

Ref. No.: SE/2021-22/158

August 25, 2021

BSE Limited
P. J. Towers
Dalal Street
Mumbai 400 001

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block
Bandra-Kurla Complex
Bandra (East), Mumbai 400 051

Kind Attn: Sr. General Manager
DCS - Listing Department

Kind Attn: Head – Listing

Dear Sirs,

Sub: Integrated Report of the Corporation – FY 2020-21


In accordance with the SEBI circular SEBI/HO/CFD/CMD/CIR/P/2017/10 dated February 6, 2017, the Corporation has voluntarily prepared an Integrated Report for the financial year 2020-21, as enclosed. The report is also being uploaded on the website of the Corporation viz. www.hdfc.com.

We request you to bring the above to the notice of all concerned.

Thank you.

Yours faithfully,

For **Housing Development Finance Corporation Limited**



Ajay Agarwal
Company Secretary

Encl. a/a

cc: London Stock Exchange,
10, Paternoster Square, London, EC4M 7LS

Corporate Office: HDFC House, H T Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020.
Tel.: 66316000, 22820282. Fax: 022-22046834, 22046758.

Regd. Office: Ramon House, H T Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020. INDIA.
Corporate Identity Number: L70100MH1977PLC019916



WITH YOU, RIGHT THROUGH

Integrated Report 2020-21

Hope Begins at Home



#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.



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INTRODUCTION

Our Integrated Report is a simple narrative of what we do at HDFC each day at work. It gives us an opportunity to look beyond the realm of financial parameters, introspect and enables us to think about a better future ahead. When we look at our organisation more holistically, it strengthens our resolve to help more Indians become proud homeowners.

In the recent period, two key issues have taken centre stage in any dialogue with our stakeholders. The first has been the pandemic and its impact on the organisation. The second is how we perceive Environmental, Social and Governance (ESG) parameters from a perspective of risk and opportunities.

The key takeaways are:

1. The pandemic has reaffirmed our belief that there can be no greater security than a home.
2. We believe we help meet a critical social objective by providing housing finance solutions across all income categories - be it the economically weaker section (EWS), low income group (LIG), middle-income and upper income group.
3. HDFC is the only financial institution to have over 230,000 beneficiaries under the Credit Linked Subsidy Scheme (CLSS). Supporting this scheme is not just about helping first-time home buyers or encouraging women homeownership, but it is equally about being an enabler for the government under its mission, 'Housing for All'.
4. Corporate governance is centric to every activity in the organisation. Being transparent and consistent in our communications with stakeholders earns us trust. The overwhelming response to our capital raise in FY21 stands testimony to this.
5. HDFC together with the H T Parekh Foundation intensified its efforts towards COVID-19 relief measures. Through the pandemic, we have been guided by one key question - how do we provide support to those that need it the most? To help build more resilient health systems, we adopted a two pronged strategy of an immediate approach through working with community development partners and a longer-term approach of supporting healthcare infrastructure and strengthening capacity across various parts of the country.
6. Every organisation needs to think about their de-carbonisation horizon. Recognising physical and transition risks that may arise due to climate risk, HDFC is working towards reducing its own carbon footprint. Responsible lending policies, enhanced due diligence on loans from an environment and social perspective, encouraging green, smart and energy efficient housing and employee sensitisation to climate risks are efforts that have been intensified.



7. A healthy company looks after its people first. It starts with empathy, care and fairness. Tiding through our most difficult periods over the last year was entirely due to the collective efforts of all our employees.
8. Regulators across the globe are encouraging companies to imbibe ESG practices in all their activities. In May 2021, the capital markets regulator, Securities and Exchange Board of India mandated that the top 1,000 companies by market capitalisation adopt a new format called 'Business Responsibility and Sustainability Report' (BRSR) on a voluntary basis in FY22 and mandatorily from FY23 onwards. While the BRSR draws on various international frameworks, it is in essence an indigenous framework. With a predominance of quantitative based metrics, the BRSR will facilitate standardised benchmarking across companies in India. HDFC voluntarily adopted this reporting format in FY21 itself.
9. Every dialogue with ESG analysts and investors enriches us. There are unprecedented changes happening globally today and every interaction helps us improve upon our own practices and enables us to stay abreast and better meet investor and stakeholder expectations.

10. We have been running an internal campaign on ESG for employees and their families called, 'Hope Begins at Home'. The objective is to encourage climate conscious decisions in our daily lives and create more ESG champions in the organisation. Small changes through collective efforts make a material difference.

In perhaps one of the most challenging years ever, the Corporation was adjudged as the 'Best Company of the Year' at the Economic Times Award for Corporate Excellence, conferred with the 'Golden Peacock Award for Excellence in Corporate Governance' by the Institute of Directors and felicitated with the 'Best Audit Committee Award' by the Asian Centre for Corporate Governance & Sustainability.

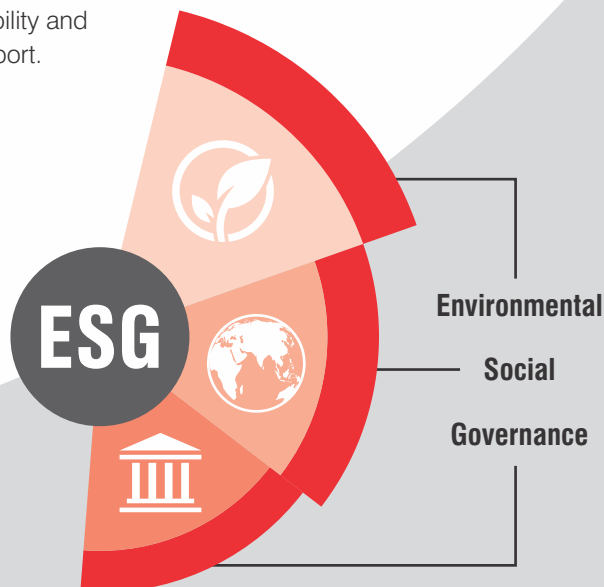
Our reporting across the pillars of ESG entail a combination of statutory and voluntary reports. The statutory reports include the Report on Corporate Governance, Report on Corporate Social Responsibility and Business Responsibility Report.

On a voluntary basis, we have an Integrated Report, Social Initiatives Report, COVID-19 Relief Response: Impact Assessment Report, Independent Review of HDFC's Sustainability Initiatives and the BRSR.

These reports are placed on our website. The hyperlink is <https://www.hdfc.com/investor-relations#environmental-social-and-governance>.

We recommend this report be read in conjunction with the Annual Report 2020-21 including the Financial Statements, Directors' Report, Management Discussion & Analysis Report and Report on Shareholders' Information.

We know that there can be no safer haven than a home and helping more Indians become home owners is our *raison d'être*.



HDFC AT A GLANCE

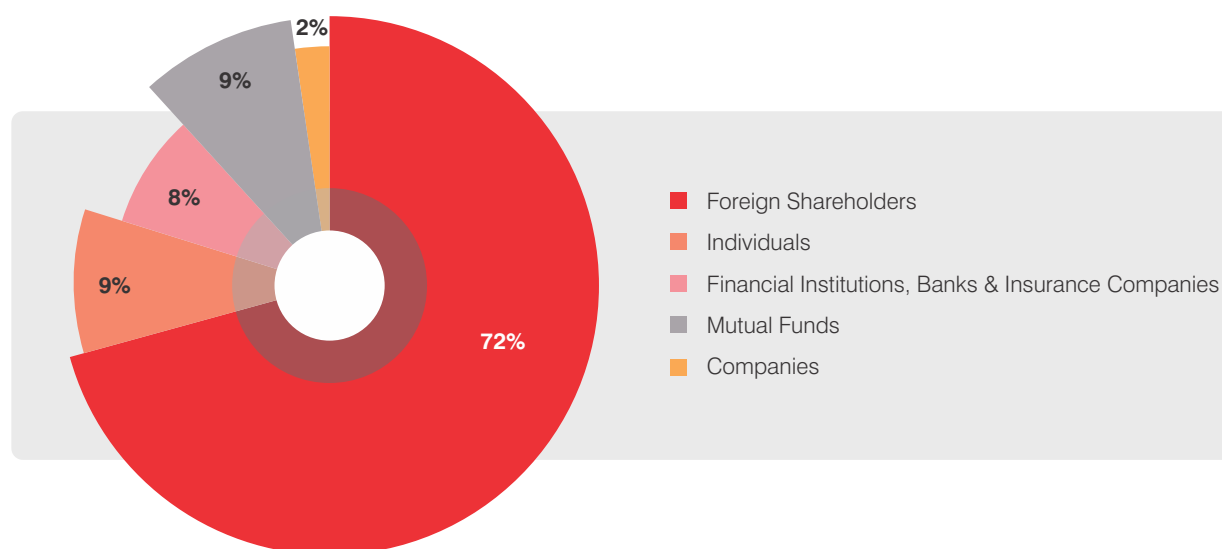


HDFC was incorporated in 1977 as India's first retail mortgage finance company. Over the years, it has evolved as a financial conglomerate with interests beyond mortgages. HDFC has a unique structure of being both, an operating company and a

holding company. HDFC is a mortgage finance company and is also the holding company for investments in its subsidiary and associate companies.

As at June 30, 2021, 72% of HDFC's equity shares were held by foreign investors, 17% by domestic institutional investors, 9% by individuals and 2% by companies. The market capitalisation of HDFC as at June 30, 2021 stood at US\$ 60 billion.

Shareholding Pattern as at June 30, 2021



Key Strategies

Business

- Maintain its position as a leading housing finance institution
- Develop close relationships with individual households and enhance its customer relationships
- Transform ideas for sustainable housing finance into viable and creative solutions
- Grow through diversification by leveraging its client base
- Focus on financing affordable, smart and green homes

Growth

- Set the pace of loan book growth that is prudent and sustainable
- Maintain an emphasis on asset quality and prudent provisioning
- Focus on operational efficiency, minimising the cost to income ratio
- Manage assets and liabilities so as to minimise risks for the organisation
- Create long-term shareholder value

Intangibles

- Adapt to change
- Responsible behaviour
- Work culture based on the principles of kindness, fairness, efficiency and effectiveness
- Build a corporate reputation of trust and quality customer service
- Demonstrate risk management capabilities
- Contribute meaningfully to social causes
- Sensitivity towards environmental and sustainability related issues
- Accord highest priority to governance

Targets

- Remain a preferred choice for home loan customers
- In a calibrated manner, increase the percentage of women employees by at least 2% within the medium-term
- Identify core focus sectors where funding is most needed to help uplift the marginalised and most impacted segments of society through Corporate Social Responsibility activities
- Work towards alignment to a net zero emissions pathway and increase the share of financing affordable, smart, green homes and green commercial buildings

VALUE CREATION AT THE GROUP LEVEL

While HDFC and its group companies share strong synergies, each entity operates independently with their own employees and independent boards. The key underlying commonality is the sharing of the HDFC brand. It is on the basis of trust and a shared belief of rendering quality customer service

that the HDFC brand has been entrusted in the hands of each of our group companies.

Under the HDFC umbrella, we have a combined customer base of over 140 million, served by 270,000 employees with a reach of over 46,000 offices,

outlets, ATMs and touch points. There are nearly 400,000 active agents supporting business growth across the group. Listed companies within the HDFC group had a combined market capitalisation of US\$ 200 billion as at June 30, 2021.

Snapshot of Key Companies in the HDFC Group as at March 31, 2021

	Year of Incorporation	HDFC's Shareholding ⁵ (%)	Shareholders ¹ (Nos.)	Market Capitalisation ⁵ (US\$ bn)	Employees (Nos.)	Reach (Nos.)	Total Assets/AUM (₹ bn)	CSR Spending (₹ mn)
HDFC	1977	-	5,84,323	60	3,226	390	5,676	1,898
HDFC Bank	1994	21.07	14,43,193	113	2,27,190 ²	44,590 ²	17,995 ²	6,686 ²
HDFC Life Insurance	2000	49.95	7,42,196	19	20,636	390	1,738 ³	200
HDFC Asset Management	1999	52.65	4,76,337	8	1,254	227	3,955 ³	281
HDFC Ergo General Insurance	2002	49.98	-	-	6,410	578	38	95
HDFC Credila	2006	100.00	-	-	279	21	66	31
HDFC Property Funds ⁴	2005 / 2015	100.00	-	-	34	1	165 ³	6
HDFC Sales	2004	100.00	-	-	10,405	203	3	-

¹Listed entities

²Includes subsidiaries of respective companies

³Assets Under Management

⁴Includes HDFC Property Ventures & HDFC Capital Advisors

⁵As at June 30, 2021

Exchange rate: US\$ 1 at ₹74.33



Our Strategy to Sustainability

Our Inputs



Financial Capital

- Strong balance sheet
- Shareholders' funds
- Asset quality
- Diverse funding profile
- Prudent lending practices



Human Capital

- Professionally qualified staff
- Skilled and experienced teams
- Focus on training



Social & Relationship Capital

- Facilitate home ownership across all income segments & geographies
- Customer & community engagement



Physical & Digital Capital

- Physical Infrastructure: 593 offices
- Hub and spoke model, processing hubs, call centre, back office processing units
- Enhanced delivery of digital services for customers
- Endeavour for local sourcing for office requirements



Intellectual Capital

- Organisational culture & values
- Brand synonymous with trust & quality service
- Home grown technology solutions



Natural Capital

- Minimal consumption of natural resources
- Support and encourage green buildings

Our greatest intangible capital is our corporate culture built on the principles of fairness, kindness, efficiency and effectiveness. We try to imbibe this in all spheres of our work.

Value Creation Across Stakeholders

Strong Financial Performance

- Shareholders' funds: ₹1.1 trillion
- Market cap: US\$ 60 billion
- Capital Adequacy Ratio: 22.2%
- Low cost to income ratio
- Highest credit rating

Customers

- Valued for customer service and transparency
- Reliance on HDFC's due diligence and single-minded focus on housing

Employees

- Nurture an ethical work culture
- Offer equal opportunities
- Focus on inclusion & diversity
- Employee engagement, training & development
- Health and safety

Shareholders

- High level of corporate governance
- Long-term value creation
- Consistent payment of dividends

Community

- Over 8.4 million housing units financed since inception
- Home loans to all income segments
- Funding construction of affordable housing
- Engaging in CSR activities since the 10th year of operations

Environment

- Evaluate environmental risks in lending practices
- Funding for green buildings
- Employee sensitisation
- Supporting sustainability programmes

Stakeholder Engagement

We have always maintained that constant engagement with our key stakeholders enables the Corporation to better communicate its strategies and performance. A continuous engagement helps align expectations, thereby enabling the Corporation to better serve its stakeholders. Against the backdrop of the pandemic, efforts were made to increase stakeholder engagement so as to ensure timely and transparent communications with all stakeholders.



Shareholders & Investors

We communicate with shareholders and investors through various ways including quarterly earnings calls, quarterly financial disclosures, investor presentations, the annual report and other disclosures made by the Corporation from time to time.

During the year ended March 31, 2021, the Corporation had online interactions with approximately 1,100 fund managers and analysts representing over 500 institutions/funds/ brokerage houses. The Corporation participated in over 43 domestic and

international investor conferences and one virtual road show. The Corporation has also increased its interactions with various ESG teams of investors. All interactions with investors were through virtual platforms owing to the pandemic. These engagements helped investors understand the Corporation better and stay abreast with key developments. Engaging with investors regularly enables us to get useful feedback, which serve as inputs for our corporate strategy and governance practices.



Employees

Employees have been the backbone of the Corporation, especially in ensuring business continuity during the pandemic. We value feedback from our employees as they are the ones interacting directly with our customers. Hence their inputs are invaluable in designing our products, services and formulating various policies.

We believe in an open-door policy for all employees. This enables better communication, teamwork and transparency within the organisation. As per our Code of Conduct, employees are obligated to report any known or suspected violations of the code, corporate policies or regulations.



Customers

The best assurance of the quality of our customer service comes from the feedback we receive from both, our deposit and home loan customers. Customer service remains our key differentiator and we are constantly striving to create new products and services to meet the changing requirements and needs of our customers. The positive

feedback from our customer surveys undertaken at various process stages have been encouraging for our frontline staff. It also serves as key learnings to help us improve and raise our benchmark. Both, our borrowers and depositors have responded well to our enhanced digital initiatives.



Channel Partners & Key Partners

HDFC Sales Private Limited, HDFC Bank and third party Direct Selling Agents (DSAs) source home loans for us. They are our feet on the street. We invest a great deal of time and effort in training our DSAs to ensure that the application is fit for processing. This helps reduce our turnaround time. While our DSAs source loans for us, all the credit, legal and technical appraisals are done in-house by HDFC. All our DSAs are mandated to follow the Model Code of Conduct as approved by the board and stipulated by regulations. We regularly seek feedback from our DSAs.

Our key partners (i.e. deposit agents) source deposits for us. We have over 23,000 active key partners. Key partners

also provide us feedback which helps us in improving our products and processes to serve our depositors more effectively. During the year, existing key partners were offered a DSA partnership to source housing loans for HDFC. This lends flexibility to our key partners, enabling them to offer a wider range of financial solutions and further strengthen HDFC's loan sourcing mechanism.

We conducted a series of training workshops for all our channel partners and key partners through webinars to train them on optimising our digital platforms and keep them abreast of the latest developments in the organisation.



Regulators

We engage in various interactions with our regulators and stand committed in providing timely and accurate information as and when required. Our senior management commits significant time to interact with our regulators. This enables us to understand their focus areas and concerns and in turn, our inputs are used to apprise regulators of the market

scenario and practices pertaining to our business.

As HDFC is the promoter of its subsidiary and associate companies, our senior management also interact with other key regulators in the financial sector, especially in the context of financial conglomerate reporting.



Research Analysts

We interact with a number of members from the investment community. We regularly engage with over 40 research analysts from various brokerage houses that cover HDFC. We provide detailed information of the quarterly financial results

in an excel format to enable research analysts to easily analyse the financials and work on their own financial models in a time bound manner which in turn helps investors. The same is placed on our website.



Suppliers

We work with various suppliers that provide us goods and services which help us run our day-to-day operations and enables us to deliver quality customer service. It is our constant endeavour to engage with responsible third party entities who provide goods and services to the Corporation. We remain selective in our dealings with our key vendors, with over 95% of our vendors being registered entities under the Goods and Services Network. For third parties that work directly with us, we have clearly specified Codes of Conduct that are required to be adhered to such as the Code of Conduct for Direct Selling Agents.

We expect our third party providers to adhere to responsible business practices similar to what the Corporation upholds for itself. In addition, our IT vendors are green standard compliant and data centres are certified under Environmental Management System ISO 14001:2015. We exercise discretion in our dealings with vendors and may choose not to associate ourselves with certain vendors on grounds of their conduct.



Communities & Non-Governmental Organisations

We recognise that our role as a responsible corporate citizen entails much more than providing finance for our customers' housing and real estate requirements. While our core focus remains housing, we also believe that communities benefit through high quality, affordable education. Towards this goal, we continue to work on building our footprint in education through The HDFC School. Currently, we have The HDFC School in three locations - Gurugram, Pune and Bengaluru.

We engage with various non-government organisations (NGOs), focusing on diverse social issues. Our efforts towards Corporate Social Responsibility are largely channelled through the H T Parekh Foundation. We encourage our employees to jointly participate with the Corporation in some of its philanthropic partnerships and support various social causes.



ESG Indices

MSCI India ESG Leaders Index

As at March 31, 2021

MSCI India ESG Leaders Index - HDFC has the 3rd largest weightage

Sr. No.	Companies	Sector
1	Reliance Industries	Energy
2	Infosys	Information Technology
3	HDFC Limited	Financials
4	Tata Consultancy	Information Technology
5	Hindustan Unilever	Consumer Staples
6	Axis Bank	Financials
7	Bharti Airtel	Communication Services
8	HCL Technologies	Information Technology
9	Asian Paints	Materials
10	Mahindra & Mahindra	Consumer Discretionary

FTSE4Good Index Series

FTSE Emerging Index Series - HDFC has the 7th largest weightage

Sr. No.	Companies	Country
1	Taiwan Semiconductor Manufacturing	Taiwan
2	Naspers	South Africa
3	Reliance Industries	India
4	China Construction Bank (H)	China
5	Ping An Insurance (H)	China
6	Infosys	India
7	HDFC Limited	India
8	Hon Hai Precision Industry	Taiwan
9	Mediatek Inc	Taiwan
10	Tata Consultancy Services	India

NIFTY100 ESG Index

NIFTY100 ESG Index - HDFC has the 3rd largest weightage

Sr. No.	Companies	Sector
1	Infosys	Information Technology
2	Tata Consultancy Services	Information Technology
3	HDFC Limited	Financial Services
4	HDFC Bank	Financial Services
5	HCL Technologies	Information Technology
6	Tech Mahindra	Information Technology
7	Wipro	Information Technology
8	Titan Company	Gems, Jewellery and Watches
9	Kotak Mahindra Bank	Financial Services
10	Hindustan Unilever	FMCG

At a Glance: The year in numbers

Financial Highlights

₹ crore

Performance for the Year: Consolidated

	FY 2021	FY 2020
Total Assets	8,29,355	7,29,815
Total Equity	1,65,617	1,33,836
Gross Income	1,39,071	1,01,796
Net Profit Attributable to the Corporation ¹	18,740	21,435

Financials: Standalone

	FY 2021	FY 2020
Loans Under Management	5,69,894	5,16,773
Individuals	4,40,225	3,91,618
Non-Individuals	1,29,669	1,25,155
Borrowings	4,41,365	4,19,102
Term Loans	1,05,179	1,04,909
Bonds & Securities	1,86,055	1,81,869
Deposits	1,50,131	1,32,324
Shareholders' Funds	1,08,783	86,158
Gross Income ¹	48,176	58,763
Profit Before Fair Value Gain, Sale of Investments, Dividend and Expected Credit Losses	15,631	12,640
Reported Profit After Tax ¹	12,027	17,770

Key Ratios (%)

	FY 2021	FY 2020
Cost to Income ²	7.7	9.0
Interest Coverage (times)	1.5	1.4
Debt: Equity (times)	4.1	4.9
Capital Adequacy (%)	22.2	17.6
Post tax Return on Average Assets ³	2.1	2.0

Investors' Information

	FY 2021	FY 2020
Price Per Share (₹) ⁴	2,474	1,755
Market Capitalisation (US\$ bn) ⁴	60	40
Dividend Per Share (₹)	23	21
Book Value Per share (₹)	603	497

¹Gross income and profit numbers of FY21 are not comparable with that of the previous year due to the fair value gain of ₹9,020 crore in FY20 consequent to the merger of GRUH Finance Limited (GRUH) with Bandhan Bank Limited.

²Excludes notional cost on employee stock option scheme and corporate social responsibility

³Adjusted for profit on sale of strategic investments

⁴As at June 30, 2021

Non-financial Highlights

Human Capital

	FY 2021	FY 2020
Number of Permanent Employees	3,226	3,095
Retention Rate (%) ⁵	95	96
Average Age of Employees (years)	35	35
Profit Per Employee (₹ cr) ⁶	3.4	3.0
Assets Per Employee (₹ cr)	171	163

²Adjusted for profit on sale of strategic investments

Social & Relationship Capital

	FY 2021	FY 2020
Cumulative number of housing units financed (mn)	8.4	7.7
Spend on Corporate Social Responsibility (₹ cr)	190	212

Physical & Digital Capital

	FY 2021	FY 2020
Number of Offices	593	585
Service Delivery Model	Phygital model - a matrix of platforms using a mix of physical and digital for all our customer related services.	
Digital Initiatives	<p>'HDFC Customer Connect': a one-stop convergence platform for all customer requests</p> <p>Enhanced digital platform for loan and deposit customers</p> <p>Mobile apps, blogs, social media, bots, IVR, multilingual website, data analytics, direct fetch information, application programming interface (API) through various fintech platforms.</p> <p>'One HDFC' strategy which capitalises on using technology seamlessly and facilitates redeployment of manpower in geographies where it is most required.</p> <p>Loan life cycle management entails activities to upsell and cross sell loans to our existing database of customers.</p>	

⁵Excluding retirees during the year

⁶Adjusted for profit on sale of strategic investments

Intellectual Capital

HDFC Brand

The objective of being digitally enabled is to empower our customers to engage with our brand anytime, anywhere.

Constant endeavours towards brand awareness, lead generation campaigns for prospective customers and educative campaigns for existing customers.

Brand films, brand campaigns in vernacular languages and virtual property fairs to create awareness and provide value-added services for home buyers.

Natural Capital

Being Climate Conscious

An Environment and Social Policy Framework along with a Social and Environment Management System for screening certain loans for their social and environment risk and impact.

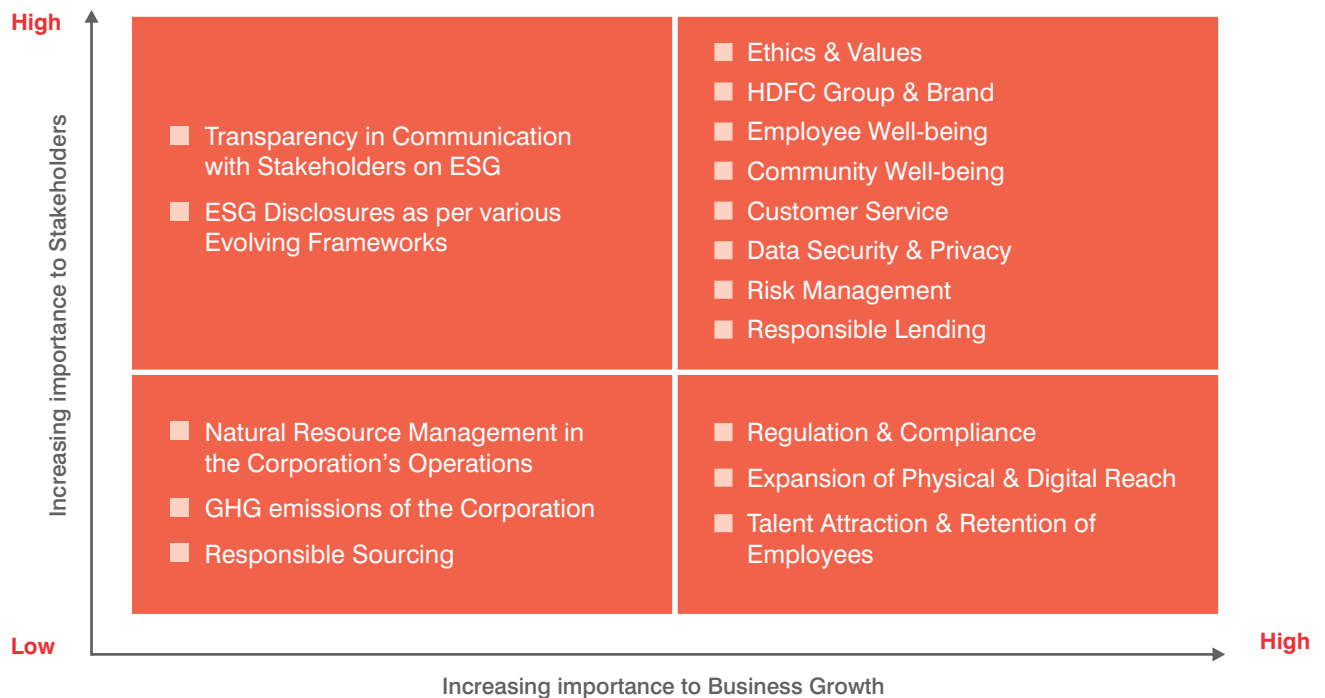
Raising resources for deployment towards green and affordable housing.

Promotion of green, smart and affordable homes and funding of green commercial buildings.

Recycling of e-waste and other environmentally friendly initiatives in the offices such as installation of solar panels in certain office premises, measuring the carbon footprint.

Supporter of the Task Force on Climate-Related Financial Disclosures (TCFD) and reporting to the Carbon Disclosure Project (CDP).

ESG Materiality Map



FINANCIAL CAPITAL



As a housing finance company, financial capital by default ranks amongst the most important capitals. Finance is the equivalent of the 'raw material' for the Corporation.

The quarterly financial disclosures, quarterly earnings call for the financial results and the Annual Report FY 2020-21 (Directors' Report and Management and Discussion Analysis Report) have details on the financial performance of the Corporation and the impact of COVID-19 on the Corporation.

The hyperlinks are:

<https://www.hdfc.com/digital-annual-report-2020-2021/HDFC-AR-21.pdf>

<https://www.hdfc.com/investor-relations#financials>

<https://www.hdfc.com/investor-relations#investor-presentations>

Key Financial Objectives

- Set the pace of loan book growth that is prudent and sustainable, keeping in mind the prevailing environment
- Maintain emphasis on asset quality and provisioning
- Have a diversified source of funding
- Focus on operational efficiency in every sphere of activity of the Corporation so as to minimise the cost to income ratio
- Manage assets and liabilities so as to minimise risks for the organisation
- Create long-term shareholder value

HUMAN CAPITAL

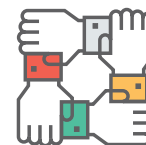


At HDFC, people are our biggest asset and are the key enablers of our business. Since inception, HDFC has emphasised on the importance of inculcating honesty, transparency, integrity and accountability in all spheres of work. These attributes define our work culture.

Employee Well-being		
Financial ^	Health	Employee Engagement
No retrenchment of employees or salary reductions	Prioritising health and safety of employees Staff Handbook: Return to work safely	Employee engagement helps to ensure bonding outside of the workplace
Employee stock options have always been granted to each and every employee in the organisation	Following COVID-19 safety and hygiene protocols in office premises	Regular interactions with management teams including through virtual mode
Education allowance for employees' children	Internal COVID Task Force to help employees and their families seek assistance in case of medical emergencies.	Employee reflections on gratitude, family, happiness, lockdown memories.
Staff loans at concessional rates	Organised vaccination drives for employees and their families	Friday Club: Entails short duration recreational and talent based activities to ensure a congenial and happy work environment. These activities continued virtually owing to the pandemic.
Interest free loans for medical exigencies	COVID-19 paid leave policy	
Digital based reimbursements	Focus on mental health of employees through constant interaction with our human resources department	
Travel & vehicle allowance	Mental and physical wellness programmes for staff	
Relocation allowance	Health insurance for employees and immediate family: domiciliary & hospitalisation	
	Transportation organised in certain locations to facilitate safe travel of staff to offices	
	Sensitisation of work-life balance	
	Maternity/ Paternity leave	

^ Allowances are grade related

Human Capital Data Points

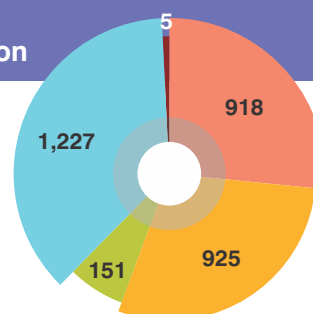


Employee Strength

As at March 31, 2021, the Corporation had 3,226 permanent employees. The average age of employees is 35 years. The retention rate is 95%.

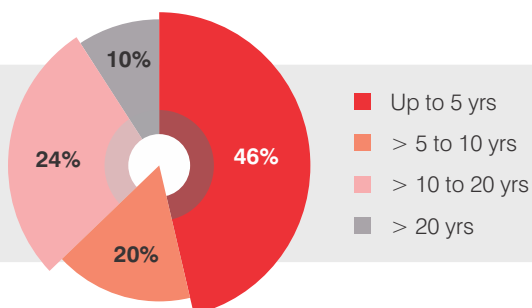
Geography-wise Employee Distribution

- North
- South
- East
- West
- Overseas

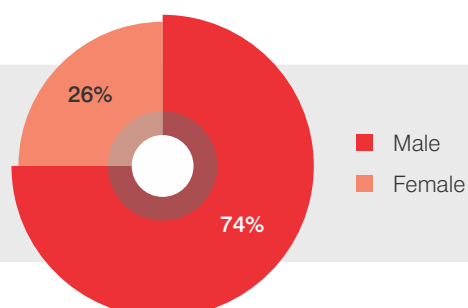


Other Employee Details

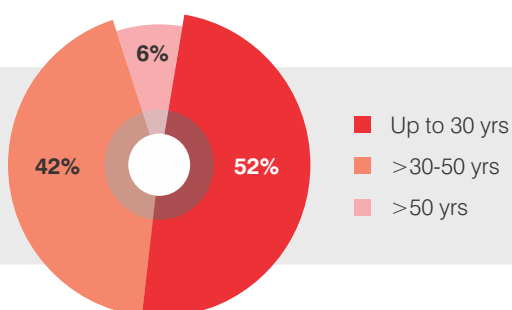
Years of Service (%)



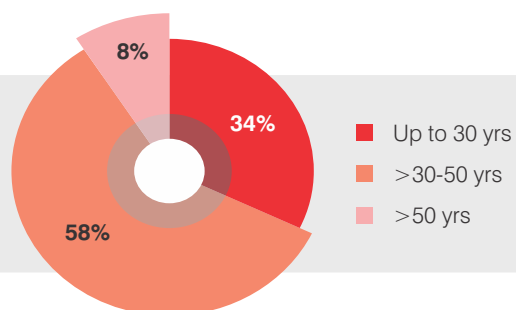
Employees: Gender Representation (%)



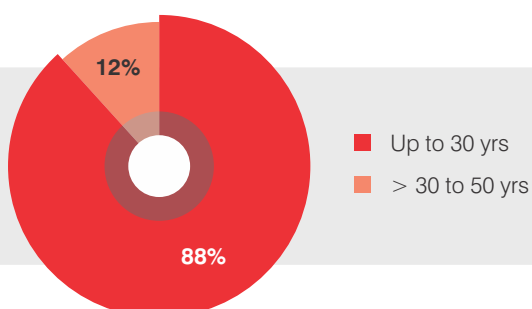
Age Wise % of Female Employees



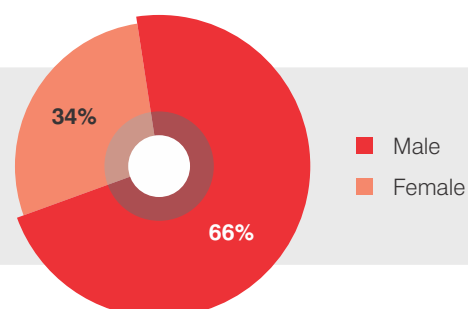
Age Wise % of Male Employees



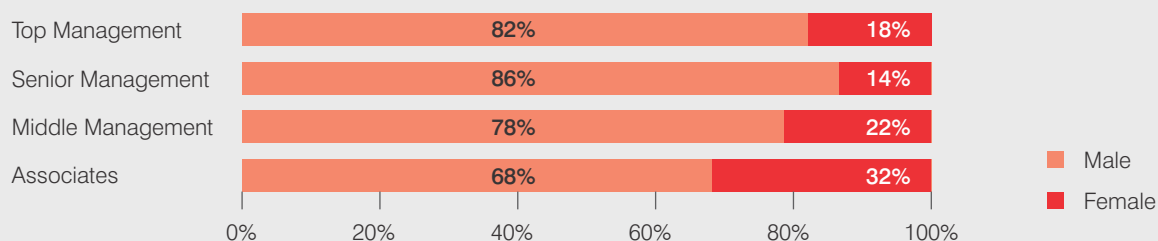
New Recruits by Age (%)



New Joinees: Gender Representation (%)



Role-wise: Gender Representation (%)





Employee Training

We have a dedicated vertical to ensure that employees are sufficiently trained in functional and behavioural skills to ensure high standards of service to internal and external stakeholders.

Training is based on the identified needs, competency or job specific knowledge gaps, skills and attitudes as identified jointly by the employee, department and branch heads and the

human resources department. We also use customer feedback which often acts as a base to identify learning and development needs.

Training Programmes

During FY21, training programmes were conducted online. HDFC adopted blended learning modes which includes virtual classroom initiatives along with the e-learning modules.

Training Programmes for New Recruits

All new recruits undergo an intensive induction programme to familiarise themselves with the organisation. This entails training and orientation programmes conducted by senior management across all departments. Each new employee is assigned a mentor to guide and help them. The human resources department monitors the effectiveness of the mentorship programme.

Training Programmes for Employees

Skill Based Training Programmes

Basic Managerial Skills	Mentoring/ Coaching Programme
Communication Skills Programme	Leadership Skills Programme
Time & Stress Management	Negotiation & Etiquette Skills
Advanced Excel/ PowerPoint Skills	Retention Programme

HDFC Aspire: E-Learning Courses

Code of Conduct	Information & Cyber Security Awareness
Overview of Credit Appraisals	Primer on ESG and Sustainability
Lending Products	The KYC Quiz (Training on anti-corruption and anti-money laundering)
Prevention of Sexual Harassment at the Workplace	Prohibition of Insider Trading Regulations

External Training Programmes / Workshops

Workshop on COVID-19 Regulatory Measures	Appraisal of Housing Loans for the Informal Segment
Impact of COVID-19 on Valuation of Assets	Fraud Risk Management & Analytics
Public Blockchain Life Cycle	Data Analytics: Applications for Business Managers
Cloud Security & Audit	The Future of Rental Housing
Talent Acquisition Analytics	Prudence in Lending
Basics of Credit	Digital Lending Masterclass
Art of Living Wellness Programme	Creating High Performance Teams

All employees are given training on fire safety and evacuation drills. During the year, there were no accidents of any employee of the Corporation whilst on duty.

Training for Channel Partners

In order to ensure that our digital platforms are well leveraged, a great deal of time and effort was taken to train our channel partners and deposit agents to use the Corporation's digital platforms. This not only ensured business continuity during the lockdown, but also brought in cost efficiencies in overall operations.

Zest to Serve: Customer Service Workshop

We have a customised programme, 'Zest to Serve', to re-ignite the mind-set of serving with a smile and from the heart. This is a customer service workshop designed with the objective of revisiting our roots and reinforcing service standards set at inception as it was felt this could be one of the key differentiators in today's times.

The emphasis is on creating a connection with a home loan customer, rather than merely a transactional relationship. Customer service has to be viewed as a business need which requires all employees to have a mind-set of serving. Several employees have been trained under this programme with the objective of sensitising them to ensure a better tomorrow.

Employee Productivity

	FY 2021	FY 2020
Number of Permanent Employees	3,226	3,095
Total Number of Outlets	593	585
Profit Per Employee* (₹ cr)	3.4	3.0
Assets Per Employee (₹ cr)	171	163
Spend on Staff Training & Welfare (₹ cr) ^	18	31
Total Training Man-days per Employee (Days)	10.47	7.75

*After adjusting for sale of strategic investments

^ Amount spent may not be directly comparable owing to limitations due to the pandemic

Job Rotation and Succession Planning

The objective of our job rotation policy is to enable our employees to enhance their knowledge, develop new skills and have a broader understanding of various functions across the Corporation. This ensures a well-balanced career development path. Job rotation aids in creating a stronger talent pipeline which in turn helps in succession planning as there is a larger pool of multi-skilled employees.

In the case of the regional business heads, branch heads and department heads, we recognise that succession planning is a continuous process rather than a one-time event. We have in place a systematic mechanism to identify high performers and groom them to take on higher responsibilities thereby mitigating vacancy, readiness and transition risks.

Open-Door Policy

We have always believed in the importance of an open-door policy and this helps our employees to address grievances and concerns at an early stage. There are various mechanisms in place for recording and redressing complaints raised by employees.

SOCIAL AND RELATIONSHIP CAPITAL



We strive to engage with our stakeholders on a continuous basis. This enables us to understand their expectations and serve them better. Stakeholder engagement is an important driver for building long-term relations.



Customer Capital

The COVID-19 pandemic has re-emphasised the importance of a home. Housing also has several multiplier effects on an economy given its strong backward and forward linkages with various industries. The housing and real estate sector in India

is also the second largest employment generator in the country. At HDFC, we are bonded by a shared purpose of increasing home ownership in India.

Customers form the core of our business. In a competitive housing

finance market, the key differentiator is the quality of customer service rendered. We remain driven to constantly find ways to enhance the quality of our customer service.



Customer Profile

As at March 31, 2021, 77% of assets under management were individual loans and 23% were to non-individual loans, comprising loans to corporates, construction finance and commercial lease rental discounting.

HDFC strives to maintain a judicious mix of lending to all income segments. We believe in cash-flow based lending and not asset-backed lending practices. We continue to widen our efforts to reach out to customers

across all income segments and expand our reach through rural housing loans, loans to self-employed customers and those belonging to the informal sector.

Individual Loans	FY 2021
Average Loan Size	₹29.5 lac
Average Loan to Value Ratio	69% (at origination)
Average Loan Term	11 years
Average Age of Customer	38 years

Credit Linked Subsidy Scheme - Working Together with the Government to Promote Homeownership



The Honourable Prime Minister of India envisaged 'Housing for All by 2022' coinciding with the nation completing 75 years of independence. To achieve this objective, the government has undertaken various initiatives both, at the centre as well as state level to provide housing to citizens of India.

Various incentives are being provided to beneficiaries under these schemes to promote the mission. The Credit

Linked Subsidy Scheme (CLSS) is one of the verticals under the Pradhan Mantri Awas Yojana (PMAY) - Urban.



The government's thrust on affordable housing has seen fruition through the increased number of beneficiaries under CLSS. CLSS has been the catalyst in deepening our endeavours towards affordable housing.

The Corporation has the largest number of home loan customers of over 2.3 lac who have availed benefits under the 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.



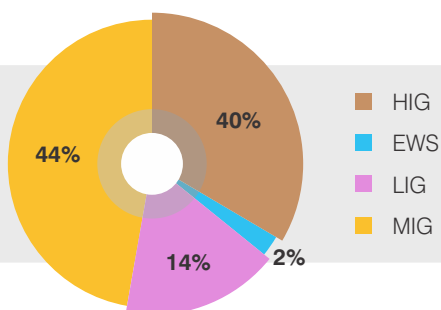
Serving all Income Segments

In FY21, in volume terms 48% of our loans approved were to the middle-income group, 27% to the low-income

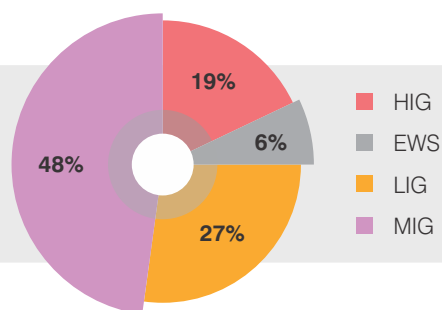
group, 19% to the high-income group and 6% to the economically weaker section.

Housing Loan Approvals to Customers Based on Income Slabs in FY21

In Value Terms (%)



In Volume Terms (%)



Economically Weaker Section:
Up to ₹3 lac p.a.

Low Income Group:
Above ₹3 lac to ₹6 lac p.a.

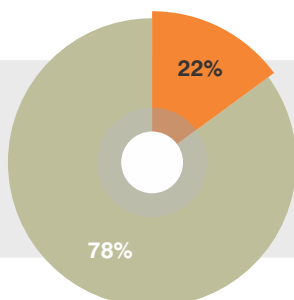
Middle Income Group:
Above ₹6 lac to ₹18 lac p.a.

High Income Group:
Above ₹18 lac p.a.



Individual Loans - Based on Value of Approvals

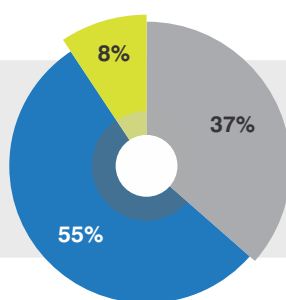
Based on Employment (%)



Self-Employed
(incl. professionals)

Employed

Acquisition Mode (%)

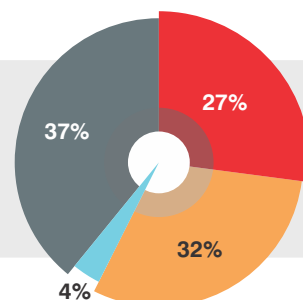


Re-sale

First Purchase

Self-Construction

Geographic Spread (%)



North

South

East

West



Efforts Towards Encouraging Women Home Ownership

HDFC believes in women empowerment. In order to encourage more women to become home owners, the Corporation has a product for women home buyers called 'Women Power'. Under this product, women have to be an owner /co-owner in the property for which the home loan is being availed as well as an applicant /co-applicant in the home loan to avail a concession on the home loan interest rate as applicable.

To celebrate International Women's Day, in the month of March, for a time-

bound period, HDFC offered a special women's day concessional processing fee for home loans.

To help increase women homeownership, during the year, we entered into a partnership with a company focused on encouraging women to become home owners. The objective of this arrangement is 'safe and affordable housing by women, for women'. The company works with select developers and helps women through the process of purchasing a home. Under this business sourcing

arrangement, HDFC is able to reach out to more women home loan borrowers.

In FY21, of the total loans disbursed, 70% in value terms had women as owners of the property. These loans ensure that women's property rights are recognised and protected as their names are registered on their respective properties.

Further, certain states too have offered concessional stamp duty rates for women home owners.



Supporting the Underserved and Inclusivity

We have always believed that we need to support underserved sections of society. We were amongst the early equity investors in microfinance in India. Presently, our support to the microfinance and micro, small and medium enterprises (MSME) sectors are through a combination of equity investments and funding lines for on-lending to these sectors.

We have also supported social initiative projects such as education buildings, senior citizen housing and hospitals, amongst others. In terms of inclusivity:

- 33% of loans approved in volume terms and 16% in value terms were to customers from economically weaker section and low income groups.
- Of the total housing loans disbursed in FY21, 48% were to first-time home buyers.
- We have provided housing finance facilities to farmers, agriculturists, planters and horticulturists.
- Our niche housing product, 'HDFC Reach' addresses the housing needs of those in the informal sector.
- Our focus is also on identifying deep geographies to expand our reach to customers.



Responsible Lending Practices

Our consumer charter is enshrined in our Fair Practices Code and Most Important Terms and Conditions and the Prevention of Money Laundering Policy is also a critical component of product responsibility for the Corporation.

We ensure that our lending policies do not discriminate in extending products and services to any persons. We also

communicate to customers as to why a new loan application or other existing loan related request is rejected by the Corporation if it does not meet with our lending norms. This ensures transparency and fairness in our dealings.

We also adhere to the guidelines provided by the regulator on loan facilities to visually impaired persons.

A copy of the application form is also maintained in Braille, to cater to the special needs of visually impaired customers.

In our non-individual lending, HDFC ensures that at the time of appraisal of certain loans, environmental and social (E&S) risks are assessed. We have E&S covenants embedded in our legal documents / offer letters for these loans.

As part of our Environment and Social Policy Framework and Environmental and Social Risk Management System, we do not fund controversial activities and/or provide loans where the end use is towards:

- Production and distribution of pornographic materials;
- Manufacturing, marketing or dealing in banned drugs, narcotics and other chemicals of concern;
- Standalone manufacture and marketing of tobacco;
- Production or trade in alcoholic beverages (excluding beer and wine);
- Dealing in banned wildlife related products;
- Production/trade in weapons & ammunitions;
- Production/trade in radioactive materials;
- Production or trade in unbonded asbestos fibres;
- Gambling, casinos and equivalent enterprises;
- Polluting industries, unless the unit has explicit clearance from pollution control authorities and has installed effluent treatment plants;
- Any other activity deemed as illegal or construed as being harmful to the environment and/or society.

Note: The above is not exhaustive, but an illustrative list.



Grievances

HDFC believes that customers are one of the most important stakeholders and hence it is essential to engage with them, understand their expectations and accordingly, provide

the desired service standards. To effectively deal with customer grievances, we have in place a sophisticated system to record, monitor and redress grievances / feedback received from customers.

The Corporation's complaints management technology platform facilitates greater efficiency and timely redressal of customer complaints. This in turn helps us maintain higher service standards.

Salient features of the complaint management system

1. Easy upload and creation of complaints
2. Verification of customer credentials, customer information and security
3. Complaint ID acknowledgement mail and advisory to customers
4. Auto-assignment of complaints based on the category of complaint
5. Escalation is done to ensure complaints are responded
6. Monitoring and analysing complaints
7. Customer feedback



Corporate Whistle Blower Initiative

HDFC has in place a Corporate Whistle Blower Initiative (CWI) portal, a third party web-based reporting initiative. This is an extension of the Code of Conduct formulated with an aim to promote good corporate governance, instil faith and make stakeholders feel confident to voice

their concerns or grievances on various matters pertaining to any malpractice, actual/suspected fraud, financial irregularities, violation of the Corporation's Code of Conduct, instances of leakage of unpublished price sensitive information, breach of any policy, abuse of power and

authority by any official of the company or any other act with an intention of unethical personal gain or to cause damage to the Corporation or its employees or public interest without fear of reprisal.



Corporate Social Responsibility & Community Engagement

The philosophy of our Founder, Mr. H. T. Parekh was to actively engage with the wider community and in particular, with the less fortunate. This sensitisation since inception has led us to be mindful of our community engagements. We created a 'Shelter Assistance Reserve' to support worthwhile social projects and communities in 1987, our tenth year of operations. Today, a large part of our community engagements are channelled through the H T Parekh Foundation.

HDFC's CSR objective is not bound by geography. The CSR projects are both, in rural settlements as well as in urban areas and involve a diverse mix of communities. We partner with

organisations that have the ability to scale up, whilst maintaining their quality and the ability to deliver transformational results on the ground.

During the year, the key focus areas entailed COVID-19 relief, healthcare, education, livelihoods, persons with disabilities and environmental sustainability.



COVID-19 Response formed 41% of the total CSR expenditure during the year.



Education projects constituted 25% of HDFC's CSR expenditure during the year. The education partnerships have focused on collaborating with targeted interventions at various levels to foster improved learning outcomes, preparing children for school readiness, strengthening the capacity of teachers, scholarships and supporting research projects.



Healthcare formed 14% of the total CSR expenditure during the year. The main interventions have been towards providing quality and affordable healthcare to the most marginalised. Some of the programmes supported include cancer support, access to nutrition, eye surgeries and paediatric care.



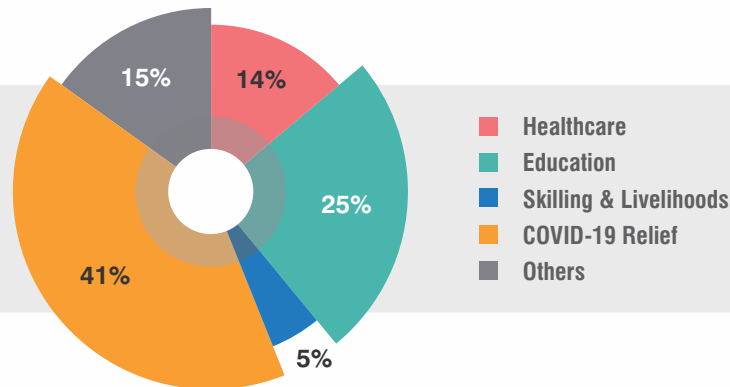
Skilling & Livelihoods projects have focused on thematic areas like migrant welfare and women focused livelihoods. The sector constituted 5% of the CSR expenditure during the year.



Other Sectors entails persons with disabilities, environmental sustainability, urban sanitation and community development. Other sectors contributed to 15% of the CSR expenditure during the year.

CSR Spend - Sector-wise Share (%)

During the year, we promoted inclusive growth by supporting and focusing primarily on three social sector areas - Healthcare (including Water and Sanitation), Education and Skilling & Livelihoods.



Sustainable Development Goals

Through our CSR initiatives we have touched upon 13 Sustainable Development Goals prescribed by the United Nations. Kindly refer to Annex 1 in this report which maps our CSR projects against the Sustainable Development Goals.

Community Development Projects

COVID-19 Response

HDFC's strategy to manage the COVID-19 crisis was focused on building resilience of vulnerable and marginalised communities who were significantly impacted. HDFC's contribution ensured that support was provided in addressing social and economic challenges faced by such communities, as well as supporting the healthcare system in a timely and humane manner.

Restoration of Heritage Precinct

'Dhal ni Pol' is one of oldest precincts in Ahmedabad (Gujarat) and is considered to be the genesis of the city (UNESCO World Heritage site). Such neighbourhoods are a living example of the city's rich architectural and cultural heritage and have generated interest from both government and civil society to restore and revitalise these areas. The two-year project which is almost nearing completion has involved working closely with the Dhal ni Pol community through HDFC's partner for a complete facelift and revitalisation of public spaces, along with conserving the heritage character of the precinct. HDFC has supported this unique project in a section of the Pol which houses over 200 families. The overall upgrade will benefit over 1,000 households in the neighbourhood.

Rural Livelihoods

For livelihoods enhancement especially among vulnerable women we have partnered with organisations which have a strong regional presence and context specific models. Programmes supported include goat-rearing based income generation projects in drought prone regions of Maharashtra, where agriculture may not be the most dependable source of income.

In the environmentally diverse but sensitive regions of Assam, we work with communities through afforestation and agro-forestry related interventions to improve their food security and enhance community income levels, while making sure the ecosystem is restored and preserved.

Sanitation

HDFC continued its support for community-led and public sanitation programmes with a focus on urban areas. Some of the projects included a drinking water, sanitation and hygiene facilities programme in 35 schools and 2 communities with our partners in Tamil Nadu and West Bengal. Projects also included construction of individual household level toilet blocks and refurbishment of existing community toilet blocks with partners across Maharashtra, Rajasthan and Tamil Nadu.

A pilot was initiated in some wards of Bhubaneswar (Odisha) to put in place a process of community participation and complaint redressal system so that services like waste collection and emptying of septic tanks happens in a streamlined manner on a regular basis. This was done in partnership with the urban local body and community groups.

For further details, kindly refer to Corporate Social Responsibility Activities in the Annual Report 2020-21 and the H T Parekh Foundation website, <http://www.htparekhfoundation.com>

PHYSICAL AND DIGITAL CAPITAL



Physical and digital capital essentially entails our tangible infrastructure like physical assets and also includes information technology related assets wherein these platforms enable value creation for all our business activities.

Physical Infrastructure

As at March 31, 2021, we had 390 offices of our own and 203 offices of our wholly owned subsidiary, HDFC Sales Private Limited. Thus, we have a physical reach across 593 locations. Some of our offices are owned premises while most are leased premises.

Our offices follow a fairly standardised physical layout and are designed keeping the customer in mind. We try to ensure that our offices are

conveniently located for customers and that they are well maintained with energy efficient lighting and equipped with energy saving/energy star devices.

We follow a hub and spoke model to optimise efficiencies. Most of our offices are small format offices, staffed by few individuals who act as the interface for our customers. The loans are processed at their respective processing hubs, spread over 30

locations across India. The hubs in turn have specialised clusters - for instance, salaried, self-employed, non-resident Indian loans, online applications, amongst several others. This hub and spoke model enables faster turnaround time.

Through a combination of digital and physical presence, we are focusing on entering deeper geographies and micro emerging markets across India in order to reach out to more customers in a cost efficient manner.

New Offices



593
Office Locations

Digital Infrastructure



A large part of our low-cost operating structure is attributable to our strong technology-based platforms, particularly for our home loan and deposit customers.

Information Technology (IT) is the backbone of all functions within the Corporation and thus the IT team plays a crucial role in the overall functioning of the organisation. Our team of

IT professionals are responsible for delivering and maintaining all applications, networks and IT infrastructure, including IT security and providing end user support.

As per our Corporation's Asset Management Policy, our IT assets are classified into three key components- software assets, hardware assets and information assets. Our software assets are a combination of both, home grown and licensed technologies.



Bridging IT and Business Operations

Since inception, it has been our constant endeavour to automate several operating processes which has enabled us to gain scale and efficiency.

We have a core team, referred as the IT-User Support Group (IT-USG), which acts as the bridge between the IT and business operations teams. The members of the IT-USG group have a combination of skills of being technology savvy and a strong understanding of business operations as well.

The IT-USG team test the systems for logic, processes, ease of usage and data hygiene. Another key role played by the IT-USG is to assist in training the frontline staff to use the systems efficiently. This in turn helps us serve our customers in a more efficient manner.

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.



Data Protection & Customer Privacy

We understand the obligations we have towards the financial and personal information of all our customers. We continue to strengthen our operational risk management framework and ensure the stability and security of our information technology platforms.

Data governance is of paramount importance as is data protection. Data protection is required for both, data at rest (data encryption for customer data) and data in transit (protected by way of secured communication practices). In addition, we have implemented data leakage prevention across the organisation along with document rights management solutions.

We have an information privacy policy which forms a part of the information security policy of the Corporation. For our website users, our privacy policy is published on our website.

During the year, we have had no instances of any breach of customer privacy.

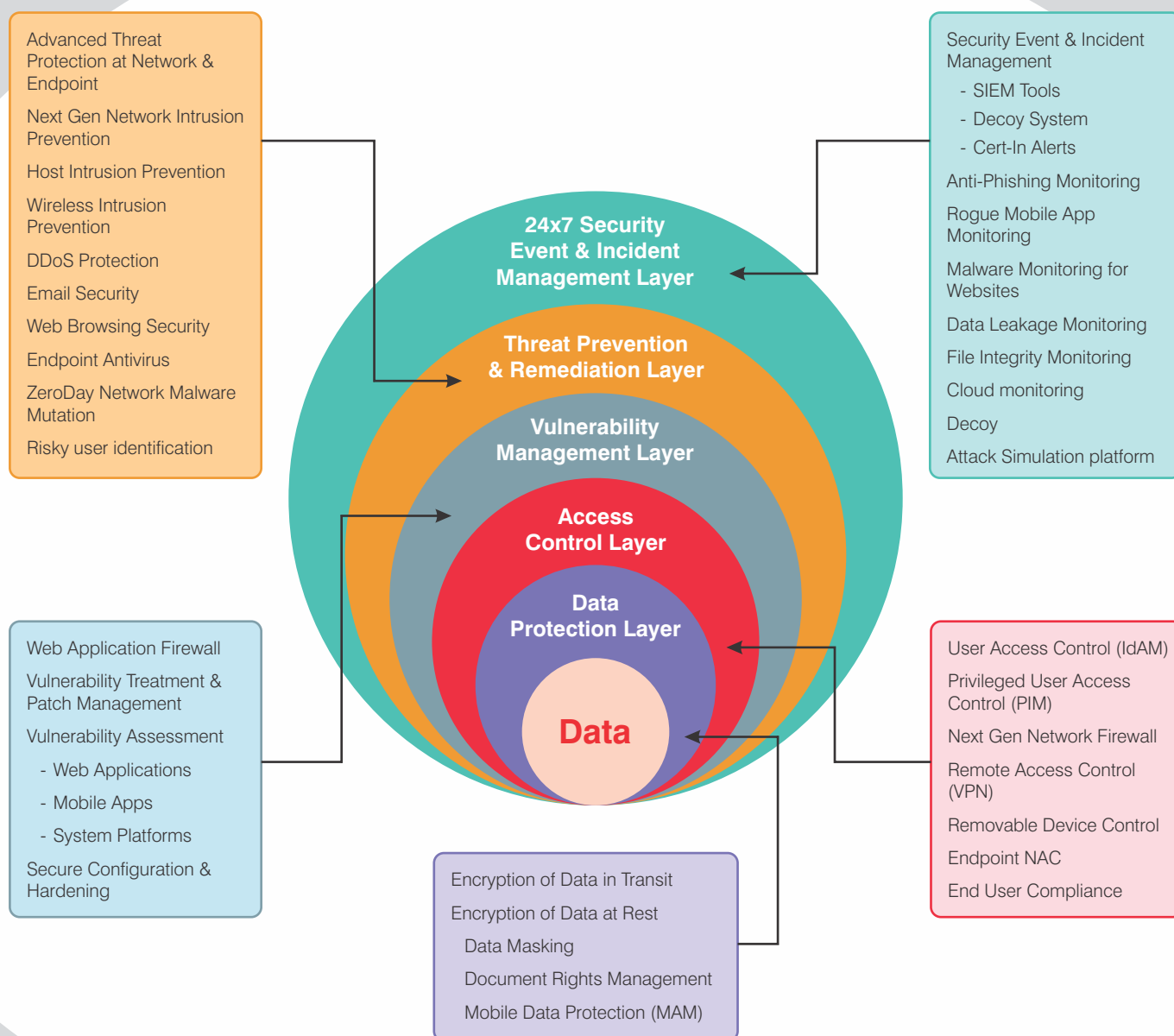


Cyber Security Framework

Protection of our IT infrastructure from cyber security risks calls for increased vigilance and risk mitigation measures. We have various board approved

policies on information security and cyber security. These are in line with the Reserve Bank of India's directions on Information Technology

Framework, ISO 27001 and National Institute of Standards and Technology (NIST) guidelines.



The Corporation has an IT Strategy Committee, which is a board level committee. In addition, there is an Information Security Steering Committee (ISSC). These committees monitor the progress and status of information and cyber security on a periodic basis.

The Corporation regularly conducts Vulnerability Assessment and Penetration Testing (VAPT),

red teaming (ethical hacking) and e-mail phishing drills at regular intervals. Various cyber security drills are conducted to check the effectiveness of processes defined in the Cyber Crisis Management Plan. Training on cyber security awareness is mandatory for all employees.

The Corporation has an 'advance' category BitSight Score. This is an outside view of the Corporation's

Cyber Security Posture. The Corporation's Cyber Security Maturity Assessment score is above the average score for BFSI companies in India. IT system audits are also conducted.

Our total IT spend for the year ended March 31, 2021 stood at ₹73 crore compared to ₹71 crore in the previous year.

Business Continuity and Disaster Recovery

The Corporation has a Business Continuity Management (BCM) Committee and has a board approved Business Continuity Plan (BCP).

A detailed Business Impact Analysis (BIA) has been carried out considering various conventional threat vectors and cyber threats. This BIA identifies core business functions and critical business sites that are covered under the resiliency programme. Most of the business functions are supported through automation with the help of technology. Hence IT resiliency forms a critical component of BCP.

Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) are

defined for all critical business processes. The IT Disaster Recovery Plan ensures that the defined RTO and RPO are met.

The BCP defines the overall governance and monitoring of the business continuity function, including setting up of Emergency Response Teams (ERT) and Function Recovery Teams (FRT).

Business continuity spans across people, processes and technology. Requisite training programmes have been conducted for the teams to be prepared to respond in a crisis.

Disaster drills and table top exercises are conducted at regular intervals to test whether the set procedures are working as defined within the pre-defined RTO and RPO and people understand and follow it appropriately. Such drills are audited through external CERT-In (Indian Computer Emergency Response Team) certified auditors. Observations received from such audits are considered as a part of continuous improvements.

The plan is reviewed at periodic intervals and the management and board are kept abreast of any developments or changes in the BCP.



INTELLECTUAL CAPITAL





Values

HDFC was built on the founding values of kindness, fairness, efficiency and effectiveness. Our daily endeavour is to remain true to these

values in every sphere of activity that we undertake. We believe that our value and culture is our strongest capital.



Brand Value

We have not ascribed a value to our brand. However, we believe we derive immense value as our brand name is perceived as being synonymous with trust and quality customer service. All our group companies have in good faith, been entrusted with the 'HDFC' brand.

The HDFC group has emerged as a diverse conglomerate with a footprint across banking, life insurance, non-life insurance, pension funds, asset management, property funds, education finance and schools.

As an organisation, HDFC is unique - it is both, a mortgage finance company and the holding company for investments in its subsidiary and associate companies.



Awards & Accolades

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**

Ranked amongst the Top 10 most valuable Indian companies in 2020 by **Hurun Global 500**

Ranked 5th amongst Indian companies and 220th globally in the **Forbes Global 2,000 List - 2021**

Recognised amongst India's most sustainable companies by **Sustain Labs Paris in association with Business World**



In-house Value Added Services

In India, land is a state subject. Each state has different regulations. Real estate markets require local level knowledge and expertise. HDFC is a single product company and this has enabled us to stay focused and deepen our understanding and nuances of local real estate markets.

We have always believed that when a customer comes to us for a home loan, funding is not their only requirement. They derive comfort knowing that a housing project has been pre-approved by HDFC. They seek our advice on the legal title of the property or seek our inputs on technical appraisals to ensure the

building structure is sound or turn to us for fair valuations of properties. These value added services have been our key differentiator. Housing finance products are fairly standardised across the industry and we believe that the only product patent a home financier has is the quality of customer service.



Sharing of Expertise Globally

We have been recognised for our deep understanding and knowledge of mortgage finance and this has helped us establish housing finance companies and render consultancy services and technical assistance in countries with nascent mortgage finance markets, especially in Asia and Africa. We also have a large pool

of expert trainers and various global institutions reach out to us for consultancy services and training programmes.

The Corporation also conducts its own international training programme, 'Housing Finance Management' at its training centre, Centre for Housing

Finance. The Frankfurt School of Finance & Management and HDFC jointly organise 'Housing Finance Summer Academy' in Germany.

However, during the year we were not able to conduct these training programmes due to the pandemic.

NATURAL CAPITAL



The Government of India is committed towards a low carbon path, which is communicated through its Intended Nationally Determined Contributions target under the 2015 Paris Agreement. Some of the salient targets include, reduce emission intensity of the economy by one-third by 2030 from 2005 levels, increase the share of non-fossil fuels to 40% of total electricity generation capacity and create an additional carbon sink of 2.5 to 3 billion tonnes of carbon dioxide equivalent through forest and tree cover by 2030.

As a housing finance company, our environmental impact is largely limited to the consumption of natural resources such as energy, paper and water, yet, as a responsible organisation, we recognise the severity of the impact of climate change. Unprecedented weather patterns may have devastating effects on natural ecosystems, biodiversity, water resources and people.

We recognise that some of the key climate related risks on the mortgage portfolio include flood risk and conversely water stress. For instance, coastal inundation can have a devastating impact on housing and surrounding communities. Hence we strongly encourage our customers to

take both, home loan insurance and home insurance, which is insurance against fire, earthquake, floods, natural disasters, bush fire, landslides, amongst others.

At HDFC, we understand that climate change is not just an environmental issue, but is also a business risk. Thus, the Risk Management Committee of the Corporation incorporates climate risk amongst various risks which need to be closely monitored.

There are both, risks and opportunities for the organisation as far as natural capital is concerned.

- Environmental and social (E&S) risks framework has been put in place for various components of the lending portfolio.
- We have certain pools of funding from multilateral agencies wherein the proceeds are to be used for on-lending to developers for green and affordable housing where there is enhanced E&S due diligence on aspects like pollution prevention, water permits, reporting on fatalities or injuries, labour codes, crèche facilities, or resettlements, amongst others.
- We have got refinance from the National Housing Bank and the

French Development Agency (AFD) under the SUNREF scheme, “Sustainable Use of Natural Resources and Energy Finance”. The objective of the scheme is to promote affordable, green housing.

- We have signed a Memorandum of Understanding (MoU) with the Indian Green Building Council (IGBC). Under the MOU, HDFC and IGBC will promote green housing by jointly organising training and awareness programmes to facilitate capacity building.
- We engage with developers to sensitise them on E&S best practices.
- Two-thirds of our Lease Rental Discounting (LRD) portfolio has green ratings from various accredited green rating institutions such as (Leadership in Energy & Environmental Design) LEED, Green Rating for Integrated Habitat Assessment (GRIHA), IGBC, amongst others.
- As at March 31, 2021, HDFC had cumulatively disbursed ₹ 19,665 crore of individual housing loans to home buyers in certified green building projects across the country.

Evaluation of Environmental and Social Risks

Initial Screening: Screening the loan proposal to ensure that there is no funding of controversial activities i.e. exclusion list criteria

Due Diligence: Review and identification of E&S risks pertaining to the loan

Loan Agreements: Incorporation of E&S covenants in the legal documentation and offer letters

Performance Monitoring: Periodic engagement with borrowers to assess the performance of the loan

Reporting: Where mandated, provide necessary disclosures and reporting on end use of funds

Being conscious of our carbon footprint



Recycling

Given the nature of the business, HDFC has limited scope to use recycled material as processed inputs. However, the Corporation has systems in place at an all-India level to manage e-waste. The Corporation engages with certified e-waste handlers for disposal of e-waste. Approximately 7,016 kg of e-waste generated has been disposed through authorised recyclers. HDFC has received green, disposable and re-cycling certificates from the respective e-waste vendors.

HDFC uses local vendors for disposal of paper for recycling. For several years, the sale value of paper scrap of



HDFC is being donated to Cancer Patients Aid Association. In an endeavour to reduce consumption of plastics, the Corporation, as a policy does not procure plastic bottled water in its offices as such plastics are not biodegradable and micro plastics release toxic chemicals into the environment.



Installation of Solar Panels

In an endeavour to transition to renewable energy, HDFC has installed solar power roof panels in some of its owned premises. The objective is to incrementally transit to renewable energy, wherever feasible and enable cost savings.





Measuring Our Carbon Footprint

We have partnered with a leading environment and research institution to help us strengthen and better monitor our carbon footprint. We have measured the carbon footprint of select offices. The carbon footprint was prepared in accordance with the GHG Protocol Corporate Accounting Standard and identified Greenhouse Gas (GHG) emissions across the three scopes.

Scope 1: Direct emissions that resulted from activities and operations under HDFC's control;

Scope 2: Indirect emissions from the external production of energy, consumed by HDFC; and

Scope 3: Indirect emissions that are a result of HDFC's activities, but are not under the direct control of the Corporation.

The sources of emissions for our offices were as follows:

Scope	Emission Source*	Activity Data	FY21 Emissions (MT CO2e)	Contribution (FY21)	FY20 Emissions (MT CO2e)	Contribution (FY20)
Scope 1	Diesel Generator Sets	Diesel Consumption (L)	3.5	0.1%	5.7	0.1%
Scope 1	Fuel Allowance (Provided to employees)	Petrol Allowance (L)	720.4	18.6%	769.7	14.7%
Scope 1	Company Cars	Petrol Consumption (L)	12.7	0.3%	34.1	0.7%
Scope 1	HVAC (Heating Ventilating and Air conditioning Systems)	Number of AC Carriers & Refrigerant refills (kg)	229.5	5.9%	530.6	10.2%
	Scope 1		966.1	24.9%	1,340.1	25.7%
Scope 2	Purchased Electricity	Electricity Consumption (kWh)	2,240.5	57.8%	2,525.0	48.4%
Scope 2	Electricity for Data Centres	Electricity Consumption (kWh)	443.6	11.4%	339.6	6.5%
	Scope 2		2,684.1	69.2%	2,864.6	54.9%
Scope 3	Business Travel - Air	Class, Sector & Passenger (km)	0.2	0.0%	271.6	5.2%
Scope 3	Business Travel - Road	Sector Travel & Car Type (km)	4.5	0.1%	20.1	0.4%
Scope 3	Hotel Stays - Business	Number of Overnight Stays per Room & Occupancy	1.2	0.0%	83.5	1.6%
Scope 3	Company Organised Road Transport	Sector, Number of Trips per day (km)	23.9	0.6%	23.5	0.5%
Scope 3	Employee Commute ^	Based on survey (km)	-	-	295.1	5.7%
Scope 3	Paper Consumption	Quantities of Paper Products (Metric Tonne - MT)	178.3	4.6%	282.4	5.4%

Scope	Emission Source*	Activity Data	FY21 Emissions (MT CO2e)	Contribution (FY21)	FY20 Emissions (MT CO2e)	Contribution (FY20)
Scope 3	Canteen Fuel	Number of LPG Cylinders, Cost (₹)	12.8	0.3%	19.9	0.4%
Scope 3	Packaged Water Consumption	Number of Jars, Capacity (L)	2.8	0.1%	5.6	0.1%
Scope 3	Food-Upstream Logistics (Distribution to offices)	Number of Trips per Day & Distance (km)	-	0.0%	3.9	0.1%
Scope 3	Water-Upstream Logistics (Distribution to offices)	Number of Trips per Day & Distance (km)	0.4	0.0%	0.9	0.0%
Scope 3	Waste (Cardboard, Plastic, Food etc.)	Weight (kg)	4.9	0.1%	7.2	0.1%
	Scope 3		229.0	5.9%	1,013.7	19.4%
			3,879.2	100%	5,218.4	100%

*Based on select offices and where the Corporation owns the premises.

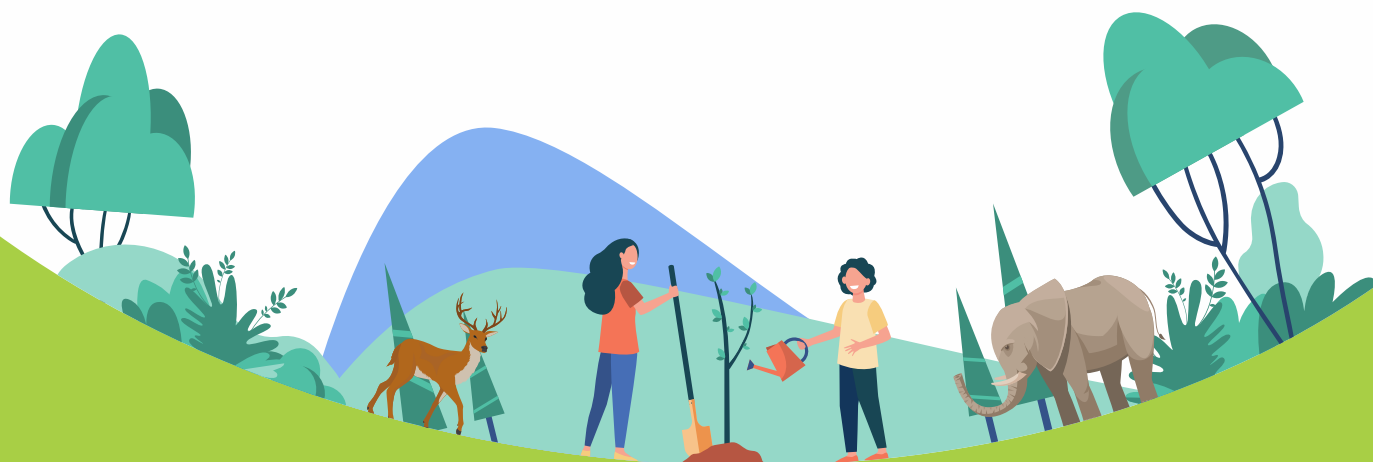
COVID-19 has had an impact on FY21 emissions - largely on purchased electricity, HVAC and reduction in Scope 3 emissions.

^ Owing to the pandemic and resultant lockdowns, the employee commute for FY21 was not computed.

Key Expenditure Heads Pertaining to Our Carbon Footprint

	FY 2021	FY 2020
	₹ cr	₹ cr
Travel & Conveyance	8	18
Printing and Stationery	10	13
Electricity Charges	15	19
Total	33	50

The Corporation has always been cost conscious and this reflects in the above expenses and is extremely low, especially if mapped against our non-interest expenses, profitability or asset base.



Supporting Environmental Projects

HDFC and the H T Parekh Foundation partnered with various NGOs to implement several environmental projects. During the year, projects focused more on urban areas in an endeavour to improve the quality of life and make these cities sustainable and ecologically safe. Innovative pilot models were supported which could be up-scaled or replicated.



Waste Management



A more holistic approach was adopted by combining our projects under sanitation, liquid waste management and solid management. Such an approach is particularly beneficial in urban low-income settlements. Some of our projects were as follows:

i) A household level toilet construction project was supported in Jodhpur (Rajasthan) and Kolhapur (Maharashtra) which was accompanied by strong training programmes on behavioural change. In Bhubaneswar (Odisha), as the toilet coverage was considerable, or where funds were being leveraged from other sources, HDFC's partner is working on forming processes and aiding in policies to ensure that community-level committees take ownership of waste collection and management services.

ii) In Trichy (Tamil Nadu), need was identified for refurbishing public toilets to ensure that people do not go back to defecating in the open (leading to soil and water pollution) due to the dilapidated condition. Refurbishment of approximately 200 public and community sanitation facilities will be supported, which will be managed by women-led teams for future maintenance and sustainability.

iii) HDFC's partners are working with the city level administrations of Kolhapur, Satara (Maharashtra) and Hyderabad (Telangana) to

pilot a capital expenditure investment to build and enhance the de-centralised faecal sludge and septage treatment infrastructure. Such programmes are accompanied by helping cities to put in place a streamlined plan for safe collection and transport of liquid waste by training the de-sludging operators.

iv) A project on solid waste management in Dharamshala (Himachal Pradesh) was expanded to cover two municipal wards and will be further expanded to cover five wards in FY22. The intervention targets to create model wards which have strong practices of solid waste management, awareness creation and beautification of the city by installing structures created from waste. Self-help groups of the waste collectors are formed and are trained to become waste entrepreneurs. Through the central material recovery facility, all recyclables are sent to the appropriate value chain while the composting units in each ward help put the wet waste back into circulation as manure.

v) HDFC supported a pilot waste-to-energy project in Gurugram (Haryana). Through a decentralised system in housing societies and at a central facility, waste generated from large housing societies will be used to produce biogas (2 ton per day in year 1 and to 5 ton per day in year 2).



Ecological Restoration



Water and green cover are closely intertwined and support all life and maintain the micro-climate in the local area. Some of the supported projects that addressed these themes are as follows:

- i) HDFC partnered with a NGO that works in drought-prone districts of Maharashtra to promote water conservation through large-scale community participation and intense training and behaviour change programmes. These interventions over the last three years included building water conservation structures to create or rejuvenate water bodies. During FY21, the focus shifted to enhancing tree cover, improving cropping patterns and agricultural

practices, aiding in forming village level water budgeting committees and supporting grasslands to improve animal husbandry.

- ii) Since 2018, HDFC is supporting a reforestation programme in the Balipara reserve forest area in Assam, which has faced heavy deforestation over the past few decades. The reforestation programme included engaging with the community in villages around the forest reserve and with their joint forest management committee. Interventions included early capacity building programmes on managing forests and planting, climate and environmental sensitisation, and basic financial management. The programme focused heavily on bringing women into the decision-making process and ensuring their equality across all field work - in both voice and pay. So far, over 5.88 lac trees have been planted which has created over ₹1.08 crore in direct incomes for communities, thereby improving overall incomes by up to 40%. During the COVID-19 national lockdown in FY21, the reforestation

and agroforestry programmes have been an important source of income for rural communities who were either returning home from urban centres or who had been unable to purchase/access seeds for the planting season due to the lockdown.



*In an effort to nurture nature, HDFC organised a **Tree Plantation Drive**. This was under our **"Go Green Initiative"**.*

This drive was conducted with an NGO working in the areas of tree plantation, bio diversity conservation, rain water harvesting & soil conservation.

H@ART Programme

HDFC's wholly owned subsidiary company, HDFC Capital Advisors Limited, (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.

HDFC Capital has set up **H@ART (HDFC Affordable Real Estate and Technology)** Programme to mentor, partner, and invest in real estate technology companies that drive innovation in the affordable housing system. Use of environmental and sustainable technologies is one of the key focus areas of the programme.



RESPONSE TO COVID-19 THROUGH CSR

HDFC's approach to manage the COVID-19 crisis was focused on building the resilience of vulnerable and marginalised communities who were significantly impacted. HDFC's contribution ensured that support was provided in addressing social and economic challenges faced by such communities, as well as supporting the healthcare system in a timely and humane manner in the following ways:



24 community-based organisations were rapidly mobilised to distribute over 27,700 dry ration and hygiene kits to vulnerable communities that faced loss of income and struggled for basic amenities and necessities.



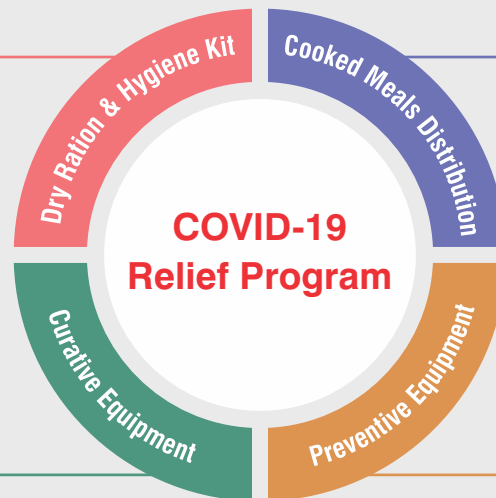
The national lockdown saw migrants stranded with no sustenance or shelter and an inability to return to their villages. They were also at a high risk of being infected. HDFC supported 3 organisations towards the distribution of over 10 lac cooked meals.



Lockdowns and disruptions in supply chain and logistics coupled with high demand led to a shortfall of life saving ventilators as early as April 2020. Responding to this crisis, HDFC donated ventilators to support Delhi, Nagaland and West Bengal's healthcare efforts in their response to COVID-19.



Healthcare workers and police personnel were at the forefront of the crisis, with a high risk of infection. Our interventions focused on procuring and distributing over 200,000 personal protective equipment for healthcare workers and police personnel across 5 states.






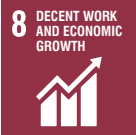


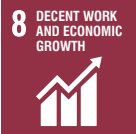
Further details are available on the hyperlinks:







https://www.hdfc.com/sites/default/files/2020-10/htpf-rti-ia-final_0.pdf

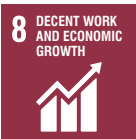

<https://www.hdfc.com/sites/default/files/2021-07/htpf-covid-19-2021.pdf>

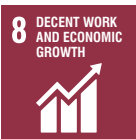
CSR Projects Undertaken Mapped against 13 Sustainable Development Goals

	CSR Project/ Activity	Sector	Sustainable Development Goals (SDG)	Amount Spent in FY21
₹ crore				
1A	Programmes targeting institutional support, need based scholarships and research projects	Education- Higher Education	 Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	29.46
1B	Programmes focused on systems strengthening, teacher capacity building and development of resources to achieve grade appropriate learning for children	Education- Foundational Learning	 Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	11.95
1C	Programmes addressing education needs of pre-school children for better school readiness	Education- Early Childhood Education	 Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	4.18
1D	Programmes for secondary students especially girls to stay & complete school	Education- Career Readiness & Life-skills	 Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all  Goal 5: Achieve gender equality and empower all women and girls	1.20
2A	Programmes for prevention, early diagnosis, treatment & care	Healthcare- Cancer Support	 Goal 3: Ensure healthy lives and promote well-being for all at all ages	13.14

	CSR Project/ Activity	Sector	Sustainable Development Goals (SDG)	Amount Spent in FY21
₹ crore				
2B	Programmes for capacity building of frontline workers and access to nutritious food & supplements for maternal & child health	Healthcare- Nutrition	 Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture	6.80
2C	Other interventions including eye care programmes to prevent blindness and paediatric surgeries	Healthcare- Other Interventions	 Goal 3: Ensure healthy lives and promote well-being for all at all ages	6.21
3A	Programmes for access to social security & entitlements, job link support & livelihood opportunities	Skilling & Livelihoods- Migrants Welfare	 Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all  Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	5.40
3B	Programmes for job-linked skilling & livelihood enhancement in rural & urban locations, focussing primarily on women	Skilling & Livelihoods- Women focused Livelihoods	 Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all  Goal 5: Achieve gender equality and empower all women and girls  Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	3.08

	CSR Project/ Activity	Sector	Sustainable Development Goals (SDG)	Amount Spent in FY21
₹ crore				
4	Programmes for creating access to and improvement of sustainable sanitation services across urban, low income settlements	Urban Sanitation	<div>  <p>Goal 6: Ensure availability and sustainability management of water and sanitation for all</p> </div>	6.42
5	Ecological restoration, waste management & clean energy projects	Environmental Sustainability	<div>  <p>Goal 6: Ensure availability and sustainability management of water and sanitation for all</p> </div> <div>  <p>Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all</p> </div> <div>  <p>Goal 12: Ensure sustainable consumption and production patterns</p> </div> <div>  <p>Goal 13: Take urgent action to combat climate change and its impacts</p> </div> <div>  <p>Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p> </div>	4.89

	CSR Project/ Activity	Sector	Sustainable Development Goals (SDG)	Amount Spent in FY21
₹ crore				
6	Programmes focused on healthcare, education and livelihoods to improve quality of life for persons with disabilities	Supporting Persons with Disabilities	<div>  <p>Goal 3: Ensure healthy lives and promote well-being for all at all ages</p> </div> <div>  <p>Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> </div> <div>  <p>Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> </div>	7.15
7	Supporting programmes on promotion & development of traditional art, restoration of buildings and sites of historical importance	Promotion of Arts & Heritage Restoration	<div>  <p>Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable</p> </div>	7.80
8	Supporting facilities for senior citizens and women shelters	Community Development	<div>  <p>Goal 1: End poverty in all its forms everywhere</p> </div> <div>  <p>Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable</p> </div>	1.09

	CSR Project/ Activity	Sector	Sustainable Development Goals (SDG)	Amount Spent in FY21
				₹ crore
9	Contribution to PM CARES Fund, preventive and curative healthcare activities and supplies and community based relief activities and aid to COVID-19 health facilities	COVID-19 Support	<div> <div>  <p>1 NO POVERTY</p> <p>Goal 1: End poverty in all its forms everywhere</p> </div> <div>  <p>2 ZERO HUNGER</p> <p>Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p> </div> <div>  <p>3 GOOD HEALTH AND WELL-BEING</p> <p>Goal 3: Ensure healthy lives and promote well-being for all at all ages</p> </div> <div>  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> </div> <div>  <p>10 REDUCED INEQUALITIES</p> <p>Goal 10: Reduce inequality within and among countries</p> </div> </div>	76.90
10	Administrative Expenses	Others		4.15
			Total	189.82

Hope Begins at Home

Simple steps towards sustainability



Reduce Water Waste



Say No to Plastic



Conserving Energy



Waste Segregation

HDFC
WITH YOU, RIGHT THROUGH

**LET'S MAKE IT A HOME
THAT WELCOMES ALL.**
OUR PLANET IS OUR ONLY HOME.
LET'S SHARE IT WITH EVERYONE.



#HopeBeginsAtHome

STEPS FOR CREATING A SOCIALLY SUSTAINABLE FUTURE:

- TREAT FAIRLY
- RESPECT EQUALLY
- VALUE DIFFERENT CULTURES
- NO DISCRIMINATION BASED ON SKIN OR SKILLS

Being Socially Responsible

HDFC
WITH YOU, RIGHT THROUGH

**WE MAY BE DIFFERENT,
BUT OUR HOME IS ONE.**
OUR PLANET IS OUR ONLY HOME.
LET'S SHARE IT WITH EVERYONE.



#HopeBeginsAtHome

STEPS FOR CREATING A SOCIALLY-SUSTAINABLE FUTURE:

- TREAT FAIRLY
- RESPECT EQUALLY
- VALUE DIFFERENT CULTURES
- NO DISCRIMINATION BASED ON SKIN OR SKILLS

Being Socially Responsible

HDFC
WITH YOU, RIGHT THROUGH

**HOPE FOR THE BLUE PLANET
BEGINS AT HOME.**
SAVE WATER -
OUR MOST PRECIOUS RESOURCE.



#HopeBeginsAtHome



SIMPLE STEPS TO START AT HOME:

- INSTALL AERATORS ON FAUCETS
- CUT DOWN YOUR SHOWER TIME
- FIX LEAKY TOILETS
- WASH ONLY FULL LOADS OF CLOTHES

Reduce Water Waste

HDFC
WITH YOU, RIGHT THROUGH

**THE PLUG POINT COULD
BE A GOOD STARTING POINT.**
TO SAVE ENERGY AND THE FUTURE OF OUR PLANET.



#HopeBeginsAtHome

SIMPLE STEPS TO START AT HOME:

- REMOVE THE PLUG FROM SOCKET
- TURN OFF THE HEATERS AND COOLERS
- USE ENERGY STAR APPLIANCES
- GO SOLAR

Conserving Energy



WITH YOU, RIGHT THROUGH

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