair Value Through Other Comprehensive Income. During the year ₹ 355.25 Crore has been recognised in accordance with accounting policy and Ind AS accounting standard.

26. Equity Share Capital

₹ in Crore

	As at March 31, 2021	As at March 31, 2020
AUTHORISED		
228,80,50,000 (As at March 31, 2020 228,80,50,000 Equity Shares of ₹ 2 each	**457.61**	457.61
	457.61	457.61
ISSUED, SUBSCRIBED AND FULLY PAID UP		
180,39,46,433 (As at March 31, 2020 173,20,51,189) Equity Shares of ₹ 2 each	**360.79**	346.41
	360.79	346.41

26.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	**As at March 31, 2021**		As at March 31, 2020	
	Number	**₹ in Crore**	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**173,20,51,189**	**346.41**	172,14,37,390	344.29
Shares allotted pursuant to exercise of stock options	**1,50,77,063**	**3.02**	1,06,13,799	2.12
Shares allotted pursuant to issue of shares under QIP	**5,68,18,181**	**11.36**	-	-
Equity shares outstanding as at the end of the year	**180,39,46,433**	**360.79**	173,20,51,189	346.41

26.2 There were no shareholder holding more than 5 percent shares in the Corporation as at March 31, 2021 and March 31, 2020.

26.3 Terms and rights attached to equity shares:

The Corporation has only one class of shares referred to as equity shares having Face Value of ₹ 2 each. Each holder of equity share is entitled to one vote per share.

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.

Notes forming part of the standalone financial statements (Continued)

26.4 **Dividend**

The Corporation has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders. The particulars of dividends payable to non-resident shareholders (including Foreign Portfolio Investors) are as under:

Particulars	Current Year	Previous Year
	Final	Final
Year to which the dividend relates	**2019-20**	2018-19
Number of non-resident shareholders	**14,255**	9,895
Number of shares held by them	**122,41,00,641**	129,35,59,451
Gross amount of dividend (₹ in Crore)	**2,570.61**	2,263.73

26.5 The Corporation has neither allotted any share pursuant to contracts without payment being received in cash or as bonus shares nor has it bought back any share during the preceding period of 5 financial years.

26.6 During the year, the Corporation issued 5,68,18,181 equity shares at a price of ₹ 1,760.00 per share and 36,930 secured redeemable non-convertible debentures of face value of ₹ 10,00,000 at par, each due on August 11, 2023, carrying a coupon rate of 5.40% payable annually, aggregating ₹ 3,693 Crore simultaneously with 1,70,57,400 warrants at an issue price of ₹ 180.00 per warrant with a right to exchange one warrant with one equity share of ₹ 2 each of the Corporation, any time before the expiry of 36 months from the date of allotment, at an exercise price of ₹ 2,165.00 per equity share, to eligible qualified institutional buyers through Qualified Institutions Placement under Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and other applicable regulations.

The net proceeds of the funds raised through the issues has been utilised to augment the long term resources of the Corporation, to maintain sufficient liquidity in the uncertain economic environment driven by the outbreak of the COVID-19 pandemic, for general corporate purposes and to finance organic and/or inorganic business opportunities that may arise in financial services including housing finance and/or in areas where the subsidiaries of the Corporation operate.

Expenses incurred for issuance of equity share amounting to ₹ 22.34 Crore has been debited to securities premium account in accordance with the provisions of Companies Act, 2013.

26.7 As at March 31, 2021 **9,18,16,731 shares** (Previous Year 5,42,81,394 shares) were reserved for issuance as follows:

a) **7,47,59,331 shares** of ₹ **2** each (Previous Year 5,42,81,394 shares of ₹ 2 each) towards outstanding Employees Stock Options granted / available for grant, including lapsed options [Refer Note 42].

b) **1,70,57,400** underlying warrants (Previous Year: Nil) of ₹ 2 each towards outstanding warrants.

Notes forming part of the standalone financial statements (Continued)

27. Other Equity

₹ in Crore

Particulars	Note	As at March 31, 2021	As at March 31, 2020
Capital Reserve	27.1	**0.04**	0.04
Securities Premium	27.2	**44,064.26**	32,044.15
Retained Earnings		**17,328.59**	14,137.67
General Reserve	27.3	**26,640.11**	23,940.11
Special Reserve I	27.4	**51.23**	51.23
Special Reserve II	27.4 & 27.5	**18,416.95**	16,416.95
Statutory Reserve	27.5	**5,727.42**	5,227.42
Shelter Assistance Reserve	27.6	**0.07**	0.10
Equity Instruments through Other Comprehensive Income		**(5,182.62)**	(6,853.83)
Effective portion of Cash Flow Hedges	27.7	**(198.28)**	(180.59)
Cost of Cash Flow Hedges	27.7	**93.38**	18.98
Share-based payment reserve	27.8	**1,173.68**	1,009.42
Money received against Share Warrants		**307.03**	-
Total		**1,08,421.86**	**85,811.65**

27.1 **Capital Reserve:** It has been created during the Business Combinations in earlier periods.

27.2 **Securities Premium:** Securities premium account is credited when the shares are allotted at premium. It can be used to issue bonus shares, to provide for premium on redemption of debentures, write-off equity raising related expenses in accordance with the provisions of Companies Act, 2013.

27.3 **General Reserve:** It is a free reserve which is created by appropriation from profits of the current year and/or undistributed profits of previous years, before declaration of dividend duly complying with any regulations in this regard.

27.4 **Special Reserve (I & II)** has been created over the years in terms of Section 36(1)(viii) of the Income-tax Act, 1961 out of the distributable profits of the Corporation.

Special Reserve No. I relates to the amounts transferred upto the Financial Year 1996-97.

Special Reserve No. II relates to the amounts transferred thereafter.

27.5 **Statutory Reserve:** As per Section 29C of The National Housing Bank Act, 1987 (the "NHB Act"), the Corporation is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Corporation under Section 36(1)(viii) of the Income-tax Act, 1961 is considered to be an eligible transfer. The Corporation has transferred an amount of **₹ 2,000 Crore** (Previous Year ₹ 3,400 Crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of ₹ **500 Crore** (Previous Year ₹ 200 Crore) to "Statutory Reserve (As per Section 29C of The NHB Act)".

27.6 **Shelter Assistance Reserve:** It represents funding various development and grassroot level organisations for the purposes as mentioned in Schedule VI to the Companies Act, 2013 and in accordance with the Corporation's Policy.

Notes forming part of the standalone financial statements (Continued)

27.7 **Other Comprehensive Income:**

Effective portion of Cash Flow Hedge: It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

Cost of Hedge: It represent the cumulative charge for the derivative instrument, in the form of premium amortisation on Option contracts and forward contracts taken, designated as cash flow hedges through OCI.

Reconciliation of movements in Cash flow hedge / Cost of hedge reserve

Particulars	₹ in Crore
(i) Cash flow hedge reserve	
As at March 31, 2019	(222.45)
Add: Changes in fair value of forward / currency swap contracts	2,071.26
Add: Changes in intrinsic value of foreign currency options	727.40
Add: Changes in fair value of foreign currency loans/ ECB/ ADB loans	(2,742.72)
Less: Deferred tax relating to above (net)	(14.08)
As at March 31, 2020	**(180.59)**
Add: Changes in fair value of forward / currency swap contracts	(1,755.93)
Add: Changes in intrinsic value of foreign currency options	(564.83)
Add: Changes in fair value of foreign currency loans/ ECB/ ADB loans	2,297.12
Less: Deferred tax relating to above (net)	5.95
As at March 31, 2021	**(198.28)**
(ii) Cost of hedge reserve	
As at March 31, 2019	(2.44)
Deferred time value of foreign currency options	28.62
Less: Deferred tax relating to above (net)	(7.20)
As at March 31, 2020	**18.98**
Deferred time value of foreign currency options	99.42
Less: Deferred tax relating to above (net)	(25.02)
As at March 31, 2021	**93.38**

27.8 **Share-based Payment Reserve:**

The Corporation has Employee stock option schemes under which the eligible employees and key management personnel are granted stock options. Stock options granted are measured at fair value on the grant date using Black-Scholes model and amortised over the vesting period as share based payment with corresponding credit in share-based payment reserve. On exercise of the stock options, balance in share-based payment reserve is transferred to securities premium account.

Notes forming part of the standalone financial statements (Continued)

28. Interest Income

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
On Financial Assets measured at Amortised Cost		
Interest on Loans	**41,453.15**	41,483.42
Interest income from investments	**1,295.78**	951.82
Interest on deposits	**18.20**	125.92
Other interest Income (net)	-	81.25
On Financial Assets measured at FVTPL		
Interest income from investments	**4.83**	4.71
Total	**42,771.96**	**42,647.12**

28.1 In accordance with the RBI Circular No. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021 and the methodology for calculation of interest on interest based on guidance issued by Indian Banks' Association, the Corporation has put in place a Board approved policy to refund / adjust interest on interest charged to borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020. The Corporation has estimated the said amount and made a provision in the financial statements for the year ended March 31, 2021. As on March 31, 2021, the Corporation holds a specific liability of ₹ 115 Crore which is debited to interest income to meet its obligation towards refund of interest on interest to eligible borrowers as prescribed by the RBI. Accordingly, interest income for the year ended March 31, 2021 is lower by ₹ 115 Crore.

29.1 Dividend Income

Dividend Income includes ₹ **716.84 Crore** (Previous Year ₹ 204.22 Crore) received from subsidiary companies and ₹ **Nil** (Previous Year ₹ 0.06 Crore) received from Investment in Equity Shares classified as fair value through other comprehensive income.

The Corporation has received dividend of ₹ **Nil** (Previous Year ₹ 69.59 Crore) from shares derecognised during the year.

29.2 Rental Income

Income from Lease rental includes ₹ **52.13 Crore** (Previous Year ₹ 44.76 Crore) from Investment properties.

29.3 Fees and Commission Income

29.3.1 Fees and commission Income includes brokerage of ₹ **Nil** (Previous Year ₹ 0.04 Crore) received in respect of insurance/agency business undertaken by the Corporation.

29.3.2 Fees and Commission Income includes ₹ **193.98 Crore** (Previous Year ₹ 170.20 Crore) received from related parties.

Notes forming part of the standalone financial statements (Continued)

29.4 Net Gain on Fair Value Changes

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net gain on financial instruments at fair value through profit or loss - Investments	**956.80**	9,117.22
Net gain/(loss) on financial instruments measured at amortised cost - Investments	**(0.32)**	1.82
Total Net gain on fair value changes	**956.48**	9,119.04
Fair Value changes:		
- Realised	**49.22**	44.96
- Unrealised	**907.26**	9,074.08
Total Net gain on fair value changes	**956.48**	**9,119.04**

29.4.1 In accordance with para 22 of "Ind AS 28 - Investments in Associates and Joint Ventures", on merger of GRUH Finance Ltd ("GRUH", erstwhile a subsidiary company) with Bandhan Bank Limited, the Corporation had recorded a fair value gain of ₹ **9,019.81 Crore** through the Statement of Profit and Loss in Previous Year (Refer Note 10.1) on derecognition of investment in GRUH.

29.5 Profit on Sale of Investments in Subsidiaries

29.5.1 During the year, the Corporation has sold 2,85,48,750 equity shares of HDFC Life Insurance Company Limited (HDFC Life), in two tranches in May 2020 and November 2020, to comply with the RBI direction to reduce the shareholding in HDFC Life to 50 per cent or below. As a result, a pre tax profit on sale of investments of ₹ 1,397.69 Crore has been recognised. Consequently, the Corporation's equity shareholding in HDFC Life stood at 49.99 per cent as on March 31, 2021.

29.5.2 During the previous year, profit on sale of investments include profit of ₹ **3,523.75 Crore** on partial sale of investment in GRUH to comply with direction from the RBI to achieve shareholding in Bandhan Bank Limited, post merger with GRUH below 10%.

29.6 Income on Derecognised (assigned) Loans

The Corporation has derecognised loans (measured at amortised cost) on account of assignment transactions resulting in total income of ₹ **1,190.25 Crore** (Previous Year ₹ 993.53 Crore) including upfront gains of ₹ **706.72 Crore** (Previous Year ₹ 531.55 Crore).

30. Finance Cost

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
On Financial Liabilities measured at Amortised Cost		
Interest on Debt Securities	**11,294.78**	13,808.74
Interest on Term Loan Borrowings	**6,167.90**	6,645.23
Interest on Deposits	**10,450.08**	9,818.99
Interest on Subordinated Liabilities	**455.69**	508.65
Interest Expenses - Lease Rental Properties	**15.03**	15.95
Other charges	**231.28**	203.80
Total Finance Costs	**28,614.76**	**31,001.36**

Notes forming part of the standalone financial statements (Continued)

30.1 Finance cost for the year include foreign currency exchange loss of ₹ **2.48 Crore** (Previous year ₹ 40.43 Crore), further refer note 44.6.1.3 Hedging Policy.

31. Impairment on Financial Instruments

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
On Financial Assets measured at Amortised Cost		
Loans	**2,948.26**	5,907.67
Investments	**0.07**	0.09
Others	**(0.33)**	5.34
Total	**2,948.00**	**5,913.10**

31.1 The details relating to movement in Impairment on Loans (Expected credit loss) is disclosed in note 9.5

31.2 Impairment on loans excludes impairment of ₹ **468 Crore** (Previous Year ₹ 199 Crore) relating to interest on Credit Impaired Assets, which is netted off from interest income.

32. Employee Benefits Expenses

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and Bonus	**496.57**	491.95
Contribution to Provident Fund and Other Funds	**61.38**	56.25
Staff Training and Welfare Expenses	**17.74**	31.08
Share Based Payments to employees	**338.42**	13.64
Total	**914.11**	**592.92**

32.1 The Corporation recognised ₹ **18.09 Crore** (Previous Year ₹ 13.13 Crore) for contributions to Gratuity Fund in the Statement of Profit and Loss.

33. Establishment Expenses

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent (Refer Note 33.2.2)	**0.50**	0.54
Rates and Taxes	**4.50**	5.07
Repairs and Maintenance - Buildings	**6.59**	10.68
General Office Expenses	**3.96**	3.77
Electricity Charges	**15.05**	18.82
Insurance Charges	**1.92**	1.49
Total	**32.52**	**40.37**

Notes forming part of the standalone financial statements (Continued)

33.1 Direct Operating Expenses arising from Investment Property

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
1. Direct operating expenses arising from investment property that generated rental income	**2.39**	1.88
2. Direct operating expenses arising from investment property that did not generate rental income	**1.61**	1.11
Total	**4.00**	**2.99**

33.2 Operating Leases

In accordance with the Indian Accounting Standard (Ind AS) 116 on 'Leases', the following disclosures in respect of Operating Leases are made:

The Corporation has acquired some of the office premises on operating lease basis for periods ranging from 1 year to 5 years.

33.2.1 Right of use Assets

Right of use assets relates to office premises obtained on leases that are presented within Property, plants and equipments.

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Balance	**194.46**	198.75
Addition for the year	**55.30**	69.61
Deletion during the year	**(7.78)**	(5.63)
Depreciation charge for the year (Net of deduction)	**(66.91)**	(68.27)
Closing Balance	**175.07**	**194.46**

33.2.2 Amount Recognised in Statement of Profit & Loss Account

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on lease liabilities	**15.03**	15.95
Depreciation charge for the year	**70.32**	69.06
Total	**85.35**	**85.01**

Cash outflow on account of lease payment is ₹ **78.79 Crore** (Previous year ₹ 75.58 Crore).

Notes forming part of the standalone financial statements (Continued)

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments after the reporting period.

₹ in Crore

Period	As at March 31, 2021	As at March 31, 2020
Not later than one year	**66.64**	66.53
Later than one year but not later than three years	**82.92**	90.53
Later than three years but not later than five years	**45.39**	51.02
Later than five years	**31.01**	38.38
Total	**225.96**	246.46

34. Other Expenses

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Travelling and Conveyance	**7.80**	17.90
Printing and Stationery	**9.71**	12.69
Postage, Telephone and Fax	**33.48**	35.38
Advertising	**37.25**	45.53
Business Development Expenses	**39.07**	35.42
Loan Processing Expenses	**71.47**	74.52
Manpower Outsourcing	**73.04**	67.72
Repairs and Maintenance - Other than Buildings	**10.69**	11.81
Office Maintenance	**53.24**	47.19
Legal Expenses	**32.22**	37.74
Computer Expenses	**43.81**	36.32
Directors' Fees and Commission	**6.92**	5.54
CSR Expenditure (Refer Note 34.2)	**189.82**	211.77
Miscellaneous Expenses	**77.93**	72.12
Auditors' Remuneration	**6.15**	5.28
Total	**692.60**	716.93

34.1 Payments to Auditors

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Audit Fees	**2.00**	2.00
ICFR Fees	**0.45**	0.35
Limited Reviews	**2.15**	1.55
Tax Matters	**0.75**	0.60
Other Matters and Certification	**2.04**	0.78
Sub Total	**7.39**	5.28
Less: Certification fees in respect of Qualified Institutional Placements (QIP) issue of equity shares, utilised out of Securities Premium Account	**1.24**	-
Total	**6.15**	5.28

Note: Auditors' Remuneration above is excluding Goods and Service Tax.

Notes forming part of the standalone financial statements (Continued)

34.2 As per Section 135 of the Companies Act, 2013, the Corporation is required to spent an amount of ₹ **169.21 Crore** on CSR activities during the year.

The Board of Directors of the Corporation has approved an amount of CSR ₹ **189.82 Crore**, including brought forward CSR Obligation of FY 2015-16 ₹ **20.06 Crore**, which was spent during the year.

34.3 The details of amounts spent towards CSR are as under:

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Construction/acquisition of any asset*	**44.41**	-
b) On purposes other than (a) above	**145.41**	211.77

* Includes capital assets amounting to ₹ 39.46 Crore under construction as of 31 March, 2021.

34.4 The Corporation has paid ₹ 112.73 Crore for CSR expenditure to H T Parekh Foundation, section 8 company controlled by the Corporation.

34.5 The Corporation does not have any unspent amount as on 31 March 2021.

34.6 Excess amount spent as per Section 135 (5) of the Companies Act, 2013

Particulars	₹ in Crore
Opening Balance **	20.06
Amount required to be spent during the year	169.21
Amount spent during the year	189.82
Closing Balance - Excess amount spent	0.55

** brought forward CSR obligation of FY 2015-16 ₹ 20.06 Crore.

34.7 Details of ongoing projects for financial year 2020-21

₹ in Crore

Particulars	With Corporation	In Separate CSR Unspent A/c
Opening Balance	-	-
Amount required to be spent during the year	87.38	-
Amount spent during the year	87.38	-
Closing Balance	-	-

Notes forming part of the standalone financial statements (Continued)

35. Other Comprehensive Income

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in fair value of FVOCI equity instruments	**1,807.19**	(7,356.25)
Remeasurements of post-employment benefit obligations	**8.42**	(42.37)
Total	**1,815.61**	(7,398.62)
Income tax relating to these items	**(138.09)**	683.03
Items that may be reclassified to profit or loss		
Deferred gains/(losses) on cash flow hedges	**(23.64)**	55.94
Deferred costs of hedging	**99.41**	28.62
Total	**75.77**	84.56
Income tax relating to these items	**(19.07)**	(21.28)
Other comprehensive income for the year, net of tax	**1,734.22**	(6,652.31)

35.1 During the year, the Corporation has sold Investment in equity share classified as fair value through other comprehensive income amounting to ₹ **45.38 Crore** and earned a profit of ₹ **11.60 Crore**.

36. Earnings per Share:

In accordance with the Indian Accounting Standard (Ind AS) 33 on 'Earnings Per Share':

In calculating the Basic Earnings Per Share, the Profit After Tax of ₹ **12,027.3 Crore** (Previous Year ₹ 17,769.65 Crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **0.03 Crore** (Previous Year ₹ 3.11 Crore).

The reconciliation between the Basic and the Diluted Earnings Per Share is as follows :

Amount in ₹

Particulars	Current Year	Previous Year
Basic Earnings Per Share	**67.77**	102.91
Effect of outstanding Stock Options	**(0.57)**	(0.79)
Diluted Earnings Per Share	**67.20**	102.12

The Basic Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares for the respective periods; whereas the Diluted Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares, after giving dilutive effect of the outstanding Stock Options for the respective periods. The relevant details as described above are as follows:

Number in Crore

Particulars	Current Year	Previous Year
Weighted average number of shares for computation of Basic Earnings Per Share	**177.48**	172.64
Diluted effect of outstanding Stock Options	**1.50**	1.34
Weighted average number of shares for computation of Diluted Earnings Per Share	**178.98**	173.98

Notes forming part of the standalone financial statements (Continued)

37. Segment Reporting

The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes, in India. All other activities of the Corporation revolve around the main business. As such, there are no separate reportable segments, as per the Indian Accounting Standard (Ind AS) 108 on 'Segment Reporting'. Segment reporting is done in the Consolidated financial statements as prescribed by Ind AS 108.

38. Employee Benefit Plan

38.1 **Defined Contribution Plans**

The Corporation has recognised ₹ **14.36 Crore** (Previous Year ₹ 15 Crore) for superannuation contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

38.2 **Defined Benefit Plans**

Provident Fund

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ **597.96 Crore** and ₹ **583.60 Crore** respectively (Previous Year ₹ 525.10 Crore and ₹ 510.73 Crore respectively). In accordance with an actuarial valuation, there is a deficit of ₹ **Nil** in the interest cost as the present value of the expected future earnings on the fund is less than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of **8.50%**. The actuarial assumptions include discount rate of **6.82%** (Previous Year 6.84%) and an average expected future period of **14 years** (Previous Year 14 years). Expected guaranteed interest rate (weighted average yield) is **8.83%** (Previous Year 8.62%).

The Corporation has recognised ₹ **25.79 Crore** (Previous Year ₹ 25.01 Crore) for provident fund contributions in the statement of profit and loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

Characteristics of defined benefit plan

The Corporation has a defined benefit gratuity plan in India for its employees (funded). The Corporation's gratuity plan requires contributions to be made to a separately administered fund. The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

During the year, there were no plan amendments, curtailments and settlements.

A separate trust fund is created to manage the Gratuity plan and the contribution to the trust fund is done in accordance with Rule 103 of the Income Tax Rules, 1962.

Risks associated with defined benefit plan

Gratuity is a defined benefit plan and Corporation is exposed to the following risks:

Interest rate risk: A fall in the discount rate, which is linked to the Government Securities rate, will increases the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Notes forming part of the standalone financial statements (Continued)

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level may increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching (ALM) Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Other Post Retirement Benefit Plan

The details of the Corporation's post-retirement benefit plans for its employees including whole-time directors are given below which is as certified by the actuary and relied upon by the auditors:

The principal assumptions used for the purpose of the actuarial valuation are as follows:

Particulars	**As at March 31, 2021**	As at March 31, 2020
Discount Rate	**6.82%**	6.84%
Return on Plan Assets	**6.82%**	6.84%
Salary Escalation	**6.00%**	6.00%

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

Amount recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:

₹ in Crore

Particulars	Current Year	Previous Year
Service Cost:		
Current Service Cost	**16.43**	12.42
Interest Cost	**6.81**	5.53
Components of defined benefit costs recognised in profit or loss	**23.24**	17.95
Remeasurement on the net defined benefit liability:		
Actuarial (Gains)/Losses on Obligation For the Period	**(11.92)**	36.44
Return on Plan Assets, Excluding Interest Income	**3.50**	5.93
Components of defined benefit costs recognised in other comprehensive income	**(8.42)**	42.37
Total	**14.82**	60.32

The current service cost and the net interest expense for the year are included in the 'Employee benefits expenses' line item in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

Notes forming part of the standalone financial statements (Continued)

The amount included in the balance sheet arising from the Corporation's obligation in respect of its defined benefit plan is as follows:

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of funded / unfunded defined benefit obligation	**348.83**	337.87
Fair value of plan assets	**274.18**	238.21
Net Liability arising from defined benefit obligation	**74.65**	99.66

Movement in the present value of the defined benefit obligation are as follows:

₹ in Crore

Particulars	Current Year	Previous Year
Opening defined benefit obligation	**337.87**	284.65
Current Service Cost	**16.43**	12.42
Interest Cost	**23.11**	22.12
Benefits Paid	**(16.66)**	(17.76)
Actuarial (Gains)/Losses - Due to change in Financials Assumptions	**5.63**	20.16
Actuarial (Gains)/Losses - Due to Experience	**(17.55)**	16.28
Closing defined benefit obligation	**348.83**	337.87

The Liability at the end of the year ₹ **348.83 Crore** (Previous Year ₹ 337.87 Crore) includes ₹ **78.46 Crore** (Previous Year ₹ 76.47 Crore) in respect of an un-funded plan.

Movement in the fair value of the plan assets are as follows:

₹ in Crore

Particulars	Current Year	Previous Year
Opening fair value of Plan Assets	**238.21**	213.48
Expected Return on Plan Assets	**16.29**	16.59
Contributions by the Corporation	**23.18**	14.07
Actuarial loss on Plan Assets	**(3.50)**	(5.93)
Closing fair value of Plan Assets	**274.18**	238.21

Investment Pattern:

% Invested

Particulars	As at March 31, 2021	As at March 31, 2020
Central Government securities	**2.13**	2.45
State Government securities/securities guaranteed by State/Central Government	**27.80**	23.98
Public Sector / Financial Institutional Bonds	**6.46**	3.23
Private Sector Bonds	**19.88**	21.07
Special Deposit Scheme	**0.80**	0.93
Insurance Fund	**35.45**	40.29
Others (including bank balances)	**7.48**	8.05
Total	**100.00**	100.00

Notes forming part of the standalone financial statements (Continued)

Sensitivity Analysis - Gratuity Fund

₹ in Crore

Particulars	Current Year	Previous Year
Projected Benefit Obligation on Current Assumptions	**270.36**	261.40
Delta Effect of +1% Change in Rate of Discounting	**(16.45)**	(15.92)
Delta Effect of -1% Change in Rate of Discounting	**18.95**	18.28
Delta Effect of +1% Change in Rate of Salary Increase	**18.92**	18.26
Delta Effect of -1% Change in Rate of Salary Increase	**(16.72)**	(16.18)
Delta Effect of +1% Change in Rate of Employee Turnover	**0.86**	0.89
Delta Effect of -1% Change in Rate of Employee Turnover	**(0.99)**	(1.02)

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. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Funding Arrangement and Policy

The contribution by the Corporation to fund the liabilities of the plan has to be invested. The trustees of the plan are required to invest the funds as per the prescribed pattern of investments laid out in the income tax rules for such approved schemes. Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset-liability matching strategy to manage risk actively.

Estimated amount of contribution expected to be paid to the fund during the annual period being after the Balance Sheet date is ₹ **12.95 Crore** (Previous Year ₹ 20.02 Crore).

Maturity Analysis of the Benefit Payments: From the Fund

₹ in Crore

Projected Benefits Payable in Future Years From the Date of Reporting	Current Year	Previous Year
1st Following Year	**54.05**	36.78
2nd Following Year	**27.63**	24.73
3rd Following Year	**21.52**	43.53
4th Following Year	**18.74**	19.03
5th Following Year	**27.35**	18.02
Sum of Years 6 to 10	**78.3**	84.91
Sum of Years 11 and above	**258.24**	241.63

Compensated absences

The actuarial liability of compensated absences of privilege leave of the employees of the Corporation is ₹ **143.05 Crore** (Previous Year ₹ 134.63 Crore).

Notes forming part of the standalone financial statements (Continued)

39. Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled after factoring in rollover and prepayment assumptions.

₹ in Crore

ASSETS	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	**After 12 months**	**Total**	Within 12 months	After 12 months	Total
Financial Assets						
Cash and Cash Equivalents	769.97	-	769.97	3,141.88	-	3,141.88
Bank Balance other than (a) above	317.42	57.36	374.78	226.60	57.21	283.81
Derivative Financial Instruments	417.14	1,737.34	2,154.48	2,122.51	3,586.77	5,709.28
Trade Receivables	155.38	-	155.38	230.06	-	230.06
Loans	75,578.52	4,09,715.74	4,85,294.26	69,039.13	3,70,904.15	4,39,943.28
Investments	47,158.97	21,477.80	68,636.77	42,704.52	22,239.85	64,944.37
Other Financial Assets	1,325.98	2,055.44	3,381.42	1,781.30	960.71	2,742.01
Non-Current Assets held for sale	156.46	-	156.46	-	-	-
Non-Financial Assets						
Current Tax Asset	-	2,356.88	2,356.88	-	3,101.78	3,101.78
Deferred Tax Assets (Net)	-	1,655.30	1,655.30	-	1,567.94	1,567.94
Investment Property	-	840.57	840.57	-	890.43	890.43
Property, Plant and Equipment	-	986.42	986.42	-	986.10	986.10
Other Intangible Assets	-	369.46	369.46	-	362.85	362.85
Other Non-Financial Assets	331.64	-	331.64	189.77	-	189.77
Non-Current Assets held for sale	134.79	-	134.79	-	-	-
Total Assets	**1,26,346.27**	**4,41,252.31**	**5,67,598.58**	**1,19,435.77**	**4,04,657.79**	**5,24,093.56**
LIABILITIES						
Financial Liabilities						
Derivative Financial Instruments	69.87	1,590.99	1,660.86	14.22	306.45	320.67
Trade Payables	339.15	-	339.15	196.80	-	196.80
Debt Securities	26,807.35	1,55,247.38	1,82,054.73	32,239.96	1,44,628.75	1,76,868.71
Borrowings (Other than debt securities)	17,047.12	88,132.06	1,05,179.18	25,749.06	79,159.58	1,04,908.64
Deposits	55,400.33	94,730.80	1,50,131.13	43,933.72	88,390.57	1,32,324.29
Subordinated Liabilities	1,000.00	3,000.00	4,000.00	1,000.00	4,000.00	5,000.00
Other Financial Liabilities	10,729.15	2,262.55	12,991.70	13,488.79	2,407.69	15,896.48
Non-Financial Liabilities						
Current Tax Liabilities (Net)	441.29	-	441.29	192.90	-	192.90
Provisions	251.29	-	251.29	53.66	206.88	260.54
Other Non-Financial Liabilities	1,156.90	609.70	1,766.60	1,046.59	919.88	1,966.47
Total Liabilities	**1,13,242.45**	**3,45,573.48**	**4,58,815.93**	**1,17,915.70**	**3,20,019.80**	**4,37,935.50**
Net Assets	**13,103.82**	**95,678.83**	**1,08,782.65**	**1,520.07**	**84,637.99**	**86,158.06**

40. Contingent Liabilities and Commitments

40.1 The Corporation is involved in certain appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the normal course of business including claims from revenue authorities, customers, contingencies arising from having issued guarantees to lenders or to other entities. The proceedings in respect of these matters are in various stages. Management has assessed the possible obligations arising from such claims against the Corporation, in accordance with the requirements of Indian Accounting Standard (Ind AS) 37 and based on judicial precedents, consultation with lawyers or based on its historical experiences. Accordingly, Management is of the view that based on currently available information no provision in addition to that already recognised in its financial statements is considered necessary in respect of the above.

Notes forming part of the standalone financial statements (Continued)

40.2 Given below are amounts in respect of claims asserted by revenue authorities and others:

Contingent liability in respect of income-tax demands, net of amounts provided for and disputed by the Corporation, amounts to ₹ **2,064.18 Crore** (Previous Year ₹ 2,064.18 Crore). The said amount has been paid/ adjusted and will be received as refund if the matters are decided in favour of the Corporation.

Contingent liability in respect of disputed dues towards wealth tax, interest on lease tax, and payment towards employers' contribution to ESIC not provided for by the Corporation amounts to ₹ **0.13 Crore** (Previous Year ₹ 0.13 Crore).

Contingent liability in respect of disputed dues towards Service tax not provided for by the Corporation amounts to ₹ **0.80 Crore** (Previous Year ₹ 0.80 Crore).

The Management is generally unable to reasonably estimate a range of possible loss for proceedings or disputes other than those included in the estimate above as plaintiffs / parties have not claimed an amount of money damages, the proceedings are in early stages and/or there are significant factual issues to be resolved.

The Management believes that the above claims made are untenable and is contesting them.

40.3 Contingent liability in respect of guarantees and undertakings comprise of the following:

a) Guarantees ₹ **299.50 Crore** (Previous Year ₹ 384.86 Crore).

b) Corporate undertakings for securitisation and assignment of loans aggregated to ₹ **1,152.68 Crore** (Previous Year ₹ 1,152.72 Crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised and assigned loans.

In respect of these guarantees and undertaking, the Management does not believe, based on currently available information, that the maximum outflow that could arise, will have a material adverse effect on the Corporation's financial condition.

40.4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **861.92 Crore** (Previous Year ₹ 1,091.95 Crore).

40.5 **Proposed Dividend**

The Board of Directors have proposed dividend on equity shares at ₹ **23 per share** at their meeting held on May 7, 2021 (Previous Year ₹ 21 per share). As per the Companies (Accounting Standard) Amendment Rules, 2016, the dividend will be recorded after the approval in the ensuing Annual General Meeting.

41. Movement in Impairment loss allowance (Expected Credit Loss)

Particulars	₹ in Crore
At 31 March 2019	**5,880.38**
Arising during the year	6,112.10
Utilised	(994.62)
At 31 March 2020	**10,997.86**
Arising during the year	3,416.00
Utilised	(1,371.97)
At 31 March 2021	**13,041.89**

The Corporation has made provision towards loans and advances, trade receivable, investments, inter corporate deposits and other financial assets.

Impairment on loans arising during the years includes impairment of ₹ **468 Crore** (Previous Year ₹ 199 Crore) relating to interest on Credit Impaired Assets, which is netted off from interest income in the Statement of Profit and Loss.

Notes forming part of the standalone financial statements (Continued)

42. Share-based payments

42.1 The details of the various stock options granted to employees pursuant to the Corporation's Stock Options Schemes and outstanding as on date are as under:

Particulars	ESOS-20	ESOS-17	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Plan period	2020-24	2017-20	2014-17	2011-14	2008-11	2007-10
Quantum of Options	3,84,21,531	4,30,02,977	62,73,064	61,02,475	57,90,000	54,56,835
Equivalent number of shares of FV of ₹ 2 per share	3,84,21,531	4,30,02,977	3,13,65,320	3,05,12,375	2,89,50,000	2,72,84,175
Method of Accounting	Fair Value	Fair Value	Intrinsic value	Intrinsic value	Intrinsic value	Intrinsic value
Vesting period	1-4 years	1-3 years	1-3 years	1-3 years	1-3 years	1-3 years
Vesting condition(s)	Continued employment	Continued employment	Continued employment	Continued employment	Continued employment	Continued employment
Exercise period	5 Years from date of Vesting	5 Years from date of Vesting	5 Years from date of Vesting	5 Years from date of Vesting	5 Years from date of Vesting	5 Years from date of Vesting
Grant date	04/09/2020 2/02/2021	01/06/2017 30/10/2017 29/01/2018 16/03/2018 02/08/2019	8-Oct-14	23-May-12	25-Nov-08	12-Sep-07
Grant / Exercise price (₹ per Option)	₹ 1,808.75 & ₹ 2,579.25	₹ 1,569.85 to ₹ 2,086.80	₹ 5,073.25	₹ 3,177.50	₹ 1,350.60	₹ 2,149.00
Value of Equity Shares as on date of Grant of Original Option (₹ per share)	₹ 1,808.75 & ₹ 2,579.25	₹ 1,569.85 to ₹ 2,086.80	₹ 5,073.25	₹ 3,177.50	₹ 1,350.60	₹ 2,149.00

42.2 Method used for accounting for share based payment plan

The stock options granted to employees pursuant to the Corporation's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black-Scholes model. The fair value of the options determined at grant date is recognised as employee compensation cost over the vesting period on straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity.

42.3 Movement during the year in the options under ESOS-20, ESOS-17, ESOS-14, ESOS-11, ESOS-08 and ESOS-07:

Details of Activity in the options as at March 31, 2021

Number of options

Particulars	ESOS-20	ESOS-17	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Outstanding at the beginning of the year	-	**3,68,40,914**	**17,71,361**	**839**	**4,874**	**5,287**
Granted during the year	3,84,21,531	-	-	-	-	-
Exercised during the year	-	62,87,028	17,57,168	839	-	-
Lapsed during the year	2,31,587	42,943	216	-	-	-
Outstanding at the end of the year	3,81,89,944	3,05,10,943	13,977	-	4,874	5,287
Unvested at the end of the year	3,81,89,944	1,57,000	-	-	-	-
Exercisable at the end of the year	-	3,03,53,943	13,977	-	4,874	5,287
Weighted average price per option	1,809.25	1,573.22	5,073.25	3,177.50	1,350.60	2,149.00
Weighted average remaining contractual life	5.99	2.25	0.85	-	-	-

Notes forming part of the standalone financial statements (Continued)

Details of Activity in the options as at March 31, 2020

Number of options

Particulars	ESOS-17	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Outstanding at the beginning of the year	4,04,44,710	31,47,541	4,593	4,874	5,287
Granted during the year	1,57,000	-	-	-	-
Exercised during the year	37,20,484	13,74,909	3,754	-	-
Lapsed during the year	40,312	1,271		-	-
Outstanding at the end of the year	3,68,40,914	17,71,361	839	4,874	5,287
Unvested at the end of the year	8,57,220	-	-	-	-
Exercisable at the end of the year	3,59,83,694	17,71,361	839	-	-
Weighted average price per option	1,573.22	5,073.25	3,177.50	1,350.60	2,149.00
Weighted average remaining contractual life	3.26	0.55	-	-	-

With effect from August 21, 2010, the nominal face value of equity shares of the Corporation was sub-divided from ₹ 10 per share to ₹ 2 per share. Each option exercised under ESOS-07, ESOS-08, ESOS-11 and ESOS-14 entitles 5 equity shares of ₹ 2 each. An option exercised under ESOS-17 entitles 1 equity share of ₹ 2 each.

42.4 **Fair Value Methodology**

The fair value of options have been estimated on the date of grant using Black-Scholes model as under:

The key assumptions used in Black-Scholes model for calculating fair value under ESOS-2020, ESOS-2017, ESOS-2014, ESOS-2011, ESOS-2008 and ESOS-2007, as on the date of grant, are as follows:

Particulars	ESOS-2020	ESOS-2017*	ESOS-2014	ESOS-2011	ESOS-2008	ESOS-2007
Risk-free interest rate (p.a.)	4.02%-5.76%	6.62%	8.28%	8.06%	6.94%	7.70%
Expected life	Upto 4 years	Upto 3 years	Upto 3 years	Upto 2 years	Upto 2 years	Upto 2 years
Expected volatility of share price	21%	16%	15%	15%	29%	19%
Expected growth in dividend (p.a.)	20%	20%	20%	20%	20%	20%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 220.18	₹ 275.40	₹ 1,035.91	₹ 474.56	₹ 238.79	₹ 307.28

Volatility is measure of the amount by which price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in Black-Scholes Model is the annualised standard deviation of the continuously compounded rates of return on stock over a period of time.

* The stock based compensation expense determined under fair value based method and charged to the statement of profit and loss is ₹ **338.42 Crore** (Previous Year ₹ 13.64 Crore).

Notes forming part of the standalone financial statements (Continued)

43. Related Party Disclosures

Group structure

Subsidiary Companies	HDFC Life Insurance Company Ltd. HDFC Pension Management Company Ltd. (Subsidiary of HDFC Life Insurance Company Ltd.) HDFC International Life and Re Company Limited. (Subsidiary of HDFC Life Insurance Company Ltd.) HDFC ERGO General Insurance Company Ltd. HDFC ERGO Health Insurance Ltd. (w.e.f. 9 January 2020, merged with HDFC ERGO General Insurance Company Ltd with effect from 13 November 2020) GRUH Finance Ltd. (Upto 30 August 2019) HDFC Asset Management Company Ltd. HDFC Credila Financial Services Ltd. HDFC Trustee Company Ltd. HDFC Capital Advisors Ltd. HDFC Holdings Ltd. HDFC Investment Ltd. HDFC Sales Pvt. Ltd. HDFC Education & Development Services Pvt. Ltd. HDFC Property Ventures Ltd. HDFC Venture Capital Ltd. HDFC Venture Trustee Company Ltd. Griha Pte Ltd. (Subsidiary of HDFC Investments Ltd.) Griha Investments (Subsidiary of HDFC Holdings Ltd.) HDFC Investment Trust (HIT) HDFC Investment Trust - II (HIT-II)
Associate Companies	HDFC Bank Ltd. True North Ventures Private Ltd. Good Host Spaces Pvt. Ltd. HDB Financial Services Ltd. (Subsidiary of HDFC Bank Ltd.) HDFC Securities Ltd. (Subsidiary of HDFC Bank Ltd.) Magnum Foundations Private Limited (Associate of HDFC Property Ventures Ltd.) upto 23 February 2021 GRUH Finance Ltd. (w.e.f. 31 August 2019 to 17 October 2019) Renaissance Investment Solutions ARC Priviate Limited. (w.e.f. 24 November 2020)
Entities over which control is exercised	H T Parekh Foundation HDFC Employees Welfare Trust HDFC Employees Welfare Trust 2 Maharashtra 3E Education Trust 3E Education Trust
Key Management Personnel	Mr. Deepak S Parekh (Chairman) Mr. Keki M. Mistry (Vice Chairman & CEO) Ms. Renu Sud Karnad (Managing Director) Mr. V. Srinivasa Rangan (Executive Director & Chief Financial Officer) Mr. Nasser Munjee Dr. J. J. Irani

Notes forming part of the standalone financial statements (Continued)

Key Management Personnel	Mr. U. K. Sinha Mr. Jalaj Dani Dr. Bhaskar Ghosh Ms. Ireena Vittal
Relatives of Key Management Personnel (Whole-time Directors) *(where there are transactions)*	Mr. Singhal Nikhil Mr. Ashok Sud Mr. Bharat Karnad
Relatives of Key Management Personnel (Non-executive Directors) *(where there are transactions)*	Ms. Smita D. Parekh Mr. Aditya D. Parekh Mr. Siddharth D. Parekh Ms. Harsha Shantilal Parekh Mrs. Niamat Mukhtar Munjee Mr. Malav A. Dani
Entities where Directors/Close family members of Directors of the Corporation having control/ significant influence *(where there are transactions)*	Geetanjali Trading and Investments Private Limited
Post Employment Benefit Plan	Housing Development Finance Corporation Ltd Provident Fund. Superannuation Fund of Housing Development Finance Corporation Ltd. Gratuity Fund of Housing Development Finance Corporation Ltd. GRUH Finance Limited Officers Superannation Fund (Upto 30 August 2019).

Compensation of key management personnel of the Corporation

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Corporation and its employees. The Corporation includes the members of the Board of Directors which include independent directors (and its sub-committees) and Executive Committee to be key management personnel for the purposes of Ind AS 24 Related Party Disclosures.

Transactions with key management personnel of the Corporation

The Corporation enters into transactions, arrangements and agreements involving directors, senior management and their business associates, or close family members, in the ordinary course of business under the same commercial and market terms, interest and commission rates that apply to non-related parties.

Notes forming part of the standalone financial statements (Continued)

The Corporation's related party balances and transactions are summarised as follows:

₹ in Crore

Nature of related party	Nature of Transactions	March 31, 2021	March 31, 2020
Subsidiary	Dividend Income	**716.84**	204.22
	Interest Income	**10.18**	20.21
	Consultancy, Fees & Other Income	**193.98**	170.24
	Rent Income	**23.55**	23.23
	Deputation cost recovered	**3.52**	2.80
	Support cost recovered	**2.75**	2.20
	Other Income	**0.37**	0.33
	Interest Expense	**272.57**	176.73
	Other Expenses/ Payments (including DSA Commission)	**510.49**	442.33
	Investments made	**63.05**	439.30
	Investments sold / Redeemed	**62.14**	85.93
	Investments closing balance	**5,306.50**	5,294.84
	Loans given	**-**	0.70
	Loans repaid	**-**	109.40
	Trade Receivable	**71.93**	66.55
	Other Advances / Receivables	**14.46**	17.40
	Purchase of Fixed Assets	**0.02**	-
	Deposits Received	**135.97**	90.67
	Deposits repaid / matured	**101.53**	92.17
	Deposits closing balance	**53.94**	19.50
	Non-Convertible Debentures (Allotments under Primary Market)	**-**	100.00
	Non-Convertible Debentures - Redemption	**109.00**	6.00
	Non-Convertible Debentures closing balance	**4,075.00**	2,429.00
	Other Liabilities / Payables	**223.32**	119.11
Associates	Dividend Income	**-**	864.63
	Interest Income	**11.57**	8.58
	Rent Income	**1.66**	1.50
	Support cost recovered	**0.39**	0.40
	Assignment fees and Other income	**541.95**	469.76
	(Income)/Expenses on Swaps Transaction	**(179.72)**	(54.84)
	Interest Expense	**1.31**	0.88
	Bank & Other Charges	**1.33**	1.96
	Other Expenses/ Payments (including DSA Commission)	**310.85**	286.46
	Donation[$]	**-**	3.00
	Investments made	**-**	86.71
	Investments closing balance	**14,206.73**	14,206.23
	Loans given	**19.31**	4.30
	Loans Sold	**18,979.78**	24,127.25

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Nature of related party	Nature of Transactions	March 31, 2021	March 31, 2020
	Loans closing balance	**23.61**	4.30
	Bank Deposits placed	**1,100.00**	160.00
	Bank Deposits matured / withdrawn	**910.00**	70.00
	Bank Balance and Deposits closing balance	**759.16**	3,288.18
	Trade Receivable	**1.89**	51.64
	Other Advances / Receivables	**156.21**	123.68
	Deposits Received	**100.00**	75.00
	Deposits repaid / matured	**50.00**	75.00
	Deposits closing balance	**50.00**	-
	Other Liabilities / Payables	**136.77**	45.25
	Amounts payable - Securitised Loans	**494.75**	387.80
	Dividend Paid	**0.25**	0.02
Entities over which control is exercised	Deputation cost recovered	**0.06**	0.21
	Interest Expense	**8.60**	13.68
	CSR Expenditure	**112.73**	182.80
	Trade Receivable	-	0.02
	Deposits repaid / matured	**140.00**	21.01
	Deposits closing balance	**11.25**	151.25
	Other Liabilities / Payables	**0.28**	0.17
	Dividend Paid	**0.12**	0.09
Entities over which Director/ closed family member of director having control/ jointly control	Interest Income	-	20.68
	Loans repaid	-	300.00
	Loans closing balance	-	-
	Other Advances / Receivables	-	-
Post employment benefit plans of the Corporation or its related entities	Interest Expense	**0.11**	0.17
	Contribution To Provident Fund & Other Funds	**58.16**	54.39
	Other Advances / Receivables	**4.02**	0.10
	Non-Convertible Debentures - Redemption	**0.80**	-
	Non-Convertible Debentures closing balance	**1.00**	1.80
	Other Liabilities / Payables	**0.04**	24.62
Key Management Personnel (Whole-time Directors)	Interest Expense	**1.22**	0.29
	Remuneration#	**40.42**	39.19
	Share based payments	**30.71**	-
	Loans repaid	**0.02**	0.01
	Loans closing balance	-	0.02
	Deposits Received	**21.01**	0.01
	Deposits repaid / matured	**3.25**	0.01
	Deposits closing balance	**21.05**	3.28
	Other Liabilities / Payables	**1.01**	0.39
	Dividend Paid	**7.73**	6.59

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Nature of related party	Nature of Transactions	March 31, 2021	March 31, 2020
Key Management Personnel (Non whole-time Directors)	Interest Expense	**0.05**	-
	Sitting Fees	**1.22**	1.04
	Commission ^^	**4.50**	4.50
	Deposits Received	**1.00**	-
	Deposits closing balance	**1.00**	-
	Dividend Paid	**2.47**	2.14
Relatives of Key Management Personnel (Whole-time Directors)	Interest Income	**0.02**	0.03
	Interest Expense	**0.09**	0.04
	Loans repaid	**0.03**	0.03
	Loans closing balance	**0.30**	0.32
	Other Advances / Receivables	**-**	0.01
	Deposits Received	**2.57**	-
	Deposits repaid / matured	**0.50**	-
	Deposits closing balance	**2.57**	0.50
	Other Liabilities / Payables	**0.06**	0.05
	Dividend Paid	**1.28**	1.15
Relatives of Key Management Personnel (Non whole-time Directors)	Interest Expense	**1.36**	1.56
	Deposits Received	**6.28**	14.89
	Deposits repaid / matured	**5.77**	21.15
	Deposits closing balance	**17.17**	16.66
	Other Liabilities / Payables	**1.40**	0.75
	Dividend Paid	**3.13**	2.82

Notes:-

All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.

Expenses towards gratuity and leave encashment provisions are determined actuarially on overall Corporation basis at the end each year and, accordingly, have not been considered in the above information.

^^ Commission is approved by the Board of Directors within the limit as approved by the shareholders of the Corporation and will be paid post adoption of annual accounts by the shareholders.

$ Previous Year Donations includes ₹ 3 Crore, utilised out of Shelter Assistance Reserve.

'0' denotes amount less than ₹ Fifty thousand.

Notes forming part of the standalone financial statements (Continued)

44. Financial instruments

44.1 Capital Management

The Corporation maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of National Housing Bank (NHB). The adequacy of the Corporation's capital is monitored using, among other measures, the regulations issued by NHB.

The Corporation has complied in full with all its externally imposed capital requirements over the reported period.

₹ in Crore

Particulars	March 31, 2021	March 31, 2020
Net debt	**4,40,595.07**	4,15,959.76
Total equity	**1,08,782.65**	86,158.06
Net debt to equity ratio	**4.05 : 1**	**4.83 : 1**

Loan covenants

Under the terms of the major borrowing facilities, the Corporation has complied with the covenants throughout the reporting period.

44.2 Financial Risk Management

The Corporation has to manage various financial risks associated with its business. These risks include liquidity risk, foreign exchange risk, interest rate risk and counterparty risk.

The Board approved Financial Risk Management and ALM Policy sets out the framework and limits for management of the aforementioned risks, in accordance with which the Corporation manages them on an ongoing basis.

Liquidity risks are managed through a combination of strategies like managing tenors in line with the regulations on Asset Liability Management, and maintaining adequate liquidity cover. Interest rate risks are managed by entering into interest rate swaps. The currency risk on borrowings is actively managed mainly through a combination of principal only swaps, forward contracts, option contracts. Counterparty risk is reviewed periodically to ensure that exposure to various counterparties is well diversified and within the limits fixed by the Derivative Committee. It is also managed by entering into collateralization arrangements with banking counterparties to the extent possible.

Notes forming part of the standalone financial statements (Continued)

44.3 Categories of Financial Instruments

₹ in Crore

Particulars	March 31, 2021			March 31, 2020		
	FVTPL	FVOCI / Cash Flow Hedge Reserve	Amortised cost	FVTPL	FVOCI / Cash Flow Hedge Reserve	Amortised cost
Financial Assets						
Investments						
Mutual Funds	**16,497.02**	**-**	**-**	24,038.19	-	-
Government Securities	**-**	**-**	**22,567.13**	-	-	14,268.27
Equity Shares	**1,099.19**	**7,025.68**	**-**	603.76	4,952.21	-
Preference Shares	**-**	**-**	**3.50**	0.78	-	3.18
Debentures	**33.57**	**32.85**	**803.50**	130.90	101.30	423.62
Pass-through Certificates	**-**	**-**	**18.33**	-	-	22.57
Security Receipts	**175.00**	**-**	**-**	176.13	-	-
Investment in Units of Venture Capital Fund and Alternate Investment Fund	**996.73**	**-**	**-**	775.21	-	-
Investment in Units of REIT	**79.44**	**-**	**-**	-	-	-
Derivative Financial Assets	**1,229.01**	**925.47**	**-**	2,288.52	3,420.76	-
Trade Receivables	**-**	**-**	**155.38**	-	-	230.06
Loans	**-**	**-**	**4,85,294.26**	-	-	4,39,943.28
Other Financial Assets	**-**	**-**	**3,381.42**	-	-	2,742.01
Total Financial Assets	**20,109.96**	**7,984.00**	**5,12,223.52**	**28,013.49**	**8,474.27**	**4,57,632.99**
Financial Liabilities						
Derivative Financial Liabilities	**1,306.58**	**354.28**	**-**	-	320.67	-
Trade Payables	**-**	**-**	**339.15**	-	-	196.80
Debt Securities	**93,148.58**	**-**	**88,906.15**	67,418.68	-	1,09,450.03
Borrowings	**-**	**-**	**1,05,179.18**	-	-	1,04,908.64
Deposits	**-**	**-**	**1,50,131.13**	-	-	1,32,324.29
Subordinated Liabilities	**-**	**-**	**4,000.00**	-	-	5,000.00
Other Financial Liabilities	**-**	**-**	**12,991.70**	-	-	15,896.48
Total Financial Liabilities	**94,455.16**	**354.28**	**3,61,547.31**	**67,418.68**	**320.67**	**3,67,776.24**

Note: The table above, does not include Cash and Cash Equivalents, Bank Balances, Investments in subsidiaries and Associates.

Notes forming part of the standalone financial statements (Continued)

44.3.1 **Fair Value Hierarchy**

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

₹ in Crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at March 31, 2021				
Financial assets				
Financial Investments at FVTPL				
Mutual Funds	16,497.02	-	-	16,497.02
Equity Shares	813.16	-	286.03	1,099.19
Preference Shares	-	-	-	-
Debentures	-	-	33.57	33.57
Security Receipts	-	174.70	0.30	175.00
Investment in Units of Venture Capital Fund and Alternate Investment Fund	-	-	996.73	996.73
Investment in Units of REIT	79.44	-	-	79.44
Derivatives designated as fair value hedges				
- INR Interest Rate Swaps	-	1,229.01	-	1,229.01
Financial Investments at FVTOCI				
Equity Shares	6,294.71	-	730.97	7,025.68
Debentures	-	-	32.85	32.85
Derivatives designated as cash flow hedges				
- Forwards	-	-	-	-
- Currency Swaps	-	925.47	-	925.47
- Options Purchased (net)	-	-	-	-
Total Financial Assets	**23,684.33**	**2,329.18**	**2,080.45**	**28,093.96**
Financial Liabilities				
Debt Securities	-	1,82,054.73	-	1,82,054.73
Derivatives designated as cash flow hedges				
- Interest Rate Swaps INR	-	1,306.58	-	1,306.58
- Interest Rate Swaps USD	-	154.54	-	154.54
- Forwards	-	64.33	-	64.33
- Currency Swaps	-	135.41	-	135.41
- Options Purchased (net)	-	-	-	-
Total Financial Liabilities	**-**	**1,83,715.59**	**-**	**1,83,715.59**

₹ in Crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at March 31, 2020				
Financial assets				
Financial Investments at FVTPL				
Mutual funds	24,018.12	20.07	-	**24,038.19**
Equity shares	191.94	-	411.82	**603.76**

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Preference Shares	-	-	0.78	**0.78**
Debentures	-	-	130.90	**130.90**
Security Receipts	-	174.70	1.43	**176.13**
Investment in Units of Venture Capital Fund	-	-	775.21	**775.21**
Derivatives designated as fair value hedges				
- Interest Rate Swaps	-	2,288.52	-	**2,288.52**
Financial Investments at FVTOCI				
Equity Shares	3,925.87	-	1,026.34	**4,952.21**
Debentures	-	-	101.30	**101.30**
Derivatives designated as cash flow hedges				
- Forwards	-	485.00	-	**485.00**
- Currency Swaps	-	2,079.45	-	**2,079.45**
- Options Purchased (net)	-	856.31	-	**856.31**
Total Financial Assets	**28,135.93**	**5,904.05**	**2,447.79**	**36,487.77**
Financial Liabilities				
Debt Securities	-	1,76,868.71	-	1,76,868.71
Derivatives designated as cash flow hedges				
- Interest Rate Swaps	-	260.57	-	260.57
- Forwards	-	0.00	-	0.00
- Currency Swaps	-	60.10	-	60.10
- Options Purchased (net)	-	0.00	-	0.00
Total Financial Liabilities	**-**	**1,77,189.38**	**-**	**1,77,189.38**

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2021 and 2020, other than those disclosed in note 44.3.4.

44.3.2 **Valuation technique used to determine fair value**

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Corporation determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the company and other valuation models.

The Corporation measures financial instruments, such as investments (other than equity investments in Subsidiaries, Joint Ventures and Associates) at fair value.

The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Quoted prices in an active market (Level 1): Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, units of mutual funds (open ended) and traded bonds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Valuation techniques with observable inputs (Level 2): The fair value of financial instruments that are not traded in an active market for example, Securities receipts, Mutual Funds (close ended) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2, this level of hierarchy includes financial assets, measured using inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e; as prices) or indirectly (i.e; derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data, this level of hierarchy includes unlisted equity instruments, venture fund units and security receipts.

44.3.3 Valuation Process - Equity Instrument Level 3

When the fair value of equity investments cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the Discounted Cash Flow (DCF) model, market comparable method and based on recent transactions happened in respective companies. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain unquoted equity instruments recent information is insufficient to measure fair value and cost represents the best estimate of fair value. These investments in equity instruments are not held for trading.

Notes forming part of the standalone financial statements (Continued)

44.3.4 Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the period ending March 31, 2021: ₹ in Crore

Particulars	Equity securities	Preference Shares	Debentures	Venture Funds	Security Receipts	Total
As at March 31, 2019	**476.73**	**0.45**	**376.94**	**711.44**	**6.99**	**1,572.55**
Acquisitions	750.00	-	93.50	138.93	-	982.43
Disposal	(0.78)	-	-	(51.45)	(1.02)	(53.25)
Interest Income	-	-	2.82	-	-	2.82
Gains/losses recognised in profit or loss	(46.87)	0.33	14.62	(23.71)	(4.54)	(60.17)
Gains/(losses) recognised in other comprehensive income	259.08	-	(255.68)	-	-	3.40
As at March 31, 2020	**1,438.16**	**0.78**	**232.20**	**775.21**	**1.43**	**2,447.78**
Acquisitions	1.43	-	-	188.93	-	190.36
Disposal	(214.23)	(1.43)	(58.83)	(68.74)	(0.71)	(343.94)
Interest Income	-	-	-	-	-	-
Gains/(loss) recognised in profit or loss	87.00	0.65	(38.50)	101.33	(0.42)	150.05
Gains/(loss) recognised in other comprehensive income	(295.37)	-	(68.45)	-	-	(363.82)
As at March 31, 2021	**1,016.99**	**-**	**66.42**	**996.73**	**0.30**	**2,080.43**
Unrealised Gains/(losses) recognised in profit and loss related to assets and liabilities held at the end of the reporting period						
For the year ended March 31, 2020	(46.87)	0.33	14.62	(23.71)	(4.54)	(60.17)
For the year ended March 31, 2021	87.00	0.65	(38.50)	101.33	(0.42)	150.05

44.3.5 Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted. ₹ in Crore

Particulars	March 31, 2021	March 31, 2020	Significant unobservable inputs*	Sensitivity: Favourable	Sensitivity: Un-favourable
Unquoted equity shares	**290.24**	419.66	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 29.83 crore (Previous Year ₹ 42.53 crore).	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 29.58 crore (Previous Year ₹ 42.25 crore).
Locked in Shares of Yes Bank Ltd	**726.75**	1,018.50	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 72.68 crore (Previous Year ₹ 101.85 crore).	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 72.68 crore (Previous Year ₹ 101.85 crore).
Compulsorily Convertible Preference Shares	-	0.78	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 0.08 crore in FY20.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 0.08 crore in FY20.
Convertible Debentures	**66.42**	232.20	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 6.64 crore (Previous Year ₹ 22.94 crore).	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 6.64 crore (Previous Year ₹ 22.94 crore).
Venture Funds	**996.73**	775.21	Net Asset Value	Increase in NAV by 10% increases the fair value by ₹ 88.69 crore (Previous Year ₹ 70.45 crore).	Decrease in NAV by 10% reduces the fair value by ₹ 89.02 crore (Previous Year ₹ 73.86 crore).
Security Receipts	**0.30**	1.43	Net Asset Value	Increase in NAV by 10% increases the fair value by ₹ 0.03 crore (Previous Year ₹ 0.14 crore).	Decrease in NAV by 10% reduces the fair value by ₹ 0.03 crore (Previous Year ₹ 0.14 crore).

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Notes forming part of the standalone financial statements (Continued)

Valuation Factor includes Discounted Cash Flows, Equity Multiples such as PE Ratio, Price to Book Value Ratio and EV/EBITDA Ratio.

Sensitivity data are calculated using a number of techniques, including analysing price dispersion of different price sources, adjusting model inputs to reasonable changes within the fair value methodology.

44.3.6 **Fair value of the Financial Assets that are not measured at fair value and Fair Value hierarchy**

Except as detailed in the following table, the carrying amount of financial assets and financial liabilities recognised in the financial statements approximate their fair value.

₹ in Crore

Particulars	As at 31 March 2021			As at 31 March 2020		
	Carrying Value	Fair Value	Fair Value hierarchy	Carrying Value	Fair Value	Fair Value hierarchy
Financial Assets at amortised cost						
Government securities	22,567.13	22,647.95	Level 2	14,268.27	14,531.94	Level 2
Debentures	803.50	818.51	Level 3	423.62	424.6	Level 3
Pass-through Certificates	18.33	18.24	Level 3	22.57	22.72	Level 3
Total Financial Assets	**23,388.96**	**23,484.70**		**14,714.46**	**14,979.26**	
Financial liabilities at amortised cost						
Non Convertible Debentures*	1,48,474.04	1,54,281.10	Level 2	1,42,033.78	1,43,398.24	Level 2
Synthetic Rupee Denominated Bonds	2,800.00	2,855.55	Level 2	6,100.00	6,075.28	Level 2
Subordinated Liabilities	4,000.00	4,357.88	Level 2	5,000.00	5,281.22	Level 2
Deposits	1,50,501.61	1,52,323.81	Level 2	1,32,664.37	1,33,538.37	Level 2
Total Financial Liabilities	**3,05,775.65**	**3,13,818.34**		**2,85,798.15**	**2,88,293.11**	

* For the purpose of above disclosure, entire amount of Non Convertible Debentures has been considered.

44.3.6.1 **Note:** The Fair Value of the financial assets and financial liabilities are considered at the amount, at which the instrument could be exchanged in current transaction between willing parties, other than in forced or liquidation sale.

44.3.6.2 **Loans**

Substantially all loans reprice frequently, with interest rates reflecting current market pricing, the carrying value of these loans amounting to ₹ **4,85,294.26 Crore** (Previous year ₹ 4,39,943.28 Crore) approximates their fair value.

44.3.6.3 **Other Financial Assets and Liabilities**

With respect to Bank Balances and Cash and Cash Equivalents (Refer Note 5 and 6), Trade Receivables (Refer Note 8), Other Financial Assets (Refer Note 11), Trade Payables (Refer Note 17) and Other Financial Liabilities (Refer Note 22), the carrying value approximates the fair value.

44.3.6.4 Non Convertible Debentures fair value has been computed using the Fixed Income Money Market and Derivatives Association of India ('FIMMDA') data on corporate bond spreads.

Notes forming part of the standalone financial statements (Continued)

44.3.7 **Equity Instrument designated at FVOCI**

₹ in Crore

Particulars	Quoted / Unquoted	As at March 31, 2021	As at March 31, 2020
Andhra Cements Ltd.	Quoted	**13.901**	4.12
Bandhan Bank Ltd.	Quoted	**5,400.817**	3,247.02
Citrus Processing India Pvt. Ltd.	Unquoted	**1.509**	6.85
CL Educate Ltd.	Quoted	**5.437**	1.85
Clayfin Technologies Private Limited (Erstwhile Vayana Enterprises Pvt. Ltd.)	Unquoted	**2.707**	0.99
DISH TV India Ltd.	Quoted	**80.512**	-
Eveready Industries India Limited	Quoted	**60.606**	-
Hindustan Oil Exploration Co. Ltd.	Quoted	**136.848**	48.95
Mcleod Russel India Ltd.	Quoted	**0.258**	-
Reliance Capital Limited	Quoted	**17.463**	7.31
Reliance Communications Limited	Quoted	**10.450**	8.71
Reliance Infrastructure Limited	Quoted	**75.579**	22.01
Reliance Naval and Engineering Ltd. (Erstwhile Reliance Defence And Engineering Ltd.)	Quoted	**0.409**	0.21
Reliance Power Limited	Quoted	**62.200**	24.44
Siti Networks Ltd.	Quoted	**8.023**	-
Yes Bank Limited (Refer Note 25.1)	Quoted	**1,116.750**	1,579.75
Zee Learn Ltd.	Quoted	**16.358**	-
Zee Media Corporation Ltd.	Quoted	**15.840**	-
Total		**7,025.68**	4,952.21

44.4 Credit Risk

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to the Corporation. In its lending operations, the Corporation is principally exposed to credit risk.

The credit risk is governed by various Product Policies. The Product Policy outlines the type of products that can be offered, customer categories, the targeted customer profile and the credit approval process and limits.

Credit Approval Authorities

The Board of Directors has delegated credit approval authority to a sanctioning committee with approval limits which is approved by the Managing Director.

Credit Risk Assessment Methodology

44.4.1 Corporate Portfolio

The Corporation has an established credit appraisal procedure which has been detailed in Corporate Loans Policy and Developer Loans Policy respectively. The policies outline appraisal norms including assessment of quantitative and qualitative parameters along with guidelines for various products. The policy also includes process for approval of Loans which are subject to review and approval by Sanctioning Committees.

Corporation carries out a detailed analysis of funding requirements, including normal capital expenses, long-term working capital requirements and temporary imbalances in liquidity. A significant portion of Corporate Finance loans are secured by a lien over appropriate assets of the borrower.

Notes forming part of the standalone financial statements (Continued)

Borrower risk is evaluated by considering:

- the risks and prospects associated with the industry in which the borrower is operating (industry risk);
- the financial position of the borrower by analysing the quality of its financial statements, its past financial performance, its financial flexibility in terms of ability to raise capital and its cash flow adequacy (financial risk);
- the borrower's relative market position and operating efficiency (business risk);
- the quality of management by analysing their track record, payment record and financial conservatism (management risk); and
- the risks with respect to specific projects, both pre-implementation, such as construction risk and funding risk, as well as post-implementation risks such as industry, business, financial and management risks related to the project (project risk).

Restructuring, ECLGS and Moratorium Guidelines issued by RBI are adopted for loans on a selective basis, after assessing the impact of COVID-19 pandemic on their businesses.

44.4.2 **Lease rental discounting**

Loan is given against assured sum of rentals/receivables.

The risk assessment procedure include:

- carrying out a detailed evaluation of terms of Lease / Leave and License Agreements such as lease rental receivables, term of the leases and periodicity of rentals.
- conducting due diligence on and appraisal of Borrowers / Lessors and Lessees including due diligence of project/property. These Loans are secured by project property and serviced from rentals/receivables.

44.4.3 **Construction Finance**

Loan given for construction of Residential/Commercial properties.

The Corporation has a framework for appraisal and execution of Construction finance transactions detailed in Developer Loans Policy. The Corporation believes that this framework creates optimal risk identification, allocation and mitigation and helps minimize residual risk.

The project finance approval process includes detailed evaluation of technical, commercial, financial, legal with respect to the projects and the Borrower Group's financial strength and experience.

As part of the appraisal process, a note is generated, which identifies each of the project risks, mitigating factors and residual risks associated with the project. After credit approval, an Offer Letter is issued to the borrower, which outlines the principal financial terms of the proposed facility, Borrowers/Security providers obligations, conditions precedent to disbursement, undertakings from and covenants on the borrower.

After completion of all formalities by the borrower, a loan Transaction documents are entered into with the borrower.

Construction finance loans are generally fully secured and have full recourse against the borrower. In most cases, the Corporation has mortgage of Project financed. Security typically include project property and receivables of the project property, as well as other tangible assets of the borrower, both present and future. The Corporation also takes additional credit comforts such as corporate or personal guarantees and shortfall undertaking from one or more sponsors of the project.

The Corporation requires the borrower to submit periodic reports and continue to monitor the exposure until loans are fully repaid.

Further since both Lease Rental Discounting and Construction Finance Facilities are mostly serviced from receivables from the projects/property financed, all the cash flows are charged to the Corporation, and are ring fenced by way of Escrow mechanism. Under this mechanism all such receivables flow into Escrow Account from where amounts are directly credited into the Corporation's account.

Notes forming part of the standalone financial statements (Continued)

During the year, additional credit checks were introduced in the non-retail policy in accordance with certain regulatory measures announced by RBI to mitigate the burden of debt servicing as a result of disruptions in cash flow due to the COVID-19 pandemic.

Restructuring of Accounts

The economic fallout on account of COVID-19 pandemic has led to significant financial stress for many borrowers. Considering the above, with the intent to facilitate revival and to mitigate the impact on ultimate borrowers, Reserve Bank of India (RBI) introduced measures under the Resolution Framework for COVID-19. As per the RBI Framework, the Corporation established a policy to provide resolution for eligible borrowers having stress on account of COVID-19 in line with the RBI Guidelines.

As advised under the said circular and Corporation's policy, the eligibility of customers was assessed, so as to understand the extent of financial stress caused due to COVID-19, i.e delay in construction, sales and consequent cash flow mismatch, duly supported by the documentary evidence. In addition to assessing the impact of stress, the Resolution framework was discussed with the eligible borrower and existing lenders (in case of multiple lenders) prior to invocation of Resolution plan. The Resolution Framework offered to ensure that the servicing of the restructured loan is not likely to be impacted. The implementation of Resolution plan is under process for respective accounts in line with the time lines prescribed in the said Circular.

ECLGS

During the current year, the Government of India through Ministry of Finance, Department of Financial Services, had introduced the Emergency Credit Line Guarantee Scheme (ECLGS), for providing 100% guarantee coverage for additional working capital term loans (in case of Banks and FIs) and additional term loans (in case of NBFCs) upto 20% of their entire outstanding credit (upto limits specified under the Scheme) as on February 29, 2020.

ECLGS was offered to borrowers eligible as per the criteria specified in the scheme and Corporation's Board approved policy. The Corporation carried out credit assessment of eligible borrowers to assess the requirement of the borrower and the qualifying criteria as per criteria as specified by National Credit Guarantee Trustee Company Limited (NCGTC).

Moratorium

The RBI had announced Moratorium for 6 months on repayments for the period March 2020 to August 2020 for term loans and working capital facilities outstanding as on February 29, 2020. This was part of the regulatory measures adopted to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure continuity of viable businesses. As part of the scheme and as per Corporation's Board approved policy, the Corporation has provided moratorium to eligible borrowers.

44.4.4 **Individual Loans**

Our customers for retail loans are primarily low, middle and high-income, salaried and self-employed individuals. The Corporation's credit officers evaluate credit proposals on the basis of active credit policies as on the date of approval. The criteria typically include factors such as the borrower's income & obligations, the loan-to-value ratio and demographic parameters subject to regulatory guidelines. Any deviations need to be approved at the designated levels.

The various process controls such as PAN Number Check, CERSAI database scrubbing, Credit Bureau Report analysis are undertaken prior to approval of a loan. In addition External agencies such as field investigation agencies facilitate a comprehensive due diligence process including visits to offices and homes.

The Corporation analyses the portfolio performance of each product segment regularly, and use these as inputs in revising our product programs, target market definitions and credit assessment criteria to meet our twin objectives of combining volume growth and maintenance of asset quality. Individual loans are secured by the mortgage of the borrowers property.

Retail

During the current year, additional Credit Checks were introduced in the Retail Policy in accordance with certain Regulatory measures announced by RBI to mitigate the burden of debt servicing as a result of disruptions in cash flow due to the COVID-19 pandemic.

Restructuring of Accounts

The eligibility of customers was assessed to understand the extent of financial stress caused due to the COVID-19 pandemic i.e loss of jobs pay cut, business shut down etc. In addition, the due diligence process was further strengthened to assess the impact of stress such as appraising income documents, bank statement and visits at work place etc. and ensured that Loan to Value ratios are not negatively impacted and underlying collateral is enforceable. The borrowers were counseled as regards the Resolution Framework to minimise the risk of default, post restructuring.

Emergency Credit Linked Guarantee Scheme (ECLGs)

Since the ECLGs facility was available to customers in business segment /MSME, the regular credit checks, as already in place for such customers, were used to assess the impact of stress in the borrower's books of account. The qualifying criteria as per NCGTC was strictly adhered to. In addition, borrower's income tax return/ books of account / Chartered Accountant certificate / Collection of GSTIN nos. end use certificate etc were appraised to assess and qualify under the norms. Such loans were appraised by a dedicated team to ensure that Loan to Value ratios are not negatively impacted / and underlying collateral is enforceable.

Credit Risk

The Corporation measures, monitors and manages credit risk at an individual borrower level and at the group exposure level for corporate borrowers. The credit risk for individual borrowers is being managed at portfolio level for both Housing Loans and Non Housing Loans. The Corporation has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk. The Corporation has additionally taken the following measures:-

- Lower borrower group exposure limits.
- Establishment of a separate Policy Implementation & Process Monitoring (PIPM) team to enhance focus on monitoring of process implementation at the branches and to facilitate proactive action wherever required.
- Enhanced monitoring of Retail product portfolios through periodic review.

44.4.5 **Risk Management and Portfolio Review**

The Corporation ensures effective monitoring of credit facilities through a risk-based asset review framework under which the frequency of asset review is determined depending on the risk associated with the product. For both Corporate and Individual borrowers, the Operations team verifies adherence to the terms of the credit approval prior to the commitment and disbursement of credit facilities. The Operations team monitors compliance with the terms and conditions for credit facilities prior to disbursement. It also reviews the completeness of documentation, creation of security and compliance with regulatory guidelines.

The Credit Risk Management team of the Corporation, regularly reviews the credit quality of the portfolio and various sub-portfolios. A summary of the reviews carried out by the Credit Risk Management is submitted to the Branches & Management Team for its information. Exposure to non-individual entities in stress is reviewed frequently by a credit review committee consisting of senior management personnel.

The Policy implementation and Process Monitoring team reviews adherence to policies and processes, carries out audit and briefs the Audit Committee and the Board periodically.

44.4.6 **Collateral and other credit enhancements**

The Corporation holds collateral or other credit enhancements to cover its credit risk associated with its Loans and Inter corporate deposits, credit risk associated are mitigated because the same are secured against the collateral. The main types of collateral obtained are, as follows:

Notes forming part of the standalone financial statements (Continued)

Registered / equitable mortgage of property, Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies, Hypothecation of assets, Bank guarantees, company guarantees or personal guarantees, Negative lien, Assignment of receivables, Liquidity Support Collateral [e.g. DSRA (Debt Service Reserve Account), Lien on Fixed Deposit].

The carrying amount of loans as at March 31, 2021 is ₹ **4,98,298.03 Crore** (Previous Year ₹ 4,50,902.76 Crore) which best represent the maximum exposure to credit risk, the related Expected credit loss amount to ₹ **13,003.77 Crore** (Previous Year ₹ 10,959.48 Crore). The Corporation has right to sell or pledge the collateral in case borrower defaults.

44.5 Liquidity Risk

Maturities of Financial Liabilities

The tables below analyse the Corporation's financial liabilities into relevant maturity groupings based on their contractual maturities for: all non-derivative financial liabilities, and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows.

₹ in Crore

Contractual maturities of financial liabilities 31 March 2021	0-1 years	1-3 years	3-5 years	>5 years	Total
Non-Derivatives					
Debt Securities	63,778.15	43,886.29	23,069.50	51,328.55	1,82,062.49
Borrowings (Other than Debt Securities)	69,739.25	26,677.02	7,331.60	1,480.58	1,05,228.45
Deposits	94,035.45	37,505.65	15,721.15	3,239.36	1,50,501.61
Subordinated Liabilities	1,000.00	-	3,000.00	-	4,000.00
Other Financial Liabilities	10,729.15	2,262.55	-	-	12,991.70
Trade Payables	339.15	-	-	-	339.15
Total Non-Derivative Liabilities	**2,39,621.15**	**1,10,331.51**	**49,122.25**	**56,048.49**	**4,55,123.40**
Derivatives (net settled)					
Foreign exchange forward contracts	64.33	-	-	-	64.33
Currency Swaps	-	135.41	-	-	135.41
USD Interest Swaps	5.54	149.00	-	-	154.54
Interest Rate Swaps			376.50	930.08	1,306.58
Total Derivative Liabilities	**69.87**	**284.41**	**376.50**	**930.08**	**1,660.86**

₹ in Crore

Contractual maturities of financial liabilities 31 March 2020	0-1 years	1-3 years	3-5 years	>5 years	Total
Non-Derivatives					
Debt Securities	70,512.52	42,043.54	17,882.76	46,430.44	1,76,869.26
Borrowings (Other than Debt Securities)	71,792.24	14,094.73	16,851.24	2,256.45	1,04,994.66
Deposits	75,756.17	41,625.78	11,804.91	3,477.51	1,32,664.37
Subordinated Liabilities	1,000.00	1,000.00	3,000.00	0.00	5,000.00
Other Financial Liabilities	13,488.79	2,330.45	42.65	34.59	15,896.48
Trade Payables	196.80	-	-	-	196.80
Total Non-Derivative Liabilities	**2,32,746.52**	**1,01,094.50**	**49,581.56**	**52,198.99**	**4,35,621.57**
Derivatives (net settled)					
Foreign exchange forward contracts					0.00
Currency Swaps	-	25.57	34.53	-	60.10
Options Purchased (net)	14.23	47.89	198.45	-	260.57
Interest Rate Swaps	-	-	-	-	-
Total Derivative Liabilities	**14.23**	**73.46**	**232.98**	**-**	**320.67**

Notes forming part of the standalone financial statements (Continued)

44.6 Market Risk

44.6.1 Foreign Currency Risk

The Corporation operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and JPY. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency i.e. INR. The objective of the hedges is to minimise the volatility of the INR cash flows.

The Corporation's risk management policy allows it to keep the foreign currency risk open upto 5% of the total borrowings.

The Corporation uses a combination of foreign curreny swaps, option contracts and foreign exchange forward contracts to hedge its exposure in foreign currency risk. The Corporation designates intrinsic value of the forward contracts and option contracts as hedging instruments. In case the hedge effectiveness is 100%, the change in the intrinsic value of the forward contracts or the option contracts and the change in carrying value of the underlying foreign currency liability are compared and the difference is recognised in cash flow hedge reserve. The changes in time value that relate to the forward contracts or option contracts are deferred in the costs of hedging reserve and recognised against the related hedged transaction when it occurs. Amortisation of forward points through cost of hedge reserve which is pertaining to the forward contracts is recognised in the statement of profit and loss over life of the forward contracts. During the years ended March 31, 2021 and 2020, the Corporation did not have any hedging instruments with terms which were not aligned with those of the hedged items.

The spot component of forward contracts is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points.

The intrinsic value of foreign exchange option contracts is determined with reference to the relevant spot market exchange rate. The differential between the contracted strike rate and the spot market exchange rate is defined as the intrinsic value. Time value of the option is the difference between fair value of the option and the intrinsic value.

44.6.1.1 Foreign Currency Risk Exposure

The Corporation's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

₹ in Crore

Particulars	March 31, 2021					March 31, 2020				
	USD	JPY	SGD	GBP	AED	USD	JPY	SGD	GBP	AED
Financial Liabilities										
Foreign currency loan and others	(10,141.54)	(3,529.74)	(0.04)	(0.14)	(0.33)	(33,510.25)	(3,703.84)	(5.31)	(27.45)	(7.92)
Exposure to foreign currency risk (liabilities) (a)	(10,141.54)	(3,529.74)	(0.04)	(0.14)	(0.33)	(33,510.25)	(3,703.84)	(5.31)	(27.45)	(7.92)
Financial assets										
Foreign currency Denominated loans & others	91.62	-	0.32	0.97	0.57	153.07	-	19.52	104.14	24.05
Derivative assets										
Foreign exchange Derivative contracts	10,049.93	3,528.45	-	-	-	33,357.32	3,702.42	-	-	-
Exposure to foreign currency risk (assets) - (b)	10,141.55	3,528.45	0.32	0.97	0.57	33,510.39	3,702.42	19.52	104.14	24.05
Net exposure to foreign currency risk c = (a) + (b)	0.01	(1.29)	0.28	0.83	0.24	0.14	(1.42)	14.21	76.69	16.13

Notes forming part of the standalone financial statements (Continued)

44.6.1.2 **Foreign Currency Sensitivity Analysis:**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign exchange forward contracts, foreign exchange option contracts designated as cash flow hedges.

₹ in Crore

Particulars	Impact on other components of equity	
	March 31, 2021	March 31, 2020
USD sensitivity		
INR/USD -Increase by 1% *	**(0.71)**	(1.25)
INR/USD -Decrease by 1% *	**0.71**	0.52
JPY sensitivity		
INR/JPY -Increase by 1% *	**0.30**	19.11
INR/JPY -Decrease by 1% *	**(0.30)**	(19.11)

Note: Balances in SGD, GBP and AED are relating to foreign branches, it does not have material impact in statement of Profit and Loss, accordingly the same is not considered for sensitivity analysis.

* Assuming all other variable is constant

44.6.1.3 **Hedging Policy**

The Corporation's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Corporation enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

Cash Flow Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

Hedging Instrument

₹ in Crore

Particulars	Notional amount	Carrying amount of hedging instruments Assets	Carrying amount of hedging instruments Liabilities	Line in the balance sheet	Weighted average contract / strike price of the hedging instrument	Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness - (profit)/loss
March 31, 2021						
INR USD - Forward exchange contracts	1,054.00	-	64.33	Derivative financial instruments	78.35	547.08
INR JPY - Forward exchange contracts	-	-	-		-	2.25
INR USD - Currency Swaps	11,804.55	832.03	66.61		69.22	1,010.37
USD - Interest Swaps	8,722.00	-	154.52		-	(106.06)
INR JPY - Currency Swaps	2,188.70	93.44	-		0.66	150.11
USD JPY Currency Swap	1,339.75		68.82		108.38	68.81
Option purchased (net)	-	-	-		-	856.32
Total	25,109.00	925.47	354.28			2,528.88

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Particulars	Notional amount	Carrying amount of hedging instruments Assets	Carrying amount of hedging instruments Liabilities	Line in the balance sheet	Weighted average contract / strike price of the hedging instrument	Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness - (profit) / loss
March 31, 2020						
INR USD - Forward exchange contracts	10,985.44	482.75	-	Derivative financial instruments	74.16	(506.12)
INR JPY - Forward exchange contracts	1,405.81	2.25	-		0.64	(72.17)
INR USD - Currency Swaps	14,567.46	1,801.37	25.57		66.87	(1,513.76)
USD - Interest Swaps	12,750.40	-	260.57			260.58
INR JPY - Currency Swaps	3,702.42	278.08	34.53		0.63	(257.79)
Option purchased (net)	11,007.12	856.31	-		70.67*	(734.23)
Total	**54,418.65**	**3,420.76**	**320.67**			**(2,823.49)**

* denotes strike price range for bought call and sold put (at 70.67).

Hedged Item

₹ in Crore

Particulars	Change in the value of hedged item used as the basis for recognising hedge ineffectiveness		Cash flow hedge reserve as at		Cost of hedging as at		Foreign Currency Monetary Items Translation Reserve	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
FCY Term Loans	**1,196.24**	(1,203.74)	-	104.04	**1.52**	4.21	-	-
External Commercial Borrowings (incl. ADB loans)	**1,100.88**	(1,551.93)	**210.91**	83.24	**(125.81)**	(29.08)	-	-
Total	**2,297.12**	(2,755.67)	**210.91**	**187.28**	**(124.29)**	**(24.87)**	-	-

* figures are gross of tax

The impact of the cashflow hedges in the statement of profit and loss and other comprehensive income: ₹ in Crore

Particulars	Hedging gains or losses recognised in other comprehensive income		Hedge ineffectiveness recognised in statement of profit and loss		Line in the statement of profit and loss that includes hegde ineffectiveness
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	
Forward exchange contracts and Currency swaps	**(75.78)**	(79.45)	-	-	Finance Cost
Option purchased (net)	-	(5.12)	-	5.28	

Fair Value Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

Hedging Instrument

₹ in Crore

Particulars	Notional amount		Carrying amount - Asset		Line in the balance sheet		Change in fair value used for measuring ineffectiveness for the period	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Interest Rate Swap as at	**93,160.00**	65,100.00	**(77.57)**	2,288.52	Derivative financial instruments		**(2,366.09)**	1,326.52

Notes forming part of the standalone financial statements (Continued)

Hedged Item

₹ in Crore

Particulars	Notional amount		Accumulated fair value adjustment - Liability		Line in the balance sheet		Change in fair value used for measuring ineffectiveness for the period	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Fixed-rate borrowing as at	93,160.00	65,100.00	(11.42)	2,318.68	Derivative financial instruments		(2,330.10)	1,369.97

The impact of the fair value hedges in the statement of profit and loss:

₹ in Crore

Particulars	Hedge ineffectiveness recognised in statement of profit and loss		Line in the statement of profit and loss that includes hegde ineffectiveness
	March 31, 2021	**March 31, 2020**	
Interest Rate Swap	35.99	43.45	Finance Cost

44.6.1.4 Hedge Ratio

The foreign exchange forward, options and curreny swap contracts are denominated in the same currency as the highly probable future foreign currency principal and interest payments, therefore the hedge ratio is 1:1. The notional amount of interest rate swap is equal to the portion of variable rate loans that is being hedged, and therefore the hedge ratio for interest rate swap is also 1:1. The entire amount of foreign currency loan is designated as hedge of net investment and hence the hedge ratio is 1:1.

44.6.2 Interest Rate Risk

The Corporation's core business is doing housing loans. The Corporation raises money from diversified sources like deposits, market borrowings, term Loan, foreign currency borrowings amongst others. In view of the financial nature of the assets and liabilities of the Corporation, changes in market interest rates can adversely affect its financial condition. The fluctuations in interest rates can be due to internal and external factors. Internal factors include the composition of assets and liabilities across maturities, existing rates and re-pricing of various sources of borrowings. External factors include macro economic developments, competitive pressures, regulatory developments and global factors. The rise or fall in interest rates impact the Corporations Net Interest Income depending on whether the Balance Sheet is asset sensitive or liability sensitive.

The Corporation uses traditional gap analysis report to determine the Corporation's vulnerability to movements in interest rates. The Gap is the difference between Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) for each time bucket. It indicates whether the Corporation is in a position to benefit from rising interest rates by having a positive Gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by a negative Gap (RSL > RSA). The Corporation also fixes tolerance limits for the same as per the ALM Policy.

44.6.2.1 Interest Rate Risk Exposure

The break-up of the Corporation's borrowing into variable rate and fixed rate at the end of the reporting period are as below:

Particulars	March 31, 2021	March 31, 2020
Variable rate borrowings	**73%**	70%
Fixed rate borrowings	**27%**	30%
Total borrowings	**100%**	100%

The break-up of fixed rate and variable rate borrowings are calculated as a percentage of total liabilities of the Corporation as on the date.

Notes forming part of the standalone financial statements (Continued)

44.6.2.2 **Sensitivity**

The impact of 10 bps change in interest rates on financial assets and liabilities on the Profit after tax for the year ended March 31, 2021 is ₹ **29.87 Crore** (Previous year ₹ 40.58 Crore).

44.6.3 **Price Risk**

44.6.3.1 **Exposure**

The Corporation's exposure to equity securities price risk arises from investments held by the Corporation and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss.

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

Some of the Corporation's equity investments are publicly traded and are included in the NSE Nifty 50 index.

44.6.3.2 **Sensitivity**

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

₹ in Crore

Particulars	Impact on profit before tax		Impact on OCI before tax	
	March 31, 2021	March 31, 2020	**March 31, 2021**	March 31, 2020
NSE Nifty 50 – increase 10%	**89.04**	19.15	**627.90**	391.61
NSE Nifty 50 – decrease 10%	**(89.04)**	(19.15)	**(627.90)**	(391.61)

Profit for the period would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value through other comprehensive income.

44.6.4 **Interest Rate Benchmark Reform**

As on March 31, 2021, the Corporation has foreign currency borrowings of USD 1,377.45 million and JPY 53,200 million, on which it pays USD LIBOR (London Inter-bank Offered Rate) and JPY LIBOR respectively. The Corporation has undertaken currency swaps and forward contracts of notional amount of USD 1,365 million and JPY 53,200 million, Coupon Only Swaps of ₹ 1,030 Crore, USD Interest rate Swaps of ₹ 8,722 Crore, and foreign currency arrangements of USD 12.45 million to hedge the foreign currency and fx interest rate risks. The valuations of these hedges are impacted by, among other variables, changes in USD LIBOR. The effective interest payable on the loan linked to JPY LIBOR may change based on changes to the benchmark.

Following the commencement of the LIBOR discontinuation process by the Financial Conduct Authority (FCA) and the directions from the Financial Stability Board, an international body that monitors and makes recommendations intended to promote financial stability, working groups led by central banks in the jurisdictions of the LIBOR currencies have identified LIBOR replacement near risk free rates, and are involved in designing plans for all market participants to use these rates across the derivative and cash markets. The ICE Benchmark Administration Limited ("IBA"), the authorized administrator of LIBOR, published on March 5, 2021 the decision to cease publication of overnight, one month, six month and twelve month USD LIBORs after June 30, 2023, and JPY LIBOR after December 31, 2021. The date for spread adjustment i.e the median difference between the risk free rate and LIBOR over the previous five years, has also been fixed for March 5, 2021.

The Corporation has been taking steps to ease into the transition and has already adhered to the International Swaps and Derivatives Association (ISDA) 2020 IBOR Fallbacks Protocol and the IBOR Fallbacks

Notes forming part of the standalone financial statements (Continued)

Supplement. The Protocol allows market participants to amend the terms of their legacy derivatives contracts to include these new Cessation Events, Pre-Cessation Events, and fallbacks for legacy derivatives. All the documentation for existing and forthcoming ECBs (External Commercial Borrowings) would follow the guidance by the Asia Pacific Loan Market Association (APLMA) to appropriately reflect these changes.

45. The following disclosures have been given in terms of Notification no. RBI/2019-20/220 DOR.No.BP. BC.63/21.04.048/2019-20 dated April 17, 2020 issued by the RBI in connection with COVID-19 Regulatory Package - Asset Classification and Provisioning

₹ in Crore

Particulars	March 31, 2021	March 31, 2020
(i) Respective amounts in SMA/overdue categories, where the moratorium / deferment was extended, in terms of paragraph 2 and 3 of the above circular. **(refer note 45.1)**	19,742.16 #	17,742.47 *
(ii) Respective amounts in SMA/overdue categories, where the moratorium / deferment was extended, in terms of paragraph 2 and 3 of the above circular, which would have moved to Substandard Assets based of days past due status as of March 31, 2020. (Outstanding as on March 31, 2020)	-	384.77
(iii) Respective amount where asset classification benefits is extended. **(refer note 45.2)**	-	222.60
(iv) Provisions made during the quarter ended March 31, 2020 in terms of paragraph 5 of the above circular.	NA	10.45
(v) Provisions adjusted during the respective accounting periods against slippages and the residual provisions.	Nil	-
(vi) Total Provision on such loans as at March 31, 2020, as per the circular. **(refer note 45.3)**	NA	11.13

Outstanding as on March 31, 2021 on account of all such loans where moratorium benefit was extended by the Corporation upto previous year end and further upto August 31, 2020.

*Outstanding as on March 31, 2020 on account of all such loans where moratorium benefit was extended by the Corporation as at the previous year end.

45.1 Outstanding as on March 31, 2021 and March 31, 2020 respectively on account of all loans where moratorium benefit was extended by the Corporation, that were in SMA/ overdue categories just before granting of Moratorium.

45.2 The Outstanding as on March 31, 2021 and March 31, 2020 in respect of loans where in an asset classification benefit was extended due to Moratorium under the circular. The Corporation was required to carry an additional general provision for the purposes of regulatory submission in respect of such loans. The additional provision required as at March 31, 2020 amounted to ₹10.45 Crore whereby the total regulatory provision amounted to ₹11.13 Crore. Post the moratorium period, the movement of ageing has been at actuals. There are NIL accounts where asset classification benefit is extended till March 31, 2021.

45.3 The Corporation has made adequate provision for impairment loss allowance (as per ECL model) for the years ended March 31, 2021 & March 31, 2020.

46. Disclosure of Penalties imposed by NHB and other regulators

During FY 2020-21, the National Housing Bank (NHB) imposed a monetary penalty of ₹ 1,50,000 plus GST on the Corporation for non-compliance with two provisions of the Housing Finance Companies (NHB) Directors, 2010 pertaining to FY 2018-19. The Corporation has paid the said penalty.

Barring the above, during FY 2020-21, there were no penalties imposed by NHB or any other regulators.

47. Events after the reporting period

There have been no events after the reporting date that require disclosure in these financial statements.

Notes forming part of the standalone financial statements (Continued)

48. The following disclosures have been given in terms of Notification no. RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22. 10.106/2019-20 dated March 13, 2020 issued by the RBI on Implementation of Indian Accounting Standards

₹ in Crore

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5 = 3 - 4	6	7 = 4 - 6
Performing Assets						
Standard	Stage 1	4,55,231.92	1,087.29	4,54,144.63	1,793.39	(706.10)
	Stage 2	31,471.46	5,880.38	25,591.08	595.54	5,284.84
Subtotal		**4,86,703.38**	**6,967.67**	**4,79,735.71**	**2,388.93**	**4,578.74**
Non-Performing Assets (NPA)						
Substandard	Stage 3	4,325.77	2,027.34	2,298.43	648.87	1,378.47
Doubtful - up to 1 year	Stage 3	3,348.15	1,652.30	1,695.85	837.04	815.26
1 to 3 years	Stage 3	3,034.80	1,747.35	1,287.45	1,213.92	533.43
More than 3 years	Stage 3	501.83	224.79	277.04	501.83	(277.04)
Subtotal for doubtful		**6,884.78**	**3,624.44**	**3,260.34**	**2,552.79**	**1,071.65**
Loss	Stage 3	405.22	405.22	-	405.22	-
Subtotal for NPA		**11,615.77**	**6,057.00**	**5,558.77**	**3,606.88**	**2,450.12**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1*	299.50	0.22	299.28	-	0.22
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**299.50**	**0.22**	**299.28**	**-**	**0.22**
Total	**Stage 1**	**4,55,531.42**	**1,087.51**	**4,54,443.91**	**1,793.39**	**(705.88)**
	Stage 2	**31,471.46**	**5,880.38**	**25,591.08**	**595.54**	**5,284.84**
	Stage 3	**11,615.77**	**6,057.00**	**5,558.77**	**3,606.88**	**2,450.12**
	Total	**4,98,618.65**	**13,024.89**	**4,85,593.76**	**5,995.81**	**7,029.07**

* represents financial guarantees.

In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards, Housing Finance Companies (HFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the corporation exceeds the total provision required under IRACP (including standard asset provisioning), as at March 31, 2021 and accordingly, no amount is required to be transferred to impairment reserve.

Provisions required as per IRACP norms amount to ₹ 5,490.51 Crore. The amounts tabulated above include ₹ 505.30 Crore towards unrealised interest on substandard accounts.

Notes forming part of the standalone financial statements (Continued)

49. Disclosure in accordance with RBI Circular No. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 in relation to the Resolution Framework for COVID-19 related stress:

₹ in crore except for number of accounts

Type of borrower	(A)	(B)	(C)	(D)	(E)
	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan^
Personal Loans	**3775**	**923.43**	**-**	**0.66**	**92.41**
Corporate persons*	**1$**	**2,763.65**	**-**	**-**	**276.37**
Of which, MSMEs	-	-	-	-	-
Others	1$	2,763.65	-	-	276.37
Total	**3776**	**3,687.08**	**-**	**0.66**	**368.78**

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

$ Eight loan accounts of one corporate entity

^ Provision as per IRAC norms

50. Disclosure in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021 issued by the Reserve Bank of India read with para 15A on Guidelines on Liquidity Risk Management Framework in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

Public disclosure on liquidity risk in terms of Guidelines on Liquidity Risk Management Framework.

50.1 Funding Concentration based on significant counterparty (both deposits and borrowings)

₹ in crore

Sr No.	Type of Instruments	Number of Significant Counter parties	Current Year	% of Total Deposits	% of Total Liabilities
1	Deposits	2	14,764.50	9.83%	3.22%
2	Borrowings	20	1,96,960.05	NA	42.93%

50.2 Top 20 large deposits (amount in ₹ crore and % of total deposits)

₹ in crore

Sr No.	Name	Current Year	% of Total Deposits
1	Total of top 20 large deposits	**37,348.21**	24.88%

50.3 Top 10 borrowings (amount in ₹ crore and % of total borrowings)

₹ in crore

Sr No.	Name	Current Year	% of Total Borrowings
1	Total of top 10 borrowings	**1,40,132.45**	31.75%

Notes forming part of the standalone financial statements (Continued)

50.4 Funding Concentration based on significant instrument/product

₹ in crore

Sr No.	Name of the instrument/product	Current Year	% of Total Liabilities
1	Debt Securities	**1,82,054.73**	39.68%
2	Borrowings (other than debt securities)	**1,05,179.18**	22.92%
3	Deposits	**1,50,131.13**	32.72%
4	Subordinated liabilities	**4,000.00**	0.87%
	Total	**4,41,365.04**	96.20%
	Funding Concentration pertaining to insignificant instruments/ products	**0.00**	0.00%
	Total borrowings under all instruments/products	**4,41,365.04**	96.20%

50.5 Stock Ratios:

₹ in crore

Particulars	Total public funds	Total liabilities	Total assets
(a) Commercial papers	6.97%	6.71%	5.42%
(b) Non-convertible debentures (original maturity of less than one year)	-	-	-
(c) Other short-term liabilities	26.63%	25.62%	20.71%

50.6 Institutional set-up for Liquidity Risk Management

The Liquidity Risk Management Framework of the Corporation is managed in accordance with its Board approved Financial Risk Management and ALM Policy and prescribed guidelines. The policy framework and the operational parameters are also regularly reviewed by the Asset and Liability Management Committee (ALCO) in the context of extant and expected financial market conditions and the performance of the Corporation.

The cash flow requirements of the Corporation are monitored and managed on a daily basis. The Corporation regularly monitors the gap between maturing assets and liabilities in the very near term and also across all time buckets. While regulatory gaps are periodically monitored, the Corporation also maintains internal thresholds to monitor these gaps across tenors while planning for future funding requirements. The Corporation, at all times, maintains adequate surplus liquidity in various asset classes, to meet all its scheduled obligations, fund new business requirements and mitigate risks of any unexpected developments in the financial markets.

The Corporation has in place a well-defined front-mid and back office mechanism with specific roles and responsibilities defined for each function. Further all the processes are system driven with sufficient checks and balances in place.

51. Disclosure in terms of in accordance with Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021 issued by the Reserve Bank of India read with RBI Circular No. RBI/DNBS/2016-17/49 Master Direction DNBS. PPD.01/66.15.001/2016-17 on Monitoring of frauds in NBFCs

There were **12 cases** (Previous Year 39 cases) of frauds reported during the year where amount involved was **₹ 3.07 crore** (Previous Year ₹ 22.34 crore).

52. Disclosure in terms of RBI Circular No. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated 7 April 2021 on Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package

In accordance with the RBI Circular No. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021 and the methodology for calculation of interest on interest based on guidance issued by Indian Banks' Association, the Corporation has put in place a Board approved policy to refund / adjust interest on interest charged to borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020. The Corporation has estimated the said amount and made a provision in the financial statements for the year ended March 31, 2021. As on March 31, 2021, the Corporation holds a specific liability of ₹115 crore which is debited to interest income to meet its obligation towards refund of interest on interest to eligible borrowers as prescribed by the RBI.

53. The following disclosures are in accordance with Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021 issued by the Reserve Bank of India.

Notes forming part of the standalone financial statements (Continued)

53.1 Regulatory ratios, limits and disclosures are based on Ind AS figures in accordance with RBI circular dated October 22, 2020 read with RBI circular dated March 13, 2020 relating to Implementation of Ind AS. Further, in view of RBI circular dated March 13, 2020 made applicable to Housing Finance Companies (HFC) with effect from October 22, 2020, figures for previous year is not comparable with the current year figures and few disclosures figures of closing balance of previous year may not match with opening balance of current year. The Disclosures for NPA referred in point no 53.5 Additional Disclosures correspond to non performing advances.

53.2 **Summary of Significant Accounting Policies**

The accounting policies regarding key areas of operations are disclosed as note 3 to the Standalone Financial Statement for the year ended March 31, 2021.

53.3.1 **Capital**

Particulars		Current Year	Previous Year
(i)	CRAR (%)	**22.17**	17.59
(ii)	CRAR – Tier I Capital (%)	**21.45**	16.44
(iii)	CRAR – Tier II Capital (%)	**0.72**	1.15
(iv)	Amount of subordinated debt raised as Tier- II Capital	-	-
(v)	Amount raised by issue of Perpetual Debt Instruments	-	-

53.3.2 **Reserve Fund u/s 29C of NHB Act, 1987**

₹ in Crore

Particulars		Current Year	Previous Year
Balance at the beginning of the year			
a)	Statutory Reserve under Section 29C of The NHB Act	**5,227.42**	5,027.42
b)	Amount of Special Reserve under Section 36(1)(viii) of the Income Tax Act taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act.	**16,114.95**	12,714.95
		21,342.37	17,742.37
Addition / Appropriation / Withdrawal during the year			
Add :			
a)	Amount transferred under Section 29C of the NHB Act	**500.00**	200.00
b)	Amount of Special Reserve under Section 36(1)(viii) of the Income Tax Act taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act	**2,000.00**	3,400.00
Less :			
a)	Amount appropriated from Statutory Reserve under Section 29C of the NHB Act	-	-
b)	Amount withdrawn from Special Reserve under Section 36(1)(viii) of the Income Tax Act which has been taken into account for the purpose of provision under Section 29C of the NHB Act	-	-
		23,842.37	21,342.37
Balance at the end of the year			
a)	Statutory Reserve under Section 29C of the NHB Act	**5,727.42**	5,227.42
b)	Amount of Special Reserve under Section 36(1)(viii) of the Income Tax Act taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act.	**18,114.95**	16,114.95
		23,842.37	21,342.37

Note: The Reserve Fund under Section 29C of the NHB Act includes all the transfers to Special Reserve No II except for ₹ **302 crore** that was transferred to Special Reserve No II prior to the notification of Section 29C.

Notes forming part of the standalone financial statements (Continued)

53.3.3 **Investments***

₹ in Crore

Particulars			Current Year	Previous Year
1	Value of Investments			
(i)	Gross value of Investments**			
	(a)	In India	**69,289.86**	62,452.17
	(b)	Outside India	**-**	-
(ii)	Provisions for Depreciation**			
	(a)	In India	**64.27**	1,448.55
	(b)	Outside India	**-**	-
(iii)	Net value of Investments			
	(a)	In India	**69,225.59**	61,003.62
	(b)	Outside India	**-**	-
2	Movement of provisions held towards depreciation on investments			
(i)	Opening balance		**43.70**	1,168.63
(ii)	Add: Provisions made		**25.54**	445.23
(iii)	Less: Write-off / Written-back of excess provisions during the year		**(4.96)**	(165.31)
(iv)	Closing balance		**64.27**	1,448.55

* Includes Investment and Investment Properties

** During the previous year, GRUH Finance Limited ("GRUH"), a subsidiary of the Corporation, merged into Bandhan Bank Limited. The Corporation was allotted shares of Bandhan Bank having fair value of ₹ 9,059.80 crore resulting in unrealised gain of ₹ 9,019.81 Crore. For the purpose of above disclosure original cost of GRUH has been considered for Gross value of Investment i.e. ₹ 30.99 Crore. Accordingly the provision for depreciation does not include decrease in fair value of ₹ 5,812.78 Crore.

53.3.4 **Derivatives**

53.3.4.1 **Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)**

₹ in Crore

Particulars		Current Year	Previous Year
(i)	The notional principal of swap agreements ^	**1,01,882.00**	77,850.40
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements **	**1,897.80**	3,410.60
(iii)	Collateral required by the HFC upon entering into swaps	**NA**	NA
(iv)	Concentration of credit risk arising from the swaps *	**NA**	NA
(v)	The fair value of the swap book	**(232.11)**	3,410.60

^ Includes USD IRS - Notional of **USD 1,185 million** (Previous Year USD 1,685 million) converted at year end exchange rate.

* Concentration of credit risk arising from swap is with banks and financial institutions.

** C.Y. figure excludes deals with counterparties where we have CSA arrangement and P.Y. is inclusive of the CSA deals.

Benchmark	Current year	Previous year	Terms
	Notional Principal (₹ in Crore)		
OIS	**78,160.00**	64,800.00	Fixed Receivable V/s Floating Payable
INBMK	**15,000.00**	300.00	Fixed Receivable V/s Floating Payable
	Notional Principal (USD mn)		
USD LIBOR	**1,185.00**	1,685.00	Fixed Payable V/s Floating Receivable

Notes forming part of the standalone financial statements (Continued)

53.3.4.2 **Exchange Traded Interest Rate (IR) Derivative**

The Corporation has not entered into any exchange traded derivative.

53.3.4.3 **Disclosures on Risk Exposure in Derivatives**

A. Qualitative Disclosure

Financial Risk Management

The Corporation has to manage various risks associated with the lending business. These risks include liquidity risk, exchange risk, interest rate risk and counterparty risk.

The Financial Risk Management and Hedging Policy as approved by the Board sets limits for exposures on currency and other parameters. The Corporation manages its interest rate and currency risk in accordance with the guidelines prescribed therein.

Liquidity risk and Interest rate risks arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of maturity profiles. The currency risk on the borrowings is actively managed mainly through a combination of principal only swaps, forward contracts, option contracts and dollar denominated assets. Counterparty risk is reviewed periodically to ensure that exposure to various counter parties is well diversified and is within the limits fixed by the Derivative Committee.

As a part of Asset Liability Management, the Corporation has entered into interest rate swaps wherein it has converted a portion of its fixed rate rupee liabilities into floating rate linked to various benchmarks.

Constituents of Hedge management framework

Financial Risk Management of the Corporation constitutes the Audit Committee, Asset Liability Committee (ALCO), Derivative Committee and the Risk management team.

The Corporation periodically monitors various counterparty risk and market risk limits, within the risk architecture and processes of the Corporation.

Hedging Policy

The Corporation has a Financial Risk Management policy and Hedging policy approved by the Board of Directors. For derivative contracts designated as hedges, the Corporation documents at inception, the relationship between the hedging instrument and hedged item. Hedge effectiveness is ascertained periodically on a forward looking basis and is reviewed by the Derivative Committee at each reporting period. Hedge effectiveness is measured by the degree to which changes in the fair value or cashflows of the hedged item that are attributed to the hedged risk are offset by changes in the fair value or cashflows of the hedging instrument.

Measurement and Accounting

All derivative contracts are recognised on the balance sheet and measured at fair value. Hedge accounting is applied to all the derivative instruments as per IND AS 109. Gain / loss arising on account of fair value changes are recognised in the Statement of Profit and Loss to the extent of ineffective portion of hedge instruments and hedged items. The gains / losses of effective portion of hedge instrument are offset against gain / losses of hedged items in Other Comprehensive Income.

The Corporation has entered into fair value hedges like interest rate swaps on fixed rate rupee liabilities as a part of the Asset Liability Management whereby a portion of the fixed rate liabilities are converted to floating rate. The Corporation has a mark to market loss of ₹ 77.57 crore on outstanding Fair value hedges.

Foreign exchange forward contracts outstanding at the Balance Sheet date, are recorded at fair value. The premium or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

The Corporation has entered into cashflow hedges to hedge currency risk on certain foreign currency loans and to cover future interest on foreign currency borrowings. Under the cashflow hedge, the hedging instrument is measured at fair value and any gain or loss that is determined to be an effective hedge is recognized in equity i.e., Cash flow Hedge reserve. The outstanding notional of Cash-flow hedges to cover currency risk on foriegn currency loans and future interest on foreign currency borrowings is ₹ 16,387 crore.

Movements in the Cash flow hedge reserve are as follows (as per Ind AS Financials):-

₹ in Crore

Particulars	Current Year	Previous Year
Opening Balance - Debit balance	**(180.59)**	(222.45)
Credits/(Debit) in the Cash flow reserve	**(17.69)**	41.86
Closing Balance	**(198.28)**	(180.59)

B. Quantitative Disclosure

₹ in Crore

Particulars			Currency Derivatives*		Interest Rate Derivatives	
			Current Year	Previous Year	Current Year	Previous Year
(i)	Derivatives (Notional Principal Amount)		**16,387^**	41,668.25	**1,01,882^**	77,850.40
(ii)	Marked to Market Positions					
	(a)	Assets (+)	**925.47**	3,420.76	**1,229.01**	2,288.52
	(b)	Liability (-)	**(199.74)**	(60.10)	**(1,461.12)**	(260.57)
(iii)	Credit Exposure		**2,156.18**	5,031.43	**3,765.78**	4,540.30
(iv)	Unhedged Exposures		**-**	1.42	**-**	-

*Currency Derivatives includes Forward contracts, Principal Only swaps, Cross Currency Interest rate swaps.

^Includes USD IRS - Notional of **USD 1,185 million** (Previous Year USD 1,685 million) converted at year end exchange rate.

53.3.5 Securitisation

₹ in Crore

53.3.5.1

Particulars				As at March 31, 2021	As at March 31, 2020
1.	No. of SPVs sponsored by the HFC for securitisation transactions			**2**	2
2.	Total amount of securitised assets as per books of the SPVs sponsored			**543.98**	666.78
3.	Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet				
	(I)	Off-balance sheet exposures towards Credit Enhancements			
		a)	Corporate Guarantee	**97.83**	97.83
	(II)	On-balance sheet exposures towards Credit Enhancements			
		a)	Investment in PTC	**18.33**	22.43
4.	Amount of exposures to securitisation transactions other than MRR			**Nil**	Nil

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

₹ in Crore

Particulars		Current Year	Previous Year
(i)	No. of accounts	**8**	8
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	**152.69**	93.65
(iii)	Aggregate consideration	**173.00**	89.00
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	**-**	-
(v)	Aggregate gain / (loss) over net book value	**20.31**	(4.65)

Notes forming part of the standalone financial statements (Continued)

53.3.5.3 **Details of Assignment transactions undertaken by HFCs**

₹ in Crore

Particulars		Current Year	Previous Year
(i)	No. of accounts	**1,18,931**	1,35,322
(ii)	Aggregate value (net of provisions) of accounts assigned	**18,979.78**	24,127.23
(iii)	Aggregate consideration *	**18,979.78**	24,127.23
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	**Nil**	Nil
(v)	Aggregate gain / loss over net book value *	**Nil**	Nil

* During the year, the Corporation has booked gain on derecognised (assigned) loans of ₹ **706.72 Crore** (Previous Year ₹ 531.55 Crore) on account of excess interest spread and servicing assets which does not form part of aggregate consideration, consequently aggregate gain over net book value is Nil.

53.3.5.4 **Details of non-performing financial assets purchased / sold**

A. Details of non-performing financial assets purchased:

₹ in Crore

Particulars			Current Year	Previous Year
1.	(a)	No. of accounts purchased during the year	**-**	-
	(b)	Aggregate outstanding	**-**	-
2.	(a)	Of these, number of accounts restructured during the year	**-**	-
	(b)	Aggregate outstanding	**-**	-

B. Details of non-performing financial assets sold:

₹ in Crore

Particulars		Current Year	Previous Year
1.	No. of accounts sold	**8**	8
2.	Aggregate outstanding	**457.81**	157.03
3.	Aggregate consideration received	**173.00**	89.00

53.3.6 **Assets Liability Management (Maturity pattern of certain items of Assets Liabilities)**

₹ in Crore

Maturity Buckets	Liabilities			
	Deposits	Borrowings from Bank	Market Borrowing	Foreign Currency Liabilities
1 to 7 days	1,424.36	-	-	-
8 to 14 days	455.88	-	123.76	-
15 to 30/31 days	2,323.20	100.00	1,502.76	-
Over one month to 2 months	5,411.86	1,966.25	2,967.10	1,800.61
Over 2 to 3 months	9,017.15	5,008.04	3,182.48	1,019.81
Over 3 to 6 months	16,124.30	3,150.05	4,062.73	15.10
Over 6 months to 1 year	20,643.59	3,961.76	15,968.52	25.50
Over 1 to 3 years	50,480.83	26,906.33	54,015.76	10,606.89
Over 3 to 5 years	29,640.33	20,908.80	35,291.45	54.26
Over 5 years	14,609.63	29,559.31	68,940.17	96.47
Total	**1,50,131.13**	**91,560.54**	**1,86,054.73**	**13,618.64**

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Maturity Buckets	Assets		
	Advances	Investments	Foreign Currency Assets
1 to 7 days	1,352.24	1,000.00	-
8 to 14 days	2,245.37	3,500.00	-
15 to 30/31 days	3,590.75	6,000.31	-
Over one month to 2 months	5,940.00	7,000.00	-
Over 2 to 3 months	6,592.14	12,839.11	-
Over 3 to 6 months	18,516.94	5,500.00	-
Over 6 months to 1 year	37,341.08	11,319.54	-
Over 1 to 3 years	1,40,819.57	734.23	-
Over 3 to 5 years	1,05,362.83	15,743.72	-
Over 5 years	1,76,537.11	4,999.86	-
Total	**4,98,298.03**	**68,636.77**	**-**

53.3.7 **Exposure**

53.3.7.1 **Exposure to Real Estate Sector**

₹ in Crore

Category				Current Year	Previous Year
a)	**Direct Exposure**				
	(i)	**Residential Mortgages**			
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.		**3,48,150.09**	3,04,651.94
	(ii)	**Commercial Real Estate**			
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;		**97,651.95**	1,04,366.57
	(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures**			
		a)	Residential	**18.33**	22.43
		b)	Commercial Real Estate	**-**	-
b)	**Indirect Exposure**				
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).			**120.98**	1,352.69

53.3.7.2 **Exposure to Capital Market**

₹ in Crore

Particulars		Current Year	Previous Year
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt; *	**1,652.29**	2,206.06
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds;	**22.04**	36.10
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	**-**	-

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Particulars		Current Year	Previous Year
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	**178.59**	114.26
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	**25,112.17**	19,408.66
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered) **	**1,852.77**	1,833.35
	Total Exposure to Capital Market	**28,817.86**	**23,598.43**

* at cost in accordance with Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021.

** Includes units invested in Real Estate Investment Trust

53.3.7.3 Details of financing of parent company products

These details are not applicable since the Corporation is not a subsidiary of any company.

53.3.7.4 Details of Single Borrower Limit (SBL)/Group Borrower Limit (GBL) exceeded by the HFC

The Corporation has not exceeded Single Borrower Limit (SBL) / Group Borrower Limit (GBL) during the financial year.

53.3.7.5 Advances against Intangible Collateral

₹ in Crore

Particulars		Advances against Intangible Collateral	Value of such Intangible Collateral
(i)	Corporate Loans	**7,260.37**	5,340.59
(ii)	Project Loans	**6,208.43**	6,791.51
Total		**13,468.80**	**12,132.10**

53.3.7.6 Exposure to group companies engaged in real estate business

Particulars		Amount (₹ in crore)	% of owned fund
(i)	Exposure to any single entity in a group engaged in real estate business	-	-
(ii)	Exposure to all entities in a group engaged in real estate business	-	-

53.4. Miscellaneous

53.4.1 Registration obtained from other financial sector regulators

Regulator	Registration No.
Securities and Exchange Board of India:	INR000003159
As share transfer agent in Category II	
Pension Fund Regulatory and Development Authority (PFRDA)	POP02092018
As Point of Presence	

53.4.2 Disclosure of Penalties imposed by NHB and other regulators

Refer Note 46 for Disclosure of Penalties imposed by NHB and other regulators.

Notes forming part of the standalone financial statements (Continued)

53.4.3 **Related party Transactions**

Details of all material transactions with related parties are disclosed in Note 43.

53.4.4 **Group Structure**

Refer Note 43 - Related party disclosures and Note 54 - Diagrammatic representation of group structure.

53.4.5 **Rating assigned by Credit Rating Agencies and migration of rating during the year**

Instrument	Rating Agency	Ratings Assigned
Deposits	ICRA Limited	MAAA/ Stable
	CRISIL Ratings Limited	FAAA/ Stable
Bonds/ Non-Convertible Debentures	ICRA Limited	ICRA AAA/ Stable
	CRISIL Ratings Limited	CRISIL AAA/ Stable
Non-Convertible Debentures with Warrants	ICRA Limited	ICRA AAA/ Stable
	CRISIL Ratings Limited	CRISIL AAA/ Stable
Subordinated Debt	ICRA Limited	ICRA AAA/ Stable
	CRISIL Ratings Limited	CRISIL AAA/ Stable
Short Term Debt	ICRA Limited	ICRA A1+
	CRISIL Ratings Limited	CRISIL A1+
	CARE Ratings Limited	CARE A1+
Long Term Bank Facilities	CARE Ratings Limited	CARE AAA/ Stable
Short Term Bank Facilities		CARE A1+
Long Term Bank Facilities	ICRA Limited	ICRA AAA/ Stable
Short Term Bank Facilities		ICRA A1+

Note: The Corporation has been assigned the highest ratings in all the above-mentioned instruments.
There were no changes in any of the ratings or outlook during the year.

53.4.6 **Net Profit or Loss for the period, prior period items and changes in accounting policies**

There are no prior period items that have impact on the current year's profit and loss.

53.4.7 **Revenue Recognition**

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

53.4.8 **Consolidated Financial Statements (CFS)**

Refer to the Consolidated Financial Statements for the relevant disclosures.

53.5 **Additional Disclosures**

53.5.1 **Provisions and Contingencies**

₹ in Crore

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		Current Year	Previous Year
1.	Provisions for depreciation on Investment & Properties	**25.54**	279.92
2.	Provision towards NPA	**1,164.55**	863.75
3.	Provision made towards Income tax	**2,787.79**	3,243.02
4.	Other Provisions and Contingencies	**(0.26)**	-
5.	Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)	**1,783.72**	104.73

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Break up of Loan & Advances and Provisions thereon			Housing		Non-Housing	
			Current Year	Previous Year	**Current Year**	Previous Year
Standard Assets						
	a)	Total Outstanding Amount	**3,28,682.06**	2,96,048.86	**1,58,021.32**	1,44,901.88
	b)	Provisions made	**4,680.23**	942.88	**2,287.44**	978.05
Sub-Standard Assets						
	a)	Total Outstanding Amount	**2,875.49**	2,715.67	**1,450.28**	3,099.31
	b)	Provisions made	**1,301.79**	407.35	**725.55**	464.90
Doubtful Assets – Category-I						
	a)	Total Outstanding Amount	**1,995.03**	1,713.69	**1,353.12**	214.98
	b)	Provisions made	**739.99**	460.04	**912.31**	59.39
Doubtful Assets – Category-II						
	a)	Total Outstanding Amount	**2,640.46**	295.81	**394.34**	227.06
	b)	Provisions made	**1,547.65**	131.58	**199.70**	94.48
Doubtful Assets – Category-III						
	a)	Total Outstanding Amount	**340.86**	246.15	**160.97**	107.05
	b)	Provisions made	**114.57**	246.15	**110.22**	107.05
Loss Assets*						
	a)	Total Outstanding Amount	**317.43**	256.89	**87.79**	39.25
	b)	Provisions made	**317.43**	256.89	**87.79**	39.25
Total						
	a)	**Total Outstanding Amount**	**3,36,851.33**	**3,01,277.07**	**1,61,467.82**	**1,48,589.53**
	b)	**Provisions made**	**8,701.66**	**2,444.89**	**4,323.01**	**1,743.12**

53.5.2 **Draw Down from Reserves**

During FY 2020-21, there were no draw down from Reserves.

53.5.3 **Concentration of Public Deposits, Advances, Exposures and NPAs**

53.5.3.1 **Concentration of Public Deposits**

₹ in Crore

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	**7,595.43**	6,996.22
Percentage of Deposits of twenty largest depositors to Total Deposits of the Corporation	**8.03%**	7.84%

53.5.3.2 **Concentration of Loans & Advances**

₹ in Crore

Particulars	Current Year	Previous Year
Total Loans & Advances to twenty largest borrowers	**54,502.97**	55,451.24
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the Corporation	**10.94%**	12.45%

Notes forming part of the standalone financial statements (Continued)

53.5.3.3 **Concentration of all Exposure (including off-balance sheet exposure)**

₹ in Crore

Particulars	Current Year	Previous Year
Total Exposure to twenty largest borrowers / customers	**58,927.60**	55,451.24
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	**10.69%**	12.44%

53.5.3.4 **Concentration of NPAs**

₹ in Crore

Particulars	Current Year	Previous Year
Total Exposure to top ten NPA accounts	**5,337.74**	4,249.80

53.5.3.5 **Sector-wise NPAs**

Sl. No.	Sector	Percentage of NPA to Total Advances in that Sector
A.	**Housing Loans:**	
1	Individual	1.07%
2	Builder/Project Loans	15.29%
3	Corporates	27.87%
B.	**Non-Housing Loans:**	
1	Individual	1.54%
2	Builder/Project Loans	1.28%
3	Corporates	4.06%

53.5.4 **Movement of NPAs**

₹ in Crore

Particulars			Current Year	Previous Year
(I)	Net NPAs to Net Advances (%)		**1.15%**	1.49%
(II)	Movement of NPAs (Gross)			
	a)	Opening balance *	**10,273.25**	4,835.08
	b)	Additions during the year	**5,625.57**	5,803.69
	c)	Reductions during the year	**4,283.05**	1,722.89
	d)	Closing balance	**11,615.77**	8,915.88
(III)	Movement of Net NPAs			
	a)	Opening balance	**5,380.80**	3,431.78
	b)	Additions during the year	**2,891.34**	4,869.78
	c)	Reductions during the year	**2,713.37**	1,652.73
	d)	Closing balance	**5,558.77**	6,648.83
(IV)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	a)	Opening balance	**4,892.45**	1,403.30
	b)	Additions during the year	**2,734.23**	933.92
	c)	Reductions during the year	**1,569.68**	70.16
	d)	Closing balance	**6,057.00**	2,267.05

* Opening Balance for the current year is based on EAD as per Ind AS Accounting Standard in compliance with the RBI Master Direction dated February 17, 2021 read with RBI Circular on Ind AS implementation dated March 13, 2020. EAD includes principal, interest overdue and adjustments relating to effective interest rate.

Notes forming part of the standalone financial statements (Continued)

In accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021, the Corporation has carried out asset classification of the borrower accounts as per the extant RBI instructions / IRAC norms, without considering any standstill in asset classification and also done staging of the borrower accounts in accordance with ECL model / framework under Ind AS in the financial statements for the year ended March 31, 2021.

53.5.5 Overseas Assets

₹ in Crore

Particulars	Current Year	Previous Year
Bank Balances	**0.34**	1.16
Fixed assets	**0.22**	0.30
Advances and Prepaid expenses	**1.44**	1.37

53.5.6 Off-balance Sheet SPVs sponsored

(which are required to be consolidated as per accounting Norms)

Name of the SPV sponsored	
Domestic	**Overseas**
HDFC Investment Trust	NA
HDFC Investment Trust II	NA

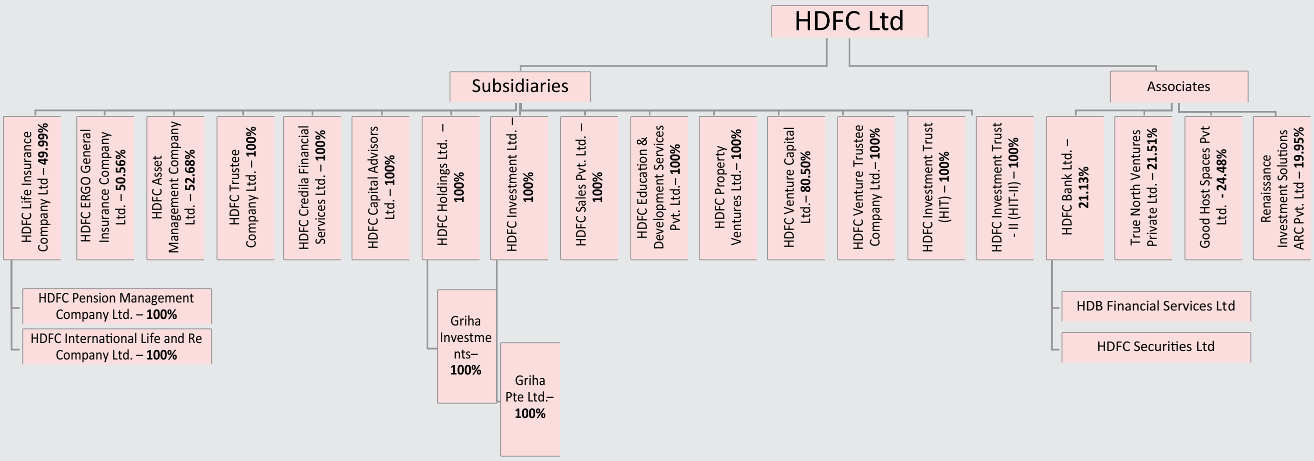
53.6 Disclosure of Complaints

53.6.1 Customer Complaints*

Particulars		Current Year	Previous Year
a)	No. of complaints pending at the beginning of the year	**24**	25
b)	No. of complaints received during the year	**72,439**	25,446
c)	No. of complaints redressed during the year	**72,444**	25,447
d)	No. of complaints pending at the end of the year	**19**	24

*** Credit Linked Subsidy Scheme complaints and Moratorium request are excluded.**

54. Diagrammatic representation of group structure



Notes forming part of the standalone financial statements (Continued)

55. Balance Sheet disclosures as required under Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021 issued by the Reserve Bank of India.

Schedule to the Balance Sheet

₹ in Crore

Particulars				
Liabilities side			**Amount outstanding**	**Amount overdue**
(1)	**Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:**			
	(a)	Debentures : Secured	1,53,499.71	-
		: Unsecured	6,959.10	-
	(b)	Deferred Credits	-	-
	(c)	Term Loans	1,05,361.33	-
	(d)	Inter-corporate loans and borrowing	-	-
	(e)	Commercial Paper	30,776.05	-
	(f)	Public Deposits	98,255.25	-
	(g)	Other Loans - Other Deposits	57,915.87	-
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**			
	(a)	In the form of Unsecured debentures	0.00	-
	(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	0.00	-
	(c)	Other public deposits	98,255.25	-

Assets side				**Amount outstanding**
(3)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**			
	(a)	Secured		4,81,599.81
	(b)	Unsecured		16,698.22
(4)	**Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities**			
	(i)	Lease assets including lease rentals under sundry debtors		-
		(a)	Financial lease	-
		(b)	Operating lease	-
	(ii)	Stock on hire including hire charges under sundry debtors		-
		(a)	Assets on hire	-
		(b)	Repossessed Assets	-
	(iii)	Other loans counting towards asset financing activities		-
		(a)	Loans where assets have been repossessed	-
		(b)	Loans other than (a) above	-

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Assets side				Amount outstanding
(5)	**Break-up of Investments**			
	Current Investments			
	1.	Quoted		
		(i)	Shares	-
		(a)	Equity	-
		(b)	Preference	-
		(ii)	Debentures and Bonds	247.95
		(iii)	Units of mutual funds	16,497.02
		(iv)	Government Securities	156.97
		(v)	Others (please specify)	-
	2.	Unquoted		
		(i)	Shares	-
		(a)	Equity	-
		(b)	Preference	-
		(ii)	Debentures and Bonds	-
		(iii)	Units of mutual funds	-
		(iv)	Government Securities	-
		(v)	Others - Venture Fund and AIF	6.79
	Long Term investments			
	1.	Quoted		
		(i)	Share	-
		(a)	Equity	23,184.65
		(b)	Preference	-
		(ii)	Debentures and Bonds	125.73
		(iii)	Units of mutual funds	-
		(iv)	Government Securities	22,410.15
		(v)	Others - Real Estate Investment Trust	79.44
		(vi)	Others - Security Receipts	174.70
	2.	Unquoted		
		(i)	Shares	-
		(a)	Equity	3,925.07
		(b)	Preference	3.50
		(ii)	Debentures and Bonds	495.56
		(iii)	Units of mutual funds	-
		(iv)	Government Securities	-
		(v)	Others - Pass Through Certificates	18.33
		(vi)	Others - Security Receipts	0.30
		(vii)	Others - Venture Funds & Other Funds	1,310.60

Notes forming part of the standalone financial statements (Continued)

(6)	**Borrower group-wise classification of assets financed as in (3) and (4) above:**					
	Category			**Amount net of provisions**		
				Secured	**Unsecured**	**Total**
	1.	Related Parties				
		(a)	Subsidiaries	-	-	-
		(b)	Companies in the same group	-	-	-
		(c)	Other related parties	0.30	23.58	23.88
	2.	Other than related parties		4,68,887.55	16,382.84	4,85,270.38
	Total			**4,68,887.85**	**16,406.41**	**4,85,294.26**

(7)	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**				
	Category			**Market Value / Break up or fair value or NAV**	**Book Value (Net of Provisions)**
	1.	Related Parties			
		(a)	Subsidiaries	1,25,022.25	5,255.28
		(b)	Companies in the same group	1,29,273.50	14,206.70
		(c)	Other related parties	-	-
	2.	Other than related parties		49,331.25	49,331.25
	Total			**3,03,627.00**	**68,793.23**

(8)	**Other information**			**Amount**
	Particulars			
	(i)	Gross Non-Performing Assets		-
		(a)	Related parties	11,615.77
		(b)	Other than related parties	
	(ii)	Net Non-Performing Assets		-
		(a)	Related parties	5,558.77
		(b)	Other than related parties	1,779.13
	(iii)	Assets acquired in satisfaction of debt		

56. Approval of financial statements

The financial statements were approved by the Board of Directors of the Corporation on May 7, 2021.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Sagar Lakhani
Partner
Membership No. 111855

MUMBAI, May 07, 2021

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

J. J. Irani
(DIN: 00311104)

U. K. Sinha
(DIN: 00010336)

Bhaskar Ghosh
(DIN: 06656458)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

Nasser Munjee
(DIN: 00010180)

Jalaj Dani
(DIN: 00019080)

Ireena Vittal
(DIN: 05195656)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Form AOC - I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A" : Subsidiaries

(As on / for the period / year ended March 31, 2021)

₹ in Crore

Sl. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investments included in Total Assets	Total Income	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend	% of Shareholding
1	HDFC Life Insurance Company Limited$	INR	-	2,022.92	6,614.81	*1,79,567.95	*1,70,930.22	#1,73,839.44	73,599.79	#1,353.49	(6.61)	1,360.10	-	49.99
2	HDFC Asset Management Co. Ltd.	INR	-	106.48	4,669.70	5,094.70	318.52	4,753.25	2,201.74	1,748.95	423.19	1,325.76	-	52.68
3	HDFC Trustee Co. Ltd.	INR	-	0.10	1.92	2.39	0.37	1.33	2.06	0.15	0.04	0.11	-	100.00
4	HDFC ERGO General Insurance Co. Ltd.	INR	-	711.56	2,541.99	19,318.97	16,065.42	16,642.95	7,557.50	791.77	200.12	591.65	-	50.56
5	HDFC Venture Capital Ltd.	INR	-	0.50	(0.11)	0.42	0.03	0.35	-	(0.31)	-	(0.31)	-	80.50
6	HDFC Ventures Trustee Co. Ltd.	INR	-	0.05	1.24	1.33	0.04	1.01	0.13	0.08	0.02	0.06	-	100.00
7	HDFC Property Venture Ltd.	INR	-	1.00	(33.70)	13.79	46.49	9.47	37.11	(34.89)	(0.12)	(34.77)	-	100.00
8	HDFC Investments Ltd.	INR	-	26.67	245.70	275.79	3.42	274.98	5.38	4.84	1.14	3.70	-	100.00
9	HDFC Holdings Ltd.	INR	-	1.80	246.40	251.07	2.87	248.84	22.56	22.08	1.75	20.33	-	100.00
10	HDFC Sales Pvt. Ltd.	INR	-	122.00	(14.36)	295.18	187.54	-	565.43	32.46	13.16	19.30	-	100.00
11	HDFC Credila Financial Services Ltd.	INR	-	131.80	1,012.50	6,603.05	5,458.75	208.78	713.47	207.78	52.55	155.23	-	100.00
12	HDFC Pension Management Co. Ltd.	INR	-	28.00	(2.00)	36.94	10.94	25.47	5.53	0.11	0.02	0.09	-	49.99
13	HDFC Education and Development Services Pvt. Ltd.	INR	-	154.00	(20.34)	136.36	2.70	-	7.69	0.28	-	0.28	-	100.00
14	Griha Investments	USD	75.58	0.20	79.90	80.35	0.25	-	0.98	(22.52)	-	(22.52)	-	100.00
15	Griha Pte. Ltd.	SGD	52.95	5.21	58.74	67.47	3.52	-	12.95	6.84	1.56	5.28	-	100.00
16	HDFC Capital Advisors Ltd	INR	-	2.00	79.44	89.60	8.16	64.14	66.82	38.68	9.85	28.83	-	100.00
17	HDFC International Life And Re Company Limited	USD	75.58	208.71	3.80	296.82	84.31	192.47	105.26	0.73	-	0.73	-	49.99

Note:

* Includes Investments of Shareholders', Policyholders' and Assets held to cover Linked Liability

Includes Net Premium Income, Investment Income and other Income

$ The Corporation holds 49.97% of the paid up share capital of HDFC Life Insurance Company Limited (HDFC Life). Although HDFC Life is not a subsidiary of the Corporation under Section 2(87) of the Companies Act, 2013, the Corporation exercises control over it as per Ind AS 110 and hence the financial statements of HDFC Life and its wholly-owned subsidairies i.e. HDFC Pension Management Company Limited and HDFC International Life and Re Company Limited have been consolidated as subsidiaries.

Part "B" : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(As on / for the year ended March 31, 2021)

Name of Associates/Joint Ventures	**HDFC Bank Limited**	**True North Ventures Pvt. Ltd**	**Renaissance Investment Solutions ARC Private Limited**	**Good Host Spaces Private Limited**
Latest audited Balance Sheet Date	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021
Shares of Associate/Joint Ventures held by Corporation and its subsidiaries of the year end				
Number	58,23,12,917	9,75,002	47,75,241	47,75,241
Amount of investment in Associates/Joint Venture (₹ in Crore)	14,123.09	0.03	156.46	156.46
Extend of Holding %	21.13	21.51	19.95	25.01
Description of how there is significant influence	%age holding more than 20% and representation on the board.	%age holding more than 20%	%age holding more than 20%	%age holding more than 20%
Reason why associate/Joint venture is not consolidated	NA	NA	NA	NA
Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Crore)	55,393.09	1.70	0.33	-
Consolidate Profit/Loss for the year (₹ in Crore)	31,833.21	0.36	(0.84)	(75.26)
Considered in Consolidation (₹ in Crore)*	6,651.44	0.08	(0.17)	(13.17)
Not Considered in Consolidation (₹ in Crore)	25,181.77	0.28	(0.67)	(62.09)

* - excludes dilution gain

consolidated
FINANCIAL STATEMENTS

- Independent Auditors' Report
- Consolidated Balance Sheet
- Consolidated Statement of Profit & Loss
- Consolidated Statement of Changes in Equity
- Consolidated Statement of Cash Flows
- Notes to Consolidated Financial Statements

Independent Auditors' Report

TO THE MEMBERS OF

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Housing Development Finance Corporation Limited (hereinafter referred to as the "Holding Company" or the "Corporation") and its subsidiaries (Holding Company and its subsidiaries together referred to as the "Group") and its associates, which comprise the consolidated balance sheet as at 31 March 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries and associates as were audited by the other auditors, the aforesaid consolidated 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 consolidated state of affairs of the Group and its associates as at 31 March 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group and its associates in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of matter

As described by other auditor in their report relating to a Life Insurance subsidiary - "We draw your attention to the note which explains the uncertainties and the management's assessment of the financial impact due to the lockdown and other restrictions imposed by the Government and conditions related to the COVID - 19 pandemic situation, for which a definitive assessment of the impact is highly dependent upon circumstances as they evolve in the subsequent period. Our opinion is not modified in respect of this matter".

Further, as described by other auditor in their report relating to a General Insurance subsidiary - "We draw your attention to the note which explains the management's assessment of the impact of the second wave of Coronavirus (COVID - 19) on the business operations of the Company. The management assessment includes but is not limited to valuation of investments, valuation of policy-related liabilities and solvency position of the Company. The management continues to closely monitor the implications of Covid-19 on its operations and financial statements. Our opinion is not modified in respect of this matter".

Further, as described by other auditor in their report relating to an associate - "We draw attention to the note, which describes the extent to which the COVID - 19 pandemic will continue to impact the Bank's consolidated summarised financial information will depend on ongoing and future developments, which are highly uncertain. Our opinion is not modified in respect of this matter".

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

Description of Key Audit Matters

A. Key Audit Matters for Holding Company

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Impairment of loans to customers, including off balance sheet elements
Refer to the accounting policies in Note 3.2.5 the standalone financial statements: Impairment and write off; Note 3.2.6 to the standalone financial statements: Determination of Expected Credit Loss; and Note 9 to the standalone financial statements: Loans</td></tr>
<tr><td>Subjective estimate

Recognition and measurement of impairment of loans involve significant management judgement.

The Corporation has recorded an impairment loss allowance of ₹ 13,003.77 Crores as at 31 March 2021 (₹ 10,959.48 Crores as at 31 March 2020) and has recognized a charge of ₹ 2,948.26 Crores for the year ended 31 March 2021 (charge of ₹ 5,907.67 Crores for the year ended 31 March 2020) in its statement of profit and loss.

Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Corporation's estimation of ECL are:

• Data inputs - The application of ECL model requires several data inputs. This increases the risk that the data that has been used to derive assumptions in the model, which are used for ECL calculations, may not be complete and accurate.

• Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Exposures at Default ("EAD"), Probabilities of Default ("PD") and Loss Given Default. The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered as a significant judgmental aspect of the Corporation's modelling approach.

• Economic scenarios – Ind AS 109 requires the Corporation to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios</td><td>Our key audit procedures included:

Design / controls

We performed end to end process walk throughs to identify the key systems, applications and controls used in the ECL processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the ECL process.

Key aspects of our controls testing involved the following:

• Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment model.

• Testing the design and operating effectiveness of the key controls over the application of the staging criteria.

• Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights.

• For specifically assessed non-homogeneous loans, testing controls over the monitoring of the credit watch list, approval of external collateral valuation vendors and review controls over the approval and computation of significant impairments.

• Testing management's controls over authorisation and calculation of post model adjustments and management overlays.

• Testing the 'Governance Framework' controls over validation, implementation and model monitoring.

• Testing management's controls on compliance with Ind AS 109 disclosures related to ECL.</td></tr>
</table>

Key audit matter	How the matter was addressed in our audit
used and the probability weights applied to them especially when considering the current uncertain economic environment arising from COVID-19. • Restructuring – the determination of whether any rescheduling of principal / interest to a borrower (including under regulations / a regulatory directive) results in a 'restructuring' conclusion under Ind AS is subject to interpretation / judgment. The outcome of this assessment impacts the staging conclusion of the loans, which in turn determines the amount of ECL provision which needs to be recorded. • Determination of ECL on non-homogeneous loans involves assessment of borrower specific cash flows / collateral value determination, which requires significant management estimation and judgment. • Qualitative adjustments – Adjustments to the model-driven ECL results are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts, especially in relation to economic uncertainty as a result of COVID-19. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the Corporation. The extent to which the COVID-19 pandemic will impact the Corporation's current estimate of impairment loss allowances is dependent on future developments, which are uncertain at this point. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the consolidated financial statements, we have considered this as a key audit matter. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans to customers, including off balance sheet elements, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our consolidated materiality for the financial statements as a whole, and possibly many times that amount.	• Testing key controls operating over the information technology system in relation to loan impairment, including system access and system change management, program development and computer operations. **Test of details** Key aspects of our testing included: • Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. • Model calculations testing through re-performance, where possible. • Test of details of post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 related overlays, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data. • Assessing disclosures - assessing whether the disclosures appropriately disclose and address the requirements of Ind AS 109. Testing whether the disclosures are in accordance with the requirements of the circulars issued by the regulators. Involvement of specialists - we involved financial risk modelling specialists for the following: • Evaluating the appropriateness of the Corporation's Ind AS 109 impairment methodologies and reasonableness of assumptions used (including management overlays). • For models refresh undertaken during the year, evaluating whether the refresh was appropriate by assessing the updated model / methodology. • The reasonableness of the Corporation's considerations of the impact of the current economic environment due to COVID-19 on the ECL determination.

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>Disclosures

The disclosures regarding the Corporation's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results. Further, disclosures to be provided as per circulars issued by the regulator with regards to non-performing assets and provisions will also be an area of focus, particularly as this will be the first year some of these disclosures will be presented and are related to an area of significant estimate.</td><td></td></tr>
<tr><td colspan="2">Valuation of Derivatives Instruments and Hedge Accounting

Refer to the accounting policies in Note 3.2.11 to the standalone financial statements: Derivative financial instruments; Note 7 to the standalone financial statements: Derivative financial instruments and Note 44.6 to the standalone financial statements– Foreign currency risk
(Fair value of ₹ 2,154 Crores and notional value of ₹ 1,18,269 Crores)</td></tr>
<tr><td>The Corporation enters into derivative contracts in order to manage and hedge risks such as foreign exchange rate risk and interest rate risk on the borrowings. The Corporation either enters into cash flow hedges or fair value hedges depending on the risk being hedged.

The valuation of derivative instruments and application of hedge accounting and evaluating hedge effectiveness is complex and operationally cumbersome and requires close monitoring from Corporation's management.</td><td>Our key audit procedures included:

Design / controls

• Obtained an understanding of the risk management policies and tested key controls on (i) valuation of derivative instruments (ii) at the time of designation of hedging relationship including authorisation by designated authority; documentation prepared by management at the inception of the hedge transaction; (iii) ongoing monitoring and review of the hedge relationship by management including test of hedge effectiveness.</td></tr>
<tr><td></td><td>Substantive tests

• Checked that the valuation of derivative instruments, for selected samples, is as per Ind AS 109;
• Examined hedge documentation, for selected samples, to assess the compliance of documentation with Ind AS 109 requirements;
• Tested for a sample, the reconciliation of derivative instruments to independent confirmations obtained from third party;
• Involved specialists to perform independent valuation and compared the same with the valuation undertaken / determined by the Corporation;
• For selected samples, compared input data used in the Corporation's valuation models to independent sources;</td></tr>
</table>

Key audit matter	How the matter was addressed in our audit
	• Tested for a sample, the appropriateness of the hedge accounting entries; • Considered the appropriateness of disclosures in relation to financial risk management, derivative instruments and hedge accounting in the standalone financial statements.
Information technology (‘IT’) **IT systems and controls** The Corporation’s key financial accounting and reporting processes are highly dependent on information systems including automated controls in information systems, such that there exists a risk that, gaps in the IT control environment could result in the financial accounting and reporting records being misstated. The Corporation uses several systems for its overall financial reporting. In addition, the prevailing COVID 19 situation has caused the required IT systems to be made accessible on a remote basis and at the same time there are ever increasing challenges to protect the integrity of the Corporation’s systems and data. We identified ‘IT systems and controls’ as key audit matter because of the high level of automation, significant number of systems being used by management and the scale and complexity of the IT architecture.	**Our key audit procedures included:** • Understood General IT Control i.e. access controls, program/ system change, program development, computer operations (i.e. job processing, data/ system backup incident management) over key financial accounting and reporting systems, and supporting control systems (referred to as in-scope systems); • Understood IT infrastructure i.e. operating systems and databases supporting the in-scope systems; • Test checked the General IT Controls for design and operating effectiveness for the audit period over the in-scope systems. • Understood IT application controls covering – user access and roles, segregation of duties, and – key interfaces and reports. • Test checked the IT application controls for design and operating effectiveness for the audit period; • Performed testing to determine that IT application controls that underwent changes, followed the standard change management process; • Test checked controls over the IT infrastructure covering user access (including privilege users), data center; • Performed procedures around Cybersecurity and COVID-19 to determine the impact (if any) on financial statements.

B. Key Audit Matters of Subsidiary Company - HDFC Life Insurance Company Limited ('HDFC Life') as provided by the auditor of HDFC Life

Key Audit Matter	How the matter was addressed in our audit
Appropriateness of the Timing of Revenue Recognition in the proper period During the year, the Company has recognised premium revenue of ₹ 20,107 Crore towards new business (first year premium and single premium). Out of the total revenue recognised, ₹ 12,910 Crore was recognised during the last quarter. We have focused on this area because of the significant concentration of revenue during the last quarter of financial year (including cut-off at the Balance sheet date). Due to the nature of the industry, revenue is skewed towards the balance sheet date. Hence, there is possibility that policy sales of the next financial year are accounted in the current period.	**During the course of their audit, the auditor of HDFC Life performed the following procedures:** • Understood and evaluated the design and operating effectiveness of process and controls relating to recognition of revenue. • Testing of key controls for ensuring that the revenue has been accrued in the correct accounting period. • Tested on a sample basis the policies at the year end to confirm if related procedural compliances with regard to acceptability of the terms of policy were completed before or after the year end to ensure appropriate accounting of revenue. • Relied on the certificate of the management with respect to cheques on hand as at 31 March 2021. • Tested on a sample basis unallocated premium to ensure that there were no policies where risk commenced prior to balance sheet but revenue was not recognized. • Tested the manual accounting journals relating to revenue on a sample basis so as to identify unusual or irregular items. We agreed the journals tested to corroborative evidence. • Tested on a sample basis cheques receipt with the time stamp in case of products like Unit Linked Insurance Plan to confirm the recognition of the revenue in correct accounting period. The auditor of HDFC Life concluded that, based on the work carried out, we did not come across any significant issue which suggests that the revenue recognition is not accounted in the correct period.
Appropriateness of the classification and valuation of Investments The Company holds investments against policy holders' liabilities, linked liabilities and shareholders' funds. A significant portion of the assets of the Company is in the form of investments (total investments as at March 31, 2021 is ₹ 1,75,517 Crore).	**During the course of their audit, the auditor of HDFC Life performed the following procedures:** • Understood Management's process and controls to ensure proper classification and valuation of Investment. • Testing of key controls over investment classification and valuation.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>As prescribed by Insurance Regulatory and Development Authority of India (the “IRDAI”), all investments including derivative instruments, should be made and managed in accordance with the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 (the “Investment Regulations”) and policies approved by Board of Directors of the Company.

Further, investments including derivative instruments (which involves complex calculations to value such instruments) should be valued in accordance with the principle of Ind AS.

The valuation of unlisted or not frequently traded investment involves management judgement.

Thus, this is an area where we spend significant time.</td><td>• Tested on a sample basis, correct recording of investments (including derivative instruments) in accordance with Ind AS, classification and compliance with Investment Regulations, and policies approved by Board of Directors.
• Tested on a sample basis valuation of securities which have been valued in accordance with the Ind AS and Company’s accounting policies.
• For unlisted and not frequently traded investments, we evaluated management’s valuation model and assumptions and corroborated these with regulatory requirements and Company’s internal policies including impairment.

The auditor of HDFC Life concluded that, based on the work carried out, we did not come across any significant matter which suggests that the investments were not properly classified or valued.</td></tr>
<tr><td>Contingencies relating to certain matters pertaining to service tax and income tax

The Company has received various demands and show cause notices (mostly industry specific) from the tax authorities in respect of matters including service tax and income tax.

For service tax, the matters were mainly towards applicability of service tax on Lapse charges, recovery of agency processing fees, backdating alteration charges, recoveries on look in, policy reinstatement fees, policy fees, etc. and on income tax it is mainly towards applicability of correct section of TDS with regard to certain payments.

The management with the help of its expert, as needed, have made judgments relating to the likelihood of an obligation arising and whether there is a need to recognize a provision or disclose a contingent liability. We therefore focused on this area as a result of uncertainty and potential material impact.</td><td>During the course of their audit, the auditor of HDFC Life performed the following procedures:

Understood Management’s process and control for determining tax litigations and its appropriate accounting and disclosure.

• Testing key controls surrounding tax litigations.
• Where relevant, reading external legal opinions obtained by the management.
• Discussed pending matters with the Company’s legal counsel and independent management appointed tax experts.
• Assessed management’s conclusions which included involvement of auditors’ independent tax experts, as applicable, to gain an understanding of the current status of the tax cases and monitoring of changes in disputes to establish that the tax provisions reflects the latest external developments.

The auditor of HDFC Life concluded that, based on the work performed, in view of the contingencies relating to certain matters pertaining to service tax and income tax, we determined the extent of provisioning and disclosure of contingent liabilities as at 31 March 2021 to be reasonable.</td></tr>
</table>

C. Key Audit Matter of Subsidiary Company - HDFC Ergo General Insurance Company Limited ('HDFC Ergo') as provided by the auditor of HDFC Ergo

Key audit matter	**How the matter was addressed in our audit**
Valuation of Investments	
The carrying value of Investments amounting to ₹ 17,104 Crores (Policy holders and Shareholders) represents 69.30% of total assets as disclosed in the financial statement. Due to the regulatory prescriptions applicable to recognition, measurement and disclosure of Investments and the assumptions used in the valuation of Investments, (Schedule E) we have considered this as a key audit matter. The valuation of all investments should be as per the investment policy framed by the Company which in turn should be in line with IRDAI Investment Regulations. The Company has *inter alia* a policy framework for Valuation and impairment of Investments. The valuation of unquoted investments and thinly traded investments continues to be an area of inherent risk because of market volatility, unavailability of reliable prices and macroeconomic uncertainty. The Company performs an impairment review of its investments periodically and recognizes impairment charge when the investments meet the trigger/s for impairment provision as per the criteria set out in the investment policy. Further, the assessment of impairment involves significant management judgement.	**During the course of their audit, the auditor of HDFC ERGO performed the following procedures:** To ensure that the valuation of investments and impairment provision considered in the financial statements is adequate, we have performed the following procedures: • Reviewed the manner in which the investments have been made by the Company to ensure that the investments are in accordance with Regulations of Investments as stated in the IRDAI guidelines. • Tested the management oversight and controls over valuation of investments. • Independently test-checked valuation of quoted and unquoted investments to be in line with the requirements of Ind AS. • Reviewed the realised gain/loss on instruments classified as Fair Value Through Profit and Loss Account "FVTPL" and Through Other Comprehensive Income/Expense "FVTOCI" for investments. • Reviewed the management's view on classification of Instruments with respect to Ind AS. The auditor of HDFC Ergo concluded that, accordingly based on our audit procedures, we noted no reportable matters regarding investments and its valuation.
Provision for bad & doubtful debts relating to receivables from other insurance companies (Including Government Receivables), outstanding premium and agent balances:	
• Dues from Other entities carrying on insurance business is ₹ 109 Crores as at the year end. • "Outstanding premium" amounting to ₹ 1,095 Crores (Schedule E2) net of provision of ₹ 0.69 Crores includes premium due from Central Government, State Government and others. • Outstanding "Agent balances" as at the year end amounted to ₹ 0.59 Crores net of provision of ₹ 0.12 Crores (Schedule C) • Due to the significance of the amount and judgment involved in assessing the recoverability of dues, this has been considered as key audit matter.	**During the course of their audit, the auditor of HDFC ERGO performed the following procedures:** • Evaluation and testing of controls over the recording, monitoring and ageing of outstanding premium, Agents' Balances and due from other entities carrying on insurance business. • Evaluating the adequacy of the process of reconciliation followed by the Company with respect to amounts due from other entities carrying on insurance business.

Key audit matter	How the matter was addressed in our audit
	• Reviewed the historical provision for bad debts and compared it to the actual amounts written off, to determine whether management's estimates have been prudent and reasonable. • Reviewed the details of co-insurance transactions uploaded on the ETASS portal by the Company and Other Insurance Companies and reconciled with the transactions accounted by the Company. • Sending out direct confirmations of balances to select parties on a test check basis as required under "SA 505-External Confirmations". • Discussed with management and reviewed correspondences, where relevant, to identify disputes, if any, on any of the recoverable balances and review the assessment of the management as to the requirement of provisioning if any on these disputed dues. Relied on the management estimates with respect to such provisions. The auditor of HDFC Ergo concluded that, accordingly, based on our audit procedures, we noted no reportable matter.
Data migration consequent to amalgamation of HEHI with HEGI: On September 29, 2020, the Company received sanction from the National Company Law Tribunal, Mumbai Bench (NCLT), for the Scheme of Amalgamation of merger of HDFC ERGO Health Insurance Limited (formerly Apollo Munich Health Insurance Company Limited) (IRDAI Regn No. 131) ("HEHI") with HDFC ERGO General Insurance Company Limited (IRDAI Registration No. 146) ("HEGI"). Further, IRDAI, vide its letter dated November 11, 2020 gave its final approval to the said Merger with the Appointed Date of March 01, 2020. Information Systems of HEHI were in use upto November 2020 running parallelly with the information systems of HEGI. In view of the parallel operations and subsequent migration of data from HEHI systems to HEGI systems, the IT environment has become complex with regards to the financial reporting process. During the year, the management has migrated the data of HEHI into the systems of the Company.	**During the course of their audit, the auditor of HDFC ERGO performed the following procedures:** • Test checked the transactions for the period April 2020 to November 2020 in the system maintained by HEHI. • Testing the process of migration of the monthly summary of transactions in the financial reporting into the HEGI System. • Assessing whether appropriate restrictions were placed on access to systems through reviewing the permissions and responsibilities of authorised personnel. • Where we identified the need to perform additional procedures such as reconciliations between systems and performing additional testing; extended our sample sizes, to obtain adequate and appropriate audit evidences. • Reviewed the controls with respect to manual processes in consolidation of data of all lines of business and ensured data integrity with respect to such consolidation.

Key audit matter	How the matter was addressed in our audit
The process of data migration is highly dependent on information technology including automated and manual controls and availability of complete and accurate electronic data due to the size and complexity of the operations. Due to high level of automation, number of integrated / non-integrated systems used, and the process used for the consolidation of data upto November 2020, this is a key audit matter for our audit.	• Our audit procedures include obtaining an understanding of the transaction and to ensure that the new migrated environment qualifies the integrity and reliability tests of auditors. The auditor of HDFC Ergo concluded that, accordingly, based on our audit procedures, we noted no reportable matter.

D. Key Audit Matter of Associate - HDFC Bank Limited ('HDFC Bank') as provided by the auditor of HDFC Bank

Key audit matter	How the matter was addressed in our audit
Measurement of Expected Credit Loss (ECL) on Financial Assets:	
Recognition and measurement of impairment relating to financial assets involves significant management judgement. With the applicability of Ind AS 109 credit loss assessment is now based on ECL model which is forward looking Expected Loss Approach. The Bank's impairment allowance is computed based on estimates including the historical default and loss ratios. The Bank leverages the assets classification and risk estimations under Internal Rating Based (IRB) capital computation for ECL computation. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are: - Portfolio Segmentation - Asset staging criteria - Calculation of probability of default / Loss given default/Credit conversion factor basis the portfolio segmentation. - Consideration of probability of forward looking macro-economic factors specially for COVID-19 impact. The Bank has Board approved policy on ECL to ensure the compliance with Ind AS 109 requirements and the basis of all assumptions for underlying inputs to ECL model. The Bank has a wide range of products in retail segment and exposure to various industries in wholesale segment. There is significant data input required for the computation of ECL for homogenous product in retail segment and basis model and internal grading system in wholesale segment. This increases the risk of completeness and accuracy of the data that has been used as a basis of assumptions in the model.	**During the course of their audit, the auditor of HDFC Bank performed the following procedures:** • Reviewed the Board approved policy on ECL for impairment of financial assets and assessed compliance with Ind AS 109. • Understood the process of ECL computation and tested design and operating effectiveness of key controls around data extraction and validation. • Evaluating management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19. • Involved specialists to review the methodology of the computation of staging of loans, estimation of probability of default, its calibration, and estimation of loss given default. • Reconciled the total financial assets considered for ECL estimation with the books of accounts to ensure the completeness. Performed substantive procedures for testing of ECL model and computation of ECL amount included and not limited to the following: • Performed procedures over segmentation of financial assets related to the advances in retail and wholesale as per their various products and models and risk characteristics. • Reviewed the assumptions used for and computation of probability of default, loss given default, discounting factors, credit conversion factor for different class of financial assets as per their nature and risk assessment for sample class of assets.

Key audit matter	How the matter was addressed in our audit
During the financial year ended March 31, 2021, RBI issued various circulars related to the COVID–19 Regulatory Packages which has covered the moratorium, restructuring and other benefits to ease the repayment terms for affected customers due to Pandemic. Additionally, the Bank has considered the impact of judgment, on identification of NPA and provision thereof, which was vacated as per Honorable Supreme Court Order on March 23, 2021 and the RBI circular dated April 7, 2021 in that connection. We have identified the measurement of ECL as a key audit matter in view of the significant judgement and assumptions involved.	• Tested the appropriate staging of assets basis their days past due and other loss indicators considering the various COVID–19 Regulatory Packages related to moratorium, restructuring as per RBI circular dated August 06, 2020, MSME restructuring etc. on sample basis. • Reviewed the appropriate staging of assets as per Honorable Supreme Court Order on March 23, 2021 and the RBI circular dated April 7, 2021 in that connection. • Reviewed the assessment performed for forward looking macro-economic factor. • Tested the ECL computation and ensured application of correct underlying factor like PD, LGD, CCF etc. basis the nature of products and models. • Tested the mathematical accuracy of the computation by reperforming the formulas.
Evaluation of litigations included in Contingent Liabilities	

The Bank has material open tax litigations including matters under dispute which involve significant judgment to determine the possible outcome of these disputes.
 	
Significant management judgement is needed in determining whether an obligation exists and whether a provision should be recognised as at the reporting date, in accordance with the accounting criteria set under Indian Accounting Standard 37 - Provisions, Contingent Liabilities and Contingent Assets ('Ind AS - 37'), or whether it needs to be disclosed as a contingent liability. Further significant judgements are also involved in measuring such obligations, the most significant of which are:
• Assessment of liability: Judgement is involved in the determination of whether an outflow in respect of identified material matters are probable and can be estimated reliably;
• Adequacy of provisions: The appropriateness of assumptions and judgements used in the estimation of significant provisions; and
• Adequacy of disclosures of provision for liabilities and charges, and contingent liabilities.
 	
The Bank's assessment is supported by the facts of matter, their own judgment, experience, and advises from legal and independent tax consultants wherever considered necessary.
	During the course of their audit, the auditor of HDFC Bank performed the following procedures:
	
	Testing the design and operating effectiveness of the Bank's key controls over the estimation, monitoring and disclosure of provisions and contingent liabilities.
	
	Our substantive audit procedures included and were not limited to the following: -
	• Obtained an understanding of the Bank's process for determining tax liabilities, tax provisions and contingent liabilities pertaining to legal matters and taxation matters;
	• Obtained list of cases/matters in respect of which litigations were outstanding as at reporting date.
	    • For significant legal matters, we sought external confirmations and also corroborated with management's documented conclusions on the assessment of outstanding litigations against the Bank.
	    • For significant taxation matters, we involved our tax specialist to gain an understanding of the current status of the litigations, including understanding of various orders / notices received by the Bank and the management's grounds of appeals before the relevant appellate authorities;

Key audit matter	How the matter was addressed in our audit
Since the assessment of these open litigations requires significant level of judgement in interpretation of law, we have included this as a key audit matter.	• Evaluated the merit of the subject matter under consideration with reference to the grounds presented therein and available independent legal / tax advice; • Agreed underlying tax balances to supporting documentation, including correspondence with tax authorities.
Information Technology ("IT") Systems and Controls	
The Bank has a complex IT architecture to support its day to day business operations. High volume of transactions is processed and recorded on single or multiple applications. The reliability and security of IT systems plays a key role in the business operations of the Bank. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. We have identified 'IT systems and controls' as key audit matter because of the high level automation, significant number of systems being used by the management and the complexity of the IT architecture and its impact on the financial reporting system.	**During the course of their audit, the auditor of HDFC Bank performed the following procedures:** For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Bank's IT systems. We gathered a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology. Our key IT audit procedures includes testing design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access, change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes testing of key controls pertaining to, backup, Batch processing (including interface testing), incident management and data centre security), System interface controls. This included testing that requests for access to systems were appropriately logged, reviewed and authorized. Also, entity level controls pertaining to policy and procedure and Business continuity plan assessment due impact of COVID 19 was also part of our audit procedure. In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were tested. Using various techniques such as inquiry, review of documentation/record/reports,

Key audit matter	How the matter was addressed in our audit
	observation and re-performance. We also tested few controls using negative testing technique. We had taken adequate samples of instances for our test. Tested compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant, changes made to the IT landscape during the audit period.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's Director's report and Management Discussion & Analysis (MD&A) report, but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done, 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 Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group and its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates is responsible for overseeing the financial reporting process of each company.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated 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 appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been

audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements of thirteen subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets of ₹ 217,097 Crores as at 31 March 2021, total revenues of ₹ 90,190 Crores and net cash inflows amounting to ₹ 1,106 Crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also includes the Group's share of net profit after tax of ₹ 6,935 Crores and other comprehensive loss of ₹ 257 Crores for the year ended 31 March 2021 in respect of an associate whose financial information has not been audited by us. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our conclusion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and an associate and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and an associate is based solely on the audit reports of the other auditors.

Of the aforesaid subsidiaries, two subsidiaries are located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Corporation's management has converted the financial statements of these two subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India.

We have audited these conversion adjustments made by the Corporation's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by management of the Corporation and audited by us.

The financial statements of an entity controlled by a subsidiary whose financial statements reflects total assets of ₹ 6 Crores, total revenue of ₹ 0.07 Crores and net cash inflows of ₹ 0.07 Crores for the year ended on that date, as considered in the consolidated financial statements have not been audited either by us or by other auditors. The consolidated financial statements also include the Group's share of net loss (and other comprehensive loss) of ₹ 13 Crores for the year ended 31 March 2021, as considered in the consolidated financial statements, in respect of four associates, whose financial statements/financial information have not been audited by us or by other auditors. These unaudited financial statements/ financial information have been furnished to us by the Board of Directors and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of an entity controlled by a subsidiary and four associates and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it related to the aforesaid entity controlled by a subsidiary and four associates is based solely on such unaudited financial statements /financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information are not material to the Group.

Expenses pertaining to Life Insurance Business includes charge for actuarial valuation of liabilities for life policies in force and policies where premium is discontinued, in respect of one subsidiary and Expenses pertaining to General Insurance Business includes the estimate of claims Incurred But Not Reported ('IBNR'), claims Incurred But Not Enough Reported ('IBNER') and Premium Deficiency Reserve ('PDR') in respect of one General Insurance Subsidiary. This charge has been determined based on the liabilities duly certified by the respective subsidiaries appointed actuaries, and in their respective opinion, the assumptions for such valuations are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ('IRDAI') and the Institute of Actuaries of India in concurrence with the IRDAI. The respective auditors of these subsidiaries have relied on the appointed actuary's certificate in this regard in forming their conclusion on the financial statements of the said subsidiaries.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Board of Directors.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and associates as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated 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 of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and an associate company incorporated in India, none of the directors of the Group companies and its associate company is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and an associate company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditors' 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 and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and an associate, as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2021 on the consolidated financial position of the Group and its associates. Refer Note 44 to the consolidated financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 6.1 to the consolidated financial statements in respect of such items as it relates to the Group and its associates;

iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Corporation or its subsidiary companies or associate companies incorporated in India during the year ended 31 March 2021. Whilst the Corporation transferred the unclaimed dividend, 2,148 underlying equity shares relating to such unclaimed dividend could not be transferred as the depository participant informed that the aforesaid equity shares were not available in the demat accounts of the respective shareholders; and

iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2021.

C. With respect to the matter to be included in the Auditors' report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies and an associate company incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies and associate companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary companies and associate companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) 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
ICAI UDIN 21111855AAAACP2503

Mumbai
07 May 2021

Annexure - A to the Independent Auditor's report on the consolidated financial statements of Housing Development Finance Corporation Limited for the year ended 31 March 2021

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

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

Opinion

In conjunction with our audit of the consolidated financial statements of Housing Development Finance Corporation Limited (hereinafter referred to as the 'Holding Company' or the 'Corporation') as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and such companies incorporated in India under Companies Act, 2013 which are its subsidiary companies and associate companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies and its associate companies, have, in all material respects, adequate internal financial controls with reference to the consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls 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 respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective 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 the respective 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').

Auditor's responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated 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 consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies and an associate company in terms of their reports referred to in the 'Other matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and Directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

Expenses pertaining to Life Insurance Business includes charge for actuarial valuation of liabilities for life policies in force and policies where premium is discontinued, in respect of one subsidiary and

Expenses pertaining to General Insurance Business includes the estimate of claims Incurred But Not Reported ('IBNR') and Premium Deficiency Reserve ('PDR') in respect of another subsidiary. This charge has been determined based on the liabilities duly certified by the respective subsidiaries appointed actuaries, and in their respective opinion, the assumptions for such valuations are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ('IRDAI') and the Institute of Actuaries of India in concurrence with the IRDAI. The respective auditors of these subsidiaries have relied on the appointed actuary's certificate in this regard in forming their opinion on the internal financial controls over financial reporting and financial statements of the said subsidiaries.

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to the 8 subsidiaries and an associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

SAGAR LAKHANI
Partner
Membership No: 111855
ICAI UDIN 21111855AAAACP2503

Mumbai
07 May 2021

Housing Development Finance Corporation Limited
Consolidated Balance Sheet as at March 31, 2021

₹ in Crore

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial Assets			
i) Cash and cash equivalents	4	2,628.68	5,198.46
ii) Bank Balances other than (i) above	5	406.79	303.07
iii) Derivative Financial Instruments	6	2,192.30	5,758.06
iv) Receivables	7		
a) Trade Receivables		242.35	336.31
b) Other Receivables		-	6.58
v) Loans	8	4,90,947.80	4,45,496.16
vi) Investments in Associates	9	55,395.12	48,883.74
vii) Other Investments	10	55,399.30	51,027.29
viii) Assets of Life Insurance Business	11		
- Investments	11.1	1,74,714.84	1,29,605.23
- Other Assets	11.3	8,901.70	7,726.66
ix) Assets of Non-Life Insurance Business			
- Investments	11.2	16,971.48	13,731.83
- Other Assets	11.3	6,550.96	6,136.41
x) Other Financial Assets	12	3,851.70	3,983.72
xi) Non Current Assets held for sale	9	141.00	-
Total Financial Assets		8,18,344.02	7,18,193.52
Non-Financial Assets			
i) Current Tax Assets (Net)	13	2,920.28	3,696.51
ii) Deferred Tax Assets (Net)	13	1,853.76	1,699.68
iii) Investment Property	14	936.77	981.52
iv) Property, Plant and Equipment	15	1,738.69	1,744.27
v) Other Intangible Assets	16	1,035.84	1,149.45
vi) Capital work in Progress		9.76	20.38
vii) Intangible Assets under development		37.54	38.52
viii) Other Non-Financial Assets	17	742.72	690.35
ix) Goodwill on Consolidation	16	1,600.73	1,600.73
x) Non Current Assets held for sale		134.79	-
Total Non-Financial Assets		11,010.88	11,621.41
Total Assets		8,29,354.90	7,29,814.93

Housing Development Finance Corporation Limited
Consolidated Balance Sheet as at March 31, 2021 (Continued)

₹ in Crore

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
i) Derivative Financial Instruments	**6**	**1,716.79**	354.84
ii) Payables	**18**		
(A) Trade Payables			
(a) total outstanding dues of micro enterprises and small enterprises		**8.63**	4.00
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		**3,071.55**	2,161.19
(B) Other Payables			
(a) total outstanding dues of micro enterprises and small enterprises		**-**	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		**295.97**	238.95
(iii) Debt Securities	**19**	**1,83,710.48**	1,79,524.80
(iv) Borrowings (Other than Debt Securities)	**20**	**1,07,991.95**	1,07,914.67
(v) Deposits	**21**	**1,50,077.19**	1,32,304.79
(vi) Subordinated Liabilities	**22**	**5,233.65**	5,623.28
(vii) Liabilities pertaining to Life Insurance Business	**23**	**1,75,406.15**	1,31,006.74
(viii) Liabilities pertaining to Non Life Insurance Business	**23**	**19,836.12**	17,423.31
(ix) Other Financial Liabilities	**24**	**13,387.82**	16,536.97
Total Financial Liabilities		**6,60,736.30**	5,93,093.54
Non-Financial Liabilities			
(i) Current Tax Liabilities (Net)	**25**	**469.64**	259.84
(ii) Deferred Tax Liabilities (Net)	**13**	**124.80**	32.46
(iii) Provisions	**26**	**371.17**	372.09
(iv) Other Non-Financial Liabilities	**27**	**2,035.52**	2,220.52
Total Non-Financial Liabilities		**3,001.13**	2,884.91
Total Liabilities		**6,63,737.43**	5,95,978.45
EQUITY			
(i) Equity Share capital	**28**	**360.79**	346.41
(ii) Other equity	**29**	**1,56,351.84**	1,26,132.75
(iii) Non-controlling interest		**8,904.84**	7,357.32
Total Equity		**1,65,617.47**	1,33,836.48
Total Liabilities and Equity		**8,29,354.90**	7,29,814.93

See accompanying notes to the Consolidated financial statements

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Sagar Lakhani
Partner
Membership No.:111855

MUMBAI, May 07, 2021

Directors

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

J. J. Irani
(DIN: 00311104)

U. K. Sinha
(DIN: 00010336)

Bhaskar Ghosh
(DIN: 06656458)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

Nasser Munjee
(DIN: 00010180)

Jalaj Dani
(DIN: 00019080)

Ireena Vittal
(DIN: 05195656)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Housing Development Finance Corporation Limited
Statement of Consolidated Profit and Loss for the year ended March 31, 2021

₹ in Crore

Particulars		Notes	Year ended March 31, 2021	Year ended March 31, 2020
I.	**Revenue from Operations**			
i)	Interest Income	30	44,461.55	45,253.26
ii)	Surplus from deployment in Cash Management Schemes of Mutual Funds		812.78	1,118.90
iii)	Dividend Income		38.45	89.21
iv)	Rental Income	31	55.60	47.13
v)	Fees and Commission Income		1,967.72	2,138.82
vi)	Profit on Loss of Control over a Subsidiary	10.1	-	9,799.10
vii)	Net Gain on Fair Value Changes	32	1,971.68	(179.67)
viii)	Profit / (Loss) on Sale of Investments Properties		(2.20)	35.11
ix)	Net gain on derecognised (assigned) loans		1,102.95	967.87
x)	Income from Life Insurance Operations - Policyholder's Funds	33	70,575.18	28,041.47
xi)	Income from Non-Life Insurance Operations - Policyholder's Funds	33	18,050.28	14,414.51
Total Revenue from Operations			1,39,033.99	1,01,725.71
II.	**Other Income**		37.25	70.19
Total Income (I + II)			1,39,071.24	1,01,795.90
III.	**Expenses**			
i)	Finance costs	34	29,081.26	32,109.45
ii)	Impairment on Financial Instruments (Expected Credit Loss)	35	3,030.76	5,951.12
iii)	Employee Benefit Expenses	36	1,700.67	1,356.66
iv)	Depreciation, Amortisation and Impairment	15	355.35	256.11
v)	Establishment Expenses	37	44.83	56.78
vii)	Expense of Life Insurance Operations - Policyholder's Funds	38	69,387.55	26,618.01
viii)	Expense of Non-Life Insurance Operations - Policyholder's Funds	38	17,196.87	13,934.50
ix)	Other Expenses	39	958.12	1,066.12
Total Expenses			1,21,755.41	81,348.75
IV.	**Profit before share of profit of Associates**		17,315.83	20,447.15
V.	**Share of profit of Associates**	9	6,921.47	5,746.10
VI.	**Profit Before Tax (IV + V)**		24,237.30	26,193.25
VII.	**Tax Expense**			
	- Current Tax		3,937.98	3,415.75
	- Deferred Tax		(188.23)	(48.97)
Total Tax Expense		40	3,749.75	3,366.78
VIII.	**Net Profit After Tax (VI - VII)**		20,487.55	22,826.47

Housing Development Finance Corporation Limited
Statement of Consolidated Profit and Loss for the year ended March 31, 2021 (Continued)

₹ in Crore

Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020
IX. Other Comprehensive Income	**41**		
(A) (i) Items that will not be reclassified to Statement of profit or (loss)		**1,940.98**	(7,150.50)
(ii) Income tax relating to items that will not be reclassified to Statement of profit or (loss)		**(162.84)**	620.12
Subtotal (A)		**1,778.14**	(6,530.38)
(B) (i) Items that will be reclassified to Statement of profit or (loss)		**80.43**	203.97
(ii) Income tax relating to items that will be reclassified to Statement of profit or (loss)		**(20.11)**	(31.55)
Subtotal (B)		**60.32**	172.42
(C) Share of Other Comprehensive Income of an Associate	9	**(256.64)**	144.54
Other Comprehensive Income (A+B+C)		**1,581.82**	(6,213.42)
Total Comprehensive Income (VIII + IX)		**22,069.37**	16,613.05
Profit Attributable to:			
Owners of the Corporation		**18,740.06**	21,434.57
Non-Controlling Interest		**1,747.49**	1,391.90
Other Comprehensive Income Attributable to:			
Owners of the Corporation		**1,565.22**	(6,374.24)
Non-Controlling Interest		**16.60**	160.82
Total Comprehensive Income Attributable to:			
Owners of the Corporation		**20,305.28**	15,060.33
Non-Controlling Interest		**1,764.09**	1,552.72
Earnings Per Equity Share	**43**		
Basic (₹)		**105.59**	124.14
Diluted (₹)		**104.70**	123.19

See accompanying notes to the Consolidated financial statements

As per our report of even date attached.

Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Sagar Lakhani
Partner
Membership No.:111855

MUMBAI, May 07, 2021

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

J. J. Irani
(DIN: 00311104)

U. K. Sinha
(DIN: 00010336)

Bhaskar Ghosh
(DIN: 06656458)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

Nasser Munjee
(DIN: 00010180)

Jalaj Dani
(DIN: 00019080)

Ireena Vittal
(DIN: 05195656)

Ajay Agarwal
Company Secretary
(FCS: 9023)

HDFC

Housing Development Finance Corporation Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2021

A. Equity Share Capital

₹ in Crore

	Notes	Amount
As at March 31, 2019	28	**344.29**
Equity share capital issued during the year		2.12
As at March 31, 2020		**346.41**
Equity share capital issued during the year		14.38
As at March 31, 2021		**360.79**

B. Other Equity (Refer Note 29)

₹ in Crore

Particulars	Reserves and Surplus											Other Comprehensive Income							
	Capital Reserve	Securities Premium	Retained Earnings	General Reserve	Special Reserve I	Special Reserve II	Statutory Reserve	Special Reserve U/s 45-IC of The Reserve Bank of India Act, 1934	Shelter Assistance Reserve	Foreign Currency Monetary Item Translation	Other reserves	Investments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Cost of Hedge	Others	Employee Stock Option Reserve	Money received against share warrants	Total	Non Controlling Interest
Balance as at March 31, 2019	48.30	31,408.42	41,381.41	18,837.81	51.23	13,394.52	5,043.64	104.93	3.27	7.43	68.86	118.34	(224.03)	(0.86)		1,145.58	-	1,11,388.85	6,245.38
Changes in accounting policy/prior period errors																		-	
Restated balance at the beginning of the reporting period	**48.30**	**31,408.42**	**41,381.41**	**18,837.81**	**51.23**	**13,394.52**	**5,043.64**	**104.93**	**3.27**	**7.43**	**68.86**	**118.34**	**(224.03)**	**(0.86)**		**1,145.58**	**-**	**1,11,388.85**	**6,245.38**
Profit for the year			21,434.57															21,434.57	1,391.90
Other Comprehensive Income for the year												(6,420.99)	41.86	4.89				(6,374.24)	160.82
Total Comprehensive Income for the year	-	-	**21,434.57**	-	-	-	-	-	-	-	-	**(6,420.99)**	**41.86**	**4.89**		-	-	**15,060.33**	**1,552.72**
Movement for the year		5.03	1,023.22	(585.49)		(366.07)	0.14	9.92	-	-	9.67	(136.94)	1.58	(1.58)		68.56	-	28.04	
Profit on sale of subsidiary			1,740.41															1,740.41	
Dividends including tax on dividend			(3,600.64)															(3,600.64)	
Transfer from retained earnings			(11,659.99)	8,034.59	-	3,400.00	200.00	25.40	-	-	-	-	-	-		-	-	-	
Received during the year		1,665.95								-	-					-		1,665.95	
Utilised during the year	(3.71)	-	-						(3.17)	(7.43)		-	-	-		(135.88)	-	(150.19)	(440.78)
Balance as at March 31, 2020	**44.59**	**33,079.40**	**50,318.98**	**26,286.91**	**51.23**	**16,428.45**	**5,243.78**	**140.25**	**0.10**	**-**	**78.53**	**(6,439.59)**	**(180.59)**	**2.45**		**1,078.26**	**-**	**1,26,132.75**	**7,357.32**

Particulars	Reserves and Surplus											Other Comprehensive Income							
	Capital Reserve	Securities Premium	Retained Earnings	General Reserve	Special Reserve I	Special Reserve II	Statutory Reserve	Special Reserve U/s 45-IC of The Reserve Bank of India Act, 1934	Shelter Assistance Reserve	Foreign Currency Monetary Item Translation	Other reserves	Investments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Cost of Hedge	Others	Employee Stock Option Reserve	Money received against share warrants	Total	Non Controlling Interest
Balance as at March 31, 2020	**44.59**	**33,079.40**	**50,318.98**	**26,286.91**	**51.23**	**16,428.45**	**5,243.78**	**140.25**	**0.10**	**-**	**78.53**	**(6,439.59)**	**(180.59)**	**2.45**	**-**	**1,078.26**	**-**	**1,26,132.75**	**7,357.32**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-
Restated balance at the beginning of the reporting period	**44.59**	**33,079.40**	**50,318.98**	**26,286.91**	**51.23**	**16,428.45**	**5,243.78**	**140.25**	**0.10**	**-**	**78.53**	**(6,439.59)**	**(180.59)**	**2.45**	**-**	**1,078.26**	**-**	**1,26,132.75**	**7,357.32**
Profit for the year	-	-	18,740.06	-	-	-	-	-	-	-	-					-	-	18,740.06	1,747.49
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	1,505.85	14.95	74.40	(29.98)	-	-	1,565.22	16.60
Total Comprehensive Income for the year	-	-	**18,740.06**	-	-	-	-	-	-	-	-	**1,505.85**	**14.95**	**74.40**	**(29.98)**	-	-	**20,305.28**	**1,764.09**
Movement for the year											(183.49)					422.59		239.10	
Transfer of Securities premium on exercise of ESOP		224.80														(224.80)		-	
Profit on sale of subsidiary (where control is retained)	-	-	1,321.17	-	-	-	-	-	-	-	-	-	-	-		-	-	1,321.17	-
Dividends distributed	-	-	(3,642.68)	-	-	-	-	-	-	-	-	-	-	-		-	-	(3,642.68)	-
Transfer from retained earnings			(5,235.12)	2,700.00		2,000.00	500.00	35.12										0.00	-
Received during the year	-	11,867.55	-	-	-	-	-	-	-	-	-	-	-	-		-	307.03	12,174.58	-
Utilised / Other Adjustments		(31.18)	1.79	15.78	-	(4.54)		(0.79)	(0.03)	-		(179.90)	(52.91)	16.53	58.75	(1.86)	-	(178.36)	(216.57)
Balance as at March 31, 2021	**44.59**	**45,140.57**	**61,504.20**	**29,002.69**	**51.23**	**18,423.91**	**5,743.78**	**174.58**	**0.07**	**-**	**(104.96)**	**(5,113.64)**	**(218.55)**	**93.38**	**28.77**	**1,274.19**	**307.03**	**1,56,351.84**	**8,904.84**

See accompanying notes to the consolidated financial statements

As per our report of even date attached.

Directors

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Sagar Lakhani
Partner
Membership No.:111855

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

J. J. Irani
(DIN: 00311104)

U. K. Sinha
(DIN: 00010336)

Bhaskar Ghosh
(DIN: 06656458)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

Nasser Munjee
(DIN: 00010180)

Jalaj Dani
(DIN: 00019080)

Ireena Vittal
(DIN: 05195656)

Ajay Agarwal
Company Secretary
(FCS: 9023)

MUMBAI, May 07, 2021

Housing Development Finance Corporation Limited
Consolidated Cash Flow Statement for the year ended March 31, 2021

₹ in Crore

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		**24,237.30**	26,193.25
Adjustments for:			
Share of Profit of Associates		**(6,921.47)**	(5,746.10)
Depreciation, Amortisation and Impairment		**355.35**	256.11
Impairment on Financial Instruments (Expected Credit Loss)		**3,030.76**	5,951.12
Expense on share based payments to employees		**355.27**	15.96
Profit on loss of control on a subsidiary		**-**	(9,799.10)
Net (gain) / loss on fair value changes		**(1,971.68)**	182.12
Profit on Sale of Investments		**-**	(2.45)
(Profit) / Loss on Sale of Investment Properties, Property, Plant and Equipment (Net)		**2.25**	(35.11)
Interest Expense		**28,842.04**	31,901.06
Interest Income		**(44,461.55)**	(45,253.26)
Surplus from deployment in Cash Management Schemes of Mutual Funds		**(812.78)**	(1,118.90)
Utilisation of Shelter Assistance Reserve		**(0.03)**	(3.17)
Operating Profit before Working Capital changes and adjustments for interest received and paid		**2,655.46**	2,541.53
Adjustments for:			
Decrease/(Increase) in Financial Assets and Non Financial Assets		**3,369.75**	(3,535.38)
(Decrease)/Increase in Financial and Non Financial Liabilities		**(240.20)**	3,354.60
Decrease/(Increase) in Assets pertaining to Insurance Business		**(49,943.75)**	(14,194.94)
(Decrease)/Increase in Liabilities pertaining to Insurance Business		**46,812.22**	13,545.65
Cash from Operations before adjustments for interest received and paid		**2,653.48**	1,711.46
Interest Received		**43,624.43**	45,253.26
Surplus from deployment in Cash Management Schemes of Mutual Funds Received		**869.26**	1,118.90
Interest Paid		**(30,186.40)**	(31,775.66)
Taxes Paid		**(3,176.53)**	(3,967.98)
Net cash from Operations		**13,784.24**	12,339.98
Investments in schemes of Mutual Fund (Net)		**6,528.05**	(10,312.48)
Loans disbursed (net)		**(47,590.31)**	(29,899.40)
Corporate Deposits (net)		**1.59**	1,070.88
Net cash used in Operating activities	**A**	**(27,276.43)**	(26,801.02)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, plant and equipment		**(158.68)**	(356.14)
Sale of Property, plant and equipment		**5.83**	3.82
Net Cash used in Property, plant and equipment		**(152.85)**	(352.32)
Purchase of Investment Properties		**(91.96)**	(296.25)
Sale of Investment Properties		**57.14**	65.43
Net Cash flow used in Investment Properties		**(34.82)**	(230.82)
Investments in Subsidiary Companies		**-**	(1,495.81)
Investments in Associate Companies		**-**	(86.71)
Other Investments (Net)		**(6,770.66)**	(9,347.13)
Sale proceeds of Investments in Subsidiary Companies		**-**	1,639.14
Net cash used for Investing activities	**B**	**(6,958.33)**	(9,873.65)

Housing Development Finance Corporation Limited

Consolidated Cash Flow Statement for the year ended March 31, 2021 (Continued)

₹ in Crore

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
C. CASH FLOW FROM FINANCING ACTIVITIES			
Share Capital - Equity		**14.38**	2.12
Money received against warrants		**307.03**	-
Securities Premium (net)		**11,901.83**	1,587.69
Sale proceeds of Investments in Subsidiary Companies		**1,484.25**	1,903.27
Borrowings (Net)		**126.55**	17,650.85
Deposits (Net)		**18,142.87**	25,232.80
Proceeds from Debt Securities and Subordinated Liabilities		**1,06,429.03**	1,05,072.64
Repayment of Debt Securities and Subordinated Liabilities		**(1,02,625.23)**	(1,10,139.61)
Payment for Principal portion of lease liability		**(45.36)**	(83.99)
Dividend paid - Equity Shares		**(3,642.68)**	(3,023.49)
Tax paid on Dividend		**-**	(581.35)
Change in Non-Controlling Interest		**(427.69)**	1,068.89
Net cash from Financing activities	**C**	**31,664.98**	38,689.82
Net Increase / (Decrease) in cash and cash equivalents	**[A+B+C]**	**(2,569.78)**	2,015.15
Add : Cash and cash equivalents as at the beginning of the period		**5,198.46**	3,183.31
Cash and cash equivalents as at the end of the period		**2,628.68**	5,198.46

During the year, the Group has received Dividend of ₹ **38.45 Crore** (Previous year ₹ 89.21 Crore)

Net movement in Borrowings (including Debt Securities), Deposits and Subordinated Liabilities amounting to ₹ **21,645.73 Crore** (Previous year ₹ 37,663.73 Crore) includes fresh issuance, repayments and effect of changes in foreign exchange rates.

See accompanying notes to the consolidated financial statements

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Sagar Lakhani
Partner
Membership No.:111855

MUMBAI, May 07, 2021

Directors

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

J. J. Irani
(DIN: 00311104)

U. K. Sinha
(DIN: 00010336)

Bhaskar Ghosh
(DIN: 06656458)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

Nasser Munjee
(DIN: 00010180)

Jalaj Dani
(DIN: 00019080)

Ireena Vittal
(DIN: 05195656)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Notes forming part of the Consolidated Financial Statements

1. Corporation Overview

Housing Development Finance Corporation Limited ('HDFC' or 'the Corporation' or 'the Company') was incorporated in 1977 as the first specialised Mortgage Company domiciled in India as a limited company having its Corporate office at HDFC House, H T Parekh Marg, Churchgate, Mumbai 400 020. The principal business is providing finance to individuals, corporates and developers for the purchase, construction, development and repair of houses, apartments and commercial properties in India. The business is conducted through its branches in India and its overseas offices at London, Singapore and Dubai supported by a network of agents for sourcing loans as well as deposits. HDFC is the holding company for investments in its associates and subsidiary companies. The Corporation is a public limited company and its shares are listed on the Bombay Stock Exchange (BSE), India, and the National Stock Exchange (NSE), India, and the Corporation's Synthetic INR Denominated bonds are listed on the London Stock Exchange. HDFC is also a financial conglomerate ("the Group") and has subsidiaries / associates engaged across banking, insurance, asset management and other financial services business.

2. Basis of Preparation and Presentation

2.1 Statement of Compliance and Basis of Preparation and Presentation

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The Balance Sheet, Statement of Profit and Loss, Statement of Cash Flow and Statement of Changes in Equity are together referred as the financial statement of the Group.

The consolidated financial statements ("financial statements") of the Group have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 under Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the National Housing Bank ("NHB"), the Reserve Bank of India ("RBI"), the Insurance Regulatory Development Authority of India ("IRDAI"), the Securities Exchange Board of India ("SEBI") to the extent applicable.

Amounts in the financial statements are presented in Indian Rupees in Crore rounded off to two decimal places as permitted by Schedule III to the Act. Per share data are presented in Indian Rupee to two decimal places. The Group presents its Balance Sheet in the order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 48.

Accounting policies are consistently applied except where a newly-issued Ind AS is initially adopted or a revision to an existing Ind AS requires a change in the accounting policy.

2.2 Functional and Presentation Currency

The financial statements are presented in Indian Rupees (₹) which is the functional and the presentation currency of the Group and all values are rounded to the nearest Crore, except when otherwise indicated.

2.3 Basis of Measurement

The financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair values.

A historical cost is a measure of value used for accounting in which the price of an asset on the balance sheet is based on its historical cost, it is generally fair value of consideration given in exchange for goods and services at the time of transaction.

Notes forming part of the Consolidated Financial Statements (Continued)

Fair value is the price that likely to be received on selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102 Share Based Payments, leasing transactions that are within the scope of Ind AS 116 Leases.

Fair value measurements under Ind AS are categorised into fair value hierarchy 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 quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation can access on measurement date.
- Level 2 inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 where unobservable inputs are used for the valuation of assets or liabilities.

2.4 Use of Estimates and Judgements

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The preparation of the financial statements in conformity with Indian Accounting Standards ("Ind AS") requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future 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. Some of the areas involving significant estimation / judgement are determination of Expected Credit Loss, fair valuation of Investments, Income taxes, share based payments and employee benefits.

2.4.1 Income Taxes

The Corporation's tax jurisdiction is in India. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for certain tax positions.

2.4.2 Insurance Companies

For Insurance Companies, critical adjustments or judgements are required for valuation of policy liabilities as on date.

2.5 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Corporation and its subsidiaries together referred to as ("the Corporation/Group") and Associates as at and for the year ended 31 March, 2021.

Notes forming part of the Consolidated Financial Statements (Continued)

The Corporation consolidates a subsidiary when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Corporation has less than a majority of the voting or similar rights of an investee, the Corporation considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Corporation's voting rights and potential voting rights.
- The size of the Corporation's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Corporation re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Corporation obtains control over the subsidiary and ceases when the Corporation loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Corporation gains control until the date the Corporation ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Corporation uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Corporation member's financial statements in preparing the consolidated financial statements to ensure conformity with the Corporation's accounting policies.

The financial statements of all entities used for the purpose of consolidation are same reporting date as that of the parent company, i.e., year ended on 31 March, 2021.

2.6 **Consolidation Procedure**

- Combine like items of assets, liabilities, equity, income, and expenses of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Corporation's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes forming part of the Consolidated Financial Statements (Continued)

If the Corporation loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interests.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Corporation had directly disposed of the related assets or liabilities.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

The financial statements of the following subsidiary companies have been consolidated as per Ind AS 110 - Consolidated Financial Statements.

All the below mentioned subsidiaries have been incorporated in India, other than Griha Investments which has been incorporated in Mauritius, Griha Pte. Ltd. which has been incorporated in Singapore and HDFC International Life and Re Company Limited which has been incorporated in Dubai.

Sr. No.	Name of Subsidiary	Proportion of Ownership Interest (%)	
		March 31, 2021	March 31, 2020
1	HDFC Investments Ltd.	**100**	100
2	HDFC Holdings Ltd.	**100**	100
3	HDFC Asset Management Co. Ltd.	**52.68**	52.72
4	HDFC Trustee Co. Ltd.	**100**	100
5	GRUH Finance Ltd. (Subsidiary upto Aug 30, 2019)	**-**	-
6	HDFC Venture Capital Ltd.	**80.50**	80.50
7	HDFC Ventures Trustee Co. Ltd.	**100**	100
8	HDFC Life Insurance Co. Ltd.	**49.99**	51.46
9	HDFC Pension Management Co. Ltd. (Subsidiary of HDFC Life Insurance Co. Ltd.)	**49.99**	51.46
10	HDFC International Life and Re Company Limited (Subsidiary of HDFC Life Insurance Co. Ltd.)	**49.99**	51.46
11	HDFC ERGO General Insurance Co. Ltd.	**50.56**	50.48
12	HDFC Sales Pvt. Ltd.	**100**	100
13	HDFC Property Ventures Ltd.	**100**	100
14	HDFC Investment Trust	**100**	100
15	HDFC Investment Trust – II	**100**	100
16	Griha Investments (Subsidiary of HDFC Holdings Ltd.)	**100**	100

Notes forming part of the Consolidated Financial Statements (Continued)

Sr. No.	Name of Subsidiary	Proportion of Ownership Interest (%)	
		March 31, 2021	March 31, 2020
17	Griha Pte Ltd. (Subsidiary of HDFC Investments Ltd.)	**100**	100
18	HDFC Credila Financial Services Ltd.	**100**	100
19	HDFC Education and Development Services Pvt. Ltd.	**100**	100
20	HDFC Capital Advisors Ltd.	**100**	100
21	HDFC ERGO Health Insurance Ltd. (formerly known as Apollo Health Insurance Co. Ltd) (Refer Note 10.2)	**-**	51.56

Consequent to the above changes in the ownership interest, certain previous year balances have been considered on current ownership and accordingly the same is reflected in the Reserves and Surplus as 'Opening Adjustments'.

2.7 **Business Combinations and Goodwill**

Business combinations except under common control are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Corporation measures the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

In case of bargain purchase, before recognising a gain in respect thereof, the Corporation re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Notes forming part of the Consolidated Financial Statements (Continued)

2.8 **Investments in Associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105.

Under the equity method, the investment in an associate is initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. Dividend received from associates is recognised as reduction in the carrying amount of the investments.

After application of the equity method, the Corporation determines whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Corporation calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit/loss of an associate in the Statement of Profit and Loss.

Upon loss of significant influence over the associate, the Corporation measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal, is recognised in profit or loss. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in OCI are reclassified to profit or loss where appropriate. Changes in investor's interest in other component of equity in such cases are being directly recognised in Equity.

When a group entity transacts with an associate of the Group, profit or losses resulting from the transactions with associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. Significant Accounting Policies

3.1 **Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

Interest

Interest income on financial instruments is recognised on a time proportion basis taking into account the amount outstanding and the Effective Interest Rate ("EIR") applicable.

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets measured at FVTPL, transaction costs are recognised in profit or loss at initial recognition.

Interest income/Expenses is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets interest, income is calculated by applying the EIR to the

Notes forming part of the Consolidated Financial Statements (Continued)

amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

Dividend Income

Dividend income is recognised when the Corporation's right to receive dividend is established.

Fee and Commission Income:

The Group recognises revenue from contract with customers based on five step model as set out in Ind AS 115, Revenue from Contracts with Customers to determine when to recognise revenue and at what amount.

Revenue is measured based on the consideration specified in the contract with a customers. Revenue from contracts with customers is recognised when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

If the consideration promised in a contract includes a variable amount, the group estimates the amount of consideration to which it will be entitled in exchange for rendering the promised services to a customer. The amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, or other similar items. The promised consideration can also vary if an entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

Rental Income

Income from operating leases are recognised in the statement of profit and loss as per the contractual rentals unless another systematic basis is more representative of the time pattern in which benefits derived from the leased assets.

Premium Income of Life Insurance Business

Premium income on Insurance contracts and Investment Contracts with Discretionary Participative Feature (DPF) is recognised as income when due from policyholders and as reduced for lapsation expected based on the experience of the Company. In case of linked business, premium income is accounted for when the associated units are created. Premium on lapsed policies is accounted for as income when such policies are reinstated.

Premium Income of General Insurance Business

Premium including Re-insurance accepted (net of service tax upto June 30, 2017, and net of Goods & Service Tax w.e.f. July 1, 2017) is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk). Any subsequent revisions to or cancellations of premiums are accounted for in the period in which they occur. Instalment cases are recorded on instalment due dates. Premium received in advance represents premium received prior to commencement of the risk.

Reinsurance Premium

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Re-insurance premium ceded on unearned premium is carried forward to the period of risk and is set off against related unearned premium. Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur.

Premium on excess of loss Re-insurance cover is accounted as per the terms of the Re-insurance arrangements.

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.

Notes forming part of the Consolidated Financial Statements (Continued)

3.2 **Financial Instruments**

3.2.1 **Fair Valuation of Investments**

Some of the Group's Investments are measured at fair value. In determining the fair value of such Investments, the Group uses quoted prices (unadjusted) in active markets for identical assets or based on inputs which are observable either directly or indirectly. However in certain cases, the Group adopts valuation techniques and inputs which are not based on market data. When Market observable information is not available, the Group has applied appropriate valuation techniques and inputs to the valuation model.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Information about the valuation techniques and inputs used in determining the fair value of Investments are disclosed in Note 49.

3.2.2 **Recognition and Initial Measurement**

All financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfer is initiated or disbursement cheque is issued to the customer. The Group recognises debt securities, deposits and borrowings when funds are received by the Group.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

3.2.3 **Classification and Subsequent Measurement of Financial Assets and Liabilities**

3.2.3.1 **Financial Assets**

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

- Amortised cost
- Fair value through other comprehensive income ("FVOCI"),
- FVTPL

Notes forming part of the Consolidated Financial Statements (Continued)

3.2.3.1.1 **Amortised Cost**

The Group classifies and measures cash and bank balances, Loans, Trade receivable, certain debt investments and other financial assets at amortised cost if following condition is met:

Financial Assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are SPPI, are subsequently measured at amortised cost.

3.2.3.1.2 **FVOCI**

The Group classifies and measures certain debt instruments at FVOCI when the investments is held within a business model, the objective of which is achieved by both, collecting contractual cash flows and selling the financial instruments and the contractual terms of the financial instruments meet the Solely Payment of Principal and Interest on principal amount outstanding ("SPPI") test.

The Group measures all equity investments at fair value through profit or loss, unless the Group's management has elected to classify irrevocably some of its equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments, Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

3.2.3.1.3 **FVTPL**

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on re-measurement recognised in profit or loss.

3.2.3.1.4 **Evaluation of Buiness Model and Test**

Classification and measurement of financial instruments depends on the results of the Solely Payments of Principal and Interest on the principal amount outstanding ("SPPI") (refer note 3.2.2.1.5) and the business model test (refer note 3.2.2.1.4). The Group determines the business model at a level that reflects how the Group's financial instruments are managed together to achieve a particular business objective.

The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those instruments.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument; therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Group considers all relevant information available when making the business model assessment. The Group takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Corporation's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model. The Group reassesses it's business model each reporting period to determine whether the business model have changed since the preceding period. For the current and prior reporting period the Group has not identified a change in its business model.

The loans initiated by the Group and outstanding include loans for which an option is given to a third party to acquire loans by way of assignment. This is consequent to an arrangement with the party that sources loans for the Group and has an option to acquire through assignment, a fixed percentage of the aggregate value of loans sourced by it for the Group at a predetermined price. Accordingly, as per the arrangement, loans assigned are substituted by newly sourced loans which ensures contractual cash flows are collected by the Group. All such outstanding loans have been classified at amortised cost.

3.2.3.1.5 **Solely Payments of Principal and Interest on the Principal Amount Outstanding Test ("SPPI")**

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that meet SPPI test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI, such financial assets are either classified as fair value through profit & loss account or fair value through other comprehensive income.

3.2.3.1.6 **Subsequent Measurement and Gain and Losses**

Financial Assets at Amortised Cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Debt Instrument at FVOCI:

These assets are subsequently measured at fair value. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on subsequently measurement is recognised in OCI and on derecognition the cumulative gain or loss recognised in OCI will be recycled to statement of profit and loss.

Notes forming part of the Consolidated Financial Statements (Continued)

Equity Instrument at FVOCI:

Gains and losses on equity instruments measured at FVOCI are recogised in Other Comprehensive Income and are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are fair valued at each reporting period and are not subjected to an impairment assessment.

Financial Assets at FVTPL:

These assets are subsequently measured at fair value. Net gain and losses, including any interest or dividend income, are recognised in statement of profit and loss.

3.2.3.1.7 **Reclassifications**

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Group's financial assets.

3.2.3.2 **Financial Liabilities and Equity Instruments**

3.2.3.2.1 **Classification as Debt or 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 unfavourable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

3.2.3.2.2 **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 Corporation are recognised at the face value and proceeds received in excess of the face value are recognised as Securities Premium.

3.2.3.2.3 **Subsequent Measurement and Gain and Losses**

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

3.2.4 **Impairment and Write-off**

The Group recognises loss allowances for Expected Credit Losses on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers;
- Debt instruments measured at amortised cost and at FVOCI;
- Lease receivables;
- Loan commitments issued;
- Financial guarantee; and
- Other Assets.

Equity instruments are measured at fair value and not subject to impairment loss.

ECL is required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. the portion of lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Lifetime ECL, i.e. lifetime ECL that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL are measured at an amount equal to the 12-month ECL.

The Group has established policy to perform an assessment at the end of each reporting period whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instruments.

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

Stage 1: When loans are first recognised, the Group recognises an allowance based on 12 month ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 to Stage 1.

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

Stage 3: When loans are considered credit-impaired, the Group records an allowance for the life time expected credit losses.

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

3.2.4.1 **Determination and Measurement of Expected Credit Losses**

Determination of Expected Credit Losses

The measurement of impairment losses (ECL) across all categories of financial assets requires judgement.

In particular, the estimation of the amount and timing of future cash flows based on Group's historical experience and collateral values when determining impairment losses along with the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Elements of the ECL models that are considered accounting judgements and estimates include:

- Bifurcation of the financial assets into different portfolios when ECL is assessed on collective basis.
- Group's criteria for assessing if there has been a significant increase in credit risk. (Refer Note 3.2.3.2)
- Development of ECL models, including choice of inputs / assumptions used.

The various inputs used and the process followed by the Group in measurement of ECL has been detailed in Note 3.2.3.1.

Notes forming part of the Consolidated Financial Statements (Continued)

Measurement of Expected Credit Losses

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

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

Group's ECL for financial guarantee is estimated based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the interest rate relevant to the exposure.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

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

- Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities after considering the credit conversion factor (for Stage 1 and Stage 2 assets), and accrued interest from missed payments.
- Probability of Default (PD) is the probability of whether borrowers will default on their obligations which are calculated based on historical default rate summary of past years using origination vintage analysis.
- Loss Given Default (LGD) is an estimate of the loss from a financial asset given that a default occurs. The LGD is computed using a "Workout approach" based on the Group's own loss and recovery experience. It is usually expressed as a percentage of the EAD.

3.2.4.2 **Significant Increase in Credit Risk**

The Group monitors all financial assets, including loan commitments and financial guarantee contracts issued that are subject to impairment requirements, to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group measures the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However the Group still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending there is particular focus on assets that are included on a 'watch list'. Given an exposure is on a watch list once, there is a concern that the creditworthiness of the specific counterparty has deteriorated. ECL assessment for watch list accounts is done on a case by case approach after considering the probability of weighted average in different recovery scenario. For individual loans the Group considers the expectation of forbearance, payment holidays and events such as unemployment, bankruptcy, divorce or death.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD is more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when a financial asset becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

3.2.4.3 **Credit Impaired Financial Assets**

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event. Instead the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition. The definition of default includes unlikeliness to pay indicators and a back-stop if amounts are overdue for 90 days or more.

Borrowers forming part of schemes released under the regulatory packages like Moratorium, One-Time restructuring and Emergency credit linked guaranteed scheme are not subject to credit impairment.

3.2.4.4 **Definition of Default**

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL.

The Group considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Corporation; or
- the borrower is unlikely to pay its credit obligations to the Corporation in full.

Notes forming part of the Consolidated Financial Statements (Continued)

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not as relevant for individual lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

3.2.4.5 Write-off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off/ may assign / sell loan exposure to ARC / Bank / a financial institution for a negotiated consideration. Recoveries resulting from the Group's enforcement activities could result in impairment gains. The Group has a board approved policy on Write off and one time settlement of loans.

3.2.5 Modification and Derecognition of Financial Assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. Loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Group considers the following:

Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;

A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original EIR. If the significant difference in present value, the Group deems the arrangement is substantially different leading to derecognition.

In the case where the financial asset is derecognised the loss allowances for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms may lead to a gain or loss on derecognition. The new financial asset may have a loss allowance measured based on 12-month ECL except where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms;
- The remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification does not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioral indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance is continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans is generally measured based on 12-month ECL when there is evidence of the borrower's improved repayment behavior following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative

Notes forming part of the Consolidated Financial Statements (Continued)

fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

3.2.6 **Derecognition of Financial Liabilities**

The Group derecognises financial liabilities when, and only when, the Group'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 profit or loss.

3.2.7 **Collateral Valuation and Repossession**

The Group provides fully secured, partially secured, and unsecured loans to individuals and Corporates. To mitigate the credit risk on financial assets, the Group seeks to use collateral, where possible as per the powers conferred on the Housing Finance Companies under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("SARFAESI").

In its normal course of business, the Corporation does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and not treated as non–current assets held for sale.

3.2.8 **Servicing of Assets / Liabilities**

The Corporation transfers loans through securitisation and direct assignment transactions. The transferred loans are de-recognised and gains/losses are accounted for, only if the Corporation transfers substantially all risks and rewards specified in the underlying assigned loan contract. In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions for a fee, the Corporation recognises the fair value of future service fee income over service obligations cost on net basis as service fee income in the statement of profit and loss and, correspondingly creates a service asset in balance sheet.

The Corporation recognises either a servicing asset or a servicing liability for servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing activities, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing activities, a servicing asset is recognised. Corresponding amount is recognised in Statement of Profit and Loss.

3.2.9 **Derivative Financial Instruments**

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivative held include foreign exchange forward contracts, interest rate swaps, cross currency interest rate swaps and foreign exchange option contracts.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in profit or loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Hedge Accounting

The Group makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Group applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Group would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the criteria for hedge accounting are accounted for, as described below:

Fair Value Hedges

Fair value hedges the exposure to changes in the fair value of a recognised asset or liability, or an identified portion of such an asset, liability, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in net gain on fair value changes. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in net gain on fair value changes.

The Group classifies a fair value hedge relationship when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationship fixed rate debt issued and other borrowed funds. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet hedge effectiveness criteria, the Group discontinues hedge accounting from the date on which the qualifying criteria are no longer met. For hedged items recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item on termination of the hedge accounting relationship is amortised over the remaining term of the original hedge using the recalculated EIR method by recalculating the EIR at the date when the amortisation begins. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit and loss.

Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in Finance Cost in the profit and loss statement.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss

Notes forming part of the Consolidated Financial Statements (Continued)

on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

3.2.10 **Financial Guarantee Contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Corporation are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with Ind AS 109; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the Corporation’s revenue recognition policies.

The Corporation has not designated any financial guarantee contracts as FVTPL.

3.3 **Property, Plant and Equipment (“PPE”)**

PPE held for use are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

PPE is recognised when it is probable that future economic benefits associated with the item is expected to flow to the Corporation 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. Cost includes professional fees related to the acquisition of PPE.

An item of property, plant and equipment 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.

3.4 **Investment Property**

Investment properties are properties held to earn rentals and/or capital appreciation and are measured and reported at cost, including transaction costs.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of property is recognised in the Statement of Profit and Loss in the same period.

3.5 **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 Group 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, except for Goodwill on Consolidation (Refer Note 2.7). 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.

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

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

3.6 **Capital Work-in-Progress**

Capital work-in-progress includes assets not ready for the intended use and are carried at cost, comprising direct cost and related incidental expenses.

3.7 **Depreciation and Amortisation**

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 estimated useful lives specified in Schedule II to the Act, or in case of assets where the estimated 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 is recognised on prospective basis.

Depreciation for additions to/deductions from, owned assets is calculated pro rata to the period of use.

Freehold land is not depreciated. Leasehold land is amortised over the duration of the lease. The useful life of the property, plant and equipment held by the Group is as follows:

Class of assets	Useful life
Buildings	60 years
Computer Hardware*	4 years
Furniture & Fittings	10 years
Office Equipment	5 years
Vehicles*	5 years
Computer Software*	4 years

** 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.*

Intangible assets, with finite service life, are 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.

Intangible assets with indefinite useful lives are tested for impairment by comparing its recoverable amount with its carrying amount annually and whenever there is an indication that the intangible asset may be impaired.

Notes forming part of the Consolidated Financial Statements (Continued)

3.8 **Impairment of Assets other than Financial Instruments**

As at the end of each accounting year, the Group reviews the carrying amounts of its PPE, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any.

3.9 **Employee Benefits**

3.9.1 **Share-based Payment Arrangements**

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Corporation measures the cost of equity-settled transactions with Option holders using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield.

The stock options granted to employees pursuant to the Corporation's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity. On cancellation or lapse of option granted to employees, the compensation cost charged to statement of profit & loss is credited with corresponding decrease in equity.

3.9.2 **Defined Contribution Plans**

Superannuation Fund

The Corporation's contribution to superannuation fund is considered as a defined contribution plan and is charged as an expense based on the amount of contribution required to be made.

3.9.3 **Defined Benefit Plans**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Provident Fund

All employees of the Corporation are entitled to receive benefits under the Provident Fund. The Corporation makes a contribution to provident fund and the schemes thereunder, as recognised by the Income-tax authorities and administered by various trustees. The contributions are recognised as an expense in the year in which they are incurred. The Rules of the Corporation's Provident Fund administered by a Trust require that if the Board of Trustees is unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Corporation. Actuarial valuation of this Provident Fund interest shortfall is done as per the guidance note issued in this respect by The Institute of Actuaries of India (IAI) and provision towards this liability, if any is recognised.

Notes forming part of the Consolidated Financial Statements (Continued)

Gratuity and Other Post Retirement Benefits

For defined benefit plans in the form of gratuity fund and post retirement pension scheme for whole-time Directors, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurements are recognised in the Other Comprehensive Income in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of planned assets.

Short-term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Long-term Employee Benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date, based on actuarial valuation.

3.10 **Scheme and Commission Expenses**

Certain scheme related expenses and commission paid to distributors were being borne by one of the subsidiary company till October 22, 2018. These expenses have been charged in accordance with applicable circulars and guidelines issued by Securities and Exchange Board of India (“SEBI”) and Association of Mutual Funds in India and have been presented under the respective expense heads in the Statement of Profit and Loss.

Any brokerage or commission paid by the one of the subsidiary in line with the applicable regulations is being amortised over the contractual period.

Pursuant to circulars issued by SEBI in this regard, with effect from October 22, 2018, all of these expenses, subject to certain minor exceptions, are being borne by the respective schemes.

New Fund Offer expenses on the launch of schemes are borne by one of the subsidiary and recognised in the Statement of Profit and Loss as and when incurred.

3.11 **Leases**

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Operating Leases

Transition

Effective April 1, 2019 the Group has adopted Ind AS 116 - Leases, which requires any lease arrangement to be recognised in the balance sheet of the lessee as a ‘right-of-use’ asset with a corresponding lease liability. Accordingly depreciation has been charged on such assets as against lease rental expenses in the previous year. Similarly interest expense has been recognised on lease liabilities under finance costs. As permitted by the standard, the Group has applied this standard w.e.f. April 1, 2019 and comparatives for the previous period / year have not been restated.

Notes forming part of the Consolidated Financial Statements (Continued)

The Group as Lessee

The Group's lease asset classes primarily consist of leases for office premises. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset
- the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
- the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee.

The 'right-of-use' asset has been included under the line 'Property, Plant and Equipment' and lease liability has been included under 'Other Financial Liabilities'.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Group as Lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

3.12 **Dividends on Ordinary Shares**

The Corporation recognises a liability to make cash to equity holders of the Corporation when the dividend is authorised and the distribution is no longer at the discretion of the Corporation. 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 forming part of the Consolidated Financial Statements (Continued)

3.13 **Cash and Cash Equivalents**

Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short-term deposits with banks (with an original maturity of three months or less from the date of placement) and cheques on hand. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

3.14 **Securities Premium Account**

Securities premium is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of shares and issue expenses of securities which qualify as equity instruments.

3.15 **Borrowing Costs**

Borrowing costs include interest expense calculated using the EIR on respective financial instruments measured at amortised cost, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

3.16 **Deferred Acquisition Cost (DAC)/Deferred Origination Fees (DOF)**

Incremental costs incurred during the financial year on acquiring or renewing of investment contracts without Discretionary Participating Feature are deferred and amortized over the life of the policy contracts as the related revenue is recognized, to the extent that these costs are recoverable out of future premiums.

Initial and other front-end fees received for rendering future investment management services relating to investment contracts without Discretionary Participating Feature, are deferred and recognized as revenue when the related services are rendered.

3.17 **Claims Incurred**

Claims incurred comprises of claims paid (net of salvage and other recoveries), change in estimated liability for outstanding claims made following a loss occurrence reported, change in estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) and specific settlement costs comprising survey, legal and other directly attributable expenses.

Provision is made for estimated value of outstanding claims at the Balance Sheet date. Such provision is made on the basis of the ultimate amounts that are likely to be paid on each claim, established by the management in light of past experience and progressively modified for changes as appropriate, on availability of further information and include claim settlement costs likely to be incurred to settle outstanding claims.

Claims are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

The estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) has been estimated by the Appointed Actuary in compliance with applicable provisions of Guidance Note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has used generally accepted actuarial methods for each product category as considered appropriate depending upon the availability of past data as well as appropriateness of the different methods to the different lines of businesses. The above elements of estimates of liability for claims are periodically reviewed by the Appointed Actuary and adjusted based on recent experience and emerging trends.

3.18 **Acquisition Costs**

Acquisition costs are defined as costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission. These costs are expensed in the period in which they are incurred.

3.19 **Commission Received**

Commission on Re-insurance ceded is recognised as income on ceding of Re-insurance premium.

Notes forming part of the Consolidated Financial Statements (Continued)

Profit commission under Re-insurance treaties, wherever applicable, is recognised in the year of final determination of the profits and as intimated by the Reinsurer.

3.20 Reserve for Unexpired Risk

Reserve for unexpired risk represents that part of the net premium written which is attributable to and allocated to the succeeding accounting period. Reserve for unexpired risk is calculated on the basis of 1/365th method in all segment subject to a minimum of 100% in case of Marine Hull business and based on Net Premium Written during the year, whichever is higher as per Circular No. IRDA/F&A/CIR/CPM/056/03/2016 dated April 4, 2016.

3.21 Premium Deficiency

Premium deficiency is recognised for the Company as a whole on an annual basis. Premium deficiency is recognised if the sum of the expected claim costs, related expenses and maintenance cost (related to claims handling) exceeds related reserve for unexpired risk. The expected claim costs are calculated and duly certified by the Appointed Actuary.

3.22 Salvage Recoveries

Salvaged vehicles are recognised at net realizable value and are deducted from the claim settlement made against the same. Salvaged vehicles on hand are treated as stock-in-trade and are recognised at estimated net realizable value based on independent valuer's report.

3.23 Foreign Currencies

Functional currency of the Corporation and foreign operations has been determined based on the primary economic environment in which the Corporation and its foreign operations operate considering the currency in which funds are generated, spent and retained.

Transactions in currencies other than the Corporation's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the year-end. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise except for the Long Term Monetary Items outstanding as at March 31, 2019, for which differences are recognized in FCMITDA & amortised in Profit & Loss statement.

3.24 Segments

The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes in India, Life Insurance business, General Insurance business and Asset Management business. All other activities of the Corporation revolve around these main businesses.

3.25 Earnings per Share

Basic earnings per share are computed by dividing net income by the weighted average number of shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

3.26 Taxes on Income

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

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

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 realized 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 Corporation intends to settle its current tax assets and liabilities on a net basis.

Significant accounting estimates and judgements are involved in determining Group'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 Group's view on settling with the tax authorities.

The Group 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 Group assumes that the tax authorities will examine all the amounts reported to them and have full knowledge of all the relevant information.

3.27 **Goods and Services Input Tax Credit**

Goods and Services tax input credit is recognised for in the books in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/utilising the credits.

3.28 **Provisions and Contingent Liabilities**

Provisions are recognised only when:

- The Group 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
- 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.

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.

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.

Notes forming part of the Consolidated Financial Statements (Continued)

3.29 **Contingent Assets**

Contingent assets are not recognised in the financial statements. 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.

3.30 **Reinsurance Assets**

Reinsurance Asset, being net contractual rights receivable under re-insurance contract, has been recognized on the basis of Actuarial valuation involving assumption about the future. The assumptions include the determination of the discount rate, mortality rates etc. All assumptions are reviewed at each reporting date. This also includes the balances due from reinsurance companies which are accounted for in the period in which the related claims are intimated.

3.31 **Insurance Contract Liabilities**

The actuarial liabilities, for all inforce policies and policies where premiums are discontinued but a liability exists as at the valuation date, are calculated in accordance with the generally accepted actuarial principles and practices, requirements of Insurance Act, 1938, as amended from time to time including amendment brought by the Insurance Laws (Amendment) Act, 2015, regulations notified by the IRDAI and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDAI.

A brief of the methodology used is as given below:

3.31.1 The policy liabilities are valued on policy by policy basis, i.e. each policy is valued separately.

3.31.2 The reserves for linked business (individual and group) comprises of unit reserves and non-unit reserves. The unit reserves are determined on the basis of NAV of the units outstanding as at the valuation date and non-unit reserves are calculated using gross premium method.

3.31.3 The liabilities for individual non-linked non-participating and participating business are calculated using gross premium method and are subject to the minimum floor of surrender value. Additionally, individual non-linked participating policies also have a reference to the asset share of policies at valuation date.

3.31.4 The liabilities for one year renewable group protection business are calculated on the unexpired risk premium basis. For other than one year renewable group protection business, the liabilities are calculated using gross premium valuation method.

3.31.5 The liabilities for the group non-linked savings products are determined as the higher of policy account balances (including accrued interest/ bonuses) and reserves calculated by gross premium valuation method.

3.31.6 The liabilities in respect of rider benefits are determined as the higher of unexpired premium reserves and reserves calculated by gross premium valuation method.

3.31.7 Additional reserves are determined to:

- allow for the claims that may have occurred already but not yet reported (Incurred But Not Reported).
- allow for the servicing of existing policies if the Company were to close the new business one year from the valuation date (Closure to New Business).
- meet the expected liabilities that would arise on the revival of lapsed policies on the basis of the proportion of the policies expected to be revived based on the revival experience of the Company (Revival Reserve).
- allow for the additional amount required to be paid on account of cancellation of policies due to look in, on the basis of the proportion of the policies expected to exercise the look-in option based on the experience of the Company (Look in Reserve).
- allow for the cost of guarantees, wherever applicable.

Notes forming part of the Consolidated Financial Statements (Continued)

3.32 **Commitments**

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- Estimated amount of contracts remaining to be executed on capital account and not provided for;
- Uncalled liability on shares and other investments partly paid;
- Funding related commitment to associate and joint venture companies; and
- Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

3.33 **Non-Current Assets held for sale**

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

3.34 **Statement of Cash Flows**

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- changes during the period in operating receivables and payables transactions of a non-cash nature;
- non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses; and
- all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

3.35 **COVID-19 Regulatory Package**

4 Consequent to the outbreak of COVID-19 pandemic, the Indian government had announced lockdown in March 2020. Subsequently, the lockdown has been lifted by the government in a phased manner outside specified containment zones.

The extent to which the COVID-19 pandemic, including the current second wave that has significantly increased the number of cases in India, may continue to impact Corporation's performance, will depend on ongoing and future developments, which are uncertain, including among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by us.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020, the Corporation had offered moratorium on the payment of instalments falling due between March 1, 2020 and August 31, 2020 ('moratorium period') to eligible borrowers. In respect of accounts where moratorium benefit was granted, the staging of those accounts as at March 31, 2021 is based on the days past due status considering the benefit of moratorium period in accordance with the COVID-19 Regulatory Package announced by the RBI vide aforesaid notifications.

The IRDAI vide Circular No. IRDAI/NL/CIR/MOT/081/04/2020 dated April 3, 2020 has provided clarifications on its Circular No. IRDAI/NL/CIR/MOT/079/04/2020 dated April 2, 2020 issued in relation to accounting of premium on the Motor third party liability cases falling due for renewal during the lockdown period (25th March, 2020 to 14th April, 2020)(subsequently extended to 3rd May, 2020) as a result of COVID-19 pandemic.

There remains a high level of uncertainty about the duration of the lockdown and the time required for life and business operations to normalise. The extent to which the COVID-19 pandemic will impact the Group's business and financial statement is at this juncture, dependent on future developments, which are highly uncertain.

Notes forming part of the Consolidated Financial Statements (Continued)

4. Cash and Cash Equivalents

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Cash on hand	**0.50**	8.91
(ii) Balances with banks:		
- In Current Accounts	**1,934.30**	4,475.89
- In Deposit accounts with original maturity of 3 months or less	**312.78**	653.79
(iii) Cheques, drafts on hand	**381.10**	59.87
Total	**2,628.68**	5,198.46

5. Bank Balances other than Cash and Cash Equivalents

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
(i) In other Deposit accounts		
- original Maturity more than 3 months	**286.40**	185.92
(ii) Earmarked balances with banks		
- In Current Accounts	**15.31**	-
- Earmarked Balances - Deposit Account	**23.74**	-
- Unclaimed Dividend Account	**24.67**	24.79
- Other - Against Foreign Currency Loans [Refer Note 20.2]	**56.45**	91.40
- Towards Guarantees Issued by Banks	**0.22**	0.96
Total	**406.79**	303.07

6. Derivative Financial Instruments

The Group enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

₹ in Crore

Particulars	As at March 31, 2021			As at March 31, 2020		
	Notional Amounts*	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts*	Fair Value - Assets	Fair Value - Liabilities
Part I						
(i) Currency derivatives:						
- Forwards	1,790.00	16.47	64.33	12,391.25	485.00	-
- Currency swaps - Principal Only Swaps	15,333.00	925.47	135.41	19,026.58	2,119.23	60.10
- Options purchased (net)	-	-	-	11,007.12	856.31	-
Sub-Total (i)	**17,123.00**	**941.94**	**199.74**	42,424.95	3,460.54	60.10

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars	As at March 31, 2021			As at March 31, 2020		
	Notional Amounts*	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts*	Fair Value - Assets	Fair Value - Liabilities
(ii) Interest rate derivatives						
- Interest Rate Swaps	1,08,351.53	1,250.36	1,348.08	70,698.38	2,297.52	34.17
- Options purchased (net)	9,458.00	-	168.97	12,750.40	-	260.57
- Others				-	-	-
- Options purchased (net)						
Sub-Total (ii)	**1,17,809.53**	**1,250.36**	**1,517.05**	**83,448.78**	**2,297.52**	**294.74**
Total Derivative Financial Instruments (i)+(ii)	**1,34,932.53**	**2,192.30**	**1,716.79**	**1,25,873.73**	**5,758.06**	**354.84**
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging:						
- Currency derivatives	-	-	-	-	-	-
- Interest rate derivatives	1,08,351.53	1,250.36	1,348.08	65,300.00	2,297.52	-
Sub-Total (i)	**1,08,351.53**	**1,250.36**	**1,348.08**	**65,300.00**	**2,297.52**	**-**
(ii) Cash flow hedging:						
- Currency derivatives	17,123.00	941.94	199.74	47,066.63	3,460.54	73.52
- Interest rate derivatives	9,458.00	-	168.97	13,507.10	-	281.32
Sub-Total (ii)	**26,581.00**	**941.94**	**368.71**	60,573.73	3,460.54	354.84
Total Derivative Financial Instruments (i)+(ii)	**1,34,932.53**	**2,192.30**	**1,716.79**	1,25,873.73	5,758.06	354.84

* Notional amounts of the respective currencies have been converted at March 31, 2021 and March 31, 2020 exchange rate. The notional on currency swaps includes ₹ 54.97 crore on account of 60 million of ADB loan naturally hedged by placing equivalent deposit with Cayman Island.

6.1 The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under Ind AS for material forseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

6.2 Refer note 49.1.6.a for Foreign currency risk.

7. Trade Receivables and other Receivables

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables considered good - Unsecured	**248.12**	336.48
Less: Provision for Expected Credit Loss	**5.77**	0.17
Net Trade receivables	**242.35**	336.31
Other receivables - considered good - Unsecured	**-**	6.58
Total	**242.35**	342.89

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Notes forming part of the Consolidated Financial Statements (Continued)

8. Loans

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Loans:		
Individual Loans	3,74,458.46	3,31,469.34
Corporate Bodies	1,22,706.60	1,18,165.46
Others	6,787.29	6,815.22
Staff Loans	35.77	33.38
Total – Gross (A)	**5,03,988.12**	4,56,483.40
Less: Impairment Loss allowance (Expected Credit Loss)	13,040.32	10,987.24
Total – Net (A)	**4,90,947.80**	4,45,496.16
(a) Secured by tangible assets	4,70,664.98	4,30,040.58
(b) Secured by intangible assets	11,004.78	9,068.14
(c) Covered by bank and government guarantee	1,953.30	930.75
(d) Unsecured	20,365.06	16,443.93
Total – Gross (B)	**5,03,988.12**	4,56,483.40
Less: Impairment Loss allowance (Expected Credit Loss)	13,040.32	10,987.24
Total – Net (B)	**4,90,947.80**	4,45,496.16
(I) Loans in India		
(i) Public Sector	1,044.63	1,142.63
(ii) Others	5,02,943.49	4,55,340.77
Total (C) - Gross	**5,03,988.12**	4,56,483.40
Less: Impairment Loss allowance (Expected Credit Loss)	13,040.32	10,987.24
Total (C) (I) - Net	**4,90,947.80**	4,45,496.16
(II) Loans outside India		
Less: Impairment Loss allowance (Expected Credit Loss)	-	-
Total (C) (II) - Net	-	-
Total (C) (I) and (II)	**4,90,947.80**	4,45,496.16

8.1 Loans granted by the Group are secured or partly secured by one or a combination of the following securities;

1. Registered / equitable mortgage of property;
2. Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies;
3. Hypothecation of assets;
4. Bank guarantees, company guarantees or personal guarantees;
5. Negative lien;
6. Assignment of receivables;
7. Liquidity Support. Collateral [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit]

There were no loans given against the collateral of gold jewellery

8.2 Loans include ₹ **529.41 Crore** (Previous Year ₹ 467.16 Crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

8.3 **Expected Credit Loss**

Expected Credit loss is a calculation of the present value of the amount expected not to be recovered on a financial asset, for financial reporting purposes. Credit risk is the potential that the obligor and counterparty will fail to meet its financial obligations to the lender. This requires an effective assessment and management of the credit risk at both individual and portfolio level.

The key components of Credit Risk assessment are:

a. Probability of Default (PD): represents the likelihood of default over a defined time horizon.

b. Exposure at Default (EAD): represents the gross exposure at the time of default.

c. Loss Given Default (LGD): represents the proportion of EAD that is likely loss post-default.

The definition of default is taken as more than 90 days past due for all individual loans, corporate loans and others.

Delinquency buckets have been considered as the basis for the staging of all loans with:

a. 0-30 days past due loans classified as stage 1

b. 31-90 days past due loans classified as stage 2 and

c. > 90 days past due loans classified as stage 3

EAD is the total amount outstanding including accrued interest as on the reporting date. The ECL is computed as a product of PD, LGD and EAD.

Macro Economic Variables

The measurement of ECL should be forward looking in nature. In order to incorporate forward looking macroeconomic characteristics into ECL, relationships with macroeconomic variables such as Gross Domestic Product, Inflation, Total investments, National Savings, etc. (relevant variables to the underlying loan portfolio) are analysed and modelled into estimates of Probability of Default (PD). Forecasted 12-months and Lifetime PDs are driven by IMF macroeconomic forecasts for India released as part of World Economic Outlook, October 2020.

One of the subsidiary company operates using internal rating models. The company runs separate models for its portfolio in which the customers are rated from 'Standard' to 'NPA' using internal grades.

COVID-19

Further, the Group has also evaluated its individual and non-individual portfolios to determine any specific category of customers which may reflect higher credit losses (e.g. based on specific sectors) or borrowers who have shown stress due to COVID like salary cut / loss of pay, job loss temporary / permanent, business closed, business related financial difficulty, increase in business expenditure, etc Basis such determination, the Group has recognised provisions as management overlay for specific categories of customers.

Credit Quality of Individual Loan Assets:

The Group has classified all individual loans as amortized cost and has assessed it at the collective pool level.

The individual loan book has been divided into the following segments –

- Housing and Non-Housing
- Salaried and Self Employed
- Geographical location (North, East, West and South)

Notes forming part of the Consolidated Financial Statements (Continued)

The 12 months default rates have been forecasted to create the PD term structure which incorporates both 12 month (Stage 1 Loans) and lifetime PD (Stage 2 Loans). The historical 12 months default rates are modelled against relevant macroeconomic variables to arrive at future 12 months point-in-time default rates. The forecasted default rates are then used to create point-in-time PD term structure.

The vintage analysis methodology has been used to create the LGD vintage. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the interest rate. The housing and non-housing portfolio has been considered together for the LGD computation.

Credit Quality of Corporate Loan Assets:

Measurement of ECL for stage 1 and certain stage 2 non-individual / corporate loans is based on portfolio approach where PD and LGD is calculated based on historic performance of the portfolio further segmented into: i) Corporate Finance ii) Construction Finance iii) Lease Rental Discounting iv) Inter-Corporate Deposits. Certain loans classified as stage 2 and all the loans classified as Stage 3 are assessed for ECL provisioning based on case to case approach by calculating probability weighted average cashflows under different recovery scenarios.

The 12 months PD has been applied on stage 1 loans. The PD term structure i.e. Lifetime PD has been applied on the stage 2 loans according to the repayment schedule for stage 2 loans and PD is considered to be 100% for stage 3 loans. PD has been separately calculated for each segment as described above.

The vintage analysis methodology has been used to create the LGD vintage for measurement of ECL, based on portfolio approach. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the effective interest rate.

The Group has identified certain non-individual accounts as Watch List under Stage 2 based on the following criteria.

- Builders' Cash flows are insufficient to service the loan due to slow sales or the project is stalled.
- Borrowers' operational cashflows are insufficient indicating possibility of further delayed payments.
- Security cover is insufficient for repayment of loans.
- Where the borrowing company has been proceeded upon under Insolvency and Bankruptcy Code (IBC) by creditors and such reference has been admitted by the National Company Law Tribunal (NCLT).

Such accounts identified as watchlist are upgraded by the Corporation, where the management is satisfied that the risks associated with the account has abated.

In addition to the management overlays described above in relation to the impact of COVID 19, during the year, the management has recognised additional provisions towards overlay in relation to specific categories of individual customers e.g. customers associated with incomplete projects, impact of reduction in collateral value associated with specific Stage 3 customers, customers associated with projects covered by subvention schemes etc.

Further, during the year, the Corporation has also applied point in time method for determining probability of default in relation to computation of provision under expected credit loss model for non-individual customers.

Notes forming part of the Consolidated Financial Statements (Continued)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lending is, as follows:

₹ in Crore

Particulars	FY 2020-21				FY 2019-20			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**4,22,009.28**	**24,805.32**	**9,668.80**	**4,56,483.40**	4,04,784.56	18,306.96	5,244.34	4,28,335.86
Adjustment on account of scheme of amalgamation of GRUH Finance Ltd (a subsidiary) with Bandan Bank	-	-	-	-	(16,638.59)	(654.83)	(114.45)	(17,407.87)
Increase in EAD - new assets originated or purchased / further increase in existing assets	**1,42,772.56**	**1,702.75**	**727.66**	**1,45,202.97**	1,40,933.85	1,343.53	564.03	1,42,841.41
Assets repaid in part or full (excluding write offs)	**(72,509.03)**	**(2,922.18)**	**(1,920.14)**	**(77,351.35)**	(67,032.11)	(2,607.86)	(2,523.88)	(72,163.85)
Assets Derecognised (Loans Assigned)	**(18,979.78)**	-	-	**(18,979.78)**	(24,127.25)	-	-	(24,127.25)
Assets written off	-	-	**(1,367.12)**	**(1,367.12)**	-	-	(994.89)	(994.89)
Transfers to Stage 1	**2,816.41**	**(2,450.04)**	**(366.37)**	-	2,037.24	(1,744.93)	(292.31)	-
Transfers to Stage 2	**(13,495.45)**	**14,119.20**	**(623.75)**	-	(16,138.76)	16,317.31	(178.56)	(0.01)
Transfers to Stage 3	**(1,177.47)**	**(3,752.83)**	**4,930.30**	-	(1,809.66)	(6,154.86)	7,964.52	-
Gross carrying amount closing balance	**4,61,436.52**	**31,502.22**	**11,049.38**	**5,03,988.12**	4,22,009.28	24,805.32	9,668.80	4,56,483.40

Note: Gross carrying amount includes undrawn balance on which ECL is computed.

Reconciliation of ECL balance is given below:

₹ in Crore

Particulars	FY 2020-21				FY 2019-20			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**372.55**	**5,750.82**	**4,863.87**	**10,987.24**	263.62	3,152.32	2,556.09	5,972.03
Adjustment on account of scheme of amalgamation of GRUH Finance Ltd (a subsidiary) with Bandan Bank	-	-	-	-	(20.01)	(15.87)	(83.69)	(119.57)
ECL Remeasurements due to changes in EAD / assumptions [Net]	**1,353.43**	**1,742.66**	**323.93**	**3,420.02**	867.45	3,345.10	1,916.86	6,129.41
Assets Derecognised or repaid (excluding write offs)	-	-	**(1,366.94)**	**(1,366.94)**	-	-	-	-
Transfers to Stage 1	**137.52**	**(101.14)**	**(36.38)**	-	132.04	(105.14)	(26.90)	-
Transfers to Stage 2	**(653.35)**	**811.54**	**(158.19)**	-	(821.92)	840.47	(18.55)	0.00
Transfers to Stage 3	**(100.68)**	**(2,320.64)**	**2,421.32**	-	(48.63)	(1,466.06)	1,514.70	0.01
Amounts written off / other adjustments	-	-	-	-	-	-	(994.64)	(994.64)
ECL allowance - closing balance	**1,109.47**	**5,883.24**	**6,047.61**	**13,040.32**	372.55	5,750.82	4,863.87	10,987.24

Notes forming part of the Consolidated Financial Statements (Continued)

The Expected Credit Loss (ECL) shown above is computed on the Exposure At Default (EAD) which comprises of the Gross Carrying Amount adjusted for the following amounts:

₹ in Crore

Particulars	As on March 31, 2021	As on March 31, 2020
EMI / Interest Amounts Received in Advance	**(317.75)**	(195.51)
Undisbursed Loan Component (after applying Credit Conversion Factor)	**47,620.30**	20,211.37
Financial Guarantees	**299.50**	384.86

Summary of Impairment Loss Allowance (Expected Credit Loss)

₹ in Crore

Particulars	Stage 1	Stage 2	Stage 3	Total
March 31, 2021	**1,109.47**	**5,883.24**	**6,047.61**	**13,040.32**
March 31, 2020	372.55	5,750.82	4,863.87	10,987.24

Stage 1 - Loss allowance measured at 12 months expected credit losses.

Stage 2 and 3 - Loss allowance measured at life-time expected credit losses.

8.4 Concentration of Exposure

₹ in Crore

Particulars	As on March 31, 2021	As on March 31, 2020
Total Loans and Advances to twenty largest borrowers *	**58,927.60**	52,119.15
Percentage of Loans & Advances to twenty largest borrowers to Total advances of the Corporation	**10.69%**	11.70%

* Loans (principal outstanding, undrawn loan commitment, financial guarantees and inter corporate deposits) outstanding as on date has been considered for the computation of concentration of exposure.

9. Investment in Associates

The Group's interest in material associates are:

Name of the Associate	Principal place of business	Nature of Business	Method of accounting	Proportion of stake	
				As at March 31, 2021	As at March 31, 2020
HDFC Bank Limited	India	Banking	Equity Method	21.13%	21.24%
Truenorth Ventures Private Limited	India	Venture Capital	Equity Method	21.51%	21.51%
Good Host Spaces Private Limited	India	Hospitality	Equity Method	25.01%	25.01%
Magnum Foundations Private Limited (Upto 23 February 2021)	India	Real estate	Equity Method	50.00%	50.00%
Renaissance Investment Solutions ARC Pvt. Ltd (w.e.f. 24 November 2020)	India	Securitisation and Assets Reconstruction	Equity Method	19.95%	-

Notes forming part of the Consolidated Financial Statements (Continued)

Summarised financial information in respect of Group's material associates along with reconciliation of the same to the carrying amount of the interest in associates is set out below:

₹ in Crore

Particulars (as at March 31, 2021)	Good Host Spaces Private Limited	HDFC Bank Limited	Truenorth Ventures Private Limited	Renaissance Investment Solutions ARC Pvt. Ltd	Total
Summarised statement of Net Assets					
Cash and cash equivalents		1,21,258.90	-	2.24	1,21,261.14
Other Financial Assets		16,68,665.70	5.83	-	16,68,671.53
Non-Financial Assets		21,083.60	2.11	-	21,085.71
Total Assets (A)		**18,11,008.20**	**7.94**	**2.24**	**18,11,018.38**
Financial Liabilities		15,82,461.80	-	0.54	15,82,462.34
Non-Financial Liabilities		9,185.80	0.28	0.04	9,186.12
Total Liabilities (B)		**15,91,647.60**	**0.28**	**0.58**	**15,91,648.46**
Net Assets (A-B)		**2,19,360.60**	**7.66**	**1.66**	**2,19,369.92**
Group share in %		21.13%	21.51%	19.95%	-
Group share in Amount		46,341.99	1.65	0.33	**46,343.97**
Goodwill and other adjustments		9,051.10	0.05	-	**9,051.15**
Add: Value of an Associate carried as FVTPL		-	-	-	-
Carrying amount		**55,393.09**	**1.70**	**0.33**	**55,395.12**
Summarised statement of Profit and Loss					
Interest Income		1,28,594.40	0.57	-	**1,28,594.97**
Other Income		23,240.60	-	-	**23,240.60**
Interest Expenses		59,209.30	0.01	-	**59,209.31**
Depreciation and Amortisation		2,427.60	-	-	**2,427.60**
Other Expenses		36,340.40	0.12	0.84	**36,341.36**
Income Tax		11,186.50	0.08	-	**11,186.58**
Profit before Tax from continuing operations		42,671.20	0.36	(0.84)	**42,670.72**
Profit after Tax from continuing operations		31,484.70	0.28	(0.84)	**31,484.14**
Other Comprehensive Income		(1,214.80)	-	-	**(1,214.80)**
Total Comprehensive Income		30,269.90	0.28	(0.84)	**30,269.34**
Group share in %		21.13%	21.51%	19.95%	
Group share in Amount in Profit and Loss (A) (including dilution gains and other adjustments)	(13.17)	6,934.72	0.09	(0.17)	**6,921.47**
Group share in Amount in Other Comprehensive Income (B)	-	(256.64)	-	-	**(256.64)**
Total Group share in Amount (A+B)	(13.17)	6,678.08	0.09	(0.17)	**6,664.83**
Share in commitments and contingent liabilities	-	21,416.67	-	-	**21,416.67**

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars (as at March 31, 2020)	GRUH Finance Ltd	HDFC Bank Limited	Truenorth Ventures Private Limited	Good Host Spaces Private Limited	Total
Summarised statement of Net Assets	Refer Note 10.1				
Cash and cash equivalents		87,919.80	0.01	20.67	87,940.48
Other Financial Assets		14,99,612.20	5.88	58.25	14,99,676.33
Non-Financial Assets		17,711.30	1.58	1,686.21	19,399.09
Total Assets (A)		**16,05,243.30**	**7.47**	**1,765.13**	**16,07,015.90**
Financial Liabilities		14,09,584.70	0.05	27.54	14,09,612.29
Non-Financial Liabilities		8,913.20	0.14	1,172.41	10,085.75
Total Liabilities (B)		**14,18,497.90**	**0.19**	**1,199.95**	**14,19,698.04**
Net Assets (A-B)		**1,86,745.40**	**7.28**	**565.18**	**1,87,317.86**
Group share in %		21.24%	21.51%	25.01%	-
Group share in Amount		39,663.90	1.57	141.35	39,806.82
Goodwill and other adjustments		9,048.84	0.05	12.82	9,061.71
Add: Value of an Associate carried as FVTPL		-	-	-	15.21
Carrying amount		48,712.74	1.62	154.17	48,883.74
Summarised statement of Profit and Loss					
Interest Income		1,22,671.60	-	-	1,22,671.60
Other Income		21,575.40	1.06	112.60	21,689.06
Interest Expenses		62,021.60	-	50.64	62,072.24
Depreciation and Amortisation		2,301.00	-	11.81	2,312.81
Other Expenses		42,333.90	0.13	53.68	42,387.71
Income Tax		10,910.00	0.17	(1.77)	10,908.40
Profit before Tax from continuing operations		37,590.50	0.93	(3.53)	37,587.90
Profit after Tax from continuing operations		26,680.50	0.76	(1.76)	26,679.50
Other Comprehensive Income		680.50	-	-	680.50
Total Comprehensive Income		27,361.00	0.76	(1.76)	27,360.00
Group share in %		21.24%	21.51%	25.01%	-
Group share in Amount in Profit and Loss (A) (including dilution gains and other adjustments)	11.09	5,735.29	0.16	(0.44)	5,746.10
Group share in Amount in Other Comprehensive Income (B)	-	144.54	-	-	144.54
Total Group share in Amount (A+B)	11.09	5,879.83	0.16	(0.44)	5,890.64
Share in commitments and contingent liabilities	-	18,584.74	0.24	-	18,584.98

HDFC Bank Ltd. for the purposes of its statutory compliance prepares and presents its financial statements/ results under the historical cost convention and accrual basis of accounting in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013, read together with relevant rules, in so far as they apply to banks. These financial statements/ results are largely referred to as the Indian GAAP ('IGAAP') financial statements/ results of the Bank. The Ministry of Corporate Affairs, India, in its press release dated January 18, 2016, had issued a roadmap for implementation of IFRS converged Indian Accounting Standards ('IND-AS'). The timelines for the said implementation have since been deferred.

HDFC Bank Ltd, being an associate of Housing Development Finance Corporation Limited (the 'Corporation'), has prepared this consolidated financial information ('fit- for consolidation information'), in accordance with the recognition and measurement principles of IND-AS as specified under Section 133 of the Companies Act, 2013, for the purposes of preparing the consolidated financial statements/ results of the Corporation.

Subsequent to the year ended March 31, 2021, the Group has sold its entire holding i.e. 47,75,241 equity shares representing 24.48% of the equity capital of Good Host Spaces Private Limited (Good Host). Accordingly, Good Host has ceased to be an associate of the Group and no longer accounted under the equity method. Profit on sale of investment in Good Host will be recognised in Financial year 2021-2022. As on March 31, 2021, investment in Good Host is classified as assets held for sale.

10. Investments - Other than Insurance Companies

₹ in Crore

Investments	As at March 31, 2021				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive Income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual Funds	-	-	21,048.82	21,048.82	21,048.82
Government Securities$	22,552.38	29.94	-	29.94	22,582.32
Equity Shares	-	7,242.78	1,115.72	8,358.50	8,358.50
Preference Shares	3.50	-	7.85	7.85	11.35
Debentures	1,537.41	32.85	460.78	493.63	2,031.04
Pass-through Certificates	18.33	-	-	-	18.33
Security Receipts	-	-	175.00	175.00	175.00
Investment in Units of Venture Funds / Alternate Investment Funds / REITS	-	-	1,174.63	1,174.63	1,174.63
Total – Gross (A)	**24,111.62**	**7,305.57**	**23,982.81**	**31,288.37**	**55,399.99**
(i) Investments outside India		78.36		78.36	78.36
(ii) Investments in India	24,111.62	7,227.21	23,982.81	31,210.01	55,321.63
Total (B)	**24,111.62**	**7,305.57**	**23,982.81**	**31,288.37**	**55,399.99**
Less: Allowance for Impairment loss (C)	0.69	-	-	-	0.69
Total – Net (D) = (A)-(C)	**24,110.93**	**7,305.57**	**23,982.81**	**31,288.37**	**55,399.30**

$ The Group has not recognised any provision under Expected Credit Loss on Investments made in Government Securities.

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Investments	As at March 31, 2020				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive Income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual Funds	-	-	28,162.25	28,162.25	28,162.25
Government Securities$	14,283.47	-	-	-	14,283.47
Equity Shares	-	5,110.90	621.54	5,732.44	5,732.44
Preference Shares	70.00	-	16.68	16.68	86.68
Debentures	1,201.39	101.30	460.35	561.65	1,763.04
Pass-through Certificates	22.57	-	-	-	22.57
Security Receipts	-	-	176.13	176.13	176.13
Investment in Units of Venture Funds and Alternate Investment Funds	-	-	841.33	841.33	841.33
Total – Gross (A)	15,577.43	5,212.20	30,278.28	35,490.48	51,067.91
(i) Investments outside India	-	58.38	-	58.38	58.38
(ii) Investments in India	15,577.43	5,153.82	30,278.28	35,432.10	51,009.53
Total (B)	15,577.43	5,212.20	30,278.28	35,490.48	51,067.91
Less: Allowance for Impairment loss (C)	40.62	-	-	-	40.62
Total – Net (D) = (A)-(C)	15,536.81	5,212.20	30,278.28	35,490.48	51,027.29

$ The Group has not recognised any provision under Expected Credit Loss on Investments made in Government Securities.

10.1 GRUH Finance Limited

During the previous year, in view of the scheme of amalgamation filed by GRUH Finance Limited ("GRUH"), a Subsidiary of the Corporation, and Bandhan Bank Limited ("Bandhan") and the subsequent directive by the Reserve Bank of India to the Corporation to hold not more than 9.9% of the share capital of Bandhan post merger, the Corporarion sold the shares of the GRUH during the period, and the Corporation's shareholding in GRUH was reduced to 38% on 30 August 2019, accordingly the same was classified as an associate company. The effective date of the merger of GRUH into and with Bandhan Bank Limited (Bandhan Bank) was October 17, 2019. The Corporation was allotted 15,93,63,149 shares aggregating 9.90% of the total issued share capital of Bandhan. On derecognition of investment in GRUH, the Corporation has recorded a fair value gain of ₹ 9,016.41 Crore through the Statement of Profit and Loss for the year ended 31 March 2020.

10.2 HDFC ERGO Health Insurance Limited

During the year, the National Company Law Tribunal has sanctioned the Scheme of Amalgamation for merger of HDFC ERGO Health Insurance Limited (formerly Apollo Munich Health Insurance Company Limited) (HDFC ERGO Health) with and into HDFC ERGO General Insurance Company Limited (HDFC ERGO), subsidiaries of the Corporation and Insurance Regulatory and Development Authority of India (IRDAI) has issued final approval for the merger. Consequently, HDFC ERGO Health has been merged with HDFC ERGO from appointed date i.e. March 1, 2020. As at the end of this quarter the Corporation's holding in HDFC ERGO, the merged entity is 50.56 per cent. As per the directions of RBI, the Corporation is required to reduce its shareholding in the merged entity to 50 per cent or below on within 6 months post amalgamation.

Notes forming part of the Consolidated Financial Statements (Continued)

10.3 **Debt Asset Swap**

The Corporation has entered into debt assets swap, wherein the gross carrying amount of the Investments taken over as at March 31, 2021 stood at ₹ **347.30 Crore** (Previous Year ₹ 62.47 Crore).

11. Assets of Insurance Business

11.1 **Investment of Life Insurance Business**

₹ in Crore

Investments	As at March 31, 2021				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive Income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Government Securities and Other Approved Securities	-	56,278.87	11,539.62	67,818.49	**67,818.49**
Equity Shares	-	-	61,923.34	61,923.34	**61,923.34**
Preference Shares	-	-	3.15	3.15	**3.15**
Debentures	-	28,820.79	8,407.10	37,227.89	**37,227.89**
Fixed Deposits	-	135.00	-	135.00	**135.00**
Certificate of Deposits	-	-	387.52	387.52	**387.52**
Commercial Papers	-	-	758.19	758.19	**758.19**
Reverse Repo Instruments	-	4,672.00	1,233.23	5,905.23	**5,905.23**
Investment in Units of Venture Capital Fund / Reits	-	-	597.61	597.61	**597.61**
Total – Gross (A)	-	**89,906.66**	**84,849.76**	**1,74,756.42**	**1,74,756.42**
(i) Investments outside India	-	-	-	-	-
(ii) Investments in India	-	89,906.66	84,849.76	1,74,756.42	**1,74,756.42**
Total (B)	-	**89,906.66**	**84,849.76**	**1,74,756.42**	**1,74,756.42**
Less: Allowance for Impairment loss (C)	-	41.58	-	41.58	**41.58**
Total – Net (D) = (A)-(C)	-	**89,865.08**	**84,849.76**	**1,74,714.84**	**1,74,714.84**
Investments of Policyholders		83,341.84	83,476.12	1,66,817.97	**1,66,817.97**
Investments of Shareholders		6,523.24	1,373.64	7,896.87	**7,896.87**
Total	-	**89,865.08**	**84,849.76**	**1,74,714.84**	**1,74,714.84**

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Investments	As at March 31, 2020				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive Income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Government Securities and Other Approved Securities	-	42,502.41	10,507.08	53,009.49	53,009.49
Equity Shares	-	-	36,448.55	36,448.55	36,448.55
Preference Shares	-	-	1.36	1.36	1.36
Debentures	-	23,711.50	10,920.38	34,631.88	34,631.88
Fixed Deposits	-	549.72	-	549.72	549.72
Certificate of Deposits	-	34.27	24.56	58.83	58.83
Commercial Papers	-	-	97.76	97.76	97.76
Reverse Repo Instruments	-	3,101.75	1,481.85	4,583.60	4,583.60
Security Receipts	-	-	0.03	0.03	0.03
Investment in Units of Venture Capital Fund / Reits	-	-	265.63	265.63	265.63
Total – Gross (A)	-	69,899.65	59,747.20	1,29,646.85	1,29,646.85
(i) Investments outside India	-	-	-	-	-
(ii) Investments in India	-	69,899.65	59,747.20	1,29,646.85	1,29,646.85
Total (B)	-	69,899.65	59,747.20	1,29,646.85	1,29,646.85
Less: Allowance for Impairment loss (C)	-	41.62	-	41.62	41.62
Total – Net (D) = (A)-(C)	-	69,858.03	59,747.20	1,29,605.23	1,29,605.23
Investments of Policyholders		65,540.42	58,338.57	1,23,878.99	1,23,878.99
Investments of Shareholders		4,317.61	1,408.63	5,726.24	5,726.24
Total	-	69,858.03	59,747.20	1,29,605.23	1,29,605.23

Notes forming part of the Consolidated Financial Statements (Continued)

11.2 Investments - Non Life Insurance Business

₹ in Crore

Investments	As at March 31, 2021				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive Income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual Funds	-	-	1,318.09	1,318.09	1,318.09
Government Securities and Other Approved Securities	-	6,954.98	-	6,954.98	6,954.98
Equity Shares	-	-	336.32	336.32	336.32
Preference Shares	-	-	1.70	1.70	1.70
Debentures	-	7,970.86	-	7,970.86	7,970.86
Fixed Deposits	389.53	-	-	-	389.53
Total – Gross (A)	**389.53**	**14,925.84**	**1,656.11**	**16,581.95**	**16,971.48**
(i) Investments outside India	-	-	-	-	-
(ii) Investments in India	389.53	14,925.84	1,656.11	16,581.95	16,971.48
Total (B)	**389.53**	**14,925.84**	**1,656.11**	**16,581.95**	**16,971.48**
Less: Allowance for Impairment loss (C)	-	-	-	-	-
Total – Net (D) = (A)-(C)	**389.53**	**14,925.84**	**1,656.11**	**16,581.95**	**16,971.48**
Investments of Policyholders	311.78	12,052.72	1,325.56	13,378.29	13,690.07
Investments of Shareholders	77.75	2,873.12	330.55	3,203.66	3,281.41
Total	**389.53**	**14,925.84**	**1,656.11**	**16,581.95**	**16,971.48**

₹ in Crore

Investments	As at March 31, 2020				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive Income	Through profit or loss	Sub-Total	
	(1)	(2)	(3)	(4)=(2)+(3)	(5)=(1)+(4)
Mutual Funds	-	-	732.71	732.71	732.71
Government Securities and Other Approved Securities	-	5,759.48	-	5,759.48	5,759.48
Equity Shares	-	-	170.79	170.79	170.79
Preference Shares	-	-	2.65	2.65	2.65
Debentures	-	7,089.36	-	7,089.36	7,089.36
Fixed Deposits	50.41	-	-	-	50.41
Total – Gross (A)	50.41	12,848.84	906.15	13,754.99	13,805.40
(i) Investments outside India	-	-	-	-	-
(ii) Investments in India	50.41	12,848.84	906.15	13,754.99	13,805.40
Total (B)	50.41	12,848.84	906.15	13,754.99	13,805.40
Less: Allowance for Impairment loss (C)	-	73.57	-	73.57	73.57
Total – Net (D) = (A)-(C)	50.41	12,775.27	906.15	13,681.42	13,731.83
Investments of Policyholders	44.03	9,843.62	640.66	10,528.31	10,572.34
Investments of Shareholders	6.38	2,931.65	265.49	3,197.14	3,203.52
Total	50.41	12,775.27	906.15	13,725.45	13,775.86

Notes forming part of the Consolidated Financial Statements (Continued)

11.3 Assets of Insurance Business

₹ in Crore

Paticulars	Life Insurance		Non Life Insurance	
	As at March 31, 2021	As at March 31, 2020	**As at March 31, 2021**	As at March 31, 2020
Investments	**1,74,714.84**	1,29,605.23	**16,971.48**	13,731.83
Other Assets				
Reinsurance assets	**5,327.65**	3,970.17	**3,186.73**	2,685.68
Outstanding premium	**374.17**	208.33	**1,094.94**	1,449.71
Due from other insurance companies	**-**	-	**108.96**	141.52
RI Recovery on Claims Outstanding	**-**	-	**1,772.96**	1,554.86
Assets held for unclaimed amount of policyholders	**697.76**	714.04	**19.26**	-
Receivable for fund management charges from UL schemes	**10.64**	471.91	**-**	-
Income accrued on investments	**2,321.59**	2,362.21	**368.11**	304.64
Others	**169.89**	-	**-**	-
Total Other Assets	**8,901.70**	7,726.66	**6,550.96**	6,136.41

12. Other Financial Assets

₹ in Crore

Particulars	**As at March 31, 2021**	As at March 31, 2020
Security Deposits	**117.70**	120.41
Receivables on Securitised Loans *	**1,383.65**	1,332.09
Amounts Receivable on swaps and other derivatives	**1,459.77**	1,380.66
Inter Corporate Deposits	**64.97**	75.27
Receivables on sale of investments	**736.21**	963.50
Receivable for Ex-Gratia Interest - Government scheme (Refer Note 12.1)	**65.14**	-
Others	**100.03**	164.35
Total Gross	**3,927.47**	4,036.28
Less: Impairment loss allowance (Expected Credit Loss)	**75.77**	52.56
Total Net of ECL	**3,851.70**	3,983.72

* Retained interest and servicing assets

12.1 The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announced COVID-19 Relief Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (Scheme), as per the eligibility criteria and other aspects specified therein and irrespective of whether the moratorium was availed or not. The Corporation has implemented the Scheme and credited an amount to the eligible borrowers loan account as per the Scheme.

13. Current and Deferred Tax Assets (Net)

13 (a) Current Tax Assets (Net)

₹ in Crore

Particulars	**As at March 31, 2021**	As at March 31, 2020
Advance Tax (Net of Provision)	**2,920.28**	3,696.51
Total	**2,920.28**	3,696.51

13 (b) **Deferred Tax Assets / (Liabilities)**

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax assets	**1,837.67**	1,654.91
MAT credit entitlement	**16.09**	44.77
Deferred tax liabilities	**(124.80)**	(32.46)
Total	**1,728.96**	1,667.22

Movements in deferred tax assets / (liabilities) (current year)

₹ in Crore

Particulars	As at March 31, 2020	Charge for the Current Year			Utilisations / adjustments	As at March 31, 2021
		Profit or loss (a)	Other Comprehensive Income (b)	Total (a+b)		
Property, plant and equipment	(22.60)	26.74	-	26.74	-	**4.14**
Right Of Use Asset and lease liabilities	1.82	(0.96)	-	(0.96)	-	**0.86**
Expected credit losses	2,319.13	459.34	-	459.34	-	**2,778.47**
Provisions other than those pertaining to Expected credit loss	102.93	(7.06)	-	(7.06)	-	**95.87**
Financial assets at fair value through profit or loss	(910.20)	(169.26)	-	(169.26)	-	**(1,079.46)**
Financial assets at FVOCI	605.67	(1.49)	(114.67)	(116.16)	-	**489.51**
Remeasurements of employee benefits	4.57	1.90	1.51	3.41	-	**7.98**
Adjustments pertaining to Income and expense recognition based on Expected Interest rate	(617.31)	(131.10)	-	(131.10)	-	**(748.41)**
Effect of foreign exchange transactions and translations	110.32	5.25	(1.93)	3.32	-	**113.64**
MAT Credit entitlement	44.77	(0.71)	-	(0.71)	(27.97)	**16.09**
Others	28.12	5.58	-	5.58	16.57	**50.27**
Total	**1,667.22**	**188.23**	**(115.09)**	**73.14**	**(11.40)**	**1,728.96**

Movements in deferred tax assets / (liabilities) (previous year)

₹ in Crore

Particulars	As at March 31, 2019	Charge for the Previous Year			Utilisations / adjustments	As at March 31, 2020
		Profit or loss (a)	Other Comprehensive Income (b)	Total (a+b)		
Property, plant and equipment	(52.22)	29.62	-	29.62	-	**(22.60)**
Right Of Use Asset and lease liabilities	-	(0.75)	-	(0.75)	2.57	**1.82**
Expected credit losses	1,830.26	488.89	(0.02)	488.87	-	**2,319.13**
Provisions other than those pertaining to Expected credit loss	134.89	(32.56)	0.60	(31.96)	-	**102.93**
Financial assets at fair value through profit or loss	(106.73)	(803.47)	-	(803.47)	-	**(910.20)**
Financial assets at FVOCI	14.41	0.08	591.18	591.26	-	**605.67**
Remeasurements of employee benefits	1.05	1.56	1.96	3.52	-	**4.57**
Adjustments pertaining to Income and expense recognition based on Expected Interest rate	(560.23)	(57.08)	-	(57.08)	-	**(617.31)**
Effect of foreign exchange transactions and translations	(115.22)	147.96	77.58	225.54	-	**110.32**
Income recognition on NPA cases	(265.44)	265.44	-	265.44	-	**-**
Others	(27.13)	9.28	0.72	10.00	45.25	**28.12**
Total	853.64	48.97	672.02	720.99	92.59	**1,667.22**

Notes forming part of the Consolidated Financial Statements (Continued)

14. Investment Property

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Gross carrying amount		
Opening gross carrying amount / Deemed cost	754.81	424.23
Additions	79.30	362.35
Deduction / Disposal	(13.27)	(22.26)
Transfer to Fixed Assets	(83.05)	(9.51)
Closing gross carrying amount	**737.79**	754.81
Accumulated depreciation		
Opening accumulated depreciation	23.61	15.59
Depreciation charge	12.56	9.48
Depreciation on Sale	(0.90)	(1.03)
Transfer to Fixed Assets	(4.15)	(0.43)
Closing accumulated depreciation	**31.12**	23.61
Accumulated Impairment		
Opening accumulated Impairment	21.65	13.00
Impairment charge	-	8.65
Closing accumulated Impairment	**21.65**	21.65
Investment Property - Under construction	**251.75**	271.97
Investment Property - including under construction	**936.77**	981.52

The Corporation has entered into debt assets swap, wherein the gross carrying amount of the Investment properties including properties held for sale taken over stood at March 31, 2021 stood at ₹ **910.50 Crore** (Previous Year ₹ 497.42 Crore), the properties taken over by the corporation are mix of residential and commercial properties located in key metro cities. The properties being held for capital appreciation, which the Corporation will dispose of at an appropriate time and in accordance with the applicable regulations.

14.1 Fair Value (Level 3)

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Investment properties	**1,211.83**	1,065.60

The fair value of the Group's investment properties as at March 31, 2021 and March 31, 2020 has been arrived at on the basis of a External / Internal Valuation respectively (Level 3).

The Group leases out its investments properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risk and rewards incidental to the ownership of the assets.

Rental Income recognised by the Group during the year ended 31 March 2021 in respect of Investment Properties amount to ₹ **54.11 Crore** (Previous year ₹ 46.74 Crore).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting period.

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	**49.55**	48.59
Between one and two years	**38.16**	44.21
Between two and three years	**32.68**	34.46
Between three and four years	**16.12**	25.16
Between four and five years	**7.54**	14.94
More than five years	**3.54**	10.68
Total	**147.60**	178.04

15. Property, Plant and Equipments

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2020	Additions	Adjustments	Deductions	As at March 31, 2021	As at March 31, 2020	For the Year	Adjustments	Deductions	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Land :												
Freehold	100.63		-		**100.63**	-		-	-	**-**	**100.63**	100.63
Right to use	355.25	1.31	0.00	(2.16)	**354.40**	28.13	10.64	-	(0.02)	**38.75**	**315.65**	327.12
Buildings :												
Own use	643.74	25.28	43.50	(0.02)	**712.50**	37.88	18.48	3.08	(0.01)	**59.43**	**653.07**	605.86
Right to use	584.25	120.00	(31.26)	(51.53)	**621.46**	202.00	134.70	(38.55)	(35.14)	**263.01**	**358.45**	382.25
Leasehold Improvements	87.26	8.87	-	(3.66)	**92.47**	31.95	16.25	-	(3.17)	**45.03**	**47.44**	55.31
Computer Hardware	207.76	60.97	16.96	(28.44)	**257.25**	88.89	58.20	24.47	(34.25)	**137.31**	**119.94**	118.87
Furniture & Fittings	80.31	12.84	6.45	(12.14)	**87.46**	23.14	12.09	8.44	(13.14)	**30.53**	**56.93**	57.17
Office Equipment etc.	96.79	14.49	4.89	(7.09)	**109.08**	31.14	18.56	5.84	(7.76)	**47.78**	**61.30**	65.65
Vehicles	45.81	7.18	3.86	(5.68)	**51.17**	14.40	11.98	4.16	(4.65)	**25.89**	**25.28**	31.41
Total	2,201.80	250.94	44.40	(110.72)	**2,386.42**	457.53	280.90	7.44	(98.14)	**647.73**	**1,738.69**	1,744.27

Notes

(1) Net of depreciation for the year amounting to ₹ **70.68 Crore** (Previous Year ₹ 63.36 Crore) included in other expenses pertaining to Insurance Business.

(2) Depreciation for the financial year excludes ₹ **12.56 Crore** (Previous Year ₹ 9.48 Crore) being depreciation charge and ₹ **Nil** (Previous Year ₹ 8.65) being impairment charge on Investment in Properties.

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2019	Additions	Adjustments	Deductions	As at March 31, 2020	As at March 31, 2019	For the Year	Adjustments	Deductions	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Land :												
Freehold	16.64	84.96	(0.97)	-	100.63	-	-	-	-	-	100.63	16.64
Right to use	350.78	4.47	-	-	355.25	17.76	8.88	-	(1.49)	28.13	327.12	333.02
Buildings :												
Own use	581.89	53.78	8.11	(0.04)	643.74	22.83	6.17	2.18	(6.70)	37.88	605.86	559.06
Right to use		601.21	5.99	(22.95)	584.25	-	215.33	2.43	15.76	202.00	382.25	-
Leasehold Improvements	69.90	20.92	0.03	(3.59)	87.26	18.69	16.28	0.03	3.05	31.95	55.31	51.21
Computer Hardware	124.59	83.83	12.48	(13.14)	207.76	53.76	21.92	5.15	(8.06)	88.89	118.87	70.83
Furniture & Fittings	76.50	12.37	(3.17)	(5.39)	80.31	15.55	6.54	0.09	(0.96)	23.14	57.17	60.95
Office Equipment etc.	84.48	20.56	(1.85)	(6.40)	96.79	20.36	11.42	(0.84)	(0.20)	31.14	65.65	64.12
Vehicles	40.94	12.69	1.03	(8.85)	45.81	8.75	4.22	0.38	(1.05)	14.40	31.41	32.19
Total	1,345.72	894.79	21.65	(60.36)	2,201.80	157.70	290.76	9.42	0.35	457.53	1,744.27	1,188.02

Notes forming part of the Consolidated Financial Statements (Continued)

16. Intangible Assets

A) Intangible Assets other than Goodwill on Consolidation

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2020	Additions	Adjustments	Deductions	As at March 31, 2021	As at March 31, 2020	For the Year	Adjustments	Deductions	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Computer Software	248.05	76.56	38.17	(28.21)	**334.57**	135.06	62.12	16.56	3.34	**217.08**	**117.49**	112.99
Goodwill	6.04	-	-		**6.04**	0.00	-	-	-	**-**	**6.04**	6.04
Non Compete Fees	10.92	-	-	-	**10.92**	10.92	0.00	-	-	**10.92**	**0.00**	0.00
Development Rights	350.00	0.15		-	**350.15**	0.00	0.00	-	-	**-**	**350.15**	350.00
Customer relationships	334.49	-	-	-	**334.49**	7.62	33.45	-	-	**41.07**	**293.42**	326.87
Distribution Network - Bancassurance	40.59	-	-	-	**40.59**	3.08	13.53	-	-	**16.61**	**23.98**	37.51
Distribution Network - Agency	295.99	-	-	-	**295.99**	13.48	59.20	-	-	**72.68**	**223.31**	282.51
Non-Compete Agreement	36.29	-	-	-	**36.29**	2.76	12.10	-	-	**14.86**	**21.43**	33.53
	1,322.37	76.71	38.17	(28.21)	**1,409.04**	172.92	[(1)] 180.40	16.56	3.34	**373.22**	**1,035.82**	1,149.45

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2019	Additions	Adjustments	Deductions	As at March 31, 2020	As at March 31, 2019	For the Year	Adjustments	Deductions	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Computer Software	174.60	46.16	27.29	0.00	248.05	79.44	33.31	7.81	(14.50)	135.06	112.99	95.16
Goodwill	6.04				6.04	-	-	-	-	-	6.04	6.04
Non Compete Fees	-	10.92	-	-	10.92	-	10.92	-	0.00	10.92	0.00	0.00
Development Rights	-	350.00	-	-	350.00	-	0.00	-	0.00	-	350.00	0.00
Customer relationships	-	334.49	-	-	334.49	-	7.62	-	0.00	7.62	326.87	0.00
Distribution Network - Bancassurance	-	40.59	-	-	40.59	-	3.08	-	0.00	3.08	37.51	0.00
Distribution Network - Agency	-	295.99	-	-	295.99	-	13.48	-	0.00	13.48	282.51	0.00
Non-Compete Agreement	-	36.29	-	-	36.29	-	2.76	-	0.00	2.76	33.53	0.00
	180.64	1,114.44	27.29	0.00	1,322.37	79.44	[(1)] 71.17	7.81	(14.50)	172.92	1,149.45	101.20

Notes

[(1)] Net of depreciation for the year amounting ₹ **47.82 Crore** (Previous Year ₹ 37.49 Crore) included in other expenses pertaining to Insurance Business.

B) Goodwill on Consolidation

₹ in Crore

Particulars	**As at March 31, 2021**	As at March 31, 2020
Balance at the beginning of the year	**1,600.73**	625.46
Goodwill arising on acquisition of subsidiary (Refer Note 50.1)	**-**	975.27
Goodwill derecognised on loss of control in subsidiary	**-**	-
Balance at the year end	**1,600.73**	1,600.73

The recoverable amount of subsidiaries is based on its value in use. The value in use is estimated using discounted cash flows over a period of 5 years. Cash flows beyond 5 years is estimated by capitalising the future maintainable cash flows by an appropriate capitalisation rate and then discounted using pre-tax discount rate.

“Operating margins and growth rates for the five year cash flow projections have been estimated based on past experience and after considering the financial budgets/forecasts provided by the management. The values assigned to the key assumptions represent management’s assessment of future trends in the relevant industry and have been based on historical data from both external and internal sources.

The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount.

Notes forming part of the Consolidated Financial Statements (Continued)

17. Other Non-Financial Assets

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Advances - Unsecured; considered good	**142.50**	68.60
Other Advances - Unsecured; considered good	**460.41**	453.85
Prepaid Expenses - Unsecured; considered good	**139.88**	167.92
Total Gross	**742.79**	690.37
Less: Provision for Expected Credit Loss (ECL)	**0.07**	0.02
Total	**742.72**	690.35

18. Payables

18 (a) Trade Payables

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	**8.63**	4.00
Total outstanding dues of creditors other than micro enterprises and small enterprises	**3,071.55**	2,161.19

The information as 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 Group. The amount of principal and interest outstanding during the year is given below.

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
a) Amount outstanding but not due as at year end	**8.63**	4.00
b) Amount due but unpaid as at the year end		-
c) Amounts paid after appointed date during the year	**-**	0.01
d) Amount of interest accrued and unpaid as at year end	**-**	-
e) The amount of further interest due and payable even in the succeeding year	**-**	-
Total	**8.63**	**4.01**

18 (b) Other Payables

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	**-**	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**295.97**	238.95

Notes forming part of the Consolidated Financial Statements (Continued)

19. Debt Securities

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Bonds	**12.40**	20.10
Non-Convertible Debentures	**1,50,058.41**	1,44,466.85
Synthetic Rupee Denominated Bonds	**2,800.00**	6,100.00
Commercial Papers	**30,850.37**	28,938.40
Less: Unamortised borrowing cost	**(10.70)**	(0.55)
Total (A)	**1,83,710.48**	1,79,524.80
Debt securities in India	**1,80,921.18**	1,73,425.35
Debt securities outside India	**2,800.00**	6,100.00
Less: Unamortised borrowing cost	**(10.70)**	(0.55)
Total (B) to tally with (A)	**1,83,710.48**	1,79,524.80

All secured debts are secured by negative lien on the assets of the Corporation and/or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirements under section 29B of the National Housing Bank Act, 1987. Certain debts are secured by the first charge by way of hypothecation of education loan receivables of underlying portfolio of education loans of HDFC Credila Financial Services Ltd.

The Corporation had established a Medium Term Note Programme (MTN Programme) for USD 2,800 mn so as to enable the Corporation to issue debt instruments in the international capital markets, subject to regulatory approval. The Corporation has raised ₹ 11,100 Crore through Rupee Denominated Bonds to overseas investors till date, the outstanding as at March 31, 2021 is **₹ 2,800 Crore** (Previous year ₹ 6,100 Crore). The Corporation was the first Indian corporate issuer of such bonds. The bonds are listed on the London Stock Exchange. These bonds are unsecured and the currency risk is borne by the investor.

The Corporation had issued Rupee Denominated Bonds under the MTN Programme through the approval route to finance eligible projects and borrowers as permitted by the External Commercial Borrowing guidelines issued by Reserve Bank of India (RBI) regulations.

Terms of redemption of Nominal value of bonds and debentures and repayment terms as at March 31, 2021

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
7.00% - 8.00%	8.20	4.20	-	-	12.40
Non-Convertible Debentures					
4.23% to 7.99%	22,322.18	35,122.87	17,688.03	18,018.40	93,151.49
8.01% - 9.00%	6,399.69	2,464.00	3,046.57	21,333.48	33,243.74
9.01% - 10.30%	3,454.88	4,400.00	2,080.72	13,227.58	23,163.18
Zero Coupon Bonds	500.00	-	-	-	500.00
Total	**32,676.76**	**41,986.87**	**22,815.32**	**52,579.46**	**1,50,058.41**

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Synthetic Rupee Denominated Bonds					
6.73% to 8.75%	1,000.00	1,800.00	-	-	2,800.00
Commercial Papers					
3.51% to 4.00%	20,069.01	-	-	-	20,069.01
4.01% to 5.00%	9,067.50	-	-	-	9,067.50
5.01% to 7.00%	1,713.86	-	-	-	1,713.86
Total	**30,850.37**	**-**	**-**	**-**	**30,850.37**

Terms of redemption of Nominal value of bonds and debentures and repayment terms as at March 31, 2020

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
9.00% - 11.00%	7.70	12.40	-	-	20.10
Non-Convertible Debentures					
6.96% - 8.00%	8,490.51	26,569.64	8,245.00	7,336.06	50,641.21
8.01% - 10.00%	24,072.05	12,519.52	8,131.57	35,180.31	79,903.46
10.01% - 11.95%	6,313.00	-	-	4,683.15	10,996.15
Zero Coupon Bonds	-	500.00	-	-	500.00
Total	**38,875.56**	**39,589.16**	**16,376.57**	**47,199.52**	**1,42,040.82**
Synthetic Rupee Denominated Bonds					
6.73% to 8.75%	3,300.00	2,300.00	500.00	-	6,100.00
Commercial Papers					
5.75% - 7.00%	21,440.07	-	-	-	21,440.07
7.01% - 8.00%	7,473.79	-	-	-	7,473.79
8.01% - 9.00%	24.54	-	-	-	24.54
Total	**28,938.40**	**38.17**	**-**	**-**	**28,938.40**

Notes forming part of the Consolidated Financial Statements (Continued)

20. Borrowings (Other Than Debt Securities) - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Term Loans from Scheduled Banks - Secured	**70,658.60**	69,303.27
Term Loans from other parties		
Asian Development Bank	**117.99**	211.59
National Housing Bank	**16,202.65**	14,377.00
	16,320.64	14,588.59
	86,979.24	83,891.86
Term Loans from Banks - Unsecured		
Scheduled Banks	**7,050.00**	5,846.29
External Commercial Borrowing	**14,016.42**	18,260.55
	21,066.42	24,106.84
Loans repayable on demand from Banks	**2.31**	2.01
Less: Unamortised borrowing cost	**(56.02)**	(86.04)
Total (A)	**1,07,991.95**	1,07,914.67
Borrowings in India	**93,919.13**	89,528.57
Borrowings outside India	**14,128.84**	18,472.14
Total Borrowings	**1,08,047.97**	1,08,000.71
Less: Unamortised borrowing cost	**(56.02)**	(86.04)
Total (B) to tally with (A)	**1,07,991.95**	1,07,914.67

20.1 All secured borrowings are secured by negative lien on the assets of the Corporation and / or mortgage of property as the case may be, subject to the charge created in favour of its depositors pursuant to the regulatory requirement under section 29B of the National Housing Bank Act, 1987. Certain borrowings are secured by the first charge by way of hypothecation of education loan receivables of underlying portfolio of education loans of HDFC Credila Financial Services Pvt. Ltd.

20.2 The Corporation has availed a loan of USD 100 million from the Asian Development Bank (Loan II). In respect of tranches 1 and 2 aggregating to USD 60 million, as per the agreements with a scheduled bank, the Corporation has handed over the dollar funds to the bank overseas and has obtained rupee funds in India amounting to ₹ 200 Crore by way of a term loan and ₹ 100 Crore through the issue of bonds which have been subscribed by the bank.

In respect of tranche 3 of USD 40 million, as per the agreement with a financial institution, the Corporation has handed over the dollars to the Bank of India, Cayman Island and under a back-to-back arrangement obtained rupee funds in India. All payments in foreign currency are the responsibility of the financial institution. In terms of the agreements, the Corporation's foreign exchange liability is protected.

The loan availed from Asian Development Bank and the deposit placed with Bank of India, Cayman Island are revalued at the closing rate of exchange and are shown separately in the financial statement.

20.3 The Corporation had outstanding External Commercial Borrowing (ECBs) of USD 1,325 million and JPY 53,200 million for financing prospective owners of low cost affordable housing units as per the ECB guidelines issued by Reserve Bank of India ("RBI") from time to time. The borrowing has a maturity upto five years. In terms of the RBI guidelines, part of the borrowings have been swapped into rupees for the entire maturity by way of principal only swaps and balance borrowing has been hedged through forward / option contracts for shorter tenor. The currency exposure on the interest has been hedged by way of forward contracts for part of foreign currency borrowings.

The charges for raising of the aforesaid ECB has been amortised over the tenure of the ECB.

Notes forming part of the Consolidated Financial Statements (Continued)

20.4 As on March 31, 2021, the Corporation has foreign currency borrowings of **USD 1,377.45 million** and **JPY 53,200 million** (Previous Year USD 4,426.85 million and JPY 53,200 million). The Corporation has undertaken currency swaps, forward contracts and option contracts of a notional amount of **USD 1,365 million** and **JPY 53,200 million** (Previous Year USD 4,406.72 million and JPY 53,200 million) and foreign currency arrangements of **USD 12.45** million (PY USD 20.13 million) to hedge the foreign currency risk.

As a part of Asset Liability Management (ALM) on account of the Corporation's Adjustable Rate Home Loan product as well as to reduce the overall cost of borrowings, the Corporation has entered into INR interest rate swaps of a notional amount of **₹ 93,160 Crore** (Previous Year ₹ 65,100 Crore), Coupon Only Swaps of **₹ 1,030 Crore** (Previous Year ₹ 1,059.38 Crore), USD Interest rate Swaps notional amount of **₹ 8,722 Crore** (Previous Year ₹ 12,750.40 Crore) as on March 31, 2021 for varying maturities into floating rate liabilities linked to various benchmarks.

During the previous year, HDFC Credila Financial Services Pvt Ltd, one of the subsidiary company, availed External Commercial Borrowing (ECBs) of USD 100 million for further lending of education loans as per the ECB guidelines issued by Reserve Bank of India ("RBI") from time to time. The borrowing has a maturity of three years. In terms of RBI guidelines, borrowings have been swapped into rupees by way of principal only swaps. The coupon on the borrowing is hedged through interest rate swap. The currency exposure on the interest on ECB has not been hedged.

Terms of borrowings and repayment as at 31 March 2021

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks-Secured					
4.10% to 5.00%	53,398.00	5,100.00	-	-	58,498.00
5.01% to 6.00%	1,000.00	3,085.00	1,500.00	-	5,585.00
6.01% to 7.00%	818.70	2,420.14	1,585.71	67.81	4,892.36
7.01% to 8.00%	398.78	685.16	146.38	158.52	1,388.84
Fixed 2.68%-2.70%	294.40	-	-	-	294.40
Total	**55,909.88**	**11,290.30**	**3,232.09**	**226.33**	**70,658.60**
Term Loans from Other Parties					
Asian Development Bank					
USD LIBOR + 40 bps	-	117.99	-	-	117.99
National Housing Bank					
3.0% to 4.0%	222.27	592.72	592.72	536.72	1,944.43
4.01% to 5.0%	2,494.05	1,317.46	1,077.89	274.24	5,163.63
5.01% to 6.0%	804.13	1,813.12	1,786.64	669.63	5,073.52
6.01% to 7.0%	684.63	1,818.56	764.62	-	3,267.81
7.01% to 9.0%	431.78	211.76	109.73	-	753.26
Total Secured	**4,636.85**	**5,753.62**	**4,331.60**	**1,480.58**	**16,202.65**
Term Loans from Banks - Unsecured					
4.60% to 5.00%	6,950.00	-	-	-	6,950.00
5.01% to 5.15%	100.00	-	-	-	100.00
Total	**7,050.00**	**-**	**-**	**-**	**7,050.00**
External Commercial Borrowing					
1 Month LIBOR + 50 bps to 140 bps	2,760.00	9,784.42	-	-	12,544.42
3 Month LIBOR + 85 bps	-	1,472.00	-	-	1,472.00
Total	**2,760.00**	**11,256.42**	**-**	**-**	**14,016.42**

Notes forming part of the Consolidated Financial Statements (Continued)

Terms of borrowings and repayment as at 31 March 2020

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks-Secured					
6.65% - 7.00%	10,675.00	-	-	-	10,675.00
7.01% - 8.00%	30,959.89	3,457.12	3,073.81	42.84	37,533.65
8.01% - 9.00%	1,834.34	1,696.08	300.11	229.19	4,059.72
9.01% - 9.50%	28.18	57.14	57.14	42.84	185.31
Fixed 2.68%-5.01%	16,849.59	-	-	-	16,849.59
Total	**60,347.00**	**5,210.34**	**3,431.06**	**314.86**	**69,303.27**
Term Loans from Other Parties					
Asian Development Bank					
USD LIBOR + 40 bps	-	211.59	-	-	211.59
National Housing Bank					
4.00% - 6.00%	551.04	1,469.46	1,448.51	890.17	4,359.18
6.01% - 8.00%	1,328.33	3,264.65	2,973.56	1,366.28	8,932.82
8.01% - 10.00%	385.50	598.00	101.50	-	1,085.00
Total Secured	**2,264.87**	**5,332.11**	**4,523.57**	**2,256.45**	**14,377.00**
Term Loans from Banks - Unsecured					
6.65% - 7.00%	560.00	-	-	-	560.00
7.01% - 8.00%	2,600.00	-	-	-	2,600.00
Variable USD LIBOR + 72 bps - 225 bps	2,686.29				2,686.29
Total	**5,846.29**	**-**	**-**	**-**	**5,846.29**
External Commercial Borrowing					
1 Month Libor + 50 bps to 126 bps	3,783.50	5,099.38	9,377.67	-	18,260.55

The borrowings have not been guaranteed by the Directors or others. Also, there is no default in repayment of borrowings and interest thereon.

21. Deposits - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits		
(i) Public Deposits	**93,603.87**	87,758.41
(ii) From Banks	**326.00**	219.43
(iii) From Others - Secured	**11,191.02**	8,170.19
(iv) From Others - Unsecured	**45,326.77**	36,496.84
Less: Unamortised transaction cost - Deposits	**(370.48)**	(340.07)
Total	**1,50,077.19**	1,32,304.79

Public deposits as defined in paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge and Lien in favour of the Trustee's for Depositors on the Statutory Liquid Assets maintained in terms of sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987.

22. Subordinated Liabilities - At Amortised Cost

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Non-Convertible Subordinated Debentures	**4,963.17**	5,348.93
Perpetual debt	**270.48**	274.35
Total	**5,233.65**	5,623.28
Subordinated Liabilities in India	**5,233.65**	5,623.28
Subordinated Liabilities outside India	**-**	-
Total	**5,233.65**	5,623.28

Non-Convertible Subordinated Debentures

Terms of borrowings and repayment as at March 31, 2021

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
8.01% - 10.00%	**1,000.00**	**-**	**3,713.99**	**249.19**	**4,963.17**

Terms of borrowings and repayment as at March 31, 2020

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
8.65% - 9.75%	1,000.00	1,000.00	3,000.00	348.93	5,348.93

Perpetual debt

Terms of borrowings and repayment as at March 31, 2021

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
8.00% - 10.00%	-	-	-	124.62	124.62
10.01% - 12.00%	-	-	95.95	49.91	145.86
Total	**-**	**-**	**95.95**	**174.53**	**270.48**

Terms of borrowings and repayment as at March 31, 2020

₹ in Crore

Particulars	0-1 year	1-3 years	3-5 years	>5 years	Total
8.00% - 10.00%	-	-	-	124.62	124.62
10.01% - 12.00%	-	-	-	149.73	149.73
Total	-	-	-	274.35	274.35

Notes forming part of the Consolidated Financial Statements (Continued)

23. Liabilities pertaining to Insurance Business

₹ in Crore

Particulars	Life Insurance		Non Life Insurance	
	As at March 31, 2021	As at March 31, 2020	**As at March 31, 2021**	As at March 31, 2020
Insurance Contract liabilities	**1,38,077.99**	1,02,672.86	**-**	-
Dues to Policyholders'	**2,694.54**	2,112.64	**30.89**	26.89
Funds for future appropriation	**990.58**	883.03	**-**	-
Reserve for unexpired Risk	**-**	-	**4,323.98**	4,505.14
Investment contract liabilities	**27,307.39**	20,793.96	**-**	-
Policyholders' surplus yet to be allocated	**4,964.88**	3,303.01	**-**	-
Unallocated premium (policyholders)	**497.88**	486.04	**585.20**	652.71
Reserve for claims	**-**	-	**11,064.78**	8,718.28
Premium received in advance	**-**	-	**893.82**	757.89
Due to other insurance companies	**2.62**	55.22	**2,937.45**	2,762.40
Purchase of investments pending settlement	**844.36**	665.27	**-**	-
Deferred origination fees	**25.91**	34.71	**-**	-
Total Liabilities of Insurance Business	**1,75,406.15**	1,31,006.74	**19,836.12**	17,423.31

24. Other Financial Liabilities

₹ in Crore

Particulars	**As at March 31, 2021**	As at March 31, 2020
Interest accrued but not due on Debt Securities and Deposits	**11,146.09**	12,062.96
Amounts payable on Securitised Loans	**563.11**	453.55
Security and other deposits received	**35.51**	38.87
Financial Assistance received from Kreditanstalt für Wiederaufbau	**7.78**	7.78
Unclaimed dividend	**24.85**	24.97
Unclaimed matured deposits including interest accrued and due thereon	**1,087.18**	2,006.46
Lease Liabilities	**391.42**	406.18
Other deposits and payables	**131.88**	1,536.20
Total	**13,387.82**	16,536.97

As required under Section 124 of the Companies Act, 2013 read together with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Group has transferred unpaid dividend, underlying **65,928 equity shares** of **₹ 2** each (Previous Year: 77,370 equity shares) and **₹ 4.00 Crore** (Previous Year ₹ 3.92 Crore) being unclaimed deposits to the Investor Education and Protection Fund (IEPF). As of March 31, 2021, no amount was due for transfer to the IEPF. However, 2,148 equity shares could not be transferred as the depositories informed that the aforesaid shares were not available in the demat accounts of the respective shareholders.

25. Current Tax Liabilities (Net)

₹ in Crore

Particulars	**As at March 31, 2021**	As at March 31, 2020
Provision for Tax (Net of Advance Tax)	**469.64**	259.84
Total	**469.64**	259.84

Notes forming part of the Consolidated Financial Statements (Continued)

26. Provisions

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for Employee Benefits	**370.99**	370.22
Other provisions	**0.18**	1.87
Total	**371.17**	372.09

27. Other Non-Financial Liabilities

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Installment / Income received in advance	**542.29**	460.52
Deferred gain on fair valuation (Initial recognition)	**710.50**	1,065.75
Statutory Remittances	**699.20**	564.14
Others	**83.53**	130.11
Total	**2,035.52**	2,220.52

27.1 The Corporation had invested in 100 Crore equity shares of Yes Bank Limted at ₹ 10 each on 14 March 2020. Of these, 75% of the equity shares i.e. 75 Crore shares are locked in and not permitted to be sold within 3 years from the date of acquisition. Accordingly, the gain on initial recognition of ₹ 1,065.75 Crore, based on fair valuation of such locked in shares was deferred and amortised over the locked in period. For the purposes of subsequent measurement, these shares have been designated as Fair Value Through Other Comprehensive Income. During the year ₹ 3**55.25 Crore** has been recognised in accordance with accounting policy and Ind AS accounting standard.

28. Equity Share Capital

₹ in Crore

	As at March 31, 2020	As at March 31, 2019
AUTHORISED		
228,80,50,000 Equity Shares of ₹ 2 each (Previous Year 228,80,50,000 Equity Shares of ₹ 2 each)	**457.61**	457.61
	457.61	457.61
ISSUED, SUBSCRIBED AND FULLY PAID UP		
180,39,46,433 (As at March 31, 2020 173,20,51,189) Equity Shares of ₹ 2 each	**360.79**	346.41
	360.79	346.41

28.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	₹ in Crore	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**173,20,51,189**	**346.41**	172,14,37,390	344.29
Shares allotted pursuant to exercise of stock options	**1,50,77,063**	**3.02**	1,06,13,799	2.12
Shares allotted pursuant to issue of shares under QIP	**5,68,18,181**	**11.36**	0	-
Equity shares outstanding as at the end of the year	**180,39,46,433**	**360.79**	173,20,51,189	346.41

Notes forming part of the Consolidated Financial Statements (Continued)

28.2 There were no shareholder holding more than 5 percent shares in the Corporation as at March 31, 2021 and March 31, 2020.

28.3 Terms and rights attached to equity shares:

The Corporation has only one class of shares referred to as equity shares having Face Value of ₹ 2 each. Each holder of equity share is entitled to one vote per share.

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.

28.4 The Corporation has not allotted any share pursuant to contracts without payment being received in cash or as bonus shares nor has it bought back any shares during the preceding period of 5 financial years.

28.5 During the year, the Corporation issued 5,68,18,181 equity shares at a price of ₹ 1,760.00 per share and 36,930 secured redeemable non-convertible debentures of face value of ₹ 10,00,000 at par, each due on August 11, 2023, carrying a coupon rate of 5.40% payable annually, aggregating ₹ 3,693 Crore simultaneously with 1,70,57,400 warrants at an issue price of ₹ 180.00 per warrant with a right to exchange one warrant with one equity share of ₹ 2 each of the Corporation, any time before the expiry of 36 months from the date of allotment, at an exercise price of ₹ 2,165.00 per equity share, to eligible qualified institutional buyers through Qualified Institutions Placement under Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and other applicable regulations.

Expenses incurred for issuance of equity share amounting to ₹ **22.34 Crore** has been debited to securities premium account in accordance with the provisions of Companies Act, 2013.

28.6 As at March 31, 2021 **9,18,16,731 shares** (Previous year 5,42,81,394 shares) were reserved for issuance as follows:

a) **7,47,59,331 shares** of ₹ **2** each (Previous Year 5,42,81,394 shares of ₹ 2 each) towards outstanding Employees Stock Options granted / available for grant, including lapsed options [Refer Note 46].

b) **1,70,57,400** underlying warrants (Previous year: Nil) of ₹ 2 each towards outstanding warrants.

Notes forming part of the Consolidated Financial Statements (Continued)

29. Other Equity

₹ in Crore

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Reserve	**44.59**	44.59
Securities Premium	**45,140.57**	33,079.40
Retained Earnings	**61,504.20**	50,318.98
General Reserve	**29,002.69**	26,286.91
Special Reserve I	**51.23**	51.23
Special Reserve II	**18,423.91**	16,428.45
Statutory Reserve	**5,743.78**	5,243.78
Special Reserve U/s 45-IC of The Reserve Bank of India Act, 1934	**174.58**	140.25
Shelter Assistance Reserve	**0.07**	0.10
Investments through Other Comprehensive Income	**(5,113.64)**	(6,439.59)
Effective portion of Cash Flow Hedges	**(218.55)**	(180.59)
Cost of Cash Flow Hedges	**93.38**	2.45
Translation of foreign operations	**28.77**	-
Employee Stock Options Reserve	**1,274.19**	1,078.26
Translation Reserve	**(1.47)**	38.23
Capital Redemption Reserve	**23.84**	23.86
Debenture Redemption Reserve	**20.01**	15.30
Capital Reserve	**(147.34)**	1.14
Money received against Share Warrants	**307.03**	-
TOTAL	**1,56,351.84**	1,26,132.75

29.1 **Capital Reserve:** It has been created during the Business Combinations in earlier periods.

29.2 **Securities Premium:** Securities premium reserve is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs, etc.

29.3 **General Reserve:** It is a free reserve which is created by appropriation from profits of the current year and/or undistributed profits of previous years, before declaration of dividend duly complying with any regulations in this regard.

29.4 **Special Reserve** has been created over the years in terms of Section 36(1 (viii) of the Income-tax Act, 1961 out of the distributable profits of the Corporation.

Special Reserve No.I relates to the amounts transferred upto the Financial Year 1996-97.

Special Reserve No.II relates to the amounts transferred thereafter.

29.5 **Statutory Reserve:** As per Section 29C of The National Housing Bank Act, 1987 (the “NHB Act”), the Corporation is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Corporation under Section 36(1)(viii) of the Income- tax Act, 1961 is considered to be an eligible transfer. The Corporation has transferred an amount of ₹ **2,000 Crore** (Previous Year ₹ 3,400 Crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of ₹ **500 Crore** (Previous Year ₹ 200.00 Crore) to “Statutory Reserve (As per Section 29C of The NHB Act)”.

Notes forming part of the Consolidated Financial Statements (Continued)

29.6 **Shelter Assistance Reserve:** It represents funding various development and grassroot level organisations for the purposes as mentioned in Schedule VI to the Companies Act, 2013 and in accordance with the Corporation's Policy.

29.7 **Other Comprehensive Income**

Employee Share Option Outstanding: The Corporation has a share option scheme under which options to subscribe for the Corporation's shares have been granted to certain employees including key management personnel. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, as part of their remuneration.

Effective portion of Cash Flow Hedge: It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

29.8 **Employee Share Option Outstanding**

The Corporation has stock option schemes under which options to subscribe for the Corporation's shares have been granted to employees, including key management personnel. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, as part of their remuneration.

30. Interest Income

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
On Financial Assets measured at Amortised Cost		
Interest on Loans	**43,077.25**	43,982.04
Interest income from investments	**1,329.93**	36.99
Interest on deposits	**20.87**	19.88
Other interest Income	**7.11**	1,164.43
Sub-Total	**44,435.16**	45,203.34
On Financial Assets classified at fair value through profit or loss		
Interest income from investments	**25.87**	49.92
On Financial Assets classified at fair value through Other Comprehensive Income		
Interest income from investments	**0.52**	-
Total	**44,461.55**	45,253.26

31. In accordance with the RBI Circular No. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021 and the methodology for calculation of interest on interest based on guidance issued by Indian Banks' Association, the Corporation has put in place a Board approved policy to refund / adjust interest on interest charged to borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020. The Corporation has estimated the said amount and made a provision in the financial statements for the year ended March 31, 2021. As on March 31, 2021, the Corporation holds a specific liability of ₹ 115 Crore which is debited to interest income to meet its obligation towards refund of interest on interest to eligible borrowers as prescribed by the RBI. Accordingly, interest income for the year ended March 31, 2021 is lower by ₹ 115 Crore.

Notes forming part of the Consolidated Financial Statements (Continued)

32. Net gain/(loss) on fair value changes

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net gain on financial instruments at fair value through profit or loss		
- Investments	**1,922.72**	(253.99)
- Derivatives	**(3.04)**	0.07
- Others reclassified from OCI	**52.00**	71.80
Total Net gain on fair value changes	**1,971.68**	(182.12)
Fair Value changes:		
- Realised	**311.77**	(111.88)
- Unrealised	**1,659.91**	(438.54)
Total Net gain on fair value changes	**1,971.68**	(550.42)

32.1 The Corporation has derecognised loans (measured at amortised cost) on account of assignment transactions resulting in total income of ₹ **1,102.95 Crore** (Previous Year ₹ 967.87 Crore) including upfront gains of ₹ **706.72 Crore** (Previous Year ₹ 531.55 Crore).

33. Incomes pertaining to Insurance Business

₹ in Crore

Particulars	Note	Life Insurance		Non Life Insurance	
		For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
Premium Income from Insurance Business		**37,659.11**	31,707.09	**12,040.24**	9,509.19
Income from Investments - Dividend		**482.27**	535.06	**3.37**	5.71
Income from Investments - Interest	33.1	**6,201.24**	5,351.51	**835.75**	688.44
Net Fair value changes on Investments	33.2	**25,333.44**	(10,286.99)	**190.03**	25.33
Income from reinsurance		**623.77**	396.28	**4,968.28**	4,177.02
Other Operating Income from Insurance Business		**275.35**	338.52	**12.61**	8.82
Total Incomes of Insurance Business		**70,575.18**	28,041.47	**18,050.28**	14,414.51

33.1 Income from Investments - Interest

₹ in Crore

Particulars	Life Insurance		Non Life Insurance	
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income on Financial Assets:				
- Amortised cost	**0.02**	0.02	**10.16**	7.89
- Fair value through Profit and Loss	**1,200.31**	1,185.05	**-**	-
- Fair value through Other Comprehensive Income	**5,000.91**	4,166.44	**825.59**	680.55
Total	**6,201.24**	5,351.51	**835.75**	688.44

Notes forming part of the Consolidated Financial Statements (Continued)

33.2 Net Fair value changes on Investments

₹ in Crore

Particulars	Life Insurance		Non Life Insurance	
	For the year ended March 31, 2021	For the year ended March 31, 2020	**For the year ended March 31, 2021**	For the year ended March 31, 2020
Net gain / (loss) on financial instruments at fair value through profit or loss				
Investments	**25,132.82**	(10,829.29)	**106.55**	(50.85)
Derivatives	**(108.95)**	(57.60)	**-**	-
Others reclassified from OCI	**309.57**	599.90	**83.48**	76.18
Total Net gain / (loss) on fair value changes	**25,333.44**	(10,286.99)	**190.03**	25.33
Fair Value changes:				
- Realised	**4,057.32**	1,769.82	**100.56**	69.54
- Unrealised	**21,276.12**	(12,056.81)	**89.47**	(44.21)
Total Net gain on fair value changes	**25,333.44**	(10,286.99)	**190.03**	25.33

34. Finance Costs

₹ in Crore

Particulars	**For the year ended March 31, 2021**	For the year ended March 31, 2020
On Financial Liabilities measured at Amortised Cost		
Interest on debt securities	**11,459.98**	14,130.96
Interest on borrowings	**6,364.26**	7,276.38
Interest on deposits	**10,447.25**	9,866.72
Interest on Subordinated Liabilities	**539.95**	595.07
Interest on Lease Liabilities	**30.60**	31.93
Other charges	**239.22**	208.39
Total Finance Costs	**29,081.26**	32,109.45

34.1 Finance cost for the year include foreign currency exchange loss of ₹ **2.48 Crore** (Previous Year ₹ 40.43 Crore), further Refer Note 49.1.6 Hedging Policy.

35. Impairment on Financial Instruments

₹ in Crore

Particulars	**For the year ended March 31, 2021**		For the year ended March 31, 2020	
	On Financial Instruments measured at OCI	**On Financial Assets measured at Amortised Cost**	On Financial Instruments measured at OCI	On Financial Assets measured at Amortised Cost
Loans	-	3,000.99	-	5,935.34
Investments	30.03	0.07	0.16	0.62
Others	-	(0.33)	-	15.00
Total	**30.03**	**3,000.73**	0.16	5,950.96
Grand Total	**3,030.76**		5,951.12	

35.1 The details relating to movement in Impairment on Loans (Expected credit loss) is disclosed in Note 8.3.

35.2 Impairment on loans excludes impairment of ₹ **469.10 Crore** (Previous Year ₹ 199.36 Crore) relating to interest on Credit Impaired Assets, which is netted off from interest income.

Notes forming part of the Consolidated Financial Statements (Continued)

36. Employee Benefits Expenses

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and Bonus	**1,231.72**	1,211.82
Contribution to Provident Fund and Other Funds	**98.76**	96.40
Staff Training and Welfare Expenses	**14.92**	32.48
Share Based Payments to employees	**355.27**	15.96
Total	**1,700.67**	1,356.66

37. Establishment Expenses

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent	-	1.47
Rates and Taxes	**6.86**	7.30
Repairs and Maintenance - Buildings	**6.66**	10.83
General Office Expenses	**4.28**	4.29
Electricity Charges	**23.20**	30.52
Insurance Charges	**3.83**	2.37
Total	**44.83**	56.78

37.1 Direct operating Expenses arising from Investment Property

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Direct operating expenses arising from investment property that generated rental income	**2.39**	2.00
Direct operating expenses arising from investment property that did not generate rental income	**1.71**	1.11
Total	**4.10**	3.11

37.2 Operating Leases:

In accordance with the Indian Accounting Standard (Ind AS) 116 on 'Leases', the following disclosures in respect of Operating Leases are made:

The Corporation has acquired some of the office premises on operating lease basis for periods ranging from 1 year to 5 years.

Rights to use assets

Right to use assets relates to office premises obtained on leases that are presented within Property, plants and equipments.

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Balance	**428.15**	447.97
Additions	**120.00**	159.23
Deductions	**(51.53)**	36.28
Depreciation charge (including adjustments) for the year	**(138.17)**	(215.33)
Closing Balance	**358.45**	428.15

Amount Recognised in Statement of Profit & Loss Account

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on lease liabilities	**31.17**	31.93
Depreciation charge for the period	**134.70**	215.33
Total	**165.87**	**247.26**

Cash out flow on account of lease payment is ₹ **157.40 Crore.**

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Not later than one year	**139.22**	66.53
Later than one year but not later than three years	**128.94**	90.53
Later than three years but not later than five years	**153.21**	51.02
Later than five years	**65.98**	38.38

38. Expenses Pertaining to Insurance Business

₹ in Crore

Particulars	Life Insurance		Non Life Insurance	
	For the year ended March 31, 2021	For the year ended March 31, 2020	**For the year ended March 31, 2021**	For the year ended March 31, 2020
Acquisition Cost	**1,627.81**	1,408.72	**975.68**	773.64
Impairment on financial instruments [Refer Note 38.1]	**19.22**	34.20	**(4.87)**	44.77
Employee Benefits Expenses [Refer Note 38.2]	**1,719.45**	1,716.95	**541.88**	441.23
Depreciation, amortisation and impairment	**56.97**	54.38	**61.54**	46.47
Other Expenses [Refer Note 38.3]	**3,134.88**	2,828.45	**1,387.55**	1,045.78
Premium on reinsurance ceded	**461.74**	470.27	**5,654.39**	4,659.55
Gross Benefits paid	**21,605.84**	17,936.43	**8,580.70**	6,923.06
Net change in insurance contract liabilities	**39,009.35**	3,729.54	**-**	-
Change in Policy holders' surplus to be allocated	**1,644.74**	(1,340.96)	**-**	-
Change in Funds for Future appropriation - Participating Fund	**107.55**	(219.97)	**-**	-
Total	**69,387.55**	26,618.01	**17,196.87**	13,934.50

Notes forming part of the Consolidated Financial Statements (Continued)

38.1 Impairment on Financial Instruments

₹ in Crore

Particulars	Life Insurance		Non Life Insurance	
	For the year ended March 31, 2021	For the year ended March 31, 2020	**For the year ended March 31, 2021**	For the year ended March 31, 2020
Investments				
- Amortised cost	**0.98**	1.65	**-**	32.78
- Fair value through other comprehensive Income	**16.26**	0.72	**(4.87)**	11.99
Other standard and Non standard assets	**1.98**	31.83	**-**	-
Total	**19.22**	34.20	**(4.87)**	44.77

38.2 Employee Benefits Expenses

₹ in Crore

Particulars	Life Insurance		Non Life Insurance	
	For the year ended March 31, 2021	For the year ended March 31, 2020	**For the year ended March 31, 2021**	For the year ended March 31, 2020
Salaries and Bonus	**1,608.52**	1,594.26	**495.53**	406.25
Contribution to Provident Fund and Other Funds	**69.29**	74.35	**35.63**	30.72
Share Based Payments to employees	**41.64**	48.34	**10.72**	4.26
Total	**1,719.45**	1,716.95	**541.88**	441.23

38.3 Other Expenses

₹ in Crore

Particulars	Life Insurance		Non Life Insurance	
	For the year ended March 31, 2021	For the year ended March 31, 2020	**For the year ended March 31, 2021**	For the year ended March 31, 2020
Rent, rates & taxes	**97.75**	70.50	**44.71**	28.80
Repairs and maintenance	**5.50**	4.34	**20.45**	15.89
Communication expenses	**20.34**	25.36	**7.87**	8.66
Printing & stationery	**8.69**	12.75	**11.13**	19.23
Advertising and publicity	**1,410.11**	1,069.57	**577.97**	419.20
Legal and professional charges	**181.81**	210.50	**459.11**	295.43
Travel, Conveyance and vehicle running expenses	**5.30**	34.39	**12.37**	32.70
Auditors Remuneration	**1.24**	1.51	**1.16**	1.28
Bank charges	**18.41**	17.01	**46.61**	38.14
Information technology expenses	**139.24**	119.80	**88.60**	44.80
General office and other expenses	**77.84**	82.42	**69.85**	67.35
Training Expenses	**95.27**	115.69	**47.72**	74.30
Medical cost	**20.35**	22.05	**-**	-
Acquisition Cost for Financial Instruments designated as FVTPL	**58.55**	54.31	**-**	-
Stamp duty expense	**98.60**	132.40	**-**	-
Business Development expenses	**545.74**	509.81	**-**	-
Goods and service tax expense	**350.14**	346.04	**-**	-
Total	**3,134.88**	2,828.45	**1,387.55**	1,045.78

Notes forming part of the Consolidated Financial Statements (Continued)

39. Other Expenses

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Travelling and Conveyance	**12.69**	33.08
Printing and Stationery	**18.62**	27.76
Postage, Telephone and Fax	**45.95**	48.77
Advertising	**40.69**	52.34
Business Development Expenses	**54.53**	63.78
Brokerage and commission expenses relating to Mutual fund Schemes	**10.60**	27.31
Loan Processing Expenses	**74.89**	74.52
Manpower Outsourcing	**108.74**	104.77
Repairs and Maintenance - Other than Buildings	**18.07**	41.62
Office Maintenance	**70.06**	49.00
Legal Expenses	**43.32**	60.03
Computer Expenses	**50.09**	41.16
Directors' Fees and Commission	**15.45**	14.43
CSR expenses [Refer Note 39.2]	**250.01**	264.19
Miscellaneous Expenses	**135.52**	155.46
Auditors' Remuneration [Refer Note 39.1]	**8.89**	7.90
Total	**958.12**	1,066.12

39.1 Payments to Auditors’

₹ in Crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Audit Fees	**5.29**	5.63
ICFR Fees	**0.67**	0.40
Limited Reviews	**2.54**	1.89
Tax Matters	**1.09**	1.00
Other Matters and Certification	**2.80**	1.70
Reimbursement of Expenses	**0.14**	0.07
Total	**12.53**	10.69
Less: Auditors remuneration included in other expenses pertaining to Insurance business	**2.40**	2.79
Less: certification fees in respect of Qualified Institutional Placements (QIP) issue of equity shares, utilised out of Securities Premium Account	**1.24**	-
Net Auditors remuneration disclosed above	**8.89**	7.90

Auditors’ Remuneration above is excluding Goods and Service Tax.

39.2 Expenditure incurred for corporate social responsibility

As per Section 135 of the Companies Act, 2013, the Group is required to spent an amount of ₹ 225.19 Crore on CSR activities during the year.

An amount of CSR ₹ 251.22 Crore, including brought forward CSR Obligation of FY 2015-16 ₹ 20.06 Crore, which was spent during the year was approved by the Board of Directors of the Group and respective subsidiaries.

Notes forming part of the Consolidated Financial Statements (Continued)

The details of amounts spent towards CSR are as under:

Particulars	₹ in Crore
a) Construction/acquisition of any asset *	44.41
b) On purposes other than (a) above	206.81

* Includes capital assets amounting to ₹ **39.46 Crore** under construction as of 31 March, 2021.

The Corporation has paid ₹ 112.73 Crore for CSR expenditure to H T Parekh Foundation, section 8 company controlled by the Corporation.

Excess amount spent as per Section 135 (5) of the Companies Act, 2013

Particulars	₹ in Crore
Opening Balance **	20.06
Amount required to be spent during the year	225.19
Amount spent during the year	251.22
Closing Balance - Excess amount spent	5.97

**brought forward CSR obligation of FY 2015-16 ₹ 20.06 Crore.

Details of ongoing projects for financial year 2020-21

Particulars	₹ in Crore
Opening Balance	
Amount required to be spent during the year	95.40
Amount spent during the year	90.51
Closing Balance	4.89

The unspent amount, pertaining to one of the subsidiary, has been transferred to Unspent CSR Account

40. Income Taxes relating to continuing operations

40.1 Income Tax recognised in profit or loss

₹ in Crore

Particulars	**For the year ended March 31, 2021**	For the year ended March 31, 2020
Current Tax		
In respect of the current year	**3,937.98**	3,415.75
In respect of prior years	**-**	-
Deferred Tax		
In respect of the current year	**(188.23)**	(48.97)
Deferred tax reclassified from equity to profit or loss	**-**	-
Total Income tax expense recognised in the current year relating to continuing operations	**3,749.75**	3,366.78

Notes forming part of the Consolidated Financial Statements (Continued)

40.2 **Reconciliation of income tax expense of the year can be reconciled to the accounting profit as follows:**

₹ in Crore

Particulars	**For the year ended March 31, 2021**	For the year ended March 31, 2020
Profit before tax	**17,315.83**	20,447.15
Income tax expense calculated at 25.168% (Previous Year 25.168%)	**4,358.05**	5,146.14
Effect of expenses that are not deductible in determining taxable profit	**210.29**	177.29
Effect of incomes which are taxed at different rates	**(51.52)**	(1,439.07)
Effect of incomes which are exempt from tax	**(451.21)**	(955.51)
Effect on deferred tax balances due to the changes in income tax rate	-	256.28
Deduction under section 36(1)(viii) of the Income tax Act, 1961	**(428.61)**	(363.93)
Others	**112.75**	545.58
Income tax expense recognised in statement of profit and loss	**3,749.75**	3,366.78

The tax rate used for the reconciliations above is the corporate tax rate of 25.168% for the year 2020-21 and 2019-20 payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

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 Group 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. (Refer Note 44.2)

41. Other Comprehensive Income

₹ in Crore

Particulars	**Year ended March 31, 2021**	Year ended March 31, 2020
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in fair value of FVOCI equity instruments	**1,926.34**	(7,095.99)
Remeasurements of post-employment benefit obligations	**14.64**	(54.51)
Remeasurements of post-employment benefit obligations - Pending transfer to Shareholders		
Total	**1,940.98**	(7,150.50)
Income tax relating to these items	**(162.84)**	620.12
Items that may be reclassified to profit or loss		
Changes in fair value of FVOCI debt instruments	**(156.18)**	3,236.65
Changes in fair value of FVOCI debt instruments - Pending transfer to Shareholders	**156.55**	(3,095.15)
Deferred gains/(losses) on cash flow hedges	**(19.36)**	33.85
Deferred costs of hedging	**99.42**	28.62
Total	**80.43**	203.97
Income tax relating to these items	**(20.11)**	(31.55)
Share of Other Comprehensive Income of an associate [Refer Note 9]	**(256.64)**	144.54
Other comprehensive income for the year	**1,581.82**	(6,213.42)

Notes forming part of the Consolidated Financial Statements (Continued)

42. Retirement Benefits Plan

A. **Defined Contribution Plans**

The Corporation recognised ₹ **14.36 Crore** (Previous Year ₹ 15 Crore) for superannuation contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

Provident Fund

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ **597.96 Crore** and ₹ **583.60 Crore** respectively (Previous Year ₹ 525.10 Crore and ₹ 510.73 Crore respectively). In accordance with an actuarial valuation, there is a deficit of ₹ **Nil** in the interest cost as the present value of the expected future earnings on the fund is less than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of **8.50%**. The actuarial assumptions include discount rate of **6.82%** (Previous Year 6.84 %) and an average expected future period of **14 years** (Previous Year 14 years). Expected guaranteed interest rate (weighted average yield) is **8.83%** (Previous Year 8.62%).

B. **Defined Benefits Plan**

i. Characteristics of Defined Benefit Plan

The Corporation has a defined benefit gratuity plan in India for its employees (funded). The Corporation's gratuity plan requires contributions to be made to a separately administered fund. The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

ii. Risks Associated with Defined Benefit Plan

Gratuity is a defined benefit plan and Corporation is exposed to the following risks:

a. **Interest Rate Risk:** A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

b. **Salary Risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

c. **Investment Risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

d. **Asset Liability Matching Risk:** The plan faces the (Asset Liability Management) ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk. Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

iii. Characteristics of Defined Benefit Plans

During the year, there were no plan amendments, curtailments and settlements.

A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by rule 103 of Income Tax Rules, 1962.

Notes forming part of the Consolidated Financial Statements (Continued)

C. **Other Post Retirement Benefit Plan**

The details of the Corporation's post-retirement benefit plans for its employees including whole-time directors are given below which is as certified by the actuary and relied upon by the auditors:

The Principal Assumptions used for the purpose of the actuarial valuation were as follows:

Particulars	**As at March 31, 2021**	As at March 31, 2020
Discount Rate	**5.5 to 7%**	6.5 to 7%
Return on Plan Assets	**5.5 to 7%**	6.5 to 7%
Salary Escalation	**5 to 10%**	6-12%

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

Amount recognised in Statement of Profit and Loss in respect of these defined benefit plan are as follows.

₹ in Crore

Particulars	**For the year ended March 31, 2021**	For the year ended March 31, 2020
Service Cost:		
Current Service Cost	**50.65**	33.66
Interest Cost	**12.64**	10.99
Components of defined benefit costs recognised in profit or loss	**63.29**	44.66
Remeasurement on the net defined benefit liability:		
Actuarial (Gains)/Losses on Obligation For the Period	**(15.48)**	54.18
Return on Plan Assets, Excluding Interest Income	**(1.37)**	4.98
Components of defined benefit costs recognised in other comprehensive income	**(16.85)**	59.15
Total	**46.44**	103.81

The current service cost and the net interest expense for the year are included in the 'Employee benefits expenses' line item in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the Corporation's obligation in respect of its defined benefit plan is as follows:

₹ in Crore

Particulars	**March 31, 2021**	March 31, 2020
Present value of funded defined benefit obligation	**546.68**	507.85
Fair value of plan assets	**427.08**	358.20
Net Liability arising from defined benefit obligation	**119.60**	149.65

Notes forming part of the Consolidated Financial Statements (Continued)

Movement in the present value of the defined benefit obligation are as follows.

₹ in Crore

Particulars	March 31, 2021	March 31, 2020
Opening defined benefit obligation	**507.85**	422.92
Current Service Cost	**50.65**	33.66
Interest Cost	**34.99**	33.25
Benefits Paid	**(36.04)**	(30.90)
Actuarial Gains - Due to change in Financials Assumptions	**10.03**	35.65
Actuarial Losses - Due to Experience	**(23.80)**	21.83
Other adjustments	**3.00**	(8.56)
Closing defined benefit obligation	**546.68**	507.85

The Liability at the end of the year ₹ **348.83 Crore** (Previous Year ₹ 507.86 Crore) includes ₹ **78.46 Crore** (Previous Year ₹ 76.47 Crore) in respect of an un-funded plan.

Movement in the fair value of the plan assets are as follows.

₹ in Crore

Particulars	March 31, 2021	March 31, 2020
Opening fair value of plan assets	**358.20**	316.92
Expected Return on Plan Assets	**24.33**	21.15
Contributions	**58.86**	36.93
Actuarial loss on Plan Assets	**1.45**	(7.85)
Benefits paid	**(15.76)**	(6.19)
Other adjustments	**-**	(2.76)
Closing fair value of plan assets	**427.08**	358.20

Investment Pattern:

% Invested

Particulars	March 31, 2021	March 31, 2020
Central Government securities	**2.13%**	2.45%
State Government securities/securities guaranteed by State/Central Government	**27.80%**	23.98%
Public Sector / Financial Institutional Bonds	**6.46%**	3.23%
Private Sector Bonds	**19.88%**	21.07%
Deposits with Banks and Financial Institutions	**0.80%**	0.93%
Equity Shares	**35.45%**	40.29%
Others (including bank balances)	**7.48%**	8.05%
Total	**100.00%**	100.00%

Compensated absences

The actuarial liability of compensated absences of privilege leave of the employees of the Corporation is ₹ **205.67 Crore** (Previous Year ₹ 258.79 Crore).

Notes forming part of the Consolidated Financial Statements (Continued)

Sensitivity Analysis

₹ in Crore

Particulars	March 31, 2021	March 31, 2020
Projected Benefit Obligation on Current Assumptions	**468.22**	333.77
Delta Effect of +1% Change in Rate of Discounting	**(92.78)**	(83.83)
Delta Effect of -1% Change in Rate of Discounting	**125.79**	106.60
Delta Effect of +1% Change in Rate of Salary Increase	**125.40**	107.53
Delta Effect of -1% Change in Rate of Salary Increase	**(93.09)**	(85.12)
Delta Effect of +1% Change in Rate of Employee Turnover	**86.78**	65.37
Delta Effect of -1% Change in Rate of Employee Turnover	**(82.90)**	(68.82)

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

₹ in Crore

Projected Benefits Payable in Future Years From the Date of Reporting	March 31, 2021	March 31, 2020
1st Following Year	**66.22**	45.96
2nd Following Year	**48.36**	31.84
3rd Following Year	**35.29**	50.93
4th Following Year	**31.75**	26.59
5th Following Year	**40.39**	25.41
Sum of Years 6 To 10	**149.65**	140.40
Sum of Years 11 and above	**533.42**	527.16

43. Earnings per Share

In accordance with the Indian Accounting Standard (Ind AS) 33 on 'Earnings Per Share':

In calculating the Basic Earnings Per Share, the Profit After Tax of ₹ **20,487.55 Crore** (Previous Year ₹ 22,286.47 Crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **0.03 Crore** (Previous Year ₹ 3.11 Crore).

The reconciliation between the Basic and the Diluted Earnings Per Share is as follows:

Amount in ₹

Particulars	Current Year	Previous Year
Basic Earnings Per Share	**105.59**	124.14
Effect of outstanding Stock Options	**(0.89)**	(0.95)
Diluted Earnings Per Share	**104.70**	123.19

Notes forming part of the Consolidated Financial Statements (Continued)

The Basic Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares for the respective periods; whereas the Diluted Earnings Per Share has been computed by dividing the adjusted Profit After Tax by the weighted average number of equity shares, after giving dilutive effect of the outstanding Stock Options for the respective periods. The relevant details as described above are as follows :

Number in Crore

Particulars	Current Year	Previous Year
Weighted average number of shares for computation of Basic Earnings Per Share	**177.48**	172.64
Diluted effect of outstanding Stock Options	**1.51**	1.34
Weighted average number of shares for computation of Diluted Earnings Per Share	**178.98**	173.98

44. Contingent Liabilities and commitments

44.1 The Corporation is involved in certain appellate, judicial and arbitration proceedings (including those described below) concerning matters arising in the normal course of business including claims from revenue authorities, customers, contingencies arising from having issued guarantees to lenders or to other entities. The proceedings in respect of these matters are in various stages. Management has assessed the possible obligations arising from such claims against the Corporation, in accordance with the requirements of Indian Accounting Standard (Ind AS) 37 and based on judicial precedents, consultation with lawyers or based on its historical experiences. Accordingly, management is of the view that based on currently available information no provision in addition to that already recognised in its financial statements is considered necessary in respect of the above.

44.2 Given below are amounts in respect of claims asserted by revenue authorities and others:

Contingent liability in respect of income-tax demands, net of amounts provided for and disputed by the Corporation, amounts to ₹ **2,069.68 Crore** (Previous Year ₹ 2,078.01 Crore). The said amount has been paid/adjusted and will be received as refund if the matters are decided in favour of the Corporation.

Contingent liability in respect of disputed dues towards wealth tax, service tax, interest on lease tax, and payment towards employers' contribution to ESIC not provided for by the Corporation amounts to ₹ **296.35 Crore** (Previous Year ₹ 112.45 Crore).

The Management is generally unable to reasonably estimate a range of possible loss for proceedings or disputes other than those included in the estimate above as plaintiffs / parties have not claimed an amount of money damages, the proceedings are in early stages and/or there are significant factual issues to be resolved.

The management believes that the above claims made are untenable and is contesting them.

44.3 Contingent liability in respect of guarantees and undertakings comprise of the following:

a) Guarantees ₹ **299.86 Crore** (Previous Year ₹ 386.10 Crore).

b) Corporate undertakings for securitisation of receivables aggregated to ₹ **1,152.68 Crore** (Previous Year ₹ 1,152.71 Crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.

In respect of these guarantees and undertaking, the management does not believe, based on currently available information, that the maximum outflow that could arise, will have a material adverse effect on the Corporation's financial condition.

44.4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **2,681.26 Crore** (Previous Year ₹ 3,460.97 Crore).

44.5 Claimes not acknowledged as debt and other contingent liabilities in respect of a subsidiary company amounts to ₹ **40.52 Crore** (previous year ₹ 35.53 Crore)

Notes forming part of the Consolidated Financial Statements (Continued)

44.6 **Proposed Dividend**

The Board of Directors have proposed dividend on equity shares at ₹ **23** per share at their meeting held on 7 May 2021 (Previous Year ₹ 21 per share). As per the Companies (Accounting Standard) Amendment Rules, 2016, the dividend will be recorded after the approval in the ensuing Annual General Meeting.

45. Segment Reporting

As per the Ind AS 108 dealing with 'Operating Segments', the main segments and the relevant disclosures relating thereto are as follows:

For the year ended March 31, 2021

₹ in Crore

Particulars	**Loans**	**Life Insurance**	**General Insurance**	**Asset Management**	**Others**	**Inter-segment adjustments**	**Unassociated**	**Total**
Segment Revenue	**48,889.33**	**71,742.94**	**18,289.49**	**1,982.47**	**600.16**	**(2,781.75)**	**348.60**	**1,39,071.24**
Segment Result	**15,022.87**	**2,001.62**	**890.56**	**1,380.85**	**59.68**	**(2,388.35)**	**348.60**	**17,315.83**
Share of profit of associates							**6,921.47**	**6,921.47**
Income-tax (Current)							**3,937.98**	**3,937.98**
Deferred tax							**(188.23)**	**(188.23)**
Total Result	**15,022.87**	**2,001.62**	**890.56**	**1,380.85**	**59.68**	**(2,388.35)**	**3,520.32**	**20,487.55**
Segment Assets	**5,49,816.71**	**1,86,628.82**	**26,071.39**	**5,841.81**	**758.00**		**60,238.17**	**8,29,354.90**
Segment Liabilities	**4,62,983.15**	**1,78,676.08**	**21,003.20**	**293.18**	**187.34**		**594.48**	**6,63,737.43**
Net Assets	**86,833.56**	**7,952.74**	**5,068.19**	**5,548.63**	**570.66**	**-**	**59,643.69**	**1,65,617.47**
Other Information								
Capital Expenditure	**109.98**	**59.64**	**78.43**	**60.12**	**19.48**	**-**	**-**	**327.65**
Depreciation	**148.21**	**57.86**	**179.82**	**56.12**	**31.85**	**-**	**-**	**473.86**
Non cash expenses other than Depreciation	**3,353.14**	**94.77**	**27.53**	**41.15**	**22.17**	**-**	**-**	**3,538.76**

For the year ended March 31, 2020

₹ in Crore

Particulars	Loans	Life Insurance	General Insurance	Asset Management	Others	Inter-segment adjustments	Unassociated	Total
Segment Revenue	60,396.80	28,165.41	14,793.45	2,153.95	838.92	(4,682.94)	130.31	1,01,795.90
Segment Result	20,752.37	1,283.42	691.95	1,683.47	176.53	(4,270.91)	130.32	20,447.15
Share of profit of associates							5,746.10	5,746.10
Income-tax (Current)							3,415.75	3,415.75
Deferred tax							(48.97)	(48.97)
Total Result	20,752.37	1,283.42	691.95	1,683.47	176.53	(4,270.91)	2,509.64	22,826.47
Segment Assets	5,07,046.08	1,39,676.67	23,271.49	4,830.77	880.95		54,108.97	7,29,814.93
Segment Liabilities	4,43,634.85	1,33,068.82	18,555.20	277.49	149.78		292.31	5,95,978.45
Net Assets	63,411.23	6,607.85	4,716.29	4,553.28	731.17	-	53,816.66	1,33,836.48
Other Information								
Capital Expenditure	185.69	33.37	55.21	54.83	27.04			356.14
Depreciation	182.52	55.32	46.47	41.97	30.68			356.96
Non cash expenses other than Depreciation	6,905.56	12,495.02	84.58	7.30	3.46			19,495.91

a) The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate

Notes forming part of the Consolidated Financial Statements (Continued)

financial information is available and for which operating profit / loss amounts are evaluated regularly by the Chief Operating Decision Maker in deciding how to allocate resources and in assessing performance.

b) The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

c) Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

d) Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under unallocated revenue / expenses / assets / liabilities.

e) Loans segment mainly comprises of Group's financing activities for housing and also includes financing of commercial real estate and others through the Corporation and its subsidiaries GRUH Finance Limited (upto August 30, 2019) and HDFC Credila Financial Private Limited.

f) Asset Management segment includes portfolio management, mutual fund and property investment management.

g) Others includes project management, investment consultancy and property related services.

i) **Geographic information**

The geographic information analyses the Group's revenues and non-current assets by the Company's country of domicile and other countries. In presenting geographic information, segment revenue has been based on the selling location in relation to sales to customers and segment assets are based on geographical location of assets.

Revenue from external customers:

₹ in Crore

Particulars	2020-2021	2019-2020
India	**1,38,974.96**	1,01,741.34
United Arab Emirates	**78.74**	36.99
Singapore	**16.56**	15.96
Mauritius	**0.98**	1.61
Total	**1,39,071.24**	1,01,795.90

Assets other than financial instruments and tax assets:

₹ in Crore

Particulars	2020-2021	2019-2020
India	**6,234.11**	6,222.92
United Arab Emirates	**2.25**	1.84
Singapore	**0.48**	0.46
Mauritius	**-**	-
Total	**6,236.84**	6,225.22

No single customer represents 10% or more of the Group's total revenue for the year ended 31 March, 2021 and 31 March, 2020.

Notes forming part of the Consolidated Financial Statements (Continued)

46. Share-based payments

The details of the various stock options granted to employees pursuant to the Corporation's Stock Options Schemes and outstanding as on date are as under:

Particulars	ESOS-20	ESOS-17	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Plan period	2020-24	2017-20	2014-17	2011-14	2008-11	2007-10
Quantum of Options	3,84,21,531	4,30,02,977	62,73,064	61,02,475	57,90,000	54,56,835
Equivalent number of shares of FV of ₹ 2 per share	3,84,21,531	4,30,02,977	3,13,65,320	3,05,12,375	2,89,50,000	2,72,84,175
Method of Accounting	Fair Value	Fair Value	Intrinsic value	Intrinsic value	Intrinsic value	Intrinsic value
Vesting period	1-4 years	1-3 years	1-3 years	1-3 years	1-3 years	1-3 years
Vesting condition(s)	Continued employment	Continued employment	Continued employment	Continued employment	Continued employment	Continued employment
Exercise period	5 Years from date of Vesting	5 Years from date of Vesting	5 Years from date of Vesting	5 Years from date of Vesting	5 Years from date of Vesting	5 Years from date of Vesting
Grant date	04/09/2020 2/02/2021	01/06/2017 30/10/2017 29/01/2018 16/03/2018 02/08/2019	8-Oct-14	23-May-12	25-Nov-08	12-Sep-07
Grant / Exercise price (₹ per Option)	₹ 1,808.75 & ₹ 2,579.25	₹ 1,569.85 to ₹ 2,086.80	₹ 5,073.25	₹ 3,177.50	₹ 1,350.60	₹ 2,149.00
Value of Equity Shares as on date of Grant of Original Option (₹ per share)	₹ 1,808.75 & ₹ 2579.25	₹ 1,569.85 to ₹ 2,086.80	₹ 5,073.25	₹ 3,177.50	₹ 1,350.60	₹ 2,149.00

Method used for accounting for share based payment plan:

The stock options granted to employees pursuant to the Corporation's Stock options Schemes, are measured at the fair value of the options at the grant date using Black-Scholes model. The fair value of the options determined at grant date is recognised as employee compensation cost over the vesting period on straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity.

Movement during the year in the options under ESOS-17, ESOS-14, ESOS-11, ESOS-08 and ESOS-07:

Details of Activity in the options as at March 31, 2021

Number of options

Particulars	ESOS-20	ESOS-17	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Outstanding at the beginning of the year	-	**3,68,40,914**	**17,71,361**	**839**	**4,874**	**5,287**
Granted during the year	**3,84,21,531**	-	-	-	-	-
Exercised during the year	-	**62,87,028**	**17,57,168**	**839**	-	-
Lapsed during the year	**2,31,587**	**42,943**	**216**	-	-	-
Outstanding at the end of the year	**3,81,89,944**	**3,05,10,943**	**13,977**	-	**4,874**	**5,287**
Unvested at the end of the year	**3,81,89,944**	**1,57,000**	-	-	-	-
Exercisable at the end of the year	-	**3,03,53,943**	**13,977**	-	**4,874**	**5,287**
Weighted average price per option	**1,809.25**	**1,573.22**	**5,073.25**	**3,177.50**	**1,350.60**	**2,149.00**
Weighted average remaining contractual life	**5.99**	**2.25**	**0.85**	-	-	-

Notes forming part of the Consolidated Financial Statements (Continued)

Details of Activity in the options as at March 31, 2020

Number of options

Particulars	ESOS-17	ESOS-14	ESOS-11	ESOS-08	ESOS-07
Outstanding at the beginning of the year	4,04,44,710	31,47,541	4,593	4,874	5,287
Granted during the year	1,57,000	-	-	-	-
Exercised during the year	37,20,484	13,74,909	3,754	-	-
Lapsed during the year	40,312	1,271		-	-
Outstanding at the end of the year	3,68,40,914	17,71,361	839	4,874	5,287
Unvested at the end of the year	8,57,220	-	-	-	-
Exercisable at the end of the year	3,59,83,694	17,71,361	839	4,874	5,287
Weighted average price per option	1,573.22	5,073.25	3,177.50	1,350.60	2,149.00
Weighted average remaining contractual life	3.26	0.55	-	-	-

With effect from August 21, 2010, the nominal face value of equity shares of the Corporation was sub-divided from ₹ 10 per share to ₹ 2 per share. Each option exercised under ESOS-07, ESOS-08, ESOS-11 and ESOS-14 entitles 5 equity shares of ₹ 2 each. An option exercised under ESOS-17 entitles 1 equity share of ₹ 2 each.

Fair Value Methodology:

The fair value of options have been estimated on the date of grant using Black-Scholes model as under:

The key assumptions used in Black-Scholes model for calculating fair value under ESOS-2020, ESOS-2017, ESOS-2014, ESOS-2011, ESOS-2008 and ESOS-2007, as on the date of grant, are as follows:

Particulars	ESOS-2020	ESOS-2017*	ESOS-2014	ESOS-2011	ESOS-2008	ESOS-2007
Risk-free interest rate (p.a.)	4.33%	6.62%	8.28%	8.06%	6.94%	7.70%
Expected life	Upto 4 years	Upto 3 years	Upto 3 years	Upto 2 years	Upto 2 years	Upto 2 years
Expected volatility of share price	21%	16%	15%	15%	29%	19%
Expected growth in dividend (p.a.)	20%	20%	20%	20%	20%	20%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 220.18	₹ 275.40	₹ 1,035.91	₹ 474.56	₹ 238.79	₹ 307.28

Volatility is measure of the amount by which price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in Black-Scholes Model is the annualised standard deviation of the continuously compounded rates of return on stock over a period of time.

* The stock based compensation expense determined under fair value based method and charged to the statement of profit and loss is ₹ **338.42 Crore** (Previous Year ₹ 13.64 Crore).

Notes forming part of the Consolidated Financial Statements (Continued)

47. Related Party Transactions

As per Ind AS-24, Related Party Disclosure, the Group's related parties are disclosed below:

Associates
HDFC Bank Limited
Good Host Spaces Private Limited
Magnum Foundations Private Limited
(Upto February 23, 2021)
True North Ventures Private Limited
HDFC Securities Limited
(Subsidiary of HDFC Bank Limited)
HDB Financial Services Limited
(Subsidiary of HDFC Bank Limited)
Renaissance Investment Solutions ARC Pvt. Ltd
(w.e.f. 24 November 2020)
GRUH Finance Ltd
(w.e.f. 31 August 2019 to 17 October 2019)

Investing Party and its Group Companies
ERGO International AG
Munich Re
Standard Life Investments Limited
Standard Life (Mauritius Holdings) 2006 Limited

Entities over which control is exercised
H T Parekh Foundation
HDFC Employees Welfare Trust
HDFC Employees Welfare Trust 2
Maharashtra 3E Education Trust
3E Education Trust

Entities where Directors/Close family members of Directors of the Corporation have control / significant influence *(where there are transactions)*
Geetanjali Trading and Investments Private Limited

Post employment benefit plans of the Corporation or its related entities
(where there are transactions)
Housing Development Finance Corporation Limited Provident Fund
Superannuation Fund of Housing Development Finance Corporation Limited
Gratuity Fund of Housing Development Finance Corporation Limited
Gratuity Assurance Scheme
HDFC Capital Advisors Limited Gratuity Fund
HDFC ERGO General Insurance Company Limited Superannuation Fund
HDFC ERGO General Insurance Company Limited Employees Gratuity Trust

Key Management Personnel
(Whole-time Directors)
Mr. Keki M. Mistry (Vice Chairman & CEO)
Ms. Renu Sud Karnad (Managing Director)
Mr. V. Srinivasa Rangan (Executive Director)

Key Management Personnel
(Non-executive directors)
Mr. Deepak S Parekh (Chairman)
Mr. Nasser Munjee
Dr. J. J. Irani
Mr. U. K. Sinha
Ms. Ireena Vittal
Dr. Bhaskar Ghosh
Mr. Jalaj Dani

Relatives of Key Management Personnel
(Whole-time Directors)
(where there are transactions)
Mr. Singhal Nikhil
Mr. Ashok Sud
Mr. Bharat Karnad
Ms. Arnaaz K. Mistry
Ms. Tinaz K. Mistry

Relatives of Key Management Personnel
(Non-executive directors)
(where there are transactions)
Mr. Aditya D. Parekh
Mr. Siddharth D. Parekh
Ms. Harsha Shantilal Parekh
Ms. Smita D. Parekh
Mr. Malav A. Dani
Mrs. Niamat Mukhtar Munjee

Notes forming part of the Consolidated Financial Statements (Continued)

The Group's related party transactions and balances are summarised as follows:

₹ in Crore

Nature of related party	Nature of Transaction/s	March 31, 2021	March 31, 2020
Investing Party and its Group Companies	Consultancy, Fees & Other Income	**0.45**	1.31
	Reinsurance Income	**796.59**	283.97
	Other Income/ Receipts	**2.84**	3.74
	Interest Expense	**16.28**	12.95
	Other Expenses/ Payments	**2.51**	-
	Reinsurance Expenses	**1,534.42**	401.29
	Other Advances / Receivables	**0.57**	1.25
	Non-Convertible Debentures Closing balance	**210.00**	170.00
	Other Liabilities / Payables	**839.21**	228.61
	Dividend Paid	**230.08**	76.38
Associates	Dividend Income	**-**	1,195.49
	Rent Income	**1.66**	1.50
	Support cost recovered (Prorata Building Maintainance Cost)	**0.39**	0.40
	Premium Received	**144.40**	118.91
	Interest Income	**108.13**	76.88
	Reimbursement of Cost	**2.09**	2.18
	Other Income/ Receipts	**542.01**	469.76
	Interest Expense	**56.51**	89.08
	Finance Cost	**(179.72)**	(54.84)
	Bank & Other Charges	**39.58**	41.88
	Donation[@]	**-**	3.00
	Provision for Diminution in the value of Investments	**(8.02)**	2.19
	Other Expenses/ Payments	**2,370.79**	2,081.13
	Investments made during the year	**21.55**	86.71
	Investments sold / Redeemed	**13.12**	-
	Securities sold of other entities	**11.43**	487.28
	Investments - Debentures & Bonds Closing balance	**1,022.20**	911.71
	Securities purchased of other entities	**2,945.12**	2,776.11
	Loans given	**19.53**	4.52
	Loans repaid	**27.45**	-
	Loans Sold	**18,979.78**	24,127.25
	Loans Closing balance	**23.61**	31.53
	Bank Deposits placed	**2,457.11**	783.26
	Bank Deposits matured / withdrawn	**2,638.82**	268.95
	Bank Balance and Deposits Closing balance	**2,147.50**	4,865.38

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Nature of related party	Nature of Transaction/s	March 31, 2021	March 31, 2020
	Trade Receivable	**1.89**	51.64
	Other Advances / Receivables	**198.79**	165.81
	Prepaid Premium	**0.44**	1.12
	Deposits Received	**100.00**	75.00
	Deposits Closing balance	**50.00**	-
	Other Liabilities / Payables	**293.43**	784.47
	Amounts payable - Securitised Loans Closing balance	**494.75**	387.80
	Deposits Matured / Repaid	**50.00**	75.00
	Dividend Paid	**0.25**	0.02
	Guarantees	**2.83**	2.09
Entities over which control is exercised	Support cost recovered (Deputation cost recovered)	**0.06**	0.21
	Interest Expense	**8.60**	13.68
	CSR Expenditure	**112.73**	182.80
	Trade Receivable	**-**	0.02
	Deposits repaid / matured	**140.00**	21.01
	Deposits Closing balance	**11.25**	151.25
	Other Liabilities / Payables	**0.28**	0.17
	Dividend Paid	**0.12**	0.09
Entities over which Director / closed family member of director having control/ jointly control	Interest Income	**-**	20.68
	Loans repaid	**-**	300.00
Post employment benefit plans of the Corporation or its related entities	Interest Expense	**0.11**	0.17
	Contribution To PF & Other Funds	**82.37**	63.72
	Investments - Debentures & Bonds Closing balance	**59.00**	34.84
	Other Advances / Receivables	**4.02**	0.10
	Non-Convertible Debentures - Redemption	**0.80**	-
	Non-Convertible Debentures Closing balance	**1.00**	1.80
	Other Liabilities / Payables	**0.04**	24.62
Key Management Personnel (Whole-time directors)	Premium Received	**0.09**	0.03
	Interest Income	**0.00**	0.00
	Interest Expense	**1.22**	0.29
	Remuneration#	**40.42**	39.19
	Sitting Fees	**0.99**	1.47
	Share based payments	**30.71**	-
	Other Expenses/ Payments	**-**	0.00
	Consultancy, Fees & Other Charges	**0.60**	0.72
	Loans repaid	**0.02**	0.01
	Loans Closing balance	**-**	0.02
	Deposits Received	**21.01**	0.01
	Deposits repaid / matured	**3.25**	0.01
	Deposits Closing balance	**21.05**	3.28
	Other Liabilities / Payables	**1.01**	0.39
	Dividend Paid	**7.73**	6.59

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Nature of related party	Nature of Transaction/s	March 31, 2021	March 31, 2020
Key Management Personnel (Non-executive directors)	Premium Received	**10.00**	10.00
	Interest Expense	**0.05**	-
	Sitting Fees	**1.13**	1.21
	Commission^^	**4.50**	4.60
	Other Expenses/ Payments	**0.66**	0.65
	Consultancy, Fees & Other Charges	**0.20**	0.24
	Deposits Received	**1.00**	-
	Deposits Closing balance	**1.00**	-
	Dividend Paid	**2.47**	2.14
Relatives of Key Management Personnel (Whole-time directors)	Premium Received	**1.00**	1.00
	Interest Income	**0.02**	0.03
	Interest Expense	**0.09**	0.04
	Other Expenses/ Payments	**-**	0.01
	Loans repaid	**0.03**	0.03
	Loans Closing balance	**0.30**	0.32
	Other Advances / Receivables	**-**	0.01
	Deposits Received	**2.57**	-
	Deposits repaid / matured	**0.50**	-
	Deposits Closing balance	**2.57**	0.50
	Other Liabilities / Payables	**0.06**	0.05
	Dividend Paid	**1.28**	1.15
Relatives of Key Management Personnel (Non-executive directors)	Premium Received	**0.20**	0.20
	Interest Expense	**1.36**	1.56
	Other Expenses/ Payments	**0.00**	0.00
	Deposits Received	**6.28**	14.89
	Deposits repaid / matured	**5.77**	21.15
	Deposits Closing balance	**17.17**	16.66
	Other Liabilities / Payables	**1.40**	0.75
	Dividend Paid	**3.13**	2.82

Notes:-

All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.

Expenses towards gratuity and leave encashment provisions are determined actuarially on overall Company basis at the end of each year and, accordingly, have not been considered in the above information.

^^ Commission is approved by the Board of Directors within the limit as approved by the shareholders of the Corporation and will be paid post adoption of annual accounts by the shareholders.

@ Previous Year Donations includes ₹ 3 Crore, utilised out of Shelter Assistance Reserve.

'0" denotes amount less than ₹ 1 Crore.

Notes forming part of the Consolidated Financial Statements (Continued)

48. Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled after factoring in rollover and prepayment assumptions.

₹ in Crore

ASSETS	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	2,628.68	-	2,628.68	5,198.46	-	5,198.46
Bank Balance other than (a) above	329.34	77.45	406.79	230.47	72.60	303.07
Derivative financial instruments	436.59	1,755.71	2,192.30	2,134.00	3,624.06	5,758.06
Trade Receivables	172.53	69.82	242.35	342.89	-	342.89
Loans	76,981.05	4,13,966.75	4,90,947.80	70,237.32	3,75,258.84	4,45,496.16
Investments	48,906.35	61,888.07	1,10,794.42	44,684.34	55,226.69	99,911.03
Assets pertaining to Life Insurance Business	22,015.22	1,61,601.32	1,83,616.54	17,809.00	1,19,522.89	1,37,331.89
Assets pertaining to Non - Life Insurance Business	6,424.67	17,097.77	23,522.44	5,701.04	14,167.20	19,868.24
Non current assets held for sale	141.00	-	141.00	-	-	-
Other financial assets	2,460.89	1,390.81	3,851.70	2,425.48	1,558.24	3,983.72
Non-Financial Assets						
Current Tax Asset	-	2,920.28	2,920.28	-	3,696.51	3,696.51
Deferred Tax Assets (Net)	-	1,853.76	1,853.76	-	1,699.68	1,699.68
Investment property	-	936.77	936.77	-	981.52	981.52
Property, Plant and Equipment	-	1,738.69	1,738.69	-	1,744.27	1,744.27
Other Intangible assets		1,083.14	1,083.14	4.63	1,203.72	1,208.35
Other non-financial assets	726.37	16.35	742.72	238.08	452.27	690.35
Non current assets held for sale	134.79	-	134.79			
Goodwill on consolidation	-	1,600.73	1,600.73	-	1,600.73	1,600.73
Total Assets	1,61,357.48	6,67,997.42	8,29,354.90	1,49,005.71	5,80,809.22	7,29,814.93
LIABILITIES						
Financial Liabilities						
Derivative financial instruments	69.87	1,646.92	1,716.79	2.49	352.35	354.84
Trade and other Payables	3,237.79	138.36	3,376.15	2,404.14	-	2,404.14
Debt Securities	27,062.66	1,56,647.82	1,83,710.48	32,509.96	1,47,289.19	1,79,799.15
Borrowings (Other than debt securities)	17,234.61	90,757.34	1,07,991.95	25,891.10	82,023.57	1,07,914.67
Deposits	55,400.34	94,676.85	1,50,077.19	43,933.72	88,371.07	1,32,304.79
Subordinated Liabilities	1,026.67	4,206.98	5,233.65	1,000.00	4,348.93	5,348.93
Liabilities pertaining to Life Insurance Business	33,805.20	1,41,600.95	1,75,406.15	24,520.32	1,06,486.42	1,31,006.74
Liabilities pertaining to Non Life Insurance Business	11,507.33	8,328.79	19,836.12	8,908.14	8,515.17	17,423.31
Other financial liabilities	11,872.22	1,515.60	13,387.82	13,659.40	2,877.57	16,536.97
Non-Financial Liabilities						
Current tax liabilities (Net)	469.64	-	469.64	259.84	-	259.84
Deferred tax liabilities (Net)	-	124.80	124.80	-	32.46	32.46
Provisions	275.78	95.39	371.17	78.88	293.21	372.09
Other non-financial liabilities	1,386.34	649.18	2,035.52	1,172.49	1,048.03	2,220.52
Total Liabilities	1,63,348.45	5,00,388.98	6,63,737.43	1,54,340.48	4,41,637.95	5,95,978.45
Net Assets	(1,990.97)	1,67,608.44	1,65,617.47	(5,334.77)	1,39,171.26	1,33,836.47

Notes forming part of the Consolidated Financial Statements (Continued)

49. Risk disclosures pertaining to Financial instruments

49.1 Risk disclosures pertaining to Financial instruments for other than Insurance business

49.1.1 Capital Management

The Corporation maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of National Housing Bank (NHB). The adequacy of the Corporation's capital is monitored using, among other measures, the regulations issued by NHB.

The Corporation has complied in full with all its externally imposed capital requirements over the reported period.

₹ in Crore

Particulars	March 31, 2021	March 31, 2020
Net debt	**4,44,384.59**	4,20,169.08
Total equity	**1,65,617.47**	1,33,836.48
Net debt to equity ratio	**2.68 : 1**	3.14 : 1

49.1.2 Financial Risk Management

The Corporation has to manage various risks associated with the lending business. These risks include Foreign exchange risk, interest rate risk and counterparty risk.

The Board approved Financial Risk Management and ALM Policy sets out the framework and limits for management of the aforementioned risks, in accordance with which the Corporation manages them on an ongoing basis.

Liquidity risks are managed through a combination of strategies like managing tenors in line with the regulations on Asset Liability Management, and maintaining adequate liquidity cover. Interest rate risks are managed by entering into interest rate swaps. The currency risk on borrowings is actively managed mainly through a combination of principal only swaps, forward contracts, option contracts. Counterparty risk is reviewed periodically to ensure that exposure to various counterparties is well diversified and within the limits fixed by the Derivative Committee. It is also managed by entering into collateralization arrangements with banking counterparties to the extent possible.

49.1.3 Fair Valuations

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

₹ in Crore

Particulars	March 31, 2021			March 31, 2020		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial Assets						
Mutual funds	**21,048.82**	-	-	28,162.25	-	-
Government securities	-	**29.94**	**22,552.38**	-	-	14,283.47
Equity shares	**1,115.72**	**7,242.78**	-	621.54	5,110.90	
Preference Shares	**7.85**	-	**3.50**	16.68	-	70.00
Debentures	**460.09**	**32.85**	**1,537.41**	419.73	101.30	1,201.39
Pass-through Certificates	-	-	**18.33**	-	-	22.57
Security Receipts	**175.00**	-	-	176.13	-	-
Investment in Units of Venture Capital Fund	**1,174.63**	-	-	841.33	-	-

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars	March 31, 2021			March 31, 2020		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Derivative financial assets	1,252.39	939.91		2,297.52	3,460.54	
Trade receivables	-	-	242.35	-	-	342.89
Loans	-	-	4,90,947.80	-	-	4,45,496.16
Other Financial Assets	86,505.87	1,04,790.92	19,693.89	60,653.35	82,633.30	17,897.20
Total Financial Assets	**1,11,740.38**	**1,13,036.40**	**5,34,995.66**	**93,188.53**	**91,306.04**	**4,79,313.68**
Financial Liabilities						
Derivative Financial Liabilities	-	1,716.79	-	-	354.83	-
Trade and other payables	-	-	3,376.15	-	-	2,404.14
Debt Securities	94,026.29	-	89,684.19	67,627.19	-	1,12,171.96
Borrowings	-	-	1,07,991.95	-	-	1,07,914.67
Deposits	-	-	1,50,077.19	-	-	1,32,304.79
Subordinated Liabilities	-	-	5,233.65	-	-	5,348.93
Other Financial Liabilities	-	-	2,08,630.09	-	-	1,64,967.02
Total Financial Liabilities	**94,026.29**	**1,716.79**	**5,64,993.22**	**67,627.19**	**354.83**	**5,25,111.51**

Note: The table above, does not include Cash and Cash Equivalents, Bank Balances and Investments in Associates.

₹ in Crore

Financial Assets and Liabilities measured at Fair Value	Level 1	Level 2	Level 3	Total
As at March 31, 2021				
Financial Assets				
Financial Investments at FVTPL				
Mutual Funds	21,048.82	-	-	21,048.82
Equity Shares	813.16	-	302.56	1,115.72
Preference Shares	-	-	7.85	7.85
Debentures	-	-	460.09	460.09
Security Receipts	-	-	175.00	175.00
Investment in Units of Venture Funds / Alternate Investment Funds / REITS	79.44	-	1,095.19	1,174.63
Other financial assets	75,158.53	10,625.94	721.39	86,505.87
Derivatives designated as hedges				
-Interest RATE Swaps	-	1,252.39	-	1,252.39
Financial Investments at FVTOCI				
Equity investments	6,338.09	-	904.69	7,242.78
Government securities	29.94	-	-	-
Debentures	-	-	32.85	32.85
Other financial assets	75,481.43	29,309.50	-	1,04,790.92
Derivatives designated as hedges				
-Forwards	-	-	-	-
-Currency swaps - Principal Only Swaps	-	939.91	-	939.91
-Options purchased (net)	-	-	-	-
Total Financial Assets	**1,78,949.41**	**42,127.74**	**3,699.63**	**2,24,746.84**
Financial Liabilities				
Debt Securities	-	94,026.29	-	94,026.29
Derivatives classified as FVOCI				
- Forward rate contracts	-	1,318.95	-	1,318.95
- Interest Rate Swaps INR	-	198.10	-	198.10
- Interest Rate Swaps USD	-	64.33	-	64.33
- Forwards	-	135.41	-	135.41
Total Financial Liabilities	**-**	**95,743.08**	**-**	**95,743.08**

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Financial Assets and Liabilities measured at Fair Value	Level 1	Level 2	Level 3	Total
As at March 31, 2020				
Financial Assets				
Financial Investments at FVTPL				
Mutual Funds	27,780.95	381.30	-	28,162.25
Equity Shares	191.94	-	429.60	621.54
Preference Shares	-	-	16.68	16.68
Debentures	-	-	419.73	419.73
Security Receipts	-	-	176.13	176.13
Investment in Units of Venture Funds and Alternate Investment Funds	-	-	841.33	841.33
Other financial assets	45,206.21	12,506.05	2,941.09	60,653.35
Derivatives designated as hedges				
-Interest RATE Swaps	-	2,297.52	-	2,297.52
Financial Investments at FVTOCI				
Equity investments	3,925.87	-	1,185.03	5,110.90
Debentures	-	-	101.30	101.30
Other financial assets	54,941.85	24,143.53	3,547.92	82,633.30
Derivatives designated as hedges				-
- Forwards	-	485.00	-	485.00
- Currency swaps - Principal Only Swaps	-	2,119.23	-	2,119.23
- Options purchased (net)	-	856.31	-	856.31
Total Financial Assets	**1,32,046.82**	**42,788.94**	**9,658.81**	**1,84,494.57**
Financial Liabilities				
Debt Securities	-	67,627.19	-	67,627.19
Derivatives classified as FVOCI				-
- Forward rate contracts		13.42		13.42
- Interest Rate Swaps	-	260.56	-	260.56
- Currency swaps - Principal Only Swaps	-	80.85	-	80.85
Total Financial Liabilities	**-**	**67,982.02**	**-**	**67,982.02**

Valuation technique used to determine fair value

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Corporation determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the company and other valuation models.

The Corporation measures financial instruments, such as investments (other than equity investments in Subsidiaries, Joint Ventures and Associates) at fair value.

The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Quoted prices in an active market (Level 1): Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, units of mutual funds (open ended) and traded bonds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Notes forming part of the Consolidated Financial Statements (Continued)

Valuation techniques with observable inputs (Level 2): The fair value of financial instruments that are not traded in an active market for example, Securities receipts, Mutual Funds (close ended) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2, this level of hierarchy includes financial assets, measured using inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data, this level of hierarchy includes unlisted equity instruments, venture fund units and security receipts.

Valuation Process - Equity Instrument Level 3

When the fair value of equity investments cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the Discounted Cash Flow (DCF) model, market comparable method and based on recent transactions. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgment is exercised in establishing fair values. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain unquoted equity instruments insufficient more recent information is available to measure fair value and cost represents the best estimate of fair value within that range. These investments in equity instruments are not held for trading. Instead, they are held for medium or long term strategic purpose.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

Particulars	Sensitivity		March 31, 2021	March 31, 2020	Significant unobservable inputs*
	Favourable	Un-favourable			
Unquoted equity shares	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 29.83 Crore in FY21.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 29.58 Crore in FY21.	**290.24**	419.66	Valuation Factor
Locked in Shares of Yes Bank Ltd	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 72.68 Crore in FY21.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 72.68 Crore in FY21.	**726.75**	1,018.50	Valuation Factor
Compulsorily Convertible Preference Shares	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 0.08 Crore in FY20.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 0.08 Crore in FY20.	**0.00**	0.78	Valuation Factor
Convertible Debentures	A positive change in the Valuation Factor by 10% increases the fair value by ₹ 6.64 Crore in FY21.	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ 6.64 Crore in FY21.	**66.42**	232.20	Valuation Factor
Venture Funds	Increase in NAV by 10% increases the fair value by ₹ 88.69 Crore in FY21.	Decrease in NAV by 10% reduces the fair value by ₹ 89.02 Crore in FY21.	**996.73**	775.21	Net Asset Value
Security Receipts	Increase in NAV by 10% increases the fair value by ₹ 0.03 Crore in FY21.	Decrease in NAV by 10% reduces the fair value by ₹ 0.03 Crore in FY21.	**0.30**	1.43	Net Asset Value

* *There were no significant inter-relationships between unobservable inputs that materially affect fair values.*

Valuation Factor includes Discounted Cash Flows, Equity Multiples such as PE Ratio, Price to Book Value Ratio and EV/EBITDA Ratio.

Sensitivity data are calculated using a number of techniques, including analysing price dispersion of different price sources, adjusting model inputs to reasonable changes within the fair value methodology.

Fair value of the Financial Assets that are not measured at fair value ₹ in Crore

Particulars	As at March 31, 2021			As at March 31, 2020		
	Carrying Value	Fair Value	Fair Value hierarchy	Fair Value	Carrying Value	Fair Value hierarchy
Financial Assets at Amortised Cost						
Government securities	**22,552.38**	**22,632.29**	**Level 2**	14,283.47	14,531.94	Level 2
Preference shares	**3.50**	**3.50**	**Level 3**	70.00	70.00	Level 3
Debentures	**1,537.41**	**1,604.40**	**Level 3**	1,201.39	1,202.37	Level 3
Pass-through Certificates	**18.33**	**18.24**	**Level 3**	22.57	22.72	Level 3
Total Financial Assets	**24,111.62**	**24,258.43**		15,577.43	15,827.03	
Financial Liabilities						
Non Convertible Debentures	**1,49,195.95**	**1,55,050.04**	**Level 2**	1,44,466.85	1,45,279.82	Level 2
Synthetic Rupee Denominated Bonds	**2,800.00**	**2,855.55**	**Level 2**	6,100.00	6,075.28	Level 2
Deposits	**1,50,501.61**	**1,52,323.81**	**Level 2**	1,32,304.79	1,33,538.37	Level 2
Subordinated Liabilities	**4,731.73**	**5,099.75**	**Level 2**	5,348.93	5,661.49	Level 2
Total Financial Liabilities	**3,07,229.29**	**3,15,329.15**		2,88,220.57	2,90,554.96	

The Fair Value of the financial assets and financial liabilities are considered at the amount, at which the instrument could be exchanged in current transaction between willing parties, other than in forced or liquidation sale.

Loans

Substantially all loans reprice frequently, with interest rates reflecting current market pricing, the carrying value of these loans amounting to ₹ **4,90,947.80 Crore** (As at March 31, 2020 ₹ 4,45,496.16 Crore) approximates their fair value.

Short term and other Financial Assets and Liabilities

The Financial Assets and Liabilities, such as cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivable, trade payables, commercial paper, foreign currency loans, borrowings other financial assets and liabilities approximate their carrying amounts largely due to the short term maturity of these instruments.

49.1.4 **Credit Risk**

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to the Corporation. In its lending operations, the Corporation is principally exposed to credit risk.

The credit risk is governed by various Product Policies. The Product Policy outlines the type of products that can be offered, customer categories, the targeted customer profile and the credit approval process and limits.

Notes forming part of the Consolidated Financial Statements (Continued)

Credit Approval Authorities

The Board of Directors has delegated credit approval authority to a sanctioning committee with approval limits which is approved by the Managing Director.

Credit Risk Assessment Methodology

Corporate Portfolio

The Corporation has an established credit appraisal procedure which has been detailed in Corporate Loans Policy and Developer Loans Policy respectively. The policies outline appraisal norms including assessment of quantitative and qualitative parameters along with guidelines for various products. The policy also includes process for approval of Loans which are subject to review and approval by Sanctioning Committees.

Corporation carries out a detailed analysis of funding requirements, including normal capital expenses, long-term working capital requirements and temporary imbalances in liquidity. A significant portion of Corporate Finance loans are secured by a lien over appropriate assets of the borrower.

Borrower risk is evaluated by considering:

- the risks and prospects associated with the industry in which the borrower is operating (industry risk);
- the financial position of the borrower by analysing the quality of its financial statements, its past financial performance, its financial flexibility in terms of ability to raise capital and its cash flow adequacy (financial risk);
- the borrower's relative market position and operating efficiency (business risk);
- the quality of management by analysing their track record, payment record and financial conservatism (management risk); and
- the risks with respect to specific projects, both pre-implementation, such as construction risk and funding risk, as well as post-implementation risks such as industry, business, financial and management risks related to the project (project risk).

Restructuring, ECLGS and Moratorium Guidelines issued by RBI are adopted for loans on a selective basis, after assessing the impact of COVID-19 pandemic on their businesses.

Lease Rental Discounting

Loan is given against assured sum of rentals/receivables. The risk assessment procedure include:

- carrying out a detailed evaluation of terms of Lease / Leave and License Agreements such as lease rental receivables, term of the leases and periodicity of rentals.
- conducting due diligence on and appraisal of Borrowers / Lessors and Lessees including due diligence of project/property. These Loans are secured by project property and serviced from rentals/receivables.

Construction Finance

The Corporation has a framework for the appraisal and execution of project finance transactions. The Corporation believes that this framework creates optimal risk identification, allocation and mitigation and helps minimize residual risk.

The project finance approval process begins with a detailed evaluation of technical, commercial, financial, marketing and management factors and the sponsor's financial strength and experience.

As part of the appraisal process, a risk matrix is generated, which identifies each of the project risks, mitigating factors and residual risks associated with the project. After credit approval, a letter of intent is issued to the borrower, which outlines the principal financial terms of the proposed facility, sponsor obligations, conditions precedent to disbursement, undertakings from and covenants on the borrower.

After completion of all formalities by the borrower, a loan agreement is entered into with the borrower.

Project finance loans are generally fully secured and have full recourse against the borrower. In most cases, the Corporation has a security interest and first lien on all the fixed assets. Security interests typically include property, plant and equipment as well as other tangible assets of the borrower, both present and future. The Corporation also takes additional credit comforts such as corporate or personal guarantees from one or more sponsors of the project.

The Corporation requires the borrower to submit periodic reports and continue to monitor the credit exposure until loans are fully repaid.

Further since both Lease Rental Discounting and Construction Finance Facilities are mostly serviced from receivables from the projects/property financed, all the cash flows are charged to the Corporation, and are ring fenced by way of Escrow mechanism. Under this mechanism all such receivables flow into Escrow Account from where amounts are directly credited into the Corporation's account.

During the year, additional credit checks were introduced in the non-retail policy in accordance with certain regulatory measures announced by RBI to mitigate the burden of debt servicing as a result of disruptions in cash flow due to the COVID -19 pandemic.

Restructuring of Accounts

The economic fallout on account of COVID-19 pandemic has led to significant financial stress for many borrowers. Considering the above, with the intent to facilitate revival and to mitigate the impact on ultimate borrowers, Reserve Bank of India (RBI) introduced measures under the Resolution Framework for COVID-19. As per the RBI Framework, the Corporation established a policy to provide resolution for eligible borrowers having stress on account of COVID-19 in line with the RBI Guidelines.

As advised under the said circular and Corporation's policy, the eligibility of customers was assessed, so as to understand the extent of financial stress caused due to COVID-19, i.e delay in construction, sales and consequent cash flow mismatch, duly supported by the documentary evidence. In addition to assessing the impact of stress, the Resolution framework was discussed with the eligible borrower and existing lenders (in case of multiple lenders) prior to invocation of Resolution plan. The Resolution Framework offered to ensure that the servicing of the restructured loan is not likely to be impacted. The implementation of Resolution plan is under process for respective accounts in line with the time lines prescribed in the said Circular.

ECLGS

During the current year, the Government of India through Ministry of Finance, Department of Financial Services, had introduced the Emergency Credit Line Guarantee Scheme (ECLGS), for providing 100% guarantee coverage for additional working capital term loans (in case of Banks and FIs) and additional term loans (in case of NBFCs) upto 20% of their entire outstanding credit (upto limits specified under the Scheme) as on February 29, 2020.

ECLGS was offered to borrowers eligible as per the criteria specified in the scheme and Corporation's Board approved policy. The Corporation carried out credit assessment of eligible borrowers to assess the requirement of the borrower and the qualifying criteria as per criteria as specified by National Credit Guarantee Trustee Company Limited (NCGTC).

Moratorium

The RBI had announced Moratorium for 6 months on repayments for the period March 2020 to August 2020 for term loans and working capital facilities outstanding as on February 29, 2020. This was part of the regulatory measures adopted to mitigate the burden of debt servicing brought about by disruptions on account of Covid pandemic and to ensure continuity of viable businesses. As part of the scheme and as per Corporation's Board approved policy, the Corporation has provided moratorium to eligible borrowers.

Notes forming part of the Consolidated Financial Statements (Continued)

Retail Loans

Our customers for retail loans are primarily low, middle and high-income, salaried and self-employed individuals.

The Corporation's credit officers evaluate credit proposals on the basis of active credit policies as on the date of approval. The criteria typically include factors such as the borrower's income & obligations, the loan-to-value ratio and demographic parameters subject to regulatory guidelines. Any deviations need to be approved at the designated levels.

The various process controls such as PAN Check, CERSAI database scrubbing, Credit Bureau Report analysis are undertaken prior to approval of a loan. In addition External agencies such as field investigation agencies facilitate a comprehensive due diligence process including visits to offices and homes.

The Corporation analyses the portfolio performance of each product segment regularly, and use these as inputs in revising our product programs, target market definitions and credit assessment criteria to meet our twin objectives of combining volume growth and maintenance of asset quality. Retail loans are secured by the mortgage of the borrowers property.

Retail

During the current year, additional Credit Checks were introduced in the Retail Policy in accordance with certain Regulatory measures announced by RBI to mitigate the burden of debt servicing as a result of disruptions in cash flow due to the COVID -19 pandemic.

Restructuring of Accounts

The eligibility of customers was assessed to understand the extent of financial stress caused due to the COVID-19 pandemic i.e. loss of jobs, pay cut, business shut down etc. In addition, the due diligence process was further strengthened to assess the impact of stress such as appraising income documents, bank statement and visits at work place etc. and ensured that Loan to Value ratios are not negatively impacted and underlying collateral is enforceable. The borrowers were counseled as regards the Resolution Framework to minimise the risk of default, post restructuring.

Emergency Credit Linked Guarantee Scheme (ECLGs)

Since the ECLGs facility was available to customers in business segment /MSME, the regular credit checks, as already in place for such customers, were used to assess the impact of stress in the borrower's books of account. The qualifying criteria as per NCGTC was strictly adhered to. In addition, borrower's income tax return / books of account / Chartered Accountant certificate / Collection of GSTIN nos. end use certificate etc were appraised to assess and qualify under the norms. Such loans were appraised by a dedicated team to ensure that Loan to Value ratios are not negatively impacted / and underlying collateral is enforceable.

Credit Risk

The Corporation measures, monitors and manages credit risk at an individual borrower level and at the group exposure level for corporate borrowers. The credit risk for individual borrowers is being managed at portfolio level for both Housing Loans and Non Housing Loans. The Corporation has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk. The Corporation has additionally taken the following measures:-

- Lower borrower group exposure limits.
- Establishment of a separate Policy Implementation & Process Monitoring (PIPM) team to enhance focus on monitoring of process implementation at the branches and to facilitate proactive action wherever required.
- Enhanced monitoring of Retail product portfolios through periodic review.

Risk Management and Portfolio Review

The Corporation ensures effective monitoring of credit facilities through a risk-based asset review framework under which the frequency of asset review is determined depending on the risk associated with the product.

For both Corporate and Retail borrowers, the Operations team verifies adherence to the terms of the credit approval prior to the commitment and disbursement of credit facilities.

The Operations team monitors compliance with the terms and conditions for credit facilities prior to disbursement. It also reviews the completeness of documentation, creation of security and compliance with regulatory guidelines.

The Credit Risk Management team of the Corporation, regularly reviews the credit quality of the portfolio and various sub-portfolios. A summary of the reviews carried out by the Credit Risk Management is submitted to the Branches & Management Team for its information.

The Policy Implementation and Process Management team reviews adherence to policies and processes, carries out audit and briefs the Audit Committee and the Board periodically.

49.1.5.a **Collateral and other credit enhancements**

The Corporation does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets, except credit risk associated with loans and Inter corporate deposits, which is mitigated because the loans and Inter corporate deposits are secured against the collateral. The main types of collateral obtained are, as follows:

Registered / equitable mortgage of property, Non disposal undertakings in respect of shares, pledge of shares, units, other securities, assignment of life insurance policies, Hypothecation of assets, Bank guarantees, company guarantees or personal guarantees, Negative lien, Assignment of receivables, Liquidity Support. Collateral [e.g. DSRA (Debt Service Reserve Account), Lien of Fixed Deposit].

The carrying amount of loans amount to ₹ **5,03,988.12 Crore** (as at March 31 2020 ₹ 4,56,483.40 Crore) which best represent the maximum exposure to credit risk, the related Expected credit loss amount to ₹ **13,040.32 Crore** (as at March 31, 2020 ₹ 10,987.24 Crore). The Corporation has right to sell or pledge the collateral in case borrower defaults.

49.1.5.b **Maturities of financial liabilities**

The tables below analyse the Corporation's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities, and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

₹ in Crore

Contractual maturities of financial liabilities 31 March 2021	0-1 year	1-3 years	3-5 years	>5 years	Total
Non-Derivatives					
Debt Securities	64,535.33	43,791.07	22,815.32	52,579.46	1,83,721.18
Borrowings (Other than Debt Securities)	70,359.04	28,418.33	7,563.69	1,706.92	1,08,047.97
Deposits	93,981.51	37,505.65	15,721.15	3,239.36	1,50,447.67
Subordinated Liabilities	1,000.00	0.00	3,809.94	423.72	5,233.65
Other Financial Liabilities	57,184.75	31,534.88	69,013.60	50,896.85	2,08,630.09
Trade payables	3,376.15	-	-	-	3,376.15
Total Non-Derivative Liabilities	**2,90,436.77**	**1,41,249.93**	**1,18,923.70**	**1,08,846.31**	**6,59,456.71**
Derivatives					
Forward rate contracts	64.33	-	-	-	64.33
Currency swaps	-	135.41	-	-	135.41
USD Interest rate swaps	5.53	149.00	-	-	154.53
Interest Rate Swaps	-	14.44	381.04	967.04	1,362.52
Total Derivative Liabilities	**5.53**	**298.85**	**381.04**	**967.04**	**1,716.79**

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Contractual maturities of financial liabilities 31 March 2020	0-1 year	1-3 years	3-5 years	>5 years	Total
Non-Derivatives					
Debt Securities	71,336.55	42,717.70	18,179.33	47,291.21	1,79,524.80
Borrowings (Other than Debt Securities)	72,241.66	15,853.42	17,332.30	2,571.31	1,07,998.69
Deposits	75,736.67	41,625.78	11,804.91	3,477.51	1,32,644.87
Subordinated Liabilities	1,000.00	1,000.00	3,000.00	623.28	5,623.28
Other Financial Liabilities	47,087.86	40,068.01	60,551.16	20,800.86	1,68,507.89
Trade Payables	2,404.14	-	-	-	2,404.14
Total Non-Derivative Liabilities	**2,69,806.88**	**1,41,264.91**	**1,10,867.70**	**74,764.18**	**5,96,703.67**
Derivatives					
Foreign exchange forward contracts	-	13.42	-	-	13.42
Currency Swaps - Principal Only Swaps	-	25.57	34.53	-	60.10
Options Purchased (net)	14.23	68.63	198.45	-	281.31
Total Derivative Liabilities	**14.23**	**107.62**	**232.98**	**-**	**354.83**

49.1.6 Market Risk

49.1.6.a Foreign currency risk

The Corporation operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and JPY. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Corporation's functional currency i.e. INR. The objective of the hedges is to minimise the volatility of the INR cash flows.

The Corporation's risk management policy allows it to keep the foreign currency risk open upto 5% of the total borrowings.

The Corporation uses a combination of foreign currency option contracts and foreign exchange forward contracts to hedge its exposure in foreign currency risk. The Corporation designates fair value of the forward contracts and intrinsic value of the option contracts as hedging instruments. In case the hedge effectiveness is 100%, the change in the fair value of the forward contracts or change in the intrinsic value of the option contracts and the change in carrying value of the underlying foreign currency liability are compared and the difference is recognised in cash flow hedge reserve. The changes in time value that relate to the option contracts are deferred in the costs of hedging reserve. Amortisation of forward points through cash flow hedge reserve which is pertaining to the forward contracts is recognised in the statement of profit and loss over life of the forward contracts. During the years ended March 31, 2021 and 2020, the Corporation did not have any hedging instruments with terms which were not aligned with those of the hedged items.

The spot component of forward contracts is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points.

The intrinsic value of foreign exchange option contracts is determined with reference to the relevant spot market exchange rate. The differential between the contracted strike rate and the spot market exchange rate is defined as the intrinsic value. Time value of the option is the difference between fair value of the option and the intrinsic value.

Notes forming part of the Consolidated Financial Statements (Continued)

Foreign Currency Risk Exposure:

The Corporation's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

₹ in Crore

Particulars	Currency	Financial and derivative assets		Financial liabilities	Net exposure to foreign currency risk iv= (i) + (ii)+(iii)
		Dollar Denominated loans & others (i)	Foreign exchange Derivative contracts (ii)	Foreign currency loans (iii)	
As at March 31, 2021	**USD**	**91.62**	**10,785.93**	**(10,877.93)**	**(0.38)**
	JPY	**-**	**3,528.45**	**(3,529.74)**	**(1.29)**
	SGD	**0.32**	**-**	**(0.04)**	**0.28**
	GBP	**0.97**	**-**	**(0.14)**	**0.83**
	AED	**0.57**	**-**	**(0.33)**	**0.24**
As at March 31, 2020	**USD**	153.07	34,114.02	(34,267.90)	(0.81)
	JPY	-	3,702.42	(3,703.84)	(1.42)
	SGD	19.52	-	(5.31)	14.21
	GBP	104.14	-	(27.45)	76.69
	AED	24.05	-	(7.92)	16.13

Foreign Currency Sensitivity Analysis:

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts, foreign exchange option contracts designated as cash flow hedges.

₹ in Crore

Particulars	Impact on other components of equity	
	March 31, 2021	March 31, 2020
USD sensitivity		
INR/USD -Increase by 1% *	**(0.55)**	(0.85)
INR/USD -Decrease by 1% *	**0.55**	0.12
JPY sensitivity		
INR/JPY -Increase by 1% *	**0.30**	19.11
INR/JPY -Decrease by 1% *	**(0.30)**	(19.11)

** Assuming all other variable is constant*

Cash Flow Hedge

Hedging Policy

The Corporation's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant INDAS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Corporation enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

Notes forming part of the Consolidated Financial Statements (Continued)

Disclosure of effects of hedge accounting on financial performance and exposure to foreign currency

₹ in Crore

Particulars	Notional amount	Carrying amount of hedging instruments assets	Carrying amount of hedging instruments liabilities	Weighted average contract / strike price of the hedging instrument	Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness - (profit) / loss
March 31, 2021					
INR USD - Forward exchange contracts	**1,054.00**	**-**	**64.33**	**78.35**	**547.08**
INR JPY - Forward exchange contracts	**-**	**-**	**-**	**-**	**2.25**
INR USD - Currency Swaps	**12,540.55**	**848.50**	**17.03**	**69.05**	**937.48**
USD Interest swaps	**9,458.00**	**(14.44)**	**154.52**	**-**	**(99.76)**
INR JPY - Currency Swaps	**3,528.45**	**93.44**	**118.39**	**0.66**	**268.50**
Option purchased (net)	**-**	**-**	**-**	**-**	**856.32**
Total	**26,581.00**	**927.50**	**354.27**		**2,511.87**
March 31, 2020					
INR USD - Forward exchange contracts	10,985.44	482.75	-	74.16	(506.12)
INR JPY - Forward exchange contracts	1,405.81	2.25	-	0.64	(72.17)
INR USD - Currency Swaps (incl. EXIM swap)	15,324.16	1,841.15	25.57	67.59	(1,513.76)
USD Interest swaps	13,507.10	(20.74)	260.57	-	260.58
INR JPY - Currency Swaps	3,702.42	278.08	34.53	0.63	(257.79)
Option purchased (net)	11,007.12	856.31	-	70.67*	(734.23)
Total	**55,932.05**	**3,439.80**	**320.67**	**213.69**	**(2,823.49)**

The above amounts are forming part of derivative financial instruments as disclosed in the Balance Sheet.

* denotes strike price range for bought call and sold put (at 70.67).

Hedged Item

₹ in Crore

Particulars	Change in the value of hedged item used as the basis for recognising hedge ineffectiveness	Cash flow hedge reserve as at	Cost of hedging as at	Foreign Currency Monetary Items Translation Reserve
March 31, 2021				
FCY Term Loans	**1,196.24**	**-**	**1.52**	**-**
External Commercial Borrowings (incl. ADB loans)	**1,080.18**	**190.48**	**(125.81)**	**-**
March 31, 2020				
FCY Term Loans	(1,203.74)	104.04	4.21	-
External Commercial Borrowings (incl. ADB loans)	1,593.06	124.37	(29.08)	-

Notes forming part of the Consolidated Financial Statements (Continued)

The impact of the cashflow hedges in the statement of profit and loss and other comprehensive income:

₹ in Crore

Particulars	Hedging gains or losses recognised in other comprehensive income		Hedge ineffectiveness recognised in statement of profit and loss	
	March 31, 2021	March 31, 2020	**March 31, 2021**	March 31, 2020
Forward exchange contracts and Currency swaps	**(92.78)**	(60.41)	**-**	-
Option purchased (net)	**-**	(5.12)	**-**	5.28

The above amounts are forming part of Finance cost as disclosed in the Statement of profit and loss.

Fair Value Hedge

The impact of the hedging instrument and hedged item on the Balance Sheet:

Hedging Instrument

₹ in Crore

Particulars	Notional amount	Carrying amount - Asset	Change in fair value used for measuring ineffectiveness for the period
Interest Rate Swap as at			
March 31, 2021	**94,585.00**	**(119.07)**	**(2,416.59)**
March 31, 2020	65,300.00	2,297.52	1,335.52

The above amounts are forming part of derivative financial instruments as disclosed in the Balance Sheet.

Hedged Item

₹ in Crore

Particulars	Notional amount	Carrying amount - Liability	Change in fair value used for measuring ineffectiveness for the period
Fixed-rate borrowing as at			
March 31, 2021	**66,525.00**	**(49.95)**	**(2,377.56)**
March 31, 2020	65,300.00	2,309.75	1,378.90

The above amounts are forming part of derivative financial instruments as disclosed in the Balance sheet.

The impact of the fair value hedges in the statement of profit and loss:

₹ in Crore

Particulars	Hedge ineffectiveness recognised in statement of profit and loss	
	March 31, 2021	March 31, 2020
Interest Rate Swap	**32.95**	43.51

The above amounts are forming part of Finance cost as disclosed in the Statement of profit and loss.

Notes forming part of the Consolidated Financial Statements (Continued)

Hedge Ratio

The foreign exchange forward and option contracts are denominated in the same currency as the highly probable future sales and purchases, therefore the hedge ratio is 1:1. The notional amount of interest rate swap is equal to the portion of variable rate loans that is being hedged, and therefore the hedge ratio for interest rate swap is also 1:1.

49.1.6.b **Interest Rate Risk**

The Corporation's core business is doing housing loans. The Corporation raises money from diversified sources like deposits, market borrowings, term Loan, foreign currency borrowings amongst others. In view of the financial nature of the assets and liabilities of the Corporation, changes in market interest rates can adversely affect its financial condition. The fluctuations in interest rates can be due to internal and external factors. Internal factors include the composition of assets and liabilities across maturities, existing rates and re-pricing of various sources of borrowings. External factors include macro economic developments, competitive pressures, regulatory developments and global factors. The rise or fall in interest rates impact the Corporations Net Interest Income depending on whether the Balance Sheet is asset sensitive or liability sensitive.

The Corporation uses traditional gap analysis report to determine the Corporation's vulnerability to movements in interest rates. The Gap is the difference between Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) for each time bucket. It indicates whether the Corporation is in a position to benefit from rising interest rates by having a positive Gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by a negative Gap (RSL > RSA). The Corporation also fixes tolerance limits for the same as per the ALM Policy.

Interest Rate Risk Exposure

The exposure of the Corporation's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	**March 31, 2021**	March 31, 2020
Variable rate borrowings	**74%**	70%
Fixed rate borrowings	**28%**	31%
Total borrowings	**100%**	100%

Sensitivity

The impact of 10 bps change in interest rates on financial assets and liabilities on the Profit after tax for the year ended March 31, 2021 is ₹ **31.65 Crore** (Previous year: ₹ 43.13 Crore).

49.1.6.c **Price Risk**

Exposure

The Corporation's exposure to equity securities price risk arises from investments held by the Corporation and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss.

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

Some of the Corporation's equity investments are publicly traded and are included in the NSE Nifty 50 index.

Sensitivity

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

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars	Impact on profit before tax		Impact on OCI before tax	
	March 31, 2021	March 31, 2020	**March 31, 2021**	March 31, 2020
NSE Nifty 50 – increase 10%	**89.04**	19.15	**627.90**	391.61
NSE Nifty 50 – decrease 10%	**(89.04)**	(19.15)	**(627.90)**	(391.61)

Profit for the period would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/ losses on equity securities classified as fair value through other comprehensive income.

49.2 Risks disclosures pertaining to Life Insurance Business

The Life Insurance business of the Group is carried by HDFC Life Insurance Co. Ltd. along with a subsidiary (together referred as "HDFC Life").

49.2.1 Sensitivity Analysis

(A) Interest Rate Sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. (100 Bps impact on fixed income securities is in line with directions given by IRDAI vide circular number IRDA/ ACTL/CIR/ALM/006/01/2012 dated January 03, 2012 on ALM and stress testing)

₹ in Crore

Particulars	Impact on Profit before Tax$		Impact on Other components of equity	
	March 31, 2021	March 31, 2020	**March 31, 2021**	March 31, 2020
Interest Rate - Increase by 100 basis points* ^	**-**	-	**(4,902.26)**	(3,278.56)
Interest Rate - Decrease by 100 basis points* &	**-**	-	**4,902.26**	3,278.56

* Holding all other variable constant

^ Impact on OCI does not include impact of ₹ **(2,070.75) Crore** for FY 21 and ₹ (1,906.39) Crore for FY 20 pertaining to Participating funds of which Shareholder's entitlement is restricted to 10% of future bonuses declared, as per IRDAI regulations.

& Impact on OCI does not include impact of ₹ **2,070.75 Crore** for FY 21 and ₹ 1,906.39 Crore for FY 20 pertaining to Participating funds of which Shareholder's entitlement is restricted to 10% of future bonuses declared, as per IRDAI regulations.

$ Unit linked funds being profit neutral, impact of the same is not included in the above sensitivity analysis.

(B) Foreign Currency Sensitivity Analysis

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

₹ in Crore

Particulars	Impact on Profit before Tax		Impact on Other components of equity	
	March 31, 2021	March 31, 2020	**March 31, 2021**	March 31, 2020
AED Sensitivity		-	**-**	-
INR/AED - Increase by **1.92%** (31st March 2020 8.67%)	**0.01**	0.04	**-**	-
INR/AED - Decrease by **1.92%** (31st March 2020 8.67%)	**(0.01)**	(0.04)	**-**	-

Notes forming part of the Consolidated Financial Statements (Continued)

(C) **Equity Price Sensitivity Analysis**

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period. 30% impact on equity securities is in line with directions given by IRDAI vide circular number IRDA/ACTL/CIR/ALM/006/01/2012 dated January 03, 2012 on ALM and stress testing).

The following table shows effect of price changes in equity:

₹ in Crore

Particulars	Impact on Profit before Tax$		Impact on Other components of equity	
	March 31, 2021	March 31, 2020	**March 31, 2021**	March 31, 2020
If equity prices had been 30% higher^	**976.08**	792.03	-	-
If equity prices had been 30% lower&	**(976.08)**	(792.03)	-	-

^ Impact on Profit before tax does not include impact of ₹ **2,617.34 Crore** for FY 21 and ₹ 1,240.76 Crore for FY 20 pertaining to Participating funds of which Shareholder's entitlement is restricted to 10% of future bonuses declared, as per IRDAI regulations.

& Impact on Profit before tax does not include impact of ₹ **(2,617.34) Crore** for FY 21 and ₹ (1,240.76) Crore for FY 20 pertaining to Participating funds of which Shareholder's entitlement is restricted to 10% of future bonuses declared, as per IRDAI regulations.

$ Unit linked funds being profit neutral, impact of the same is not included in the above sensitivity analysis.

49.2.2. Risk Management Framework

HDFC Life has an Enterprise Risk Management (ERM) framework covering procedures to identify, measure and mitigate the key business risks. Aligned with the business planning process, the ERM framework covers all business risks including strategic risk, operational risks, Regulatory risk, investment risks, Subsidiary related risks and insurance risks. The key business risks identified are approved by the Board's Risk Management Committee and monitored by the Risk Management team thereafter. The ERM framework adopted is enabled by the risk oriented enterprise level culture with established risk governance framework, characterized by:

1. Risk management competency throughout the organization with a consensus that risk management is everyone's responsibility.
2. An iterative process of identifying and evaluating risks, setting risk treatment strategies, and monitoring results.
3. A dedicated Enterprise Risk Team with defined roles and responsibilities, which functions under the guidance and supervision of Chief Risk Officer ('CRO').
4. Risk oversight by Senior Management & Board of Directors, via Risk Management Council and Risk Management Committee respectively.

Risk categories addressed through the ERM Framework

- Operational Risk - Risk of loss resulting from inadequate or failed internal processes, people, systems or external events including legal risk.
- Compliance/ Regulatory Risk - Risks emanating from non-adherence to regulatory, judiciary and legislative mandates and guidelines, leading to fines and penalties.
- Strategy and Planning Risk - Risks emanating from non-achievement of strategic objectives, deviation from strategic plans, external and internal factors.
- Insurance risk – Risk arising due to adverse movement of mortality, persistency, morbidity and expense rates.
- Subsidiary related risks - Risks originating from subsidiary company actions.
- Financial Risk – Comprises of the following nature of risks:

1. Market Risk - Risk of loss resulting from adverse movement in market prices across asset classes and investment positions.
2. Liquidity Risk - Market Liquidity Risk is inability to liquidate an asset and Funding Liquidity Risk is inability to meet obligations when due.
3. Credit Risk - Risk of loss resulting from the potential that counterparty defaults or fails to meet obligations in accordance with the agreed terms.
4. Asset Liability Mismatch Risk - Risk due to uncorrelated / unmatched movement in the asset and liability cash flows on existing business and risk of future premiums being invested at low interest rates.

HDFC Life is exposed to different types of risks emanating from both internal and external sources. The Company has in place a Risk Management team which identified, measures and mitigate risks faced by the Company. The team is guided by the Company's Risk Management Committee, Risk Management Council and the Senior Management to develop and implement Risk Assurance practices on a pan-organisational basis. Under the overall ambit of Corporate Governance, the Company has in place a Risk Management policy along with other risk related policies. The risk management framework institutionalized in the Company is supported by a "Three Lines of Defense" approach. At HDFC Life Insurance, every function has been empowered to drive Risk Management framework in their respective areas of operation and they form the first line of defense. Control functions like Risk Management and Compliance act as second line of defense and are independent from business operations which has been implemented through independent reporting mechanics. The role of the third line is performed by the Internal Audit function that provides an independent assurance to the Board on the functioning of internal controls.

Risk Policies

The following risk policies govern and implement effective risk management practices:

Business Continuity Management System (BCMS) Policy, Information Security Management System Policies, Investment Policy, Credit Risk Management Policy, Liquidity Risk Management Policy, Asset - Liability Management Policy, Underwriting Policy, Reinsurance Policy, Employee dealing Guidelines, Anti Money Laundering Policy, Whistleblower Policy, Policy of Prevention, Prohibition, & Redressed of Sexual Harassment at Workplace, Outsourcing Policy, Fraud Management Policy, Information & Cyber Security Policy, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (""UPSI""), Code of Conduct and ethics, Corporate Governance Policy, Policy for Disclosure of Event/Information, Grievance Redressal Policy, Policy for maintenance of records, Derivatives Policy, Stewardship Policy, Voting Policy and Interest Rate Derivative Risk Management Policy.

49.2.3 **Capital Management Objectives and Policies**

HDFC Life has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

i) To maintain the required level of stability of the company thereby providing a degree of security to policyholders.

ii) To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders.

iii) To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.

iv) To align the profile of assets and liabilities taking account of risks inherent in the business.

v) To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders.

Notes forming part of the Consolidated Financial Statements (Continued)

vi) To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

HDFC Life have met all of these requirements throughout the financial year. In reporting financial strength, capital and solvency are measured using the rules prescribed by the Insurance Regulatory and Development Authority of India (IRDAI). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written. HDFC Life's capital management policy for its insurance business is to hold sufficient capital to cover the statutory requirements based on the IRDAI directives.

The IRDAI requires life insurers to maintain a minimum Solvency Ratio of 150%. The Solvency Ratio is calculated as specified in the IRDA (Assets, Liabilities, and Solvency Margin of Insurers) Regulations, 2016. HDFC Life's Solvency Ratio, as at March 31, 2021 is 201% and as at March 31, 2020 184%.

Regulatory Framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that HDFC Life is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that HDFC Life maintains an appropriate solvency position to meet unforeseeable liabilities arising from economic shocks or natural disasters. The operations of HDFC Life are subject to regulatory requirements within the jurisdictions in which it operates.

Operational Risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. HDFC Life cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, HDFC Life is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through HDFC Life's strategic planning and budgeting process.

IT/ technology risks are driven through an inherent Information Security Management System, which is aligned and certified against the ISO 27001:2013 standard. Organisational data security and cybersecurity is catered to by a specialized team of full-time employees as well as contracted third-party SME's to ensure complete coverage of controls in the technology space. HDFC Life also has Business Continuity Management Policy in place to have a planned response in the event of any contingency ensuring recovery of critical activities at agreed levels within agreed timeframe, thereby complying with various regulatory requirements and minimizing the potential business impact.

Fraud Risk Management is an integral practice and is central to the ethics and value system of HDFC Life. This is directly influenced by our promises to various stakeholders be it the policyholders, shareholders, or the regulatory authorities governing the industry and law enforcement agencies of safeguarding their interests. HDFC Life also has a dedicated team (Risk Monitoring & Control Unit) to manage fraud risks under the supervision of the CRO.

Operational risks are governed through the Risk management Policy which is reviewed by the board on an annual basis. HDFC Life uses the following tools/activities to manage the various operational risks faced:

1. A well defined Fraud Management Framework.
2. Systematic periodic Operational Risk Reviews and operational risk loss data collection.
3. Control reports.

Notes forming part of the Consolidated Financial Statements (Continued)

4. RCSA (Risk & Control Self Assessment to identify risks and evaluate the controls).
5. Key Risk Indicators for proactive management of key functional risks.
6. Incident management framework is being planned to monitor the near misses and plug loopholes in the system.
7. Process level risk assessment at the pre launch stage of critical processes.
8. BCMS Governance Procedure.

COVID-19

In light of the COVID-19'outbreak and information available up to the date of approval of this special purpose financial information, HDFC Life has assessed the impact on assets including valuation and impairment of investments, liabilities including policy liability and solvency position.

Based on the evaluation, HDFC Life has made

(a) adequate impairment provisions on the investments to an extent necessary.

(b) additional COVID reserve of ₹ **165 Crore** as at the Balance Sheet date, for potential adverse mortality. This reserve is over and above the policy level liabilities calculated based on the applicable IRDAI regulations. The Covid reserve of ₹ 41 Crore set up as at 31st March 2020 has been utilised to pay Covid claims during FY 2021.

HDFC Life has also assessed its solvency position as at the Balance Sheet date and is at @ 201%, which is above the prescribed regulatory limit of 150%. Further, based on HDFC Life's current assessment of the business operations over next one year, it expects the solvency ratio to continue to remain above the minimum limit prescribed by the Insurance regulator. The impact of the global health pandemic may be different from that estimated as at the date of approval of this special purpose financial information . HDFC Life will continue to closely monitor any material changes to future economic conditions.

49.2.4 **Accounting Policy for Actuarial Liability**

I. Product Classification of Insurance Business

Contracts where the Sum Assured or benefit on death at any time during the term of the contract is guaranteed to be greater than or equal to 105% of total premiums paid till date, are considered to have significant insurance risk, and hence such policy contracts have been classified as 'Insurance Contracts'. Contracts other than insurance contracts are classified as investment contracts.

Insurance and investment contracts are classified as being either with or without discretionary participation feature (DPF). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that meet the following conditions:

a) Likely to be a significant portion of the total contractual benefits.

b) The amount or timing of which is contractually at the discretion of the issuer.

c) That are contractually based on:

   i. The performance of a specified pool of contracts or a specified type of contract.

   ii. Realized and/or unrealized investment returns on a specified pool of assets held by the issuer.

   iii. The profit or loss of the Company, fund or other entity that issues the contract.

II. Insurance Contract Liabilities

The actuarial liabilities, for all inforce policies and policies where premiums are discontinued but a liability exists as at the valuation date, are calculated in accordance with the generally accepted actuarial principles

Notes forming part of the Consolidated Financial Statements (Continued)

and practices, requirements of Insurance Act, 1938, as amended from time to time including amendment brought by the Insurance Laws (Amendment) Act, 2015, regulations notified by the IRDAI and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDAI.

A brief of the methodology used is as given below:

1. The policy liabilities are valued on policy by policy basis, i.e. each policy is valued separately.
2. The reserves for linked business (individual and group) comprises of unit reserves and non-unit reserves. The unit reserves are determined on the basis of NAV of the units outstanding as at the valuation date and non-unit reserves are calculated using gross premium method.
3. The liabilities for individual non-linked non-participating and participating business are calculated using gross premium method and are subject to the minimum floor of surrender value. Additionally, individual non-linked participating policies also have a reference to the asset share of policies at valuation date.
4. The liabilities for one year renewable group protection business are calculated on the unexpired risk premium basis. For other than one year renewable group protection business, the liabilities are calculated using gross premium valuation method.
5. The liabilities for the group non-linked savings products are determined as the higher of policy account balances (including accrued interest/ bonuses) and reserves calculated by gross premium valuation method.
6. The liabilities in respect of rider benefits are determined as the higher of unexpired premium reserves and reserves calculated by gross premium valuation method.
7. Additional reserves are determined to:
    a. allow for the claims that may have occurred already but not yet reported (Incurred But Not Reported).
    b. allow for the servicing of existing policies if the Company were to close the new business one year from the valuation date (Closure to New Business).
    c. meet the expected liabilities that would arise on the revival of lapsed policies on the basis of the proportion of the policies expected to be revived based on the revival experience of the Company (Revival Reserve).
    d. allow for the additional amount required to be paid on account of cancellation of policies due to look in, on the basis of the proportion of the policies expected to exercise the look-in option based on the experience of the Company (Look in Reserve).
    e. allow for the cost of guarantees, wherever applicable.

III. Investment Contract Liabilities

The investment contract liabilities are recognized using the same accounting policies as those for insurance contract liabilities, taking into account the generally accepted actuarial principles and practices, requirements of Insurance Act, 1938, as amended from time to time including amendment brought by the Insurance Laws (Amendment) Act, 2015, regulations notified by the IRDAI and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDAI.

IV. Reinsurance Assets

Reinsurance Asset, being net contractual rights receivable under re-insurance contract, has been recognized on the basis of Actuarial valuation involving assumption about the future. The assumptions include the determination of the discount rate, mortality rates etc. All assumptions are reviewed at each reporting date.

V. **Liability Adequacy Test**

HDFC Life performs adequacy testing on its insurance liabilities to ensure that the carrying amounts of insurance contract liabilities is adequate as at the reporting dates.

VI. **Insurance Risk**

As an organization, HDFC Life firmly recognizes Risk Management as an integral building block to proactively manage risks and maximize opportunities related to achievement of its strategic objectives. The Enterprise Risk Management (ERM) framework within the Company operates as a feed-in system to various internal and external stakeholders, Management, and the Board of Directors.

The key insurance risks that HDFC Life is exposed to are mortality, persistency and expenses. These are described below in further detail.

i) **Mortality Risk:**

Mortality risk arises primarily in the conventional non par and unit-linked life segments of the business. The risk arises due to the fact that the products written provide significant levels of life cover. The risk has increased with higher levels of minimum life cover required as per the new unit linked regulations and higher proportion of protection business.

HDFC Life is exposed to mortality risk in two different ways.

1. A permanent deterioration in the mortality experience on lines of business with mortality risk would lead to reduction in the shareholder value due to higher than expected claim payouts and increased reserve requirements. A permanent deterioration in the mortality experience on lines of business with mortality risk would lead to reduction in the shareholder value due to higher than expected claim payouts and increased reserve requirements.

2. A sudden, but temporary, increase in mortality claims due to some external event. Examples would be earthquakes and epidemics, where large numbers of insured lives are affected, leading to a high number of related claims. This 'catastrophe risk' is more likely to impact the group protection business, due to many of the lives being concentrated in the same location, or subject to the same event at one time. This would lead to reduction in shareholder value due to higher claims than expected.

   HDFC Life manages mortality risk at a number of key stages, which are Product design, Underwriting at the proposal stage, Reinsurance, Reinsurance cover for catastrophic risks, Experience monitoring and Claims underwriting.

   The level of concentration of mortality risk is relatively low. There is no significant concentration by geographical region or industry for individual business. However, group protection business sold by HDFC Life does have concentration risk. The Cat Re-cover has been put in place primarily to help mitigate this risk.

ii) **Persistency Risk:**

Persistency risk arises in all segments of the business. The risk arises due to the fact that the level of future premium and charge income is reduced from expected levels if actual persistency is not in line with that assumed. HDFC Life is particularly exposed to this risk on the unit-linked business written from 1st September 2010, as the low surrender penalty in these policies results in the initial high acquisition costs not being recovered, if a policy lapses and HDFC Life does not get the expected future charges from renewal premiums. Adverse persistency experience is likely to affect the future income emerging from the business and result in potential loss/lower profits than expected.

Notes forming part of the Consolidated Financial Statements (Continued)

HDFC Life manages persistency risk in a number of ways; examples of these are Product design and Experience monitoring. HDFC Life's management has a strategy in place to limit the impact of persistency risk, as it is recognized as one of the key risks facing the industry.

iii) Expense Risk:

The nature of HDFC Life's operating model is that a large proportion of the costs are fixed in nature meaning that the risk can crystallize either through inadequate control of absolute expense levels or through sales volumes being significantly lower than expected, thus not covering the high fixed levels of expense. Failure to control expense levels could lead to adverse financial deviations from the forecasts which would lead to lower profits (or higher losses), higher capital requirements and reduction in new business profitability.

Strong controls have been implemented to reduce and contain costs which include exercising necessary caution in expenditure and exploring lower cost business model.

VII. Assumptions

The assumptions play vital role in calculating Insurance/Actuarial liabilities for the Group. Best estimate assumptions in use are based on historical and current experience, internal data and as per guidance notes/actuarial practice standards issued by the Institute of Actuaries of India. However, for the purpose of valuation an additional level of prudence has been kept on all the best estimate assumptions known as MAD (Margin for Adverse Deviation). HDFC Life keeps adequate MAD, as prescribed in APS 7 issued by the Institute of Actuaries of India, in all assumptions over the best estimate value.

Best Estimate Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions used for calculating the liability are provided below:

A) Mortality:

Assumptions are based on historical experience and for new products based on industry/re-insurers data.

Assumptions may vary by type of product, distribution channel, gender, etc.

Particulars	**Expressed as a % of IALM 2012-14, unless otherwise stated**		Expressed as a % of IALM 2012-14, unless otherwise stated	
	As at 31 March 2021		As at 31 March 2020	
	Minimum	**Maximum**	Minimum	Maximum
a) Individual business				
Participating policies	**66%**	**198%**	48%	246%
Non participating policies	**24%**	**384%**	24%	384%
Annuities	**32%**	**48%**	32%	48%
Unit linked	**30%**	**78%**	24%	126%
Health Insurance	**68%**	**83%**	48%	83%
b) Group Business (unit linked)	**36%**	**438%**	42%	438%

B) Expense and Inflation:

The values of future expenses have been determined on prudent assumptions to allow for-

i. All future maintenance expenses on an on-going basis.

ii. The future expenses that are likely to be incurred if the company were to close to new business within 12 months of the valuation date.

Notes forming part of the Consolidated Financial Statements (Continued)

The future maintenance expenses are provisioned using servicing costs per policy, claim expenses and investment expenses.

The per policy costs vary by premium frequency.

The claim expense assumption is specified as fixed amount per claim.

The per policy costs and claim expenses are increased at an inflation rate of 6.5% per annum.

In addition, investment expense of 0.036% of the fund is also reserved for.

The provision for future expenses likely to be incurred if the company were to close to new business is held as an aggregate reserve at a company level.

C) Lapse, Surrender and Partial withdrawal Rates:

The lapse, surrender and partial withdrawal rates are based on current experience of the Company. Assumptions may vary by type of product, distribution channel, duration for which policy has been in force, etc.

a) **Individual Business (Unit linked)**

The lapse/surrender, paid up or partial withdrawal rates are based on best estimate assumptions with a 20% MAD.

b) **Individual Business (non-Unit linked)**

- For the participating and non-participating savings contracts, the valuation bases incorporates lapse assumptions till the policy acquires a Guaranteed Surrender Value. Once the policy acquires Guaranteed Surrender Value, no lapses/surrenders are assumed.
- For the non-participating protection contracts, lapse assumptions are incorporated throughout the policy term.
- The lapse assumptions are based on best estimate assumptions with a 20% MAD.

D) Valuation Interest Rate:

The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long–term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments. The valuation interest rates are set by adjusting the derived weighted average return in compliance with minimum MAD requirements.

Assumptions on future bonus rates for participating business have been set to be consistent with valuation interest rate assumptions.

Particulars	As at March 31, 2021		As at March 31, 2020	
Individual Business	**Minimum**	**Maximum**	Minimum	Maximum
Life - Participating policies	**5.80%**	**5.70%**	6.50%	5.80%
Life - Non participating policies	**6.50%**	**5.20%**	6.50%	5.20%
Annuities – Participating policies	**N/A**	**N/A**	N/A	N/A
Annuities - Non participating policies	**6.45%**	**6.45%**	6.70%	6.70%
Annuities – Individual pension plan	**N/A**	**N/A**	N/A	N/A
Unit linked	**5.20%**	**5.20%**	5.20%	5.20%
Health Insurance	**6.50%**	**5.90%**	6.50%	5.90%
Group Business	**Minimum**	**Maximum**	Minimum	Maximum
Life – Non participating policies (exclude one year term policies)	**6.45%**	**5.95%**	6.55%	5.95%
Unit Linked	**5.20%**	**5.20%**	5.20%	5.20%

Notes forming part of the Consolidated Financial Statements (Continued)

VIII. **Following tables present the movement in insurance and investment contract liabilities, reinsurance assets and deferred origination cost in relation to HDFC Life Insurance Co. Ltd:**

I. Insurance Contract Liabilities

₹ in Crore

Particulars	Change in Liabilities					
	As at March 31, 2021			As at March 31, 2020		
	With DPF	**Linked Business**	**Others**	With DPF	Linked Business	Others
Gross Liability at the beginning of the year	**30,148.92**	**45,734.95**	**26,733.94**	28,619.41	53,609.07	17,299.02
Add/(Less)						
Premium	**6,872.40**	**9,959.29**	**14,020.36**	5,151.19	9,919.37	11,222.84
Unwinding of the discount /Interest credited	**1,834.49**	**21,548.50**	**1,853.86**	1,763.69	(9,480.01)	941.80
Changes in valuation for expected future benefits	**-**	**23.31**	**-**	-	30.49	-
Insurance liabilities released	**(4,578.02)**	**(12,838.10)**	**(3,312.81)**	(5,385.38)	(8,343.97)	(2,729.72)
Gross Liability at the end of the year	**34,277.80**	**64,427.94**	**39,295.36**	30,148.91	45,734.95	26,733.94
Recoverable from Reinsurance	**209.43**	**(0.00)**	**4,816.55**	68.31	0.08	3,890.49
Net Liability	**34,068.37**	**64,427.94**	**34,478.81**	30,080.60	45,734.87	22,843.45

II. Investment Contract Liabilities

₹ in Crore

Particulars	**As at March 31, 2021**			As at March 31, 2020		
	With DPF	**Linked Business**	**Total**	With DPF	Linked Business	**Total**
At the beginning of the year	**11,970.10**	**8,823.87**	**20,793.96**	9,761.35	10,093.87	19,855.21
Additions	**4,982**	**989**	**5,970.34**			
Premium	**1,040.50**	**2,583.58**	**3,624.08**	3,427.21	1,037.18	4,464.39
Interest and Bonus credited to policyholders	**-**	**-**	**-**	875.06	(702.65)	172.41
Deductions			**-**	-	-	
Withdrawals / Claims	**(1,334.18)**	**(1,648.10)**	**(2,982.29)**	-	-	-
Fee Income and Other Expenses	**-**	**(98.70)**	**(98.70)**	(2,093.52)	(1,509.99)	(3,603.51)
Others Profit and loss	**-**	**-**	**-**	-	(95)	(94.54)
At the end of the year	**16,657.98**	**10,649.42**	**27,307.39**	11,970.10	8,823.87	20,793.96

III. Reinsurance Assets

₹ in Crore

Particulars	**As at March 31, 2021**	As at March 31, 2020
At the beginning of the year	**3,960.58**	2,421.93
Add/(Less)		
Premium	**461.20**	483.29
Unwinding of the discount /Interest credited	**-**	154.01
Change in valuation for expected future benefits	**1,067.10**	1,434.27
Insurance liabilities released	**(391.14)**	(459.48)
Others (experience variations)	**200.36**	(73.44)
At the end of the year	**5,298.09**	3,960.58
Expected credit loss	**4.89**	3.91
Net reinsurance assets	**5,293.20**	3,956.67

Notes forming part of the Consolidated Financial Statements (Continued)

IV. Deferred Acquisition Cost

Particulars	₹ in Crore
As at 31 March 2019	6.90
Expenses deferred	
Amortisation	(2.00)
As at 31 March 2020	4.90
Expenses deferred	
Amortisation	(1.28)
As at 31 March 2021	**3.62**

49.3 **Risk disclosures pertaining to General Insurance Business**

The General Insurance business of the Group is carried by HDFC ERGO General Insurance Co. Ltd (herein referred as "HDFC Ergo General").

49.3.1 **Risk Management Framework**

HDFC Ergo General recognizes the criticality of having robust risk management practices to meet its objectives. HDFC Ergo General is committed to an effective and robust Risk Management Framework, which addresses various risks faced by it. HDFC Ergo General has therefore formulated a comprehensive Risk Management Framework (RMF) across all operating processes for identification, management and monitoring of Entity Level Risk, Insurance Risk, Asset Risk, Operational Risk, Financial Risk and Information Security Risk.

Risk Management is a concurrent process within the Company.

Under the Risk Management Framework, risks associated with the operations of the Company are identified and prioritized based on impact and likelihood of its occurrence. Risk owners are identified for each risk for monitoring and reviewing the risk mitigation. The Company has constituted a Risk Management Committee (RMC) comprising members of the Board of Directors which is responsible for monitoring the Risk Management Framework of the Company and implementation of the Risk Management Strategy. The RMC is assisted by its Sub-Committee in the discharge of its responsibilities.

All key risks are reviewed quarterly by the Senior Management and the Sub-Committee of the Risk Management Committee of the Board at the Executive Management level.

The Risk Management Committee *inter-alia*:

a. Assists the Board in effective operation of the risk management system by ensuring performance of specialized analysis and quality reviews;

b. Advise the Board with regard to risk management decisions in relation to strategic and operational matters;

c. Reports to the Board on a quarterly basis, details of the risk exposures and the actions taken to manage the exposures; and

d. Reviews and monitors risks pertaining to the operations on a regular basis.

a. **Insurance Risk**

The risk of loss due to either inadequate pricing or inadequate claims handling or inadequate reinsurance protection or inadequate reserving. As a nature of business, there are inherent uncertainties as to occurrence, amount and timing of insurance liabilities which arises due to adverse experience in amount or frequency of claims or in their aggregation from a single occurrence or series of occurrences arising from a single originating cause.

Notes forming part of the Consolidated Financial Statements (Continued)

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

b. **Control Measures**

HDFC Ergo General has a Board approved risk management policy covering underwriting, claims and reserving for policy liabilities. HDFC Ergo General has a detailed claims processing manual in place.

Accumulation of risk is monitored at various levels – geographically, line of business wise, channel wise, etc. This approach aids the Company to adopt an enterprise level risk management approach; thus benefiting from diversification and internal price management of the risks accepted for insurance.

The Company's reserving guidelines is reviewed on a periodic basis to minimize the risks of under or over provisioning and enable the Company to proactively adjust strategy in a timely manner.

Prudent margins are built in reserves and a regular monitoring of its adequacy is done concurrently.

The reinsurance risk model is used to estimate and monitor the variation between the annual contracted reinsurance program vis-à-vis the optimal arrangement as measured by the model.

Optimal protection is ensured through well designed Reinsurance program arrangements with financially sound reinsurers.

Concentration of Insurance Risk

HDFC Ergo General uses different proprietary models to estimate HDFC Ergo General's accumulation exposure to potential natural disasters (e.g. earthquakes, tropical storms, floods etc.) and other man-made catastrophes (e.g. industrial accidents and building fires). The aggregation of losses on account of a single event constitutes the largest individual potential financial loss to HDFC Ergo General and potentially material year-to-year fluctuations in the results of operations and financial position. HDFC Ergo General actively monitors and limits the aggregate exposure to catastrophe losses in regions that are subject to high levels of natural perils.

HDFC Ergo General mitigates its exposure to concentrations of insurance risk by holding a portfolio diversified into many classes of business across different regions and by the utilisation of reinsurance, taking into account it's risk tolerance, cost of reinsurance and capital efficiency. The reinsurance cover limits HDFC Ergo General's financial exposure to a single event with a given probability and also protects capital.

In terms of exposure, Motor aggregates are monitored and given that the underlying risks are not necessarily static to a particular region, their accumulations cannot be accurately known. Likewise, there has been incidence of COVID-19 pandemic and HDFC Ergo General has witnessed higher incidence of claims due to pandemic. The increase in claims liability due to the pandemic has been offset by lower incidence of Motor claims and non-COVID hospitalization. HDFC Ergo General continues to monitor the underlying Insured risks and the ongoing COVID-19 pandemic situation in the country and its potential impact on the portfolio. Further, HDFC Ergo General has used the principles of prudence in applying judgments, estimates and assumptions to assess and provide for the impact of the COVID-19 pandemic across line of business based on internal and external sources of information. In terms of exposure, Motor aggregates are monitored and given that the underlying risks are not necessarily static to a particular region, their accumulations cannot be accurately known. Similarly, in respect of Health class of business, the biggest catastrophic exposure is in respect of Pandemic loss. HDFC Ergo General looks at the overall concentration of the risks in each geography and given the low levels of insurance penetration, this is not considered as a significant risk to HDFC Ergo General. HDFC Ergo General continues to monitor the ongoing COVID-19 pandemic situation in the country and its potential impact on the portfolio. Currently, the measures implemented by the Government of India, i.e. nationwide lockdown,

Notes forming part of the Consolidated Financial Statements (Continued)

tracking, testing and treating COVID-19 infected patients in designated hospitals, should alleviate the spread of infections amongst Individuals. The accumulation risk is evaluated on an ongoing basis and adequate risk mitigation strategies e.g. Reinsurance would be employed by HDFC Ergo General as it becomes significant.

b) **Claims Development Table**

Insurance Companies are required to establish reserves in their accounts for the unpaid portion of ultimate claims costs (including loss adjustment expenses) that have been 'incurred but not reported' (IBNR) and 'incurred but not enough reported' (IBNER) as at the end of each reporting period. The process of establishing this reserves is complex, as it takes into consideration many variables that are subject to the outcome of future events. Reserves do not represent an exact calculation of liability but rather represent estimates, generally involving actuarial projections at a given time, of what the Company expects the ultimate settlement of claims will cost.

The table provides an overview of development of Company's estimates of total claim amounts payable in relation to a given Accident year over time. A significant proportion of the Company's reserves are for motor third party liability, which tend to involve longer periods of time for the reporting and settlement of claims and are affected by economic inflation, unpredictability of court decisions, risks inherent in major litigation and legislative changes etc. This may increase the inherent risk and uncertainty associated with loss reserve estimates. Further, the Company has used the principles of prudence in applying judgments, estimates and assumptions to assess and provide for the impact of the COVID-19 pandemic across line of business based on internal and external sources of information.

Gross Paid Losses and Loss Adjustment Expenses ₹ in Crore

As at March 31, 2021	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19	AY 20	AY 21
End of First year	451.90	741.46	770.33	1,064.73	2,177.85	2,635.97	2,922.75	5,006.68	5,616.21	7,048.99	8,236.17	8,959.86
One year later	442.39	734.33	846.36	1,103.46	2,322.96	2,547.44	2,979.96	4,788.13	5,332.43	6,950.80	7,825.25	
Two years later	443.61	747.24	832.73	1,049.55	2,293.47	2,534.84	3,111.71	4,873.57	5,283.94	6,954.42		
Three years later	453.01	752.82	780.92	1,116.20	2,289.48	2,638.25	3,120.71	4,860.41	5,286.13			
Four years later	454.53	754.30	801.12	1,080.28	2,362.59	2,636.28	3,119.53	4,858.48				
Five years later	458.01	767.31	806.00	1,144.19	2,369.46	2,620.71	3,134.24					
Six years later	461.10	768.22	810.01	1,149.94	2,375.69	2,617.30						
Seven years later	464.98	779.18	818.67	1,148.51	2,317.55							
Eight years later	466.69	776.82	818.37	1,236.38								
Nine years later	470.26	782.85	826.27									
Ten years later	470.29	779.56										
Eleven years later	472.49											

Gross Unpaid Losses and Loss Adjustment Expenses ₹ in Crore

As at March 31, 2021	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19	AY 20	AY 21
End of First year	284.48	410.81	424.45	548.34	1,263.03	1,390.09	1,807.59	2,070.70	2,705.78	3,882.08	3,810.33	3,500.66
One year later	372.64	596.83	636.86	839.86	1,800.98	2,020.06	2,387.36	3,778.92	4,191.03	5,310.15	5,697.53	
Two years later	412.18	641.35	704.71	903.45	1,927.68	2,186.14	2,594.42	4,224.07	4,372.75	5,877.40		
Three years later	424.56	663.05	724.87	948.06	2,000.37	2,278.77	2,725.46	4,306.99	4,480.66			
Four years later	430.22	677.45	739.40	973.40	2,053.21	2,349.91	2,807.11	4,374.13				
Five years later	434.34	692.28	749.04	1,006.26	2,097.84	2,397.11	2,833.69					
Six years later	442.84	702.35	761.67	1,024.86	2,132.27	2,417.95						
Seven years later	445.85	712.75	771.40	1,070.73	2,150.06							
Eight years later	447.44	721.87	777.25	1,081.64								
Nine years later	449.21	726.09	781.35									
Ten years later	457.09	727.32										
Eleven years later	459.31											

Notes forming part of the Consolidated Financial Statements (Continued)

Gross Incurred Losses and Allocated Expenses (Ultimate Movement) ₹ in Crore

As at March 31, 2021	AY 10	AY 11	AY 12	AY 13	AY 14	AY 15	AY 16	AY 17	AY 18	AY 19	AY 20	AY 21
End of First year	167.42	330.64	345.88	516.39	914.82	1,245.88	1,115.15	2,935.98	2,910.42	3,166.91	4,425.84	5,459.21
One year later	69.75	137.50	209.50	263.60	521.97	527.38	592.60	1,009.21	1,141.40	1,640.65	2,127.72	
Two years later	31.43	105.90	128.02	146.10	365.79	348.70	517.29	649.49	911.19	1,077.02		
Three years later	28.45	89.77	56.05	168.14	289.11	359.48	395.26	553.42	805.47			
Four years later	24.31	76.84	61.72	106.87	309.38	286.37	312.42	484.35				
Five years later	23.67	75.03	56.96	137.93	271.62	223.60	300.55					
Six years later	18.26	65.87	48.34	125.07	243.42	199.35						
Seven years later	19.13	66.44	47.27	77.78	167.49							
Eight years later	19.25	54.96	41.12	154.74								
Nine years later	21.04	56.76	44.92									
Ten years later	13.20	52.24										
Eleven years later	13.18											

Notes:

1. Pool claims are excluded from the above table
2. For Crop and Weather Insurance class of business, Accident Year corresponds to the year in which Premium is received.
3. The impact on the unpaid claims liability of the Company on account of landmark judgements issued by Supreme Court of India and various High Courts e.g. PranaySethi (October 2017) and other legislative changes e.g. U/s 163(A) of The Motor Vehicle Act, 1988 has been allowed for in the claims ultimate.

c. Sensitivities

The non–life insurance claim liabilities are sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

The table provided below, demonstrates the impact on the Company's liabilities due to change in assumptions by 10%.

Assumptions	Change in Assumption	Increase/ (Decrease) on Gross Liabilities		Increase/ (Decrease) on Net Liabilities	
		2020-2021	2019-2020	2020-2021	2019-2020
Increase					
Average claim cost	10%	10.02%	10.02%	10.43%	10.43%
Average number of claims	10%	2.48%	2.48%	2.48%	2.48%
Decrease					
Average claim cost	(10%)	(9.99%)	(9.99%)	(10.40%)	(10.40%)
Average number of claims	(10%)	(2.48%)	(2.48%)	(2.48%)	(2.48%)

Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

Control Measures

Operational risks are governed through Risk Management Policy. The Company has also initiated a Risk Control Self Assessment process to embed the control testing as a part of day to day operations. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and periodic assessment processes.

Liabilities pertaining to General Insurance business		₹ in Crore
Particulars	**March 31, 2021**	March 31, 2020
Opening balance	**17,423.31**	11,174.31
Claims O/S including IBNR (net)	**2,057.92**	2,596.85
Reserve for Unexpired Risk	**98.71**	1,663.79
Unallocated premium	**(58.84)**	164.33
Premium received in advance	**135.93**	402.11
Due to other insurance companies	**175.10**	1,417.85
Due to Policyholders	**3.99**	4.07
Closing balance	**19,836.12**	17,423.31

Assets pertaining to General Insurance business		₹ in Crore
Particulars	**March 31, 2021**	March 31, 2020
Opening balance	**6,136.41**	4,229.64
Outstanding premium	**(354.77)**	233.46
Due from other insurance companies	**(32.66)**	(46.96)
RI Recovery on Claims Outstanding	**801.16**	1,397.46
Other accruals / receivables	**0.82**	322.81
Closing balance	**6,550.96**	6,136.41

(c) **Financial Risk Management Objectives**

HDFC Ergo General is exposed to market risk (other price risk), credit risk and liquidity risk.

(i) **Market Risk (Other Price Risk)**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market price. The Company is exposed to financial and capital market risk-the risk that the fair value of future cash flows of financial instrument will change because of changes or volatility in market prices.

Notes forming part of the Consolidated Financial Statements (Continued)

HDFC Ergo General is exposed to equity price risks arising from equity investments. Certain equity investments of HDFC Ergo General are held for strategic as well as trading purposes.

The Investment book of the Company largely consists of a debt portfolio and a relatively lesser exposure in equity. Consequent to the deteriorating market conditions triggered due to COVID-19 pandemic outbreak, the equity portfolio witnessed a negative impact in the Q1FY21. In the following quarters the negative impact got progressively reduced, and as at Q4FY21 the Mark-To-Market gains for equity portfolio has been positive.

HDFC Ergo General has been consistently following a conservative investment approach. Consequently a significant portion of the investments is held in GSec and AAA rated securities, more than what is mandated by regulation. Hence the credit risk exposure is largely mitigated.

HDFC Ergo General maintains adequate surplus in the assets with maturity period of fewer than 2 years to cover the short term liabilities. HDFC Ergo General has also been maintaining sufficient investments in listed equities which can be liquidated on T+2 day basis. Additionally, HDFC Ergo General has invested in Government securities with maturity period of over 2 years which can be easily liquidated if need arises.

Equity Price Sensitivity Analysis:

HDFC Ergo General has analysed, at scrip level, the sensitivity to changes in the equity prices, based on the movement of each scrip during the year. Had the equity prices moved in the range of 2% profit for the year ended March 31, 2021, would have deviated by ₹ **6.08 Crore** (Previous year ₹ 2.73 Crore).

(d) **COVID - 19**

In light of the COVID-19 outbreak and the information available upto the date of approval of these financial statements, HDFC Ergo General has assessed the impact of COVID-19 on its operations and its financial statements. The assessment includes but is not limited to valuation of investments, valuation of policy-related liabilities and solvency position of HDFC Ergo General as at March 31, 2021. Further, there have been no material changes in the controls or processes followed in the financial closing process of HDFC Ergo General. HDFC Ergo General continues to closely monitor the implications of the second wave of COVID-19 on its operations and financial statements, which are dependent on emerging uncertain developments. In light of the COVID-19 outbreak and the information available upto the date of approval of these financial statements, HDFC Ergo General has assessed the impact of COVID-19 and the subsequent lock-down announced by the Central Government, on its operations and its financial statements. The assessment includes but is not limited to valuation of investments, valuation of policy-related liabilities and solvency position of HDFC Ergo General as at March 31, 2020. Further, there have been no material changes in the controls or processes followed (except for the accounting of premium in relation to Motor third party liability cases as directed by IRDAI and as mentioned below) in the financial closing process of HDFC Ergo General. HDFC Ergo General continues to closely monitor the implications of COVID-19 on its operations and financial statements, which are dependent on emerging uncertain developments.

The IRDAI vide Circular No. IRDAI/NL/CIR/MOT/081/04/2020 dated April 3, 2020 has provided clarifications on its Circular No. IRDAI/NL/CIR/MOT/079/04/2020 dated April 2, 2020 issued in relation to accounting of premium on the Motor third party liability cases falling due for renewal during the lockdown period (25th March, 2020 to 14th April, 2020) (subsequently extended to 3rd May, 2020) as a result of COVID-19 pandemic.

50. Business Combinations

50.1 **Mergers**

During the year, the National Company Law Tribunal has sanctioned the Scheme of Amalgamation for merger of HDFC ERGO Health Insurance Limited (formerly Apollo Munich Health Insurance Company Limited) (HDFC ERGO Health) with and into HDFC ERGO General Insurance Company Limited (HDFC ERGO), subsidiaries of the Corporation and Insurance Regulatory and Development Authority of India (IRDAI) has issued final approval for the merger. Consequently, HDFC ERGO Health has been merged with HDFC ERGO from appointed date i.e. March 1, 2020. As at the end of current year, the Corporation's holding in HDFC ERGO, the merged entity is 50.56 per cent. As per the directions of RBI, the Corporation is required to reduce its shareholding in the merged entity to 50 per cent or below within 6 months post amalgamation.

50.2. **Sale of stake in HDFC Life Insurance Company Ltd**

During the year, the Corporation has sold 2,85,48,750 equity shares of HDFC Life Insurance Company Limited (HDFC Life) to comply with the RBI direction to reduce the shareholding in HDFC Life to 50 per cent or below. As a result, a pre tax adjusted gain of ₹ 1,321.17 Crore is recognised in Other equity. Consequently, the Corporation's equity shareholding in HDFC Life stood at 49.99 per cent as on March 31, 2021.

For the purpose of consolidated financial statements under Ind AS, however, HDFC Life continues to be accounted as a subsidiary as the Corporation continues to exercise control over HDFC Life, basis the evaluation parameters as stated below as per Ind AS 110.

Power - the key activities is subject to approval of the Board and the Corporation has three directors nominated on the Board of HDFC Life there by directing the activities that significantly affect the investee's returns.

Variability of return - with 49.99% equity holding in HDFC Life, this condition is satisfied.

Voting rights - the Corporation has a majority vote as compared to the other shareholders (basis analysis done on the participation of the shareholders in the annual general meeting).

Notes forming part of the Consolidated Financial Statements (Continued)

51. Additional Information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Compaines Act, 2013 (As on/for the year ended March 31, 2021)

₹ in Crore

Name of the Entity	Share of Profit / (Loss)		Share of Other Comprehensive Income		Share of Total Comprehensive Income	
	As % of consolidated Profit or loss	Amount	As % of consolidated Other Comprehensive Income	Amount	As % of consolidated Total Comprehensive Income	Amount
Parent						
Housing Development Finance Corporation Limited		12,027.30		1,734.22		13,761.52
Less: Inter Company eliminations		(1,936.71)		-		(1,936.71)
Net of eliminations	**53.85%**	**10,090.59**	**110.80%**	**1,734.22**	**58.23%**	**11,824.81**
Subsidiaries - Indian						
HDFC Life Insurance Co. Ltd.	9.86%	1,848.64	0.06%	0.95	9.11%	1,849.59
HDFC ERGO General Insurance Co. Ltd.	3.51%	658.26	2.24%	35.13	3.41%	693.39
HDFC Asset Management Co. Ltd.	7.12%	1,333.41	(0.04%)	(0.69)	6.56%	1,332.72
HDFC Trustee Co. Ltd.	0.00%	0.11	0.00%	-	0.00%	0.11
HDFC Investment Trust	(0.05%)	(9.12)	0.00%	-	(0.04%)	(9.12)
HDFC Investment Trust - II	0.05%	8.79	0.00%	-	0.04%	8.79
HDFC Venture Capital Ltd.	0.00%	(0.15)	0.00%	-	0.00%	(0.15)
HDFC Ventures Trustee Co. Ltd.	0.00%	(0.03)	0.00%	-	0.00%	(0.03)
HDFC Property Venture Ltd.	(0.31%)	(57.85)	0.03%	0.48	(0.28%)	(57.37)
HDFC Pension Management Co. Ltd.	0.00%	0.10	0.00%	0.01	0.00%	0.11
HDFC Capital Advisors Ltd	0.14%	26.63	(0.01%)	(0.12)	0.13%	26.51
HDFC Investments Ltd.	0.02%	3.71	2.86%	44.75	0.24%	48.46
HDFC Holdings Ltd.	0.11%	20.34	1.40%	21.94	0.21%	42.28
HDFC Sales Pvt. Ltd.	(2.85%)	(533.38)	(0.05%)	(0.84)	(2.63%)	(534.22)
HDFC Credila Financial Services Pvt. Ltd.	0.83%	155.71	0.17%	2.61	0.78%	158.32
HDFC Education and Development Services Pvt. Ltd.	0.00%	(0.25)	0.00%	0.02	0.00%	(0.23)
Subsidiaries - Foreign						
Griha Investments	0.00%	(0.17)	0.00%	-	0.00%	-0.17
Griha Pte. Ltd.	0.05%	8.74	0.00%	-	0.04%	8.74
HDFC International Life and Re Company Ltd	0.06%	11.99	0.00%	-	0.06%	11.99
Share of Minorities	(9.32%)	(1,747.49)	(1.06%)	(16.60)	(8.69%)	(1,764.09)
Associates (Investment as per the equity method) - Indian						
HDFC Bank Limited	37.00%	6,934.73	(16.40%)	(256.64)	32.89%	6,678.09
True North Ventures Pvt. Ltd.	0.00%	0.09	0.00%	-	0.00%	0.09
Good Host Spaces Pvt. Ltd. (Ceases to be associate)	(0.07%)	(13.17)	0.00%	-	(0.06%)	(13.17)
Renaissance Investment solutions ARC Pvt. Ltd.	0.00%	(0.17)	0.00%	-	0.00%	(0.17)
Total	**100.00%**	**18,740.06**	**100.00%**	**1,565.22**	**100.00%**	**20,305.28**

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Name of the Entity	Net assets i.e. Total Assets minus Total Liabilities	
	As % of consolidated net assets	Amount
Parent		
Housing Development Finance Corporation Limited		1,08,421.86
Less: Inter Company eliminations		(18,866.86)
Net of eliminations	**54.08%**	**89,555.00**
Subsidiaries - Indian		
HDFC Life Insurance Co. Ltd.	2.23%	3,697.43
HDFC ERGO General Insurance Co. Ltd.	1.65%	2,732.94
HDFC Asset Management Co. Ltd.	1.61%	2,672.88
HDFC Trustee Co. Ltd.	0.00%	2.02
HDFC Investment Trust	0.07%	114.79
HDFC Investment Trust - II	0.17%	281.27
HDFC Venture Capital Ltd.	0.00%	0.31
HDFC Ventures Trustee Co. Ltd.	0.00%	1.23
HDFC Property Venture Ltd.	0.00%	8.28
HDFC Pension Management Co. Ltd.	0.02%	27.09
HDFC Capital Advisors Ltd	0.02%	35.85
HDFC Investments Ltd.	0.16%	267.16
HDFC Holdings Ltd.	0.15%	247.99
HDFC Sales Pvt. Ltd.	0.00%	0.40
HDFC Credila Financial Services Pvt. Ltd.	0.72%	1,184.62
HDFC Education and Development Services Pvt. Ltd.	0.07%	123.57
Subsidiaries - Foreign		
Griha Investments	0.05%	80.10
Griha Pte. Ltd.	0.04%	63.95
HDFC International Life and Re Company Ltd.	0.13%	220.63
Share of Minorities	5.38%	8,904.84
Associates (Investment as per the equity method) - Indian		
HDFC Bank Limited	33.45%	55,393.09
True North Ventures Pvt. Ltd.	0.00%	1.70
Good Host Spaces Pvt. Ltd.	-	-
Renaissance Investment solutions ARC Pvt. Ltd.	0.00%	0.33
Total	**100.00%**	**1,65,617.47**

Notes forming part of the Consolidated Financial Statements (Continued)

52. Material partly-owned Subsidiaries

Financial information of subsidiaries that have material non-controlling interest is provided below:

(₹ in Crore)

Particulars (As at March 31, 2021)	HDFC Life Insurance Co. Ltd.	HDFC Ergo General Insurance Co. Ltd.	HDFC Asset Management Co. Ltd.
Proportion of interest held by non-controlling entities	**50.01%**	**49.44%**	**47.32%**
Accumulated balances of material non-controlling interest	**4,449.80**	**2,193.87**	**2,260.19**
Summarised Financial Information for the Balance Sheet			
Financial Assets	**1,86,479.34**	**24,152.09**	**4,871.71**
Non Financial Assets	**1,145.35**	**516.55**	**222.99**
Financial Liabilities	**6,716.06**	**20,961.30**	**230.01**
Non Financial Liabilities	**1,72,027.16**	**94.83**	**88.51**
Dividend paid to Non-controlling Interest	-	**105.54**	**282.01**
Summarised Financial Information for the Statement of Profit and Loss			
Revenue from Operations	**71,362.25**	**18,276.84**	**1,852.53**
Profit for the year	**1,678.78**	**665.57**	**1,325.76**
Other Comprehensive Income	**0.95**	**35.12**	**(0.69)**
Total Comprehensive Income	**1,679.73**	**700.70**	**1,325.07**
Summarised Financial Information for Cash Flows			
Net Cash inflows from Operating Activities	**9,703.05**	**1,863.17**	**1,085.32**
Net Cash inflows from Investing Activities	**(8,990.65)**	**(1,922.36)**	**(482.71)**
Net Cash inflows from Financing Activities	**678.29**	**(248.36)**	**(627.57)**
Net Cash inflow / (Outflow)	**1,390.69**	**(307.55)**	**(24.96)**

(₹ in Crore)

Particulars (As at March 31, 2020)	HDFC Life Insurance Co. Ltd	HDFC Ergo General Insurance Co. Ltd	HDFC Asset Management Co. Ltd
Proportion of interest held by non-controlling entities	48.56%	49.52%	47.28%
Accumulated balances of material non-controlling interest	3,442.94	1,311.85	1,905.23
Summarised Financial Information for the Balance Sheet			
Financial Assets	1,39,085.69	18,401.99	4,066.14
Non Financial Assets	1,140.87	588.19	242.46
Financial Liabilities	4,886.76	16,254.20	225.10
Non Financial Liabilities	1,28,249.42	86.74	54.24
Dividend paid to Non-controlling Interest net of Dividend Distribution tax	-	-	145.41
Summarised Financial information for the Statement of Profit and Loss			
Revenue from Operations	27,749.89	13,787.04	2,003.25
Profit for the year	1,141.24	409.31	1,262.41

Particulars (As at March 31, 2020)	HDFC Life Insurance Co. Ltd	HDFC Ergo General Insurance Co. Ltd	HDFC Asset Management Co. Ltd
Other Comprehensive Income	92.90	205.43	(3.08)
Total Comprehensive Income	1,234.14	614.74	1,259.33
Summarised Financial information for Cash Flows			
Net Cash inflows from Operating Activities	7,360.98	2,086.83	1,284.84
Net Cash inflows from Investing Activities	(7,771.68)	(1,717.70)	(927.54)
Net Cash inflows from Financing Activities	39.52	(22.60)	(331.56)
Net Cash inflow / (Outflow)	(371.18)	346.54	25.74

HDFC Life Insurance Co. Ltd and HDFC ERGO General Insurance Co. Ltd . for the purposes of its statutory compliance prepares and presents its financial statements/ results under the historical cost convention and accrual basis of accounting in accordance with the acounting principles prescribed by the Insurance Regulatory Development Authority of India (IRDAI) (Preparation of Financial Statements and Auditors Report of Insurance companies) regulations, 2002, circulars and guidelines issued by the IRDAI from time to time, Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013, read together with relevant rules, in so far as they apply to Insurance companies. These financial statements/ results are largely referred to as the Indian GAAP ('IGAAP') financial statements/ results. The Ministry of Corporate Affairs, India, in its press release dated January 18, 2016, had issued a roadmap for implementation of IFRS converged Indian Accounting Standards ('IND-AS'). The timelines for the said implementation have since been deferred.

HDFC Life Insurance Co. Ltd and HDFC ERGO General Insurance Co. Ltd , being subsidiaries of Housing Development Finance Corporation Limited (the 'Corporation'), has prepared this consolidated financial information ('fit- for consolidation information'), in accordance with the recognition and measurement principles of IND-AS as specified under Section 133 of the Companies Act, 2013, for the purposes of preparing the consolidated financial statements/ results of the Corporation.

53. Events after the reporting period

There have been no events after the reporting date that require disclosure in these financial statements.

54. Approval of financial statements

The financial statements were approved by the Board of Directors of the Corporation on May 7, 2021.

As per our report of even date attached.

For **B S R & Co. LLP**
Chartered Accountants
Firms' Regst. No: 101248W/W-100022

Sagar Lakhani
Partner
Membership No.:111855

MUMBAI, May 07, 2021

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

J. J. Irani
(DIN: 00311104)

Nasser Munjee
(DIN: 00010180)

U. K. Sinha
(DIN: 00010336)

Jalaj Dani
(DIN: 00019080)

Bhaskar Ghosh
(DIN: 06656458)

Ireena Vittal
(DIN: 05195656)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Shareholders' Information

44th Annual General Meeting (AGM)

Day/Date	:	Tuesday, July 20, 2021
Time	:	11:00 a.m.
Mode	:	Video-Conference facility (VC)

Remote e-voting period

Starts	:	Friday, July 16, 2021 at 10:00 a.m.
Ends	:	Monday, July 19, 2021 at 5:00 p.m.
Cut-off Date for e-voting	:	Tuesday, July 13, 2021 Shareholders whose names appear in the Register of Members/statements of beneficial position as on the cut-off date shall be eligible to vote either through remote e-voting or during the AGM.
Record Date for dividend	:	Tuesday, June 1, 2021 Shareholders whose names appear in the Register of Members/statements of beneficial position as on the record date shall be eligible for dividend if approved by the Members at the AGM.

Payment of dividend

Recommended dividend	:	₹ 23 per equity share of ₹ 2 each
Date of payment	:	Thursday, July 22, 2021 onwards
Financial Year	:	April 1 to March 31

Tax Deducted at Source (TDS) on Dividend

Pursuant to the changes introduced by the Finance Act, 2020, w.e.f. April 1, 2020, the Corporation would be required to deduct tax at the prescribed rates on the dividend paid to its shareholders. The TDS rate would vary depending on the residential status of the shareholders and the documents submitted by them and accepted by the Corporation. Further details are available on the Corporation's website, *www.hdfc.com.*

Listing on Stock Exchanges

Equity Shares

The International Securities Identification Number (ISIN) in respect of the equity shares of the Corporation is INE001A01036. The equity shares of the Corporation are listed on the following stock exchanges:

BSE Limited (BSE)	**National Stock Exchange of India Limited (NSE)**
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. Tel. Nos.: +91 22-2272 1233/4 E-mail : *is@bseindia.com* Website : *www.bseindia.com*	Exchange Plaza, Plot No. C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai 400 051. Tel. Nos.: +91 22-2659 8100-114/6641 8100 E-mail : *nseiscmum@nse.co.in* Website : *www.nseindia.com*

Stock Exchange Codes	Reuters Codes	Bloomberg Codes
BSE – 500010	BSE - HDFC.BO	HDFC:IN
NSE - HDFC EQ	NSE - HDFC.NS	HDFC:IS

Warrants

The Corporation had on August 11, 2020, issued and allotted 1,70,57,400 warrants which are listed on BSE and NSE. The ISIN in respect of the said warrants is INE001A13049. Each warrant can be exchanged with one equity share of ₹ 2 each of the Corporation at any time on or before August 10, 2023 at a warrant exercise price of ₹ 2,165 per equity share. Till March 31, 2021, none of the warrants were tendered for exchange with equity shares.

Further information on warrants is provided in the Directors' Report/Management Discussion and Analysis Report.

Outstanding GDRs/ADRs/or any other Convertible Instruments

The Corporation has not issued any such securities other than warrants as stated above that were outstanding for conversion as at March 31, 2021.

Debt Securities

The secured redeemable non-convertible debentures and unsecured redeemable non-convertible debentures issued by the Corporation are listed for trading on the wholesale debt market segments of BSE and/or NSE.

Commercial Papers

The Commercial Papers issued by the Corporation are listed for trading on the wholesale debt market segments of BSE and NSE.

Rupee Denominated Bonds

Rupee Denominated Bonds issued by the Corporation to overseas investors are listed on London Stock Exchange (LSE) 10, Paternoster Square, London, EC4M 7LS, UK and its International Securities Market.

Credit Ratings

The information on the credit ratings assigned by the Credit Rating Agencies for the deposits, bonds, non-convertible debentures, subordinated debt, short term debt and bank facilities is provided in the notes forming part of the financial statements of the Corporation for the year ended March 31, 2021 and on the Corporation's website.

The Corporation has been assigned the highest ratings in all the above-mentioned instruments.

Listing Fees

The listing fees have been paid to BSE and NSE for the financial year 2021-22. The requisite fees have also been paid to LSE.

Investor Services Department (ISD)

The Corporation is registered with the Securities and Exchange Board of India (SEBI) as an in-house Share Transfer Agent – Category II and has connectivity with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISD is a part of the Secretarial Department of the Corporation.

The ISD offers various services to the shareholders and debenture holders of the Corporation including services pertaining to transmission, transposition, dematerialisation and re-materialisation of shares, payment of dividend/ interest, servicing of unclaimed dividend, issue of duplicate, replaced, consolidated and split share certificates, change of name, address and bank account details, registration of nomination and other related services. The ISD also undertakes various non-mandatory periodic initiatives relating to reduction in quantum of unclaimed dividend; updation of bank details, e-mail address and PAN; registration of nomination; etc.

Shareholders holding shares in physical form are requested to contact the ISD for any of the aforesaid services at:

5th Floor, Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020.
Tel. No.: +91 22-6141 3900, E-mail: *investorcare@hdfc.com.*

However, those holding shares in electronic form are required to directly contact their Depository Participant (DP) for any of the aforesaid services, excluding services relating to unclaimed dividend.

Share Transfer System

Pursuant to the provisions of Regulation 40(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), since April 1, 2019, transfer of securities is not permitted to be processed unless the securities are held in electronic form. However, transfer deed(s) lodged on or before March 31, 2019 and returned due to deficiency in the document(s) were allowed to be re-lodged for transfer till March 31, 2021, being the cut-off date as mandated by SEBI. Accordingly, transfer of securities in physical form is not permitted post March 31, 2021, for any reason whatsoever.

The said restriction does not apply to transmission or transposition of securities. While SEBI has clarified that the members are not prohibited from holding the shares in physical form, shareholders holding shares in physical form are requested to consider dematerialisation of their shares.

Service Standards

The ISD has been entrusted with the responsibility of ensuring that the investors of the Corporation are serviced professionally, promptly and with good care.

The details of the service standards in respect of various services being rendered by the ISD are available on the Corporation's website.

The said services are dependent upon receipt and verification of physical documents. The adherence to the said service standards is regularly reviewed by the company secretary and a report is provided to the Members of the Stakeholders Relationship Committee on a quarterly basis.

Investors' Grievances

The Corporation is committed to providing effective and prompt service to its investors.

The Corporation has identified senior personnel who are responsible for ensuring efficient and effective redressal of requests/complaints within the service standards. Investors can also escalate their grievance in the manner as made available on the Corporation's website.

The details of investor complaints received and redressed by the Corporation during the last three financial years are as under:

Received through	No. of complaints received		
	2018-19	2019-20	2020-21
Stock Exchanges and SEBI including SCORES	10	4	5
NHB/RBI, MCA and others	-	-	-
Directly received from investors	2	-	-
Total No. of complaints received	**12**	**4**	**5**
Total No. of complaints redressed	**12**	**4**	**4**
No. of complaints pending	-	-	1*

** The said complaint was subsequently resolved.*

The Corporation has established an accessible and responsive means for its investors to raise concerns through *investorcare@hdfc.com,* which is monitored by the company secretary.

History of corporate actions/build-up of equity share capital

The statement showing history of corporate actions since the date of incorporation and build-up of equity share capital is available on the Corporation's website.

Unclaimed Dividend

The Corporation *inter alia* undertakes the following initiatives to reduce the quantum of unclaimed dividends:

- annual reminders to the concerned shareholders to claim dividend; and
- direct credit of unclaimed dividend to those shareholders' accounts, who have updated their bank account details with the Corporation/DP.

Despite the above initiatives, unclaimed dividend amounting to ₹ 2,29,99,140 in respect of the financial year 2012-13 was transferred to the Investor Education and Protection Fund (IEPF) on September 1, 2020, in compliance with the provisions of Section 125 of the Companies Act, 2013. Further, the last date for claiming the unclaimed dividend in respect of the financial year 2013-14 is August 20, 2021 post which the same shall be transferred to IEPF. Concerned shareholders are requested to claim their dividend at the earliest.

The details of unclaimed dividends as at March 31, 2021 and the last date for claiming the same from the Corporation, prior to its transfer to the IEPF, are as under:

Financial Year	No. of members who have not claimed their dividend	Dividend per share (₹)	Unclaimed dividend as at March 31, 2021 (₹)	Unclaimed dividend as % to total dividend	Date of declaration	Last date for claiming the dividend from the Corporation prior to its transfer to IEPF
2013-14	2,923	14	2,74,84,184	0.13	July 21, 2014	August 20, 2021
Interim Dividend 2014-15	4,469	2	47,45,076	0.15	March 19, 2015	April 20, 2022
Final Dividend 2014-15	3,413	13	2,59,04,320	0.13	July 28, 2015	August 26, 2022
Interim Dividend 2015-16	5,037	3	78,12,900	0.16	March 21, 2016	April 19, 2023
Final Dividend 2015-16	4,120	14	3,37,70,576	0.15	July 27, 2016	August 25, 2023
Interim Dividend 2016-17	4,736	3	79,07,706	0.17	March 3, 2017	April 1, 2024
Final Dividend 2016-17	4,079	15	3,75,14,640	0.16	July 26, 2017	August 24, 2024
Interim Dividend 2017-18	4,394	3.50	58,32,743	0.10	March 16, 2018	April 16, 2025
Final Dividend 2017-18	3,463	16.50	2,50,92,491	0.09	July 30, 2018	August 28, 2025
Interim Dividend 2018-19	4,100	3.50	62,03,040	0.10	March 6, 2019	April 6, 2026
Final Dividend 2018-19	3,546	17.50	2,77,90,420	0.09	August 2, 2019	August 31, 2026
2019-20	4,621	21	3,21,31,740	0.10	July 30, 2020	August 28, 2027

Shareholders whose dividends have been transferred to IEPF can check the details on the Corporation's website.

Unclaimed Shares

As per Listing Regulations

Regulation 39(4) of the Listing Regulations *inter alia* requires every listed company to comply with certain procedures in respect of shares issued by it in physical form pursuant to a public issue or any other issue and which remained unclaimed for any reason whatsoever.

During the year ended March 31, 2021, the Corporation neither received any claims from its shareholders for transfer of shares from Unclaimed Suspense Account nor any shares from Unclaimed Suspense Account were transferred to IEPF. The status of the unclaimed shares as at March 31, 2021 was same as at March 31, 2020 i.e. 2 shareholders holding 3,000 equity shares of ₹ 2 each.

The concerned shareholders are requested to write to the ISD to claim the said equity shares. On receipt of such claim, the Corporation may call for additional documents. The Corporation on receipt of such additional documents and upon verification shall transfer the shares lying in the Unclaimed Suspense Account to the concerned shareholders.

As per Companies Act, 2013

As per Section 124 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more are required to be transferred by the company to IEPF.

In compliance with the IEPF Rules, in September 2020, the Corporation transferred 65,928 equity shares of ₹ 2 each corresponding to the unclaimed dividend for the financial year 2012-13 to IEPF. The Corporation had sent reminders to the concerned shareholders and published notices in e-newspapers prior to transfer of corresponding shares to IEPF.

The status of shares transferred to IEPF Authority as at March 31, 2021, is detailed as under:

Particulars	No. of shares
Balance as at April 1, 2020	14,86,828
Transferred during financial year 2020-21	65,928
Claims processed by IEPF Authority during the financial year 2020-21	25,550
Balance as at March 31, 2021	15,27,206

The details of said shares are available on the Corporation's website.

Shareholders whose dividend/shares have been transferred to IEPF can claim the dividend and/or shares after following the procedure prescribed by the Ministry of Corporate Affairs (MCA) which is available on the website of IEPF, *www.iepf.gov.in* and on the Corporation's website.

The Corporation on receipt of the complete set of documents shall submit its e-verification report to the IEPF Authority within the timeline prescribed under the IEPF Rules. Upon submission of the e-verification report by the Corporation, the corresponding action shall solely be at the discretion of the IEPF Authority.

Updation of Bank Account details/PAN

SEBI vide Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 has mandated that dividend can be paid only through electronic means. In case the electronic payment fails or gets rejected by the banks, dividend can be paid through dividend warrants/demand drafts incorporating the bank account details of the concerned shareholder on the same. Members who have not updated their bank account details are requested to update the same with the Corporation (in respect of shares held in physical form) or with the DP (in respect of shares held in electronic form) so that the dividends paid by the Corporation get directly credited in their bank account.

Further, Members who have not updated their PAN are requested to update the same with the Corporation (in respect of shares held in physical form) or with the DP (in respect of shares held in electronic form).

Measures taken for timely receipt of Annual Report

In view of COVID-19 pandemic and resultant restrictions, MCA and SEBI allowed companies to send Annual Report for the financial year 2019-20 through electronic mode only. In order to ensure that maximum number of shareholders receive the Annual Reports through e-mail, the Corporation undertook various initiatives for encouraging shareholders to get their e-mail addresses registered with the Corporation/DP. One of such initiatives included publication of notice in various newspapers containing details of the manner in which shareholders can get their e-mail address registered. The Corporation also contacted all those shareholders whose contact numbers were available in the records of the Corporation requesting them to register their e-mail addresses with the Corporation/DP. Due to these initiatives, the Corporation was able to circulate the Annual Report for the financial year 2019-20 to a large number of shareholders through electronic mode.

In view of the continuing impact of the COVID-19 pandemic and partial lockdown, MCA and SEBI have extended the relaxation for sending the Annual Report through electronic mode for the financial year 2020-21.

Updation of e-mail address

Members who have not yet registered their e-mail address or who want to change their e-mail address are requested to send an e-mail to *investorcare@hdfc.com* with name, folio no., e-mail address and copy of ID proof (in respect of shares held in physical form) or contact their DP (in respect of shares held in electronic form) so as to receive all communication electronically including Annual Report, notices, etc., sent by the Corporation to its members, from time to time.

Nomination Facility

Section 72 of the Companies Act, 2013 provides that every holder of securities of a company may, at any time, nominate, in the prescribed manner, any person to whom his/her securities shall vest in the event of his/her death. Where the securities are held by more than one person jointly, the joint holders may together nominate any person to whom all the rights in the securities shall vest in the event of death of all the joint holders.

In view of the aforesaid, shareholders especially those holding shares in single name are advised to nominate any person by submitting the nomination form (Form SH-13) to the ISD. Shareholders can download the said form from the Corporation's website. Shareholders holding shares in electronic form are requested to contact their DP.

Nomination stands automatically rescinded on dematerialisation of the shares.

Voting Rights

The fundamental voting principle is 'One Share-One Vote'.

Equity shares issued by the Corporation carry equal voting rights, with an exception, where voting rights in respect of the shares, if any, lying in the Unclaimed Suspense Account/transferred to IEPF shall remain frozen till the rightful owner claims such shares and is transferred as such.

Rights and Obligations of shareholders

The Corporation has always accorded great importance towards shareholder engagement.

The Corporation has consistently ensured that shareholders are empowered to honour their statutory rights. A synopsis of some of the rights and obligations of the shareholders is made available on the Corporation's website.

Frequently Asked Questions

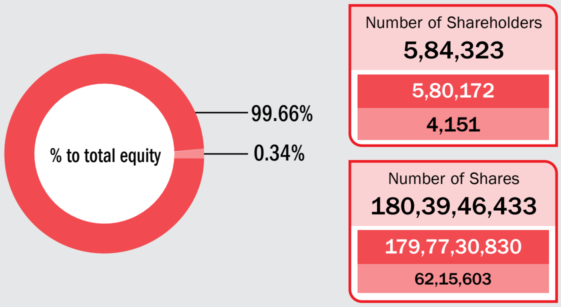
For ready reference of the shareholders of the Corporation, responses to frequently asked questions on various investor related services are made available on the Corporation's website.

Control of the Corporation

The Corporation is neither owned nor controlled, directly or indirectly, by any person, entity or government and does not owe allegiance to any promoter or promoter group. To the best of its knowledge and belief, the Corporation does not have any arrangement, the operation or consequence of which might directly or indirectly result in a change in its ownership, control or management. The Corporation also does not have any significant beneficial owner.

Dematerialisation of Shares and Liquidity as at March 31, 2021

	No. of shareholders	% to total no. of shareholders	No. of shares of ₹ 2 each	% to Capital
Held in electronic mode				
a. NSDL	2,92,691	50.09	176,90,13,379	98.07
b. CDSL	2,87,481	49.20	2,87,17,451	1.59
Sub Total (a+b)	**5,80,172**	**99.29**	**179,77,30,830**	**99.66**
Held in physical mode	4,151	0.71	62,15,603	0.34
Total	**5,84,323**	**100**	**180,39,46,433**	**100**



The shares of the Corporation are widely traded on the stock exchanges.

Distribution of Shareholding as at March 31, 2021

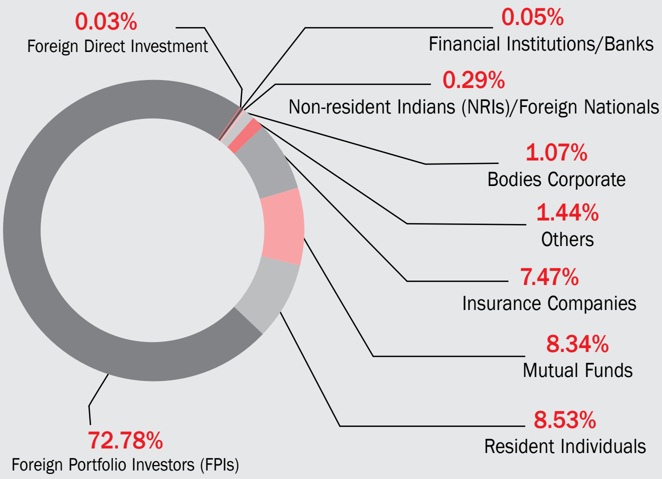
Range of shares held	Total no. of shares	% to Capital	No. of shareholders	% to total no. of shareholders
1	82,428	0.01	82,428	14.11
2 – 10	11,96,787	0.07	2,09,324	35.82
11 – 100	76,77,635	0.43	1,97,034	33.72
101 – 200	38,97,068	0.22	25,738	4.40
201 – 500	87,13,584	0.48	24,902	4.26
501 - 1,000	1,36,04,863	0.75	16,450	2.82
1,001 - 5,000	5,02,00,910	2.78	23,000	3.93
5,001 - 10,000	1,50,02,130	0.83	2,135	0.37
10,001 - 50,000	3,80,23,190	2.11	1,675	0.29
50,001 - 1,00,000	2,85,88,498	1.58	404	0.07
1,00,001 and above	163,69,59,340	90.74	1,233	0.21
Total	**180,39,46,433**	**100**	**5,84,323**	**100**

HDFC

Shareholding Pattern as at March 31, 2021

Category	No. of Shareholders	No. of shares	% to Capital
Resident Individuals	5,52,556	15,39,31,282	8.53
Foreign Portfolio Investors (FPIs)	1,875	131,29,41,292	72.78
Foreign Direct Investment	1	4,93,669	0.03
Insurance Companies	39	13,48,24,237	7.47
Bodies Corporate	2,567	1,93,64,292	1.07
Mutual Funds	37	15,05,13,134	8.34
Financial Institutions/ Banks	16	8,23,938	0.05
Non-resident Indians (NRIs/Foreign Nationals)	13,192	52,71,153	0.29
Others*	14,040	2,57,83,436	1.44
Total	**5,84,323**	**180,39,46,433**	**100**

**Includes (Alternative Investment Funds/Government Companies/Trust/Clearing Members/ HUF/ Pension Funds/IEPF)*



Shareholding of Top Ten Shareholders

Name of the Shareholder	Shareholding as at April 1, 2020		Shareholding as at March 31, 2021	
	No. of shares	% of total shares	No. of shares	% of total shares
Life Insurance Corporation of India*	8,09,15,574	4.67	8,37,70,642	4.64
Invesco Oppenheimer Developing Markets Fund*	5,76,03,762	3.33	7,02,97,956	3.90
Government of Singapore*	5,58,83,616	3.23	4,71,76,565	2.62
SBI-ETF Nifty 50*	4,41,59,115	2.55	4,44,27,065	2.46
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds*	2,53,87,780	1.47	2,35,76,167	1.31
Vanguard Total International Stock Index Fund*	3,01,70,722	1.74	2,17,32,990	1.20
JP Morgan Funds - Emerging Markets Equity Fund#	1,63,25,343	0.94	1,94,30,513	1.08
Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund#	1,70,26,927	0.98	1,88,99,369	1.05
Government Pension Fund Global -Norway*	1,93,01,652	1.11	1,88,87,621	1.05
Kuwait Investment Authority Fund 601#	1,36,15,126	0.79	1,88,84,232	1.05
ICICI Prudential Life Insurance Company Limited@	2,08,32,314	1.20	1,70,07,986	0.94
Stichting Depositary APG Emerging Markets Equity Pool@	1,85,17,062	1.07	1,44,90,249	0.80
Europacific Growth Fund@	1,89,26,695	1.09	65,97,000	0.37

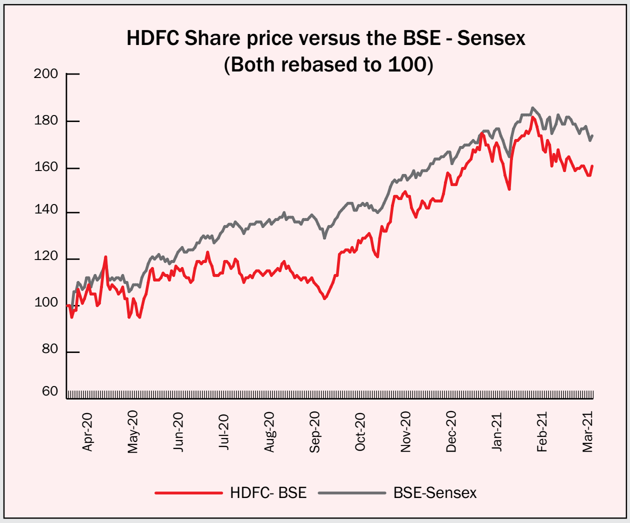
1. * Common top 10 shareholders as at April 1, 2020 and March 31, 2021
   @ Top 10 shareholders only as at April 1, 2020
   # Top 10 shareholders only as at March 31, 2021
2. During the year, the paid-up shares of the Corporation increased by 7,18,95,244 equity shares of ₹ 2 each pursuant to allotment of equity shares on QIP basis and upon exercise of stock options.

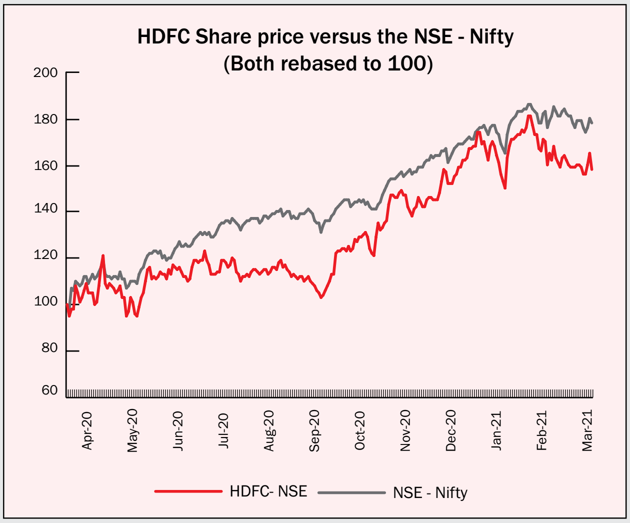
Stock Market Price Data

The monthly high and low price and the volume of shares traded on BSE and NSE during the financial year 2020-21 are as under:

Month	BSE			NSE		
	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded
April-20	1,926.40	1,483.15	51,38,478	1,927.00	1,482.25	14,37,96,902
May-20	1,860.00	1,486.45	57,40,838	1,856.00	1,486.00	15,17,75,963
June-20	1,874.00	1,700.20	71,53,777	1,874.20	1,701.30	14,70,90,243
July-20	1,947.85	1,750.65	47,60,489	1,947.90	1,750.00	11,59,75,104
August-20	1,921.50	1,730.75	37,73,095	1,921.90	1,730.10	9,49,71,601
September-20	1,883.10	1,623.00	62,64,581	1,884.00	1,623.00	8,01,02,932
October-20	2,083.65	1,747.50	41,32,862	2,083.95	1,750.00	11,55,02,925
November-20	2,385.50	1,921.00	54,87,551	2,386.55	1,916.00	11,78,23,616
December-20	2,575.00	2,218.15	1,33,53,719	2,575.00	2,217.65	9,30,84,649
January-21	2,777.70	2,365.40	45,40,329	2,777.15	2,364.60	9,24,55,196
February-21	2,895.35	2,394.60	43,56,688	2,896.00	2,391.85	8,65,03,506
March-21	2,666.00	2,430.80	27,83,486	2,667.95	2,431.10	7,98,46,638

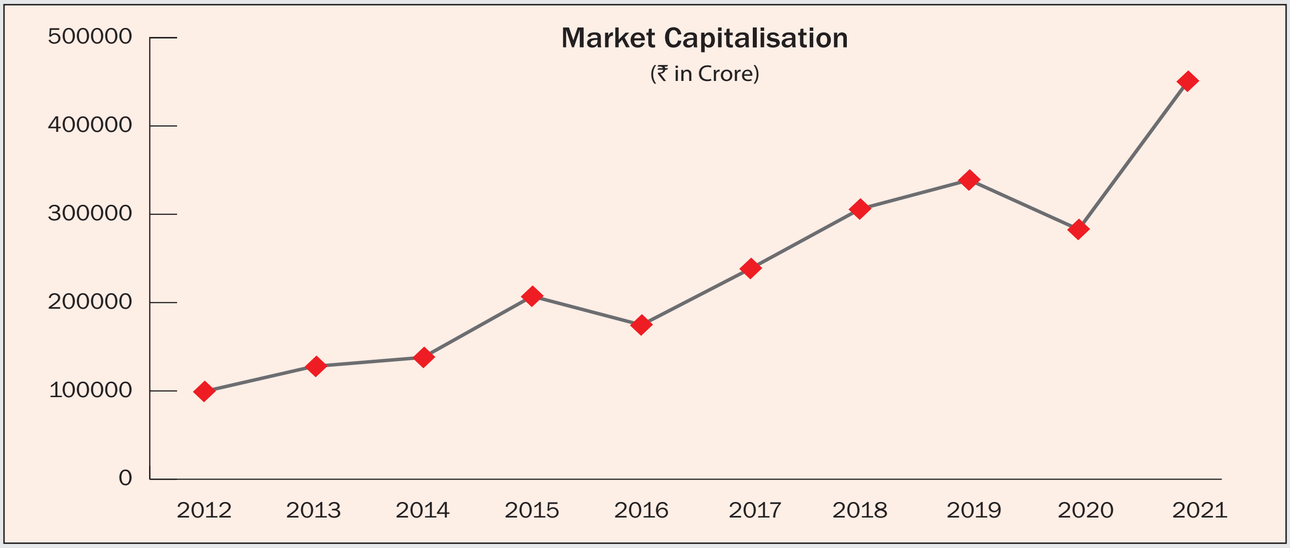
Source: www.bseindia.com and www.nseindia.com.





Market Capitalisation

The Market Capitalisation of the Corporation based on year-end closing prices quoted in the NSE is given below:



Web links

As required under the various provisions of the Companies Act, 2013, Housing Finance Companies - Corporate Governance (NHB) Directions, 2016, Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, Listing Regulations and other applicable laws and for availability of information for the stakeholders, the web links of the documents placed on the Corporation's website are provided below:

Sr. No.	Document	Purpose	Web links
1.	Form No. MGT-7	Draft Annual Return of the Corporation for financial year 2020-21.	https://www.hdfc.com/investor-relations#annual-reports
2.	Policy on Protection of Women against Sexual Harassment	The Policy provides protection of women against sexual harassment at workplace and the redressal of complaints of sexual harassment and matters related thereto.	https://www.hdfc.com/allpolicies/policy-on-protection-of-women-against-sexual-harassment.pdf
3.	Corporate Social Responsibility (CSR) Policy	The Policy provides guiding principles for selection of CSR activities, modalities of execution and implementation and monitoring mechanism of CSR projects/programmes.	https://www.hdfc.com/allpolicies/CSR%20Policy-%20For%20upload.pdf
4.	Letter of Appointment to Independent Directors	The draft letter sets out the terms and conditions for appointment of Independent Directors of the Corporation.	https://www.hdfc.com/allpolicies/Letter%20of%20Appointment%20to%20ID.pdf

Sr. No.	Document	Purpose	Web links
5.	Whistle Blower Policy	The Policy outlines the whistle blower mechanism of the Corporation.	https://www.hdfc.com/allpolicies/Whislte%20blower%20policy%20-%20November%202020.pdf
6.	Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and other employees	The Policy provides a framework for the remuneration of the Directors, Key Managerial Personnel, Members of Senior Management and other employees of the Corporation.	https://www.hdfc.com/allpolicies/Policy_on_Remuneration_July_2018.pdf
7.	Policy on Appointment of Directors and Members of Senior Management	The Policy provides a framework and contains criteria for the appointment of Directors and Members of Senior Management of the Corporation and the process to be followed for the same.	https://www.hdfc.com/allpolicies/Policy_on_Appointment_of_Directors.pdf
8.	Composition and terms of reference of key committees	Details of the composition and terms of reference of the following committees: a. Audit & Governance Committee; b. Nomination & Remuneration Committee; c. Stakeholders Relationship Committee; d. Corporate Social Responsibility Committee; and e. Risk Management Committee	https://www.hdfc.com/investor-services#board-committees
9.	Policy on Material Subsidiary Companies	The Policy outlines the criteria for identification and dealing with material subsidiaries and for formulation of a governance framework for subsidiaries of the Corporation.	https://www.hdfc.com/allpolicies/Policy_Material_Subsidiaries.pdf
10.	Code of Conduct for Non-Executive Directors	The Code provides a guidance to Non-Executive Directors on the matters relating to professional conduct, ethics and governance, whilst they discharge their obligations as directors of the Corporation.	https://www.hdfc.com/allpolicies/Code-of-Conduct-for-NED.pdf
11.	Code of Conduct for Executive Directors and Senior Management	The Code provides guidance to the Executive Directors and Members of Senior Management on the matters relating to professional conduct, ethics and governance.	https://www.hdfc.com/allpolicies/Code-of-Conduct-for-ED-and-SM.pdf
12.	Board Diversity Policy	The Policy provides a framework and set standards for having a diversified Board.	https://www.hdfc.com/allpolicies/Board_Diversity_Policy.pdf

Sr. No.	Document	Purpose	Web links
13.	Policy on Related Party Transactions	The Policy outlines the mechanism for dealing with related party transactions.	https://www.hdfc.com/allpolicies/Revised_RPT_Policy.pdf
14.	Board Familiarisation Programme	The document provides the various familiarisation programme that would be conducted by the Corporation for its directors.	https://www.hdfc.com/allpolicies/Board-Familiarisation-Programme.pdf
15.	Policy on Determination of Materiality	This Policy provides for a mechanism for determination of materiality of certain events/information for appropriate disclosures as required under Listing Regulations.	https://www.hdfc.com/allpolicies/Policy_on_determination_of_materiality_Final.pdf
16.	Web Archival Policy	The Policy ensures protection, maintenance and archival of the disclosures, documents and records that are placed on Corporation's website.	https://www.hdfc.com/allpolicies/Web-Archival-Policy.pdf
17.	Policy on Business Responsibility	The Policy reaffirms the Corporation's commitment to follow principles laid down in the "National Voluntary Guidelines on Social, Environmental and Economic responsibilities of Business" towards conducting its business.	https://www.hdfc.com/allpolicies/BR-Policy.pdf
18.	Business Responsibility Report 2020-21	The report contains the details of the Corporation's approach to sustainable development into its business strategy along with principles followed to minimize its impact on its stakeholders.	https://www.hdfc.com/investor-relations#annual-reports
19.	Board Familiarisation Update	The document contains the details of familiarisation programmes conducted by the Corporation for its directors during the respective financial year.	https://www.hdfc.com/allpolicies/Board_Familiarisation_Update_2021.pdf
20.	Disclosure under the SEBI (Share Based Employee Benefits) Regulations, 2014	Provides disclosures with respect to the various Employee Stock Option Schemes of the Corporation.	https://www.hdfc.com/investor-relations#annual-reports
21.	Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information	The Code provides the policy for fair disclosure of unpublished price sensitive events of the Corporation.	https://www.hdfc.com/allpolicies/Code_of_practices_and_procedures_fair_disclosure.pdf
22.	Policy for Fit and Proper Criteria for Directors	The Policy sets out the 'fit and proper' criteria based on which existing directors whose appointment is intended to be continued and new directors proposed to be appointed are evaluated.	https://www.hdfc.com/allpolicies/Policy_on_Fit_and_Proper_Criteria_HDFC.pdf

Sr. No.	Document	Purpose	Web links
23.	Internal Guidelines on Corporate Governance	The document provides for internal guideposts to maintain highest standards of Corporate Governance within the Corporation.	https://www.hdfc.com/allpolicies/Internal-Guidelines-on-Corporate-Governance.pdf
24.	Policy on Management of Conflict of Interest	The Policy provides the mechanism to deal with situations where conflict of interest arises or is likely to arise.	https://www.hdfc.com/allpolicies/Policy-on-Management-of-Conflict-of-Interest.pdf
25.	Policy on Succession Planning	The Policy outlines a mechanism to identify and create a talent pool of high potential personnel who could assume higher roles whenever the need arises.	https://www.hdfc.com/allpolicies/Policy_on_Succession_Planning.pdf
26.	Policy on Health and Safety of Employees	The Policy provides guidelines for ensuring safety of its employees at workplace.	https://www.hdfc.com/allpolicies/policy-on-health-and-safety-of-employees.pdf
27.	Human Rights Statement	The Statement provides the broad framework to ensure that all stakeholders are treated with utmost respect and dignity.	https://www.hdfc.com/allpolicies/Human%20Rights%20Statement.pdf
28.	Diversity and Inclusion Policy	The Policy provides for non-discriminative approach while engaging with its stakeholders.	https://www.hdfc.com/allpolicies/DIVERSITY%20AND%20INCLUSION%20POLICY.pdf
29.	Code of conduct for Employees	The Code outlines the framework for ethical conduct expected from employees of the Corporation.	https://www.hdfc.com/allpolicies/CODE%20OF%20CONDUCT%20-%20December%202020_MD.pdf
30.	Credit ratings	Information with regard to credit ratings assigned by various credit rating agencies for deposits, bonds, non-convertible debentures, subordinated debt, short term debt and bank facilities.	https://www.hdfc.com/investor-services#credit-ratings
31.	Tax Deducted at Source (TDS) on Dividend	This section contains details of tax required to be deducted at the prescribed rates on the dividend paid by the Corporation to its shareholders.	https://www.hdfc.com/investor-services#dividend
32.	Dividend Distribution Policy	The Policy establishes the principles and criteria to be considered by the Board of Directors prior to recommending dividend on equity shares.	https://www.hdfc.com/allpolicies/Dividend%20Distribution%20Policy.pdf
33.	Memorandum and Articles of Association	-	https://www.hdfc.com/sites/default/files/memorandum-and-article-of-association.pdf

Policy on Related Party Transactions

1. Scope and Purpose

The Companies Act, 2013 (the Act), the rules framed thereunder as well as Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), contain detailed provisions relating to Related Party Transactions.

This Policy on Related Party Transactions (Policy) has been framed as per the requirements of the Regulation 23 of Listing Regulations and is intended to ensure proper approval and reporting of the concerned transactions between the Corporation and its Related Parties.

Pursuant to changes in the applicable law, this Policy was amended by the Board of Directors of the Corporation at its meetings held on January 27, 2016 and July 30, 2018.

Thereafter pursuant to amendment in Companies (Meetings of Board and its Powers) Second Amendment Rules, 2019, this Policy has once again been amended by the Board of Directors of the Corporation at its meeting held on March 13, 2020. This Policy shall be effective from April 1, 2020.

2. Interpretations

All words and expressions used herein, unless defined herein, shall have the same meaning as respectively assigned to them, in the Applicable Law under reference.

'Applicable Law' includes (a) the Companies Act, 2013 and rules made thereunder as amended from time to time; (b) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; (c) Indian Accounting Standards; and (d) any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

3. Terms of the Policy

All Related Party Transactions will be subject to following approval matrix, as may be applicable:

Provisions	Ceiling on the Amount	Approval Required		
		Audit and Governance Committee	Board of Directors	Shareholders (Ordinary Resolution)
Transactions in the *ordinary course of business* and on *arm's length basis*	*up to* ***10% of the*** annual consolidated turnover of the Corporation	√	-	-
	In excess of above limits	√	√	√ *(All related parties to abstain from voting.)*
Transactions either not in the *ordinary course of business* or *arm's length basis*				
Sale, purchase or supply of any goods or materials, directly or through appointment of agent.		√	√	√* 10% or more of the turnover
Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent.		√	√	√* 10% or more of the net worth
Leasing of property of any kind.		√	√	√* 10% or more of the turnover
Availing or rendering of any services, directly or through appointment of agent.		√	√	√* 10% or more of the turnover
Appointment of any related party to any office or place of profit in the Corporation, its subsidiary company or associate company.		√	√	√* Monthly remuneration exceeding two and half lakh rupees
Underwriting the subscription of any securities or derivatives thereof, of the Corporation.		√	√	√* Remuneration exceeding 1% of net worth
* **Note:** *In case of shareholders' approval, related parties that are parties to the contract/arrangement or transaction shall abstain from voting.*				
Any other transaction with related parties, other than those covered above, resulting in transfer of resources, obligations or services.		√	√ For Transactions that are not on arm's length basis.	Exceeding 10% of the annual consolidated turnover of the Corporation *Note: All related parties to abstain from voting.*

4. Identification of Related Parties and Related Party Transactions

The Compliance Officer shall:

a. Identify and keep on record the Corporation's related parties, along with their personal/company details.

b. Update the record of related parties whenever necessary and shall be reviewed at least once a quarter.

c. Furnish on a monthly basis to the concerned departments viz. Treasury, Accounts, Operations, Resources and Facilities Management at Corporate Office and branches, who are responsible for entering into contracts/arrangements/agreements with entities for and on behalf of the Corporation, and circulate the list of Related Parties to all such employees of the Corporation along with the approval thresholds for entering into transactions with such enlisted Related Parties.

d. Ensure that the members of senior management furnish a certificate to the Board of Directors annually relating to all material, financial and commercial transactions with related parties, where they have personal interest that may have a potential conflict with the interest of the listed entity at large.

5. Ascertaining whether Related Party Transactions are in the Ordinary Course of Business

i. Although the term "Arm's Length Basis" has been defined under Section 188 of the Act, what transactions would be considered to be in the "ordinary course of business" has not been specified under the Companies Act, 2013. In the case of Seksaria Biswan Sugar Factory Ltd. v. Commissioner of Income Tax, Bombay, the Bombay High Court, in relation to what constitutes 'ordinary course of business', observed that "it must be found as to whether the particular act has any connection with the normal business that the company is carrying on and whether it is so related to the business of the company that it can be considered to be performed in the ordinary course of the business of that company."

A. Therefore, in order to determine whether a transaction is within the ordinary course of business or not, some of the principles that may be adopted to assess are as follows:

a) whether the transaction is in line with the usual transactions, customs and practices undertaken by the company to conduct its business operations and activities;

b) whether it is permitted by the Memorandum and Articles of Association of the company; and

c) whether the transaction is such that it is required to be undertaken in order to conduct the routine or usual transactions of a company.

B. Any of the following conditions are met:

a) the transaction, including, but not limited to sale or purchase of goods or property, or acquiring or providing of services, conveying or accepting leases, transfer of any resources, hiring of any executives or other staff, providing or availing of any guarantees or collaterals, or receiving or providing any financial assistance, or issue, transfer, acquisition of any securities, is in the normal routine of the Corporation's business; or

b) the transaction is in the nature of reimbursements, received or provided, from or to any related party, whether with or without any mark-up towards overheads, and is considered to be congenial for collective procurement or use of any facilities, resources, assets or services and subsequent allocation of the costs or revenues thereof to such related party in an appropriate manner; and

C. The transaction is not:

a) an exceptional or extra ordinary activity as per applicable accounting standards or financial reporting requirements;

b) any sale or disposal of any undertaking of the Corporation, as defined in explanation to clause (a) of sub-section (1) of Section 180 of the Act.

ii. The Corporation may also consider whether the transaction contemplated under the proposed contract or arrangement is either similar to contracts or arrangements which have been undertaken in the past, or in the event that such transaction is being undertaken for the first time, whether the Corporation intends to carry out similar transactions in the future.

iii. Further, whether the transaction value is within the reasonable range for similar types of other transactions, will also be an important consideration. An exceptionally large value transaction should invite closer scrutiny.

6. Ascertaining whether Related Party Transactions are on an Arm's Length Basis

i. The following illustrative tests may be used by the Audit and Governance Committee for ascertaining arm's length nature of contracts/arrangements that may be entered into by the Corporation with related parties, or any modification, variation, extension or termination thereof:

a. The contracts/arrangements are entered into with Related Parties, are at such prices/discounts/premiums and on such terms which are offered to unrelated parties of similar category/profile.

b. The contracts/arrangements have been commercially negotiated.

c. The pricing is arrived at as per the rule/guidelines that may be issued by or acceptable for the purpose of National Housing Bank, Ministry of Corporate Affairs, Government of India, Income Tax Act, 1961, Securities and Exchange Board of India and/or such other statutory or regulatory bodies as applicable to any of the contract/arrangements contemplated under the Act, Rules framed thereunder or Listing Regulations.

d. The terms of contract/arrangement other than pricing are generally on a basis similar to those as may be applicable for similar category of goods and services or similar category/profile of counterparties.

e. Such other criteria as may be issued under Applicable Law.

ii. Further, in order to determine the optimum arm's length price, the Corporation may also apply the most appropriate method from any of the following methods as prescribed under Section 92C(1) of the Income Tax Act, 1961 read with Rule 10B of the Income Tax Rules, 1962 –

a. Comparable Uncontrolled Price method (CUP method)

b. Resale Price Method

c. Cost Plus Method

d. Profit Split Method

e. Transactional Net Margin Method

f. Other Method as prescribed by the Central Board of Direct Taxes

iii. The Audit and Governance Committee shall be entitled to rely on professional opinion or representation from the counter party in this regard.

iv. The Audit and Governance Committee may refer the Pricing Policy of the Corporation for determining the arm's length pricing for transactions entered into/to be entered into with the related parties. This Policy shall be updated annually or as may be deemed necessary by the Board of Directors/Audit and Governance Committee of Directors of the Corporation.

v. Notwithstanding the above, whether a particular transaction is on arm's length basis or not, is a decision to be taken by the Board of Directors and the Audit and Governance Committee of Directors of the Corporation. Once the Board of Directors on the recommendation of Audit and Governance Committee, determines that the relevant transaction has taken place on an arm's length basis, so long as they have reasonable basis for the same their decision shall be final.

7. Procedure for approval and review of Related Party Transactions

(i) Subject to the threshold limits specified below, all Related Party Transactions or changes therein must be referred for prior approval by the Audit and Governance Committee in accordance with this Policy.

(ii) The threshold limits for approvals will be as follows:

a. The transactions, for which omnibus approval of the Audit and Governance Committee has already been sought, will not require prior approval of the Audit and Governance Committee for each transaction entered into pursuant to the same.

b. Transactions above the value of ₹ 1 crore per transaction may be granted omnibus approval by the Audit and Governance Committee subject to criteria specified under Clause 8 below. Such transactions shall be reported to the Audit and Governance Committee on a quarterly basis.

c. Where the need for related party transaction cannot be foreseen and the details thereof are not available, the Audit and Governance Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 1 crore per transaction. Such transactions shall also be reported to the Audit and Governance Committee on a quarterly basis.

d. Transactions other than those referred to in Section 188 of the Act between the Corporation and its wholly owned subsidiary companies would not require the omnibus approval of the Audit and Governance Committee. Such transactions shall be reported to the Audit and Governance Committee on a quarterly basis.

(iii) Related Party Transactions that are not in ordinary course of business but on arm's length basis may be approved by the Audit and Governance Committee. Where such Related Party Transactions fall under Section 188 (1) of the Act, the Audit and Governance Committee shall recommend the transaction for approval of the Board.

(iv) Related Party Transactions that are not on arm's length basis, irrespective of whether those are covered under Section 188 of the Act or not, may be placed by the Audit and Governance Committee, along with its recommendations, to the Board for appropriate action.

(v) All relevant facts pertaining to a Related Party Transaction shall be placed with the Audit and Governance Committee, inclusively:

a. the name of the related party and nature of relationship;

b. the nature, duration of the contract and particulars of the contract or arrangement;

c. the material terms of the contract or arrangement including the value, if any;

d. any advance paid or received for the contract or arrangement, if any; and

e. any other information relevant or important for the Committee to take a decision on the proposed transaction.

(vi) Audit and Governance Committee shall be entitled to call for such information/documents in order to understand the scope of the proposed related party transaction(s) and recommend an effective control system for the verification of the supporting documents.

(vii) In determining whether approval can be accorded to a Related Party Transaction, the Audit and Governance Committee shall consider the following factors:

a. whether the Related Party Transaction is in the ordinary course of business of the Corporation;

b. whether the terms of the Related Party Transaction is on arm's length basis;

c. whether there are any adequate reasons of business expediency for the Corporation to enter into the Related Party Transaction, after comparing alternatives available, if any;

d. whether the Related Party Transaction would affect the independence of any director/key managerial personnel;

e. whether the proposed Related Party Transaction includes any potential reputational/regulatory risks that may arise as a result of or in connection with the proposed transaction; and

f. whether the Related Party Transaction would present an improper conflict of interest for any director or key managerial personnel of the Corporation, taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of interest of the Related Party in the transaction and such other factors as the Audit and Governance Committee deems relevant.

(viii) If the Audit and Governance Committee determines that a Related Party Transaction should be brought before the Board of Directors, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

(ix) If the Related Party Transaction needs to be approved at a general meeting of the shareholders by way of a resolution pursuant to Applicable Laws, the Board shall ensure that the same be put up for approval by the shareholders of the Corporation.

(x) Where, owing to exigencies, Related Party Transactions have been entered into without being placed for prior approval by the Audit and Governance Committee, reasoned explanation for the same must be received from the contracting employees to the satisfaction of the Audit and Governance Committee. The Audit and Governance Committee may ratify such transactions, or may put forth the transactions before the Board along with its recommendations and the Board may either ratify such transactions or seek to avoid the same.

(xi) If approval of the Board/shareholders, where applicable, for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Board/shareholders, if required, within 3 months of entering in the Related Party Transaction.

In any case where either the Board/shareholders determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee or Board or the shareholders, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of a Related Party Transaction, the Board has authority to modify or waive any procedural requirements of this Policy.

(xii) No member of the Audit and Governance Committee/Board shall participate in the review or approval of any Related Party Transaction in which such member is interested, except that the director/Key Managerial Personnel shall provide all material information concerning the Related Party Transaction to the Audit and Governance Committee/Board.

(xiii) Exceptions allowed under Applicable Laws for Related Party Transactions shall be exempted from the scope of this Policy unless the Audit and Governance Committee/Board decide otherwise.

(xiv) Nothing in this Policy shall override any provisions of Applicable Law made in respect of any matter stated in this Policy.

(xv) A certificate shall be obtained from the Statutory Auditors of the Corporation on a quarterly basis stating that the Related Party Transactions entered into by the Corporation during the previous quarter were in accordance with this Policy.

(xvi) The Audit and Governance Committee shall review all Related Party Transactions on a quarterly basis.

(xvii) In addition to the Audit and Governance Committee, all the Related Party Transactions shall also be reviewed by the Board of Directors of the Corporation on an annual basis.

8. **Additional matters pertaining to Omnibus Approval**

(i) In accordance with the Applicable Laws, the Audit and Governance Committee shall grant omnibus approval in line with this Policy and based on the following information:

a. The name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;

b. The indicative base price or current contracted price and the formula for variation in the price, if any;

c. The maximum transaction values; and

d. Such other conditions as the Audit and Governance Committee may deem fit.

(ii) Notwithstanding the generality of foregoing, Audit and Governance Committee shall not grant omnibus approval for following transactions:

a. Transactions which are not in ordinary course of business or not on an arm's length basis and covered under Section 188(1) of the Act;

b. Transactions in respect of selling or disposing of the undertaking of the Corporation;

c. Transactions which are not in the interest of the Corporation; and

d. Such other transactions specified under Applicable Law from time to time.

(iii) Notwithstanding the generality of foregoing, the following transactions shall not be deemed Related Party Transactions for the purpose of this Policy and as such no omnibus approval is required to be granted for the same:

a. Any transaction that involves providing of compensation to a director or Key Managerial Personnel, in accordance with the provisions of the Act in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

b. Reimbursement made of expenses incurred by a Related Party for business purpose of the Company, or reimbursement received for expenses incurred by the Company on behalf of a Related Party.

c. Reimbursement of pre-incorporation expenses incurred by or on behalf of a Related Party.

d. Any transaction in which the Related Party's interest arises solely by way of ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party, or other pro rata interest of a Related Party included in a transaction involving generic interest of stakeholders involving one or more Related Parties as well as other parties.

e. Recurring/consequential transactions flowing out of a principal transaction or arrangement for which the Audit and Governance Committee has granted its omnibus approval.

f. Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder and does not require prior approval by the Audit and Governance Committee.

9. **Disclosures**

As mandated under the Listing Regulations, the Corporation shall disclose this Policy on its website i.e. www.hdfc.com and in the Annual Report. Disclosures regarding related party transactions will be made in accordance with the Applicable Law.

10. **Policy Review**

This Policy may be amended, modified or supplemented to ensure compliance with any modification, amendment or supplementation to the Applicable Law once in three years or as may be otherwise prescribed by the Audit and Governance Committee/Board from time to time.

FORM NO. MR-3

Secretarial Audit Report of HDFC ERGO General Insurance Company Limited

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

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

To,

The Members,

HDFC ERGO General Insurance Company Limited
CIN: U66030MH2007PLC177117

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HDFC ERGO General Insurance Company Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing 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 **31st March, 2021** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the Rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment. The Company does not have any Overseas Direct Investment and External Commercial Borrowings during the financial year;

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

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

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

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018#;

d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014#;

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

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009#; and

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018#;

 # The Regulations or Guidelines, as the case may be were not applicable for the period under review.

The list of Acts, Laws and Regulations specifically applicable to the Company are given below:

vi. The Insurance Act, 1938, as amended;

vii. The Insurance Regulatory and Development Authority Act, 1999, as amended and Regulations framed thereunder and as amended from time to time.

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India; and

ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"].

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

We further report that -

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

Adequate notice was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

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

We further report that during the audit period, the Company has undertaken following events/actions:

i. The Company Scheme Application for merger of HDFC ERGO Health Insurance Limited (HEHI) (formally known as Apollo Munich Health Insurance Company Limited) with the Company pursuant to Sections 230 to 232 of the Companies Act, 2013 and the Rules framed thereunder was filed by the Company with the Hon'ble National Company Law Tribunal (NCLT), Mumbai on February 17, 2020 for its approval. The NCLT, Mumbai vide its order dated September 29, 2020 has sanctioned/approved the Scheme of Amalgamation for the merger of HEHI with the Company and the Insurance Regulatory and Development Authority of India (IRDAI) vide its letter dated November 11, 2020 has given its final approval for the merger with the Effective Date as November 13, 2020. The Appointed Date for the merger is March 1, 2020.

ii. The Board of Directors of the Company at its meeting held on November 13, 2020 has allotted 10,53,77,232 equity shares of ₹ 10/- each of the Company, to the equity shareholders of HEHI in the Swap Ratio of 100:385 as approved in the Scheme of Amalgamation.

For Bhandari & Associates
Company Secretaries
Firm Registration No.: P1981MH043700
Sd/-
S. N. Bhandari
Partner
MUMBAI FCS No.: 761; CP No.: 366
April 20, 2021 ICSI UDIN: F000761C000134323

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

Annexure 'A'

To,

The Members,

HDFC ERGO General Insurance Company Limited

CIN: U66030MH2007PLC177117

Our Secretarial Audit Report for the Financial Year ended on March 31, 2021 of even date is to be read along with this letter.

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

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

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

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.

5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, Standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For Bhandari & Associates
Company Secretaries
Firm Registration No.: P1981MH043700

Sd/-
S. N. Bhandari
Partner
MUMBAI FCS No.: 761; CP No.: 366
April 20, 2021 ICSI UDIN: F000761C000134323

If you need any assistance, please walk in or call any of our offices to experience the warmth, courtesy and professionalism of HDFC.

REGISTERED OFFICE: Ramon House, Mumbai 400 020. Tel: 61766000, 61766100.

CORPORATE OFFICE: HDFC House, Mumbai 400 020. Tel: 66316000, 22820282.

BRANCH OFFICES:

AGARTALA Tel: 2328772. **AGRA** Tel: 4007130/32/64. **AHMEDABAD (Navrangpura)** Tel: 66307000. **AHMEDABAD (Maninagar)** Tel: 7227011281. **AHMEDABAD (Nikol)** Tel: 7227011287. **AHMEDABAD (Science City)** Tel: 7227011295. **AHMEDABAD (Satellite)** Tel: 7227011293. **AHMEDABAD (Zundal)** Tel: 6358865042. **AHMEDNAGAR** Tel: 6605222. **AJMER** Tel: 2641164. **AKOLA** Tel: 2403454. **ALAPPUZHA** Tel: 2269460. **ALIGARH** Tel: 2408542. **ALLAHABAD** Tel: 2260325. **ALMORA** Tel: 235556. **ALWAR** Tel: 2702739. **AMALNER** Tel: 222224. **AMBALA** Tel: 2601762, 2630880. **AMRAVATI** Tel: 2666009. **AMRITSAR** Tel: 2500851. **ANAND** Tel: 297552/3/4. **ANANTAPUR** Tel: 220043. **ANGUL** Tel: 7205000448. **ANKLESHWAR** Tel: 255771/72. **AURANGABAD** Tel: 6710600. **AURANGABAD (Waluj)** Tel: 2555561. **BAHADURGARH.** Tel: 297423. **BARAMATI** Tel: 220150. **BARDOLI** Tel: 223155. **BAREILLY** Tel: 2451169, 2477496. **BEAWAR** Tel: 251691. **BELAGAVI** Tel: 2427091. **BENGALURU (Kasturba Road)** Tel: 41183000. **BENGALURU (Electronic City)** Tel: 28523953. **BENGALURU (Jayanagar)** Tel: 26592839. **BENGALURU (Kalyan Nagar)** Tel: 26592839. **BENGALURU (Kanakapura Road)** Tel: 26861501. **BENGALURU (Kengeri)** Tel: 28485355/56. **BENGALURU (Koramangala)** Tel: 25501083. **BENGALURU (Mahadevpura)** Tel: 28510021. **BENGALURU (Marathahalli)** Tel: 25400232. **BENGALURU (Rajajinagar)** Tel: 23506416. **BENGALURU (RMV 2nd STAGE)** Tel: 23513810/11. **BENGALURU (Sahakara Nagar)** Tel: 48540161. **BENGALURU (Sarjapur Road)** Tel: 48540161. **BENGALURU (Whitefield)** Tel: 28451020. **BENGALURU (Yelahanka)** Tel: 28460911/13. **BERHAMPUR** Tel: 2220844. **BHANIYAWALA** Tel: 2412223/33. **BHARUCH** Tel: 238444/555. **BHATINDA** Tel: 5012219. **BHAVNAGAR** Tel: 7227011298. **BHILAI** Tel: 4075203. **BHIWADI** Tel: 9982550744. **BHILWARA** Tel: 232902. **BHOPAL (ISBT)** Tel: 2780000. **BHOPAL (Sonagiri)** Tel: 2688000, 4229990. **BHOPAL (Kolar Road)** Tel: 2422001/06. **BHUBANESWAR** Tel: 6633300. **BHUBANESWAR (Patia)** Tel: 7205000237/6. **BIKANER** Tel: 2206677. **BILASPUR** Tel: 432300. **BULANDSHAHR** Tel: 2255526. **CALICUT** Tel: 2367656. **CHANDIGARH** Tel: 6761000. **CHANDIGARH (Call Centre)** Tel: 6761000. **CHANDIGARH (SEC 41)** Tel: 4046287. **CHANDRAPUR** Tel: 271563. **CHENNAI (Anna Salai)** Tel: 28599300. **CHENNAI (Adyar)** Tel: 23452000/1/2. **CHENNAI (Ambattur)** Tel: 23452077/78. **CHENNAI (Anna Nagar)** Tel: 23451998/99. **CHENNAI (Egmore)** Tel: 23451998/99. **CHENNAI (DLF)** Tel: 49595216. **CHENNAI (Kodambakkam)** Tel: 24815656/5005. **CHENNAI (Madhvaram)** Tel: 24815656/5005. **CHENNAI (Maraimalai Nagar)** Tel: 27456430. **CHENNAI (Medavakkam)** Tel : 22770401. **CHENNAI (Tambaram)** Tel: 23453006/7. **CHENNAI (OMR)** Tel: 23454003/4. **CHENNAI (Porur)** Tel: 26793381. **CHENNAI (Ramanujan IT Park)** Tel: 9840144800. **CHENNAI (Vanagram)** Tel : 26531150. **CHENNAI (Velacherry)** Tel: 22463711/12. **CHIPLUN** Tel: 250035. **COIMBATORE (Kamaraj Road)** Tel: 4301100, 4343900. **COIMBATORE (Ganapathy)** Tel.: 4200211/311. **COIMBATORE (Sai Baba Colony)** Tel: 4301100. **CUTTACK** Tel: 72050 02679. **DAVANAGERE** Tel: 222394. **DEHRADUN (Rajpur Road)** Tel: 6672222, 18604204222. **DEHRADUN (BEHL Chowk)** Tel: 2741025/23. **DEHRADUN (GMS Road)** Tel: 2769869, 2621031. **DEWAS** Tel: 402600/02. **DHANBAD** Tel: 2300631. **DHARMAPURI** Tel: 232324. **DHULE** Tel: 273500/600. **DINDIGUL** Tel: 2433040/42. **DURGAPUR** Tel: 2549776/8. **ELURU** Tel: 222400. **ERODE** Tel: 2240928. **FAIZABAD** Tel: 228180/228280. **FARIDABAD** Tel: 4315120. **GANDHIDHAM** Tel: 7227011272. **GANDHINAGAR** Tel: 7227011275. **GHAZIABAD (Lohia Nagar)** Tel: 2721593. **GHAZIABAD (Vaishali)** Tel: 4233253/4. **GOA (Panaji)** Tel: 2234172. **GOA (Margao)** Tel: 2700473. **GODHRA** Tel: 265043/63. **GORAKHPUR** Tel: 2200167. **GREATER NOIDA (Pari Chowk)** Tel: 4151092/93. **GREATER NOIDA (West)** Tel: 4230355. **GUNTUR** Tel: 2247301. **GURGAON (Mehrauli - Gurgaon Road)** Tel: 4061772/3. **GURGAON (Sector 14)** Tel: 4367801/2/3. **GURGAON (Sector 66)** Tel: 9319244113/116. **GUWAHATI (Six Mile)** Tel: 7101800. **GUWAHATI (Chenikuthi)** Tel: 2666915. **GUWAHATI (Jorhat)** Tel: 9707732398. **GUWAHATI (Silchar)** Tel: 2221399. **GWALIOR** Tel: 4011970/1/3. **HALDWANI** Tel: 284956. **HARIDWAR (BHEL Township)** Tel: 265325. **HARIDWAR (Jwalapur)** Tel: 425001/2. **HISSAR** Tel: 233383. **HOSUR** Tel: 244888. **HOWRAH** Tel: 4006552/5553. **HUBBALLI** Tel: 2352138. **HYDERABAD (Basheer Bagh)** Tel: 67699000, 66475001. **HYDERABAD (Gachibowli)** Tel: 23005100. **HYDERABAD (Jubilee Hills)** Tel: 29560740. **HYDERABAD (Kompally)** Tel: 27940900. **HYDERABAD (Kondapur)** Tel: 48583200. **HYDERABAD (Kothapet)** Tel: 24032500. **HYDERABAD (Kukatpally)** Tel: 48539200. **HYDERABAD (Madhapur)** Tel: 68138000. **HYDERABAD (R C Puram)** Tel: 40220900. **HYDERABAD (Uppal)** Tel: 40220700. **INDORE (M G Road)** Tel: 4223300/33. **INDORE (Prabhu Nagar)** Tel: 4264300/01. **INDORE (Vijay Nagar)** Tel: 4756400/01. **IRINJALAKUDA** Tel: 2821589. **JABALPUR** Tel: 4092000/01. **JAIPUR (Bhagwandas Road)** Tel: 4140888. **JAIPUR (Jagatpura)** Tel: 2755778. **JAIPUR (Mansarovar)** Tel: 2780989. **JAIPUR (Vaishali Nagar)** Tel: 4919993. **JAIPUR (Vidhyadhar Nagar)** Tel: 2232432. **JAJPUR ROAD** Tel: 221163. **JALANDHAR** Tel: 5033445. **JALGAON** Tel: 2220762. **JALNA** Tel: 2234237. **JAMMU** Tel: 2234237. **JAMNAGAR** Tel: 7227011278. **JAMSHEDPUR** Tel: 2321387/493. **JHANSI** Tel: 2333844. **JODHPUR** Tel: 2644448. **KADAPA** Tel: 259500. **KAITHAL** Tel: 235603. **KAKINADA** Tel: 2380800. **KALBURGI** Tel: 241966. **KANCHIPURAM** Tel: 27267201/2. **KANHANGAD** Tel: 2200599. **KANNUR** Tel: 2765850/90. **KANPUR** Tel: 6680600. **KANPUR (Ashok Nagar)** Tel: 2556776. **KARAIKUDI** Tel: 235236/224/234. **KARIMNAGAR** Tel: 2228900. **KARNAL** Tel: 2266433/31. **KASHIPUR** Tel: 270333. **KHAMGAON** Tel: 295007/295017. **KHAMMAM** Tel: 233000. **KHANDWA** Tel: 2248091/92. **KHARAR** Tel: 7580002220. **KOCHI (Ravipuram)** Tel: 6661200, 9387766666. **KOCHI (Aluva)** Tel: 2609555. **KOCHI (Kakkanad)** Tel: 2415555/56. **KOCHI (Kalamasserry)** Tel: 2555070. **KOCHI (Palarivattom)** Tel: 2803043. **KOCHI (Tripunithura)** Tel: 2785492/94. **KOLHAPUR** Tel: 2664035. **KOLKATA (Shakespeare Sarani)** Tel: 66556655. **KOLKATA (Behala)** Tel: 24468392. **KOLKATA (B T Road)** Tel: 25574561. **KOLKATA (Chandannagore)** Tel: 26830059. **KOLKATA (Deshapriya Park)** Tel: 46033096. **KOLKATA (Garia)** Tel: 24357011. **KOLKATA (Four Mangoe Lane)** Tel: 22481308, 66086200. **KOLKATA (V I P Road)** Tel.: 46022960. **KOLLAM** Tel: 2762551/2. **KOTA** Tel: 2436982. **KOTTARAKARA** Tel: 2458600. **KOTTAYAM (Station Road)** Tel: 2304985, 2566136. **KRISHNAGIRI** Tel: 225778/79. **KUMBAKONAM** Tel: 2426060. **KUNNAMKULAM** Tel: 227980. **KURNOOL** Tel: 259200. **KURUKSHETRA** Tel: 270386. **LATUR** Tel: 244222.

LONAVLA (CHF) Tel: 273812/20, 275012. LUCKNOW (Ashok Marg) Tel: 4272727. LUCKNOW (Aliganj) Tel: 2745249, 4308883. LUCKNOW (Gomti Nagar) Tel: 2303770/1017. LUCKNOW (Raebareli Road) Tel: 2443535, 2443636. LUDHIANA (Pakhowal Road) Tel: 5201300, 5155555. LUDHIANA (Chandigarh Road) Tel: 5207032. MADURAI (KK Nagar) Tel: 2559000/901. MADURAI (West Veli Street) Tel: 2350715/16. MAHABUBNAGAR Tel: 273300. MALAPPURAM Tel: 2738873/4. MANESAR Tel: 2290245. MANGALURU Tel: 2440582. MARTHANDAM Tel: 271744, 272744. MATHURA Tel: 2423017, 2425606. MAVELIKKARA Tel: 2344411/12. MEERUT Tel: 4058793/4/5. MEHSANA Tel: 7227011284. MODASA Tel: 241422/522. MOGA Tel: 512500. MOHALI Tel: 2218925/26. MORADABAD Tel: 2485100/23. MUMBAI REGION – CHURCHGATE Tel: 66636000. CHURCHGATE (Deposits) Tel: 67546060, 1800222022. AMBERNATH Tel: 66636000. ANDHERI - East Tel: 66636000. ANDHERI - West Tel: 66636000. ANDHERI - KURLA ROAD Tel: 66636000. BADLAPUR Tel: 2671712/3/4/5. BANDRA KURLA COMPLEX Tel: 66636000. BOISAR Tel: 66636000. BORIVALI - East Tel: 28705417/18/19. BORIVALI - L T ROAD - Deposits Tel: 28937000/1. BORIVALI - West Tel: 66636000. CHEMBUR Tel: 66636000. CPH-JOGESHWARI Tel: 67546111. DOMBIVLI Tel: 66636000. GHATKOPAR - Deposits Tel: 25011284. GOREGAON Tel: 28497102/3/4/5/6. KALYAN Tel: 66636000. KARJAT Tel: 220301/2/3. KHARGHAR - OWE, SEC. 34C (Navi Mumbai) Tel: 66636000. KHARGHAR - SEC. 8 (Navi Mumbai) Tel: 66636000. KOPARKHAIRANE (Navi Mumbai) Tel: 27550615/6/7. LOWER PAREL Tel: 66636000. LOWER PAREL (Credit Risk Management) Tel: 66113020. MALAD Tel: 66636000. MALAD - Deposits Tel: 28813676. MIRA ROAD Tel: 66636000. MULUND Tel: 66636000. NEW PANVEL Tel: 66636000. OLD PANVEL Tel: 8657528157-61. SEAWOODS Tel: 27718787/89/90. THANE (Ghodbunder Road) Tel: 61033300. THANE (Gokhale Road) Tel: 66636000. THANE (Vikas Complex) Tel: 66636000. VASAI Tel:2341132/33/34. VASHI Tel: 62933100. VIKHROLI Tel: 25186624/5/6. VIRAR Tel: 66636000. MUVATTUPUZHA Tel: 2833533. MUZZAFARNAGAR Tel: 2615224. MUZAFFARPUR Tel: 2248033. MYSURU (Kuvempu Nagar) Tel: 2545615. MYSURU (Vijayanagar) Tel: 2513355/8855. NADIAD Tel: 7575005496. NAGERCOIL Tel: 237192/93. NAGPUR (Civil Lines) Tel: 6166000. NAGPUR (Central Avenue Road) Tel: 2767559. NAGPUR (Kadbi Chowk) Tel: 2542918. NAGPUR (Khamla Ring) Tel: 2289230. NALGONDA Tel: 224500. NANDURBAR Tel: 295152. NASHIK (Sharanpur Link Road) Tel: 6606000. NASHIK (Indira Nagar) Tel: 6606000. NASHIK (Nashik Road) Tel: 6606000. NASHIK (Panchavati) Tel: 6606000. NEEMUCH Tel: 403026/28. NELLORE Tel: 2359003. NEW DELHI (Munirka) Tel: 41115111. NEW DELHI (Connaught Place) Tel: 41514835/6/7. NEW DELHI (Dwarka) Tel: 42381538. NEW DELHI (Lodhi Road) Tel: 43792100. NEW DELHI (Netaji Subhash Place) Tel: 47292032/33. NEW DELHI (Vikas Puri) Tel: 28540989/90. NIZAMABAD Tel: 221100. NOIDA (Sec-18) Tel: 4351302/03. NOIDA (Sec - 62) Tel: 6111900. ONGOLE Tel: 280299. PALA Tel: 213111. PALAKKAD Tel: 2536482. PANCHKULA (Sector 5) Tel: 2556426. PANCHKULA (Sector 20) Tel: 4183444, 4193444. PANIPAT Tel: 2672014/04. PAONTA SAHIB Tel: 225022/122. PATHANAMTHITTA Tel: 2271371/72. PATHANKOT Tel: 2220454/2230452. PATIALA Tel: 2209166, 5002050. PATNA Tel: 6690669. PATNA (Saguna More, Danapur) Tel: 5222267. PERINTHALMANNA Tel: 222015. PITHAMPUR Tel: 292525/26. POLLACHI Tel: 221224/25. PUDUCHERRY Tel: 2205421. PUNE (University Road) Tel: 25505000. PUNE (Baner) Tel: 66057078. PUNE (Camp) Tel: 26836738. PUNE (Chakan) Tel: 278100/1. PUNE (Chinchwad) Tel: 27370219/190. PUNE (Hadapsar - Magarpatta) Tel: 26898412. PUNE (Kothrud) Tel: 25453593. PUNE (Nagar Road) Tel: 26699149. PUNE (Ravet) Tel: 67423950/51. PUNE (Sinhagad Road) Tel: 26836738. PUNE (Vishrantwadi) Tel: 8793280500/1. PUNE (Wakad) Tel: 8793280565/8. PUNE (Wakdewadi) Tel: 25505000. RAIGARH Tel: 235611. RAIPUR Tel: 4243100. RAIPUR (Sunder Nagar) Tel: 4201606. RAJAHMUNDRY Tel: 2490900. RAJKOT Tel: 6136700. RANCHI Tel: 2330823. RATLAM Tel: 407375. RATNAGIRI Tel: 224022. REWARI Tel: 221112. RISHIKESH Tel: 2432424. ROHTAK Tel: 255467/69. ROORKEE Tel: 272211. ROPAR Tel: 224986. ROURKELA Tel: 7205002683. RUDRAPUR Tel: 244422. SAHARANPUR Tel: 2760200. SALEM Tel: 2444486/87. SANGAREDDY Tel: 298450. SANGLI Tel: 2329892. SATARA Tel: 226400. SECUNDERABAD (A S Rao Nagar) Tel: 48539400. SHIMLA Tel: 2628711. SIKAR Tel: 270888. SILIGURI Tel: 2640716. SILVASSA Tel: 2644442/3. SIRSA Tel: 220824/25. SOLAPUR Tel: 2316804/5. SONEPAT Tel: 2232111, 2235112. SRI GANGANAGAR Tel: 2485900. SRINAGAR Mobile: 9596432345. SURAT (Adajan) Tel: 4141212. SURAT (City Light) Tel: 2266772/3/4. SURAT (Majura Gate) Tel: 2475954. SURAT (Varachha) Tel: 6358766601/05. TENKASI Tel: 227774/3. THIRUVALLA Tel: 2600051/56. THIRUVANANTHAPURAM (Vazhuthacaud) Tel: 6170300. THIRUVANANTHAPURAM (Kazhakkuttom) Tel: 2417707. THIRUVANANTHAPURAM (Medical College) Tel: 2555515/16. THIRUVANANTHAPURAM (Nemom) Tel: 2391120/21. THIRUVANANTHAPURAM (Technopark) Tel: 2700701. THRISSUR Tel: 2389790/91/92/93. TIRUCHIRAPALLI (BHEL Road) Tel: 2532701/2/3. TIRUCHIRAPALLI (Cantonment) Tel: 2412744, 2414744. TIRUPATI Tel: 6645831. TIRUPUR Tel: 4242901/03. TIRUNELVELI Tel: 2577822/33. TUMKURU Tel: 2252202. TUTICORIN Tel: 2300707. UDAIPUR Tel: 2529783. UJJAIN Tel: 2533684. UNNAO Tel: 2820220. VADODARA (Race Course) Tel: 2308400. VADODARA (Sama Savli Road) Tel: 2961617. VADODARA (Waghodia Road) Tel: 2514164/2364. VAPI Tel: 2402573/34, 2402573/34. VARANASI Tel: 2224033/34. VELLORE Tel: 2241261/62/63. VIJAYAWADA Tel: 2429100. VIJAYAWADA (Gollapudi) Tel: 410124. VISAKHAPATNAM (Siripuram) Tel: 6799500. VISAKHAPATNAM (Gajuwaka) Tel: 2570120. VISAKHAPATNAM (Gopalapatnam) Tel: 6670163. WARDHA Tel: 232200/400/800. WARANGAL Tel: 2451000. YAMUNA NAGAR Tel: 260024. ZIRAKPUR Tel: 9646663715/6.

(Working days & Hours: Monday to Friday: 9.30 am to 5.15 pm; Saturday: 10 am to 1 pm; Closed on Third Saturday)

(Mira Road, Vasai, Virar, Boisar, Thane, Dombivali, Kalyan, Ambarnath, Badlapur, Karjat, Koparkhairane, Vashi, Seawoods, Kharghar (Owe) Sec 34C & Kharghar Sec 8, New Panvel and Old Panvel are listed under Mumbai).

Representative offices outside India:
DUBAI Tel: +971 (4) 3961825.
LONDON Tel: + 44 (0) 20 78725542, +44 (0) 20 78725562.
SINGAPORE Tel: + 65 65367000.

Awards & Accolades

- Awarded as 'Company of The Year' at The Economic Times Awards For Corporate Excellence for the year 2020.
- Recognised as one of the most sustainable Indian companies by Sustain Labs Paris in association with Business World Magazine. HDFC Ltd was ranked 23rd among top 196 Indian companies.
- Awarded as 'Best Audit Committee – 2019' at the 7th Asia Business Responsibility eSummit & Award Ceremony organised by the Asian Centre for Corporate Governance & Sustainability.
- Featured in the list of top ten wealth creators over 25 Years (1995-2020) by Motilal Oswal – 25th Annual Wealth Creation Study 2020.
- Awarded with 'Golden Peacock Award for Excellence in Corporate Governance - 2020' by the Institute of Directors.
- Featured in the list of 'Femina Power Brands 2021' by Femina Magazine.

HDFC

WITH YOU, RIGHT THROUGH

www.hdfc.com

This annual report is printed on Eco-Friendly paper

Connect with us: