HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

HDFC

ACTIONABLE

INTELLIGENCE

FORTY FIFTH ANNUAL REPORT 2021-22

HDFC

ACTIONABLE
INTELLIGENCE

As the world changed quickly, adapting to new and faster ways of interacting within organisations, as well as associates and customers became imperative. We at HDFC moved with the times and went on to respond through our digital interface - allowing us to reach places we hadn't reached before.

Our systems were ready and access for our customers became easier as their response proved during the past year. Convenience has become the mainstay of our service more than ever before. We continue to use technology to improve our user experience and save time and effort for one and all.

FINANCIAL HIGHLIGHTS

(₹ in Crore)

	Indian GAAP					Ind-AS				
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Gross Income	21,148	24,198	27,471	30,957	33,160	40,707	43,378	58,763	48,176	47,990
Profit After Tax	4,848	5,440	5,990	7,093	7,443	10,959[1]	9,632	17,770[3]	12,027	13,742
Shareholders' Funds	24,830	27,955	30,970	34,121	39,645	65,265	77,355	86,158	1,08,783	1,20,251
Loans from Banks and Financial Institutions	17,824	32,952	26,194	42,802	37,270	46,802	77,548	1,04,909	1,05,179	1,39,851
Market Borrowings	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	1,98,930
Deposits	51,933	56,578	66,706	74,670	86,574	91,269	1,05,599	1,32,324	1,50,131	1,60,900
Loans Under Management[2]	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	6,53,902
Loans Outstanding	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	5,68,363
Dividend (%)	625	700	750	850	900	1,000	1,050	1,050	1,150	1,500
Book Value per Share (₹)	162	179	197	216	250	389	449	497	603	663
Earnings per Share (₹)	32	35	38	44	46	67[1]	57	103[3]	68	76

[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.

ACTIONABLE INTELLIGENCE

CONTENTS

ANNUAL GENERAL MEETING

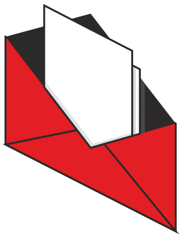
Date - **Thursday, June 30, 2022 Time: 2.00 p.m.**

Record Date - **Wednesday, June 1, 2022**

Date of Payment of Dividend - **Friday, July 1, 2022 Onwards**

45TH AGM E-VOTING SCHEDULE

CUT OFF DATE	START DATE	END DATE
Thursday, June 23, 2022	Monday, June 27, 2022 (10.00 a.m.)	Wednesday, June 29, 2022 (5.00 p.m.)



CO-INNOVATING

TO CONNECT BETTER

Every aspect of life is being impacted by technology. Along with interactivity, 3D printing, modelling and other technological advancements are changing the landscape completely. HDFC has been keeping pace by striving to offer greater ease and convenience, better service experience and quicker turnaround times.

Today, we receive 91% of home loan applications through digital channels. It is heartening to note that not only consumers, but all stakeholders in the eco-system are warming up to the adoption of digital interaction.

Home-ownership remains a dream for many and HDFC continues to serve its customers' needs by providing efficient and easy channels to connect.

AIDING

FUTURE-READY

VISION

The demand for home loans continues to remain strong. The sales momentum along with the launch of several new projects at a regular pace augurs well for the housing sector. Technology is enhancing the entire home-ownership experience by influencing the behaviour of home buyers, daily interactions and lifestyle.

The onus is now on organisations to evolve in order to stay relevant and competitive. From smart cities to smart homes, consumers have come to expect efficiency in both, availability and service. The industry is witnessing the growth of several tech-enabled platforms bridging the gap between service providers and clients.

Tech start-ups are harnessing the latest technology by aiding businesses with sales and marketing too. The use of AI, machine learning, and robotic process automation (RPA) is shaping trends considerably. Facilities like cloud service allow accessing property documents from anywhere.

Technology needs to be guided by vision and infrastructural support as well.

Continuing the focus on the Prime Minister's vision of 'Housing for All', the Finance Minister announced 80 lakh homes to be built by 2023 under the Pradhan Mantri Awas Yojana (PMAY). Additionally, the Budget made an allocation of Rs 48,000 crore under PMAY urban and rural for building these homes.

ADAPTING TO A NEW

ECO-SYSTEM

In March 2022, the Corporation recorded its highest monthly individual disbursements ever.

Property-search platforms are the new norm thanks to the ease of checking options with just a mobile phone. The increasing surge in smartphone users makes attracting prospective buyers easier.
A large proportion of the Indian population is young, leading to a growing structural demand for housing.

HUMANIZING
DIGITAL

Proptech is making the real estate sector look up after a challenging period. Many buyers are willing to pursue the home search-and-buy process online. HDFC has been easing the flow of information and interaction, saving time and effort for our customers, while adding to the efficiency of our services.

The growth of Internet of Things (IoT) has directly influenced development thanks to easy compatibility between appliances and gadgets. With a single app, many choose to manage their appliances, set reminders and save electricity bills. Constant upgrades in modern infrastructure help accommodate and support this eco-system.

The impact is visible not only on the industry but the economy as a whole, and in turn, is fuelling this sense of well-being back into the business by adding more buyers and investors. At HDFC, we continue to work on developing systems which improve both, the quality and speed of interaction with our customers.

1978
The first public issue of equity shares of ₹ 10 crore

1978
The first housing loan disbursed to Mr. D. B. Remedios in Bombay

1981
HDFC negotiates a guarantee of US$ 30 million from United States Agency for International Development (USAID) under its Housing Guarantee Program

1983
Signing of the implementation agreement of Phase II of the USAID Program

1988
HDFC in partnership with India's leading financial institutions and commercial banks promotes - Gujarat Rural Housing Finance Corporation Limited (GRUH Finance), Housing Promotion and Finance Corporation Limited (later SBI Home Finance), Can Fin Homes Limited and Credit Rating Information Services of India Ltd. (CRISIL)

GUJARAT RURAL HOUSING FINANCE CORPORATION LIMITED

HOUSING PROMOTION AND FINANCE CORPORATION LIMITED

Can Fin Homes Ltd.

CRISIL

1988
World Bank approves US$ 250 million loan to HDFC

1989
Computerisation of the Loan Processing System

1989
HDFC's Training Centre - Centre for Housing Finance

1993
HDFC responds promptly to the earthquake that struck the people of Latur, Maharashtra by undertaking a comprehensive rehabilitation project for 339 families

1994
HDFC was the 1st to get 'in-principle' approval to set up a private commercial bank


PROPOSAL FOR HDFC BANK LIMITED

1994
HDFC signs JV agreement with GE Capital to start a consumer finance company, Countrywide Consumer Financial Services Ltd.

1994
HDFC's first private placement of equity shares of ₹ 261 crore with domestic institutions

1995
HDFC in strategic alliance with NatWest Markets (UK) promotes HDFC Bank, which was inaugurated by Dr. Manmohan Singh, then Union Finance Minister


HDFC declared India's Best Managed Company by Asiamoney Magazine

2000
A joint venture with Standard Life Investments to promote HDFC Asset Management Company Ltd.

2000
HDFC Standard Life Insurance Company Ltd. becomes the first private insurer in India to obtain registration from the Insurance Regulatory and Development Authority of India

2001
HDFC's first Syndicated Foreign Currency Loan of JP¥ 12.0 billion

2002
Promoted a general insurance company for non-life insurance

2002
HDFC's Floating Rate Note wins IFR Asia - India Capital Markets Deal of the Year award

2002
Hosts 'HDFC Intergroup Cricket Challenge'


HDFC Cricket Team wins Times Shield - 'G' Division: 1987

2004
HDFC wins the Economic Times Corporate Citizen of the Year award for its longstanding commitment to community development

2005
HDFC issues US$ 500 million Zero Coupon Foreign Currency Convertible Bonds Due 2010

2006
ICAI confers Gold Shield to HDFC for 'The Best Presented Accounts'

2007
A joint venture with ERGO International for general insurance

2009
HDFC makes the first ever issue of Warrants simultaneously with Non-Convertible Debentures on a QIP basis raising ₹ 4,301 crore

2009
Ranked as one of India's top 50 "Best Companies to Work For" in 2009 by The Great Place to Work® Institute, India in partnership with The Economic Times

2010
Awarded the "Best Governed Company - 2010" by Asian Centre for Corporate Governance & Sustainability

2011
HDFC was the only Indian company to be included in the 5th annual list of '2011 World's Most Ethical Companies' by Ethisphere Institute, USA

2013
HDFC selected as one of the 'Five Best Boards' in a study conducted by The Economic Times & Hay Group

Thrust on Retail Deposits: 1991

2020
Online Self-Service Portal

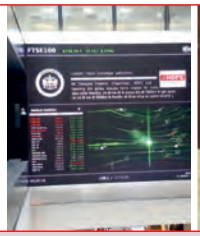
2021
Green & Sustainable Deposits

2015
Awarded CIBIL Data Quality Award 2015, Felicitated as one the five "Most Impactful Companies" of the last decade at the CNBC AWAAZ ACT for Good Governance Summit 2015

2015
'Best Home Loan Provider for the Decade' by CNBC Awaaz at Real Estate awards in 2015

2015
The 1st HDFC School in Gurgaon

2016
HDFC issues the 1st Masala Bond by an Indian corporate listed on the London Stock Exchange



2017
HDFC ranked 4th in the list of 'India's Most Attractive Brand, 2017' by TRA Research

2018
HDFC adjudged as 'Best Performing Primary Lending Institution' under the Credit Linked Subsidy Scheme for Economically Weaker Sections / Low Income Group Category by the Hon'ble Prime Minister, Shri. Narendra Modi and 2nd best under Middle Income Group Category

2019
Recognised as one of the best brands at The Economic Times Best Brands awards, 2019

2020
Awarded as 'Company of The Year' at The Economic Times awards For Corporate Excellence

2022
HDFC and HDFC Bank announce proposed merger

BOARD OF DIRECTORS

Mr. Deepak S. Parekh
Chairman

Mr. U. K. Sinha

Mr. Jalaj Dani

Dr. Bhaskar Ghosh

Ms. Ireena Vittal

Mr. Rajesh Narain Gupta

Mr. P. R. Ramesh

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. 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 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. U. K. Sinha (DIN: 00010336) is the Lead Independent Director of the Corporation. Mr. Sinha has been a director of the Corporation since April 30, 2018. Mr. Sinha is the Chairman 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 – Outstanding Contribution to Indian Business Award 2014 and Economic Times - Business Reformer of the Year Award, 2014. Mr. Sinha has chaired the Expert Committee on Micro, Small and Medium Enterprises constituted by Reserve Bank of India and has also chaired the Insolvency and Bankruptcy Board of India's (IBBI) Committee on Group Insolvency. He was a member of the IBBI's Committee on Cross Border Insolvency in 2019 and also a member of the Insolvency Law Committee constituted by the Ministry of Corporate Affairs, Government of India. Mr. Sinha has written a book "Going Public" published by Penguin Random House in 2020 and has also co-edited "Treatise on Securities Law" published by Thomson Reuters in 2021.

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.

Directorships in Other Listed Companies

- Vedanta Limited and Havells India 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 Nomination and Remuneration Committee of Directors, 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, Fontainebleau, 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, finance and business operations. 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 Risk Management Committee and a member of the Audit and Governance Committee of Directors. 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 of Accenture 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 the Chairperson of the Stakeholders Relationship Committee of Directors and 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.

Directorships in Other Listed Companies

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

- **Mr. Rajesh Narain Gupta** (DIN: 00229040) is an Independent Director of the Corporation. Mr. Gupta has been a director of the Corporation since August 2, 2021. Mr. Gupta is a member of Audit and Governance

Committee of Directors and Stakeholders Relationship Committee of Directors. He is enrolled as an Advocate with the Bar Council of India since 1988. He is the Managing Partner of SNG & Partners, a full service law firm, having presence in Mumbai, New Delhi and Singapore. He is an advisor to a number of leading foreign and Indian banks, financial institutions, corporate and industrial houses and real estate players. He has been a pioneer in India in Succession & Estate Planning. He was retained by the Banking Industry on implementation on the SARFAESI and has advised National E-Governance Services Limited (NeSL) with setting up of First Utilities Services under the Indian Insolvency and Bankruptcy Code, 2016. He was a special invitee by the Indian Banks Association and the Reserve Bank of India in connection with the amendment of The Banking Regulation Act, 1949. He authored and revised several books on banking laws and practices and has contributed legal research papers that have been published by leading dailies, law journals and reputed publications in India and abroad. He is also a part of the advisory boards of leading companies, AIFs and NGOs. Mr. Gupta is enlisted amongst the "Top Managing Partners" in the Legal Powerlist 2020 & 2021 announced by Forbes India. He is also recognised as a "Leading Lawyer Legend 2022" by Legal Era and amongst the "Top 50 Legal Icons" and "Top 100 Lawyers in India" by Asia Law's, India Business Law Journal. He is a recognised lawyer in the field of Private Wealth Law by Chambers and Partners in their HNW Guide 2021 and as "Lawyer of the Year – Private Client" in the Indian Legal Awards, 2020-21 presented by Legal Era. He has been acknowledged as a veteran in Private Wealth Law practice by Legal 500 Asia Pacific 2022.

Key Skills and Competencies

Mr. Gupta holds a Bachelor's degree in Law from M. D. University, Haryana. He is an expert in finance, business operations, consumer behaviour, sales & marketing, information technology and cyber security, corporate governance, legal and regulatory compliance, risk management and strategic thinking. He has vast experience in banking and finance laws, commercial laws, real estate laws, litigation, etc.

Directorship in Other Listed Companies

Mr. Gupta does not hold directorship in any other listed company.

- **Mr. P. R. Ramesh** (DIN: 01915274) is a Non-Executive Non-Independent Director of the Corporation. Mr. Ramesh has been a director of the Corporation since August 2, 2021. He has served as a member of Deloitte Global Board and Deloitte Asia Pacific Board and has over 40 years of experience and served clients in manufacturing, banking and financial services, technology, media, telecommunications, energy and resources and consumer business sectors throughout his professional career. He was also the Director of Deloitte & Touche Assurance & Enterprise Risk Services India Private Limited. He has been associated with various regulatory bodies such as SEBI Committee on Disclosures and Accounting Standards; Committee for Reforming the Regulatory Environment for doing Business in India set up by Government of India; Technical Committee to review the form and presentation of the Balance Sheet of the Reserve Bank of India (RBI); Insurance Regulatory and Development Authority Standing Committee on Accounting Issues and Invitee to the Committee set up by the RBI to assist in convergence to IFRS by banks and National Advisory Committee on Accounting Standards. He has been associated with various Industry Bodies such as Confederation of Indian Industry (CII) representing on its National Council, Committee on Financial Reporting and its CFO Forum; National Executive Committee of the Federation of Indian Chambers of Commerce and Industry and Past President of the Bombay Chamber of Commerce & Industry. He has also been member of Accounting Standards Board of ICAI, Vision and Restructuring Committee and Auditing Practices Committee of ICAI and the Secretarial Standards Board of The Institute of Company Secretaries of India. He is a regular speaker at various programmes and workshops conducted by ICAI, the Institute of Internal Auditors, RBI, CII, SEBI on the matters of professional interest. He has co-authored publication, titled iGAAP – Financial Reporting Standards in India including a comparison with IFRS and is a member of Board of Studies and the Faculty of Commerce of Osmania University.

Key Skills and Competencies

Mr. Ramesh is a Fellow of The Institute of Chartered Accountants of India and holds a Bachelor's degree in Commerce from Osmania University, Hyderabad. He is an expert in finance, accountancy, audit, business operations, information technology and cyber security, corporate governance, legal and regulatory compliance, risk management and strategic thinking. He has experience in housing finance and real estate sector.

Directorships in Other Listed Companies

- Nestle India Limited, Crompton Greaves Consumer Electricals Limited, Cipla Limited and Butterfly Gandhimati Appliances 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.
- HDFC Asset Management Company Limited, HDFC Life Insurance Company Limited and HDFC Bank Limited – Non-Executive Director.
- Unitech Limited – Nominee Director (nominee of the central government of India). Tendered her resignation w.e.f. March 24, 2022, completion of necessary formalities is awaited, including placing the same before the Hon'ble Supreme Court of India, for its kind consideration.

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 Securities and Exchange Board of India (SEBI). He was also a member on the Committee of Corporate Governance set up by the SEBI. Mr. Mistry is a member of the Corporate Social Responsibility Committee of Directors and Risk Management Committee. Mr. Mistry is also non-executive Chairman of HDFC ERGO General Insurance Company Limited.

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 housing finance, real estate and infrastructure sector.

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

Dr. Bhaskar Ghosh
Independent Director

Ms. Ireena Vittal
Independent Director

Mr. Rajesh Narain Gupta
Independent Director

Nomination & Remuneration Committee

Mr. U. K. Sinha
Chairman
Lead Independent Director

Ms. Ireena Vittal
Independent Director

Mr. Jalaj Dani
Independent Director

Stakeholders Relationship Committee

Ms. Ireena Vittal
Chairperson
Independent Director

Mr. Jalaj Dani
Independent Director

Mr. Rajesh Narain Gupta
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

Dr. Bhaskar Ghosh
Chairman
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. Dilip Shetty
Associate Member of Executive Management

Mr. Dipta Bhanu Gupta
Associate Member of Executive Management

Mr. Abhijit Singh
Chief Information and Technology Officer

Mr. Milind Marathe
Joint General Manager (Information Technology)

Mr. Guruprasad Mandrawadkar
Joint General Manager (Data Analytics)

Mr. Sushil Bhagwat
Joint General Manager (Business Transformation-Retail)

Mr. Saket Saxena
Joint General Manager (National Head - Retail Processing)

SENIOR EXECUTIVES

Members of Executive Management

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

Associate Members of Executive Management

Mr. Praveen Kumar Bhalla
Mr. Dipta Bhanu Gupta
Mr. Sudhir Kumar Jha
Mr. K Suresh Kumar
Mr. Vinayak R Mavinkurve
Mr. Dilip Shetty

Senior General Managers

Mr. Naresh Manohar Nadkarni
Mr. Subodh Salunke
Mr. Abhijit Singh

Additional Senior General Managers

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

General Managers

Ms. Harini Anand
Mr. Manish Baid
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. Shashikant Machado
Mr. Rajiv Mittal
Mr. Vinayak P Parkhi
Mr. Arijit Sanyal
Ms. Anjalee S Tarapore

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.

Company Secretary

Mr. Ajay Agarwal

Statutory Auditors

B S R & Co. LLP
Chartered Accountants
(upto November 10, 2021)

S.R. Batliboi & Co. LLP
Chartered Accountants
(from November 10, 2021)

G. M. Kapadia & Co.,
Chartered Accountants
(from November 10, 2021)

Solicitors & Advocates

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

Secretarial Auditors

BNP & Associates
Company Secretaries

Registrar & Share Transfer Agent

Link Intime India Private Limited
Unit: Housing Development
Finance Corporation Limited
C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai-400083
Tel No: +91 22-4918 6151
E-mail: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

Registered Office

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

There are two dates which are perhaps of most significance for HDFC. First, is October 17, 1977. This date marked the fulfilment of a dream to establish India's first retail housing finance company. The second significant date is April 4, 2022, when the board of directors of HDFC and HDFC Bank respectively, approved a merger of two equals.

For HDFC, in between these two landmark dates lie several milestones and memories. During this period, HDFC seized the opportunity to create many new institutions, whilst continuing the pursuit of cumulatively financing over 9.3 million housing units. Nothing has been more gratifying than HDFC being described as an extraordinary company, run for ordinary Indians by ordinary Indians.

To many, including myself, HDFC is not just an institution, it is a feeling. HDFC has always felt like home and family. Working with like-minded people who place honesty, integrity and transparency as the foundation of everything they do is the reason why HDFC is a cocoon of security and comfort. I cannot be more grateful to so many colleagues who are true 'HDFC lifers'. They are the ones who have patented *'the HDFC way'* of doing things and they are the ones who have gone on to nurture many others within the organisation.

Each day, year and decade has been rewarding in building a customer-centric organisation. I truly believe our 45 years of expertise in housing finance in India is unparalleled. We stand out particularly because of our time-tested, efficient and low-cost operating model. This efficiency has been achieved despite a small staff base and supported by smart investments in processes and systems. It is our customers who help us evolve our product offerings and service delivery mechanisms.

Today, we have the digitalisation tools and expertise to provide an in-principle home loan approval within two minutes. In equal measure, we also recognise that many still want counselling and handholding in their home buying journey. No customer's story is alike. Yet, all home buyers are alike as a home is probably the single largest investment a person makes in his or her lifetime.

Each day, year and decade has been rewarding in building a customer-centric organisation. I truly believe our 45 years of expertise in housing finance in India is unparalleled. We stand out particularly because of our time-tested, efficient and low-cost operating model.

Housing finance products are largely standardised. The key differentiator between home loan providers is the emotional quotient – empathy and understanding the needs and feelings of customers. We remain committed to offering inclusive and customised housing finance solutions across all income segments, increasing women homeownership, encouraging green housing and extending our reach in deep geographies.

Over the past two years, I have been on record several times stating that I have never been as optimistic about the demand for home loans as I am currently. Despite the recent headwinds in the global macro landscape, I continue to maintain this stance. India is on the cusp of an economic transformation. As the pivot of global growth shifts, India is envisaged to remain amongst the fastest growing major economies. Much of India's growth will continue to be powered from domestic consumption.

The aspiration to own a home in India will only grow further. The home loan market in India is estimated at slightly over US$ 300 billion, which represents a mortgage to GDP ratio of just 11%. Favourable conditions like rising income levels, improved affordability and fiscal support augur well for the demand for homes. Real estate in India is on an upcycle. Developers are now financially stronger and more disciplined.

India should be able to double its home loans to around US$ 600 billion within the next five years. This would coincide with the period when India attains its much-aspired goal of being a US$ 5 trillion economy. Despite the doubling of housing loans, India's mortgage penetration would still remain low at an estimated 13% of GDP. Now is the time to ask ourselves what will it take for India's mortgage to GDP ratio to cross 20% and beyond? When one looks at comparable Asian economies, the average mortgage to GDP ratios range between 20 to 30%. This implies that housing loans in India will have an exponential growth trajectory for decades to come.

At HDFC, we know that this is the right time for strategic choices as we prioritise pathways for future growth. Our moment of truth is that the optimum path to scale up housing finance is to be housed within a banking structure. The pool of resources for lending will be significantly larger and at lower costs. From a regulatory perspective, it is prudent for all large providers of housing finance to operate on a level playing field, with the same rules. Globally too, the scale of mortgage assets is exponentially larger in banks compared to non-banking financial entities.

We have at length, already articulated the rationale for the proposed merger, which takes cognisance of the future growth potential of the country, the evolving macro environment and changes in the regulatory architecture.

Trust is the foundation for a successful merger. Fortunately, between HDFC and HDFC Bank, there is a natural affinity. Financial and human capital is critical through a merger process, as is a lucid communication strategy on key developments during this period. It remains our every endeavour to be available and accessible to all our stakeholders to assuage concerns in an open and transparent manner. Further, both entities stand strongly committed to enhanced environmental, social and governance (ESG) disclosures.

At this juncture, we are awaiting regulatory guidance on the path forward. We remain respectful of all our regulators and are confident that the outcome will be judicious and fair at a systemic level. My only ask of our stakeholders is for your patience as we navigate through the complexities of this transaction. More than ever before, we need your trust and support.

All the members of the board and senior management – past and present have individually and collectively helped the Corporation stand tall through the decades. I remain extremely grateful to all of them through the years.

After 45 glorious years of providing homes to millions of customers, the time is right for HDFC to find a new home.

With the blessings of our regulators, shareholders, creditors and other stakeholders, we look forward to being able to add the third and final significant date in the history of HDFC, which would mark the conclusion of the proposed merger.

Till then, I have promises to keep and miles to go before I sleep.

Directors' Report

TO THE MEMBERS

Your directors are pleased to present the forty-fifth annual report of your Corporation with the audited accounts for the year ended March 31, 2022.

Financial Results	**For the year ended March 31, 2022** ₹ in crore	**For the year ended March 31, 2021** ₹ in crore
Profit Before Sale of Investments, Dividend and Provision for Expected Credit Loss	**17,404.30**	**15,631.43**
Profit on Sale of Investments	263.02	1,397.69
Dividend	1,510.99	733.97
Impairment on Financial Instruments (Expected Credit Loss)	(1,932.00)	(2,948.00)
Profit Before Tax	**17,246.31**	**14,815.09**
Tax Expense	(3,504.13)	(2,787.79)
Net Profit After Tax	**13,742.18**	**12,027.30**
Other Comprehensive Income (OCI)	33.86	1,734.22
Total Comprehensive Income	**13,776.04**	**13,761.52**
Retained Earnings		
Opening Balance	17,328.59	14,137.67
Profit for the year	13,742.18	12,027.30
Re-measurement of Net Defined Benefit Plans through OCI	(5.25)	6.30
Amount Available for Appropriations	**31,065.52**	**26,171.27**
Appropriations:		
Special Reserve No. II	2,100.00	2,000.00
General Reserve	-	2,700.00
Statutory Reserve (Under Section 29C of the National Housing Bank Act, 1987)	700.00	500.00
Final Dividend Paid	4,152.65	3,642.68
Closing Balance Carried Forward	**24,112.87**	**17,328.59**

Dividend

The board after assessing the capital buffers, liquidity levels and the impact of COVID-19 on the operations of the Corporation has recommended payment of dividend for the financial year ended March 31, 2022 of ₹ 30 per equity share of face value of ₹ 2 each compared to ₹ 23 per equity share in the previous year.

The dividend pay-out ratio for the year ended March 31, 2022 is 39.6% compared to 34.5% in the previous year.

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.

Material Developments: Proposed Scheme of Amalgamation

The Board of Directors of the Corporation at its meeting held on April 4, 2022, approved a composite scheme of amalgamation ("Scheme") for the amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, wholly-owned subsidiaries of the Corporation, with and into the Corporation and (ii) the Corporation with and into HDFC Bank Limited ("HDFC Bank") and matters related thereto.

On April 3, 2022, the Board of Directors of HDFC Investments Limited and HDFC Holdings Limited had approved the merger of their respective companies with and into the Corporation.

With effect from the appointed date and upon the amalgamation of the Corporation with and into HDFC Bank becoming effective, the Corporation along with all its assets, liabilities, contracts, employees, licenses, records and approvals being their respective integral parts shall stand transferred to and vest in or shall be deemed to have been transferred to and vested in HDFC Bank, as a going concern.

Upon the Scheme becoming effective and in consideration of the proposed amalgamation of the Corporation with and into HDFC Bank, the Corporation will stand dissolved without being wound up and the shareholders of the Corporation as on the record date will receive 42 shares of HDFC Bank (each of face value of ₹ 1), for 25 shares held in the Corporation (each of face value of ₹ 2). This share exchange ratio has been arrived at based on a joint valuation report submitted by two registered valuers and a joint valuation report submitted by two independent chartered accountancy firms, which was supported by a fairness opinion provided by a Securities and Exchange Board of India (SEBI) registered merchant banker.

During the period between the approval of the Scheme by the respective boards of the Corporation and HDFC Bank and up to the effectiveness of the Scheme, the business of the Corporation and HDFC Bank shall be carried out with reasonable diligence and business prudence in the ordinary course, consistent with past practice, in accordance with the applicable laws and as mutually agreed.

The Board of Directors of the Corporation and HDFC Bank have opined that the proposed amalgamation would be in the best interest of the respective companies, their shareholders, employees, creditors and other stakeholders, since the proposed amalgamation will yield advantages as set out, *inter alia,* below:

(a) The amalgamation is based on leveraging the significant complementarities that exist amongst the parties to the Scheme. It would create meaningful value for various stakeholders, including respective shareholders, customers, employees, as the combined business would benefit from increased scale, comprehensive product offering, balance sheet resiliency and the ability to drive synergies across revenue opportunities, operating efficiencies and underwriting efficiencies, amongst others;

(b) HDFC Bank would benefit from a larger balance sheet and networth which would allow underwriting of larger ticket loans and also enable a greater flow of credit into the Indian economy;

(c) The loan book of the Corporation is diversified, having cumulatively financed 9.3 million dwelling units. With the Corporation's leadership in the home loan arena developed over the past 45 years, HDFC Bank would be able to provide customers, flexible mortgage offerings in a cost-effective and efficient manner;

(d) HDFC Bank has access to funds at lower costs due to its high level of current and savings accounts deposits (CASA). With the amalgamation of the Corporation with HDFC Bank, HDFC Bank will be able to offer more competitive housing products;

(e) The Corporation's rural housing network and affordable housing lending is likely to qualify for HDFC Bank as priority sector lending and will also enable a higher flow of credit into priority sector lending, including agriculture; and

(f) The proposed amalgamation is expected to result in bolstering the capital base and bringing in resiliency in the balance sheet of HDFC Bank.

The composite Scheme is subject to receipt of requisite approvals, including from statutory and regulatory authorities, as required under applicable laws. The Scheme has been filed with BSE Limited, National Stock Exchange of India Limited and Reserve Bank of India (RBI).

Impact of COVID-19

The financial year ended March 31, 2022 marked the second year since the World Health Organisation declared the outbreak of COVID-19 as a pandemic. During the year under review, countries across the globe continued to face economic and social disruptions along with the loss of lives and livelihoods. Eruptions of new waves and variants of the virus necessitated localised restrictions and lockdown.

In April 2021, India witnessed a second wave of infections followed by another wave of infections in the fourth quarter of FY22. Details of the impact of COVID-19 are elucidated in the Management Discussion and Analysis Report.

Management Discussion and Analysis Report (MD&A), Report of the Directors on Corporate Governance and Business Responsibility and Sustainability Report

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and directions issued by RBI, the MD&A and the Report of the Directors on Corporate Governance form part of this report.

As recommended by SEBI, the Corporation has voluntarily adopted the Business Responsibility and Sustainability Reporting format in place of the Business Responsibility Report. In accordance with the Listing Regulations, this report has been placed on the Corporation's website.

Key Regulatory Changes

The RBI had mandated the introduction of Risk-Based Internal Audit for all deposit taking housing finance companies with effect from June 30, 2022. Accordingly, the Corporation has put in place a Risk-Based Internal Audit Policy and has appointed a senior executive, Mr. Arjun Gupta as the Head of Internal Audit.

Further, in line with Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 (RBI HFC Directions), the Corporation adopted the guidelines on maintenance of Liquidity Coverage Ratio with effect from December 1, 2021.

On October 22, 2021, RBI notified Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs. This is an integrated framework with respect to capital requirements, governance standards, prudential regulation effective from October 1, 2022. Based on the criteria specified in the said framework, RBI is expected to intimate NBFCs categorised as NBFC-Upper Layer (NBFC-UL) in accordance with SBR. Entities classified as NBFC-UL would warrant enhanced regulatory requirements based on various parameters as identified by RBI.

The RBI vide its circular dated November 12, 2021 provided clarifications on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances (IRACP). The Corporation has complied with the requirements of the said circular.

The RBI has issued various other circulars, in an endeavour to streamline and harmonise regulations between banks and NBFCs. RBI has provided various timelines for compliance with the same for NBFCs. Further details are elucidated 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, 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 demand for individual housing continued to remain robust.

During the year, individual approvals and disbursements grew by 38% and 37% respectively.

The Assets Under Management (AUM) as at March 31, 2022 amounted to ₹ 6,53,902 crore as compared to ₹ 5,69,894 crore in the previous year – a growth of 15%.

On an AUM basis, the growth in the individual loan book was 17%.

The Corporation’s outstanding loan book stood at ₹ 5,68,363 crore as at March 31, 2022, compared to ₹ 4,98,298 crore in the previous year.

During the year, the Corporation assigned individual loans amounting to ₹ 28,455 crore compared to ₹ 18,980 crore in the previous year.

As at March 31, 2022, the outstanding amount in respect of individual loans sold was ₹ 83,880 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 guidelines on Private Placement of Non-Convertible Debentures (NCDs) as per the RBI HFC Directions. The Corporation 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, 2022 amounted to ₹ 1,60,900 crore as compared to ₹ 1,50,131 crore in the previous year.

CRISIL and ICRA have for the twenty-seventh 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, 2022, public deposits amounting to ₹ 581 crore had not been claimed by 29,777 depositors. Since then, 3,697 depositors have claimed or renewed deposits of ₹ 95 crore.

Depositors were intimated regarding the maturity of deposits with a request to either renew or claim their deposits. Where the deposit remains unclaimed, reminders 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 ₹ 5 crore was transferred to the IEPF.

Capital Adequacy Ratio

As at March 31, 2022, the Corporation's capital adequacy ratio (CAR) stood at 22.8%, of which Tier I capital was 22.2% and Tier II capital was 0.6%.

As per regulatory norms, the minimum required capital adequacy ratio is 15%, of which the minimum Tier I capital requirement is 10%.

Corporate Social Responsibility (CSR)

During the year, the Corporation's CSR activities were undertaken in accordance with the board approved Annual Action Plan, which focused primarily on core sectors of education and healthcare, including COVID-19 health measures. Other sectors included environment, supporting persons with disability, community development and livelihoods.

The Corporation prioritised key sub-thematic areas within each of the above sectors to ensure that the CSR interventions were targeted optimally. The Corporation contributed directly to implementing agencies 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, the amount spent during the year under review and the executive summaries of impact assessment reports of CSR projects completed 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.

On April 22, 2021, the Corporation completed the sale of equity shares of Good Host Spaces Private Limited (Good Host) aggregating to a total consideration of ₹ 216 crore. Post the said sale, Good Host ceased to be an associate of the Corporation.

In accordance with the directives issued by RBI with regard to reduction of the Corporation's shareholding in HDFC ERGO General Insurance Company Limited (HDFC ERGO) to 50% or below, the Corporation on May 11, 2021 completed sale of 44,12,000 equity shares of HDFC ERGO to ERGO International AG, the foreign promoter of HDFC ERGO at a price of ₹ 536 per equity share, aggregating to a total consideration of ₹ 236 crore. Post the said sale, the shareholding of the Corporation in HDFC ERGO stood at 49.98% of its issued and paid-up capital and accordingly, HDFC ERGO ceased to be a subsidiary of the Corporation under the Companies Act, 2013. It, however, continues to be consolidated as a subsidiary in terms of Indian Accounting Standards.

On January 1, 2022, pursuant to receipt of requisite approvals, HDFC Life Insurance Company Limited (HDFC Life) completed the acquisition of 100% shareholding of Exide Life Insurance Company Limited (Exide Life) from Exide Industries Limited. Consequently, Exide Life became a wholly-owned subsidiary of HDFC Life. On January 21, 2022, the Board of Directors of HDFC Life approved a Scheme of Amalgamation between Exide Life and HDFC Life, subject to approval of the shareholders and applicable regulatory authorities.

During the year, subsequent to the rights issue of True North Ventures Private Limited (True North), the shareholding of the Corporation in True North reduced to 19.79%. Accordingly, True North ceased to be an associate of the Corporation.

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 forms 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 3,599 employees as of March 31, 2022. During the year, 16 employees employed throughout the year were in receipt of remuneration of ₹ 1.02 crore or more per annum and 4 employees employed for part of the year were 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 members of the ICC. During the year, two complaints were received by the ICC which were reviewed and disposed of and accordingly, there were no complaints pending as at March 31, 2022.

Particulars of Loans, Guarantees or Investments

Since the Corporation is an NBFC-HFC, the disclosures regarding particulars of loans/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 the notes to the financial statements of the Corporation for the year ended March 31, 2022 (note 10).

Particulars of Contracts or Arrangements with Related Parties

The particulars of contracts or arrangements with related parties required to be disclosed 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. During the year, pursuant to the amendment of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with respect to related party transaction norms, the said policy was amended to align it with the applicable amendments.

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, 2022, earnings in foreign currency stood at ₹ 0.04 crore and expenditure in foreign currency stood at ₹ 448 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)

Presently, the stock options granted to the employees operate under ESOS-07, ESOS-08, ESOS-14, ESOS-17 and ESOS-20 schemes. During the year, 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 and Sweat Equity) Regulations, 2021 (SBEB Regulations). The Corporation has obtained a certificate from secretarial auditors on the same. During the year under review, the Corporation granted 2,66,000 options under ESOS-20 to a few employees who joined the Corporation in FY22.

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

Further, on May 2, 2022, the Nomination and Remuneration Committee of Directors of the Corporation under ESOS-20, granted 59,33,952 stock options equally to 3,672 eligible employees, including three whole-time directors at an exercise price of ₹ 2,229.70 per equity share, being the latest available closing price of the equity share on the National Stock Exchange of India Limited, prior to the date of the above-mentioned meeting. The vesting and exercise schedule is the same as earlier grants under ESOS-20.

Unclaimed Dividend and Shares

As at March 31, 2022, dividend amounting to ₹ 23 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 ₹ 3 crore for FY14 was transferred to the IEPF on August 30, 2021. Further, in compliance with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the Corporation transferred 86,465 equity shares of ₹ 2 each (corresponding to the dividend for FY14 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 of which is detailed on the Corporation's website.

The unclaimed dividend in respect of final dividend for FY15 must be claimed by shareholders on or before August 26, 2022, 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

Mr. Nasser Munjee and Dr. J. J. Irani retired as the independent directors of the Corporation with effect from July 20, 2021 on account of completion of their respective tenures.

The board places on record its sincere appreciation and gratitude for the wise counsel, guidance and enormous contributions made by Mr. Nasser Munjee and Dr. J. J. Irani to the board over the years by sharing their rich experience, knowledge and varied expertise.

The board based on the recommendation of the Nomination and Remuneration Committee appointed Mr. Rajesh Narain Gupta as an independent director of the Corporation and Mr. P. R. Ramesh as a non-executive, non-independent director of the Corporation, with effect from August 2, 2021. The members of the Corporation on November 10, 2021 approved the appointment of Mr. Rajesh Narain Gupta as an independent director for a period of 5 years and Mr. P. R. Ramesh as a non-executive, non-independent director, liable to retire by rotation, through postal ballot. Further details are provided in the Report of Directors on Corporate Governance.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Corporation, Mr. Deepak S. Parekh and Mr. V. Srinivasa Rangan are liable to retire by rotation at the ensuing Annual General Meeting (AGM). They are eligible for re-appointment.

The board at its meeting held on May 2, 2022, approved the re-appointment of Ms. Renu Sud Karnad as the Managing Director of the Corporation for a period of 2 years with effect from September 3, 2022. The re-appointment is subject to the approval of the members of the Corporation at the ensuing AGM. Ms. Renu Sud Karnad continues to be liable to retire by rotation.

Whilst considering the re-appointment of Ms. Renu Sud Karnad, the board noted that in view of the proposed amalgamation of the Corporation with and into HDFC Bank, subject to approvals and being made effective within a period of 12-15 months. The tenure of Ms. Renu Sud Karnad would be limited to the effective date of amalgamation. The board, however, after considering other contingencies that may arise in future, if any, approved the re-appointment of Ms. Renu Sud Karnad for a period of 2 years.

The necessary resolution for the re-appointment of directors and their brief profiles have 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

During the year, the RBI had issued guidelines for the appointment of statutory auditors and relevant FAQs (RBI guidelines). Pursuant to the said RBI guidelines, Messrs B S R & Co. LLP, Chartered Accountants, being ineligible to continue as the statutory auditors of the Corporation, tendered its resignation with effect from November 10, 2021. The board places on record its appreciation for the professional services rendered by Messrs B S R & Co. LLP during their association with the Corporation as its statutory auditors.

In line with the said RBI guidelines and based on the recommendation of the Audit and Governance Committee and the Board of Directors, the members of the Corporation vide resolution passed by way of postal ballot on November 10, 2021, approved the appointment of Messrs S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. 301003E/E300005 issued by The Institute of Chartered Accountants of India) and Messrs G. M. Kapadia & Co., Chartered Accountants (Firm Registration No. 104767W issued by The Institute of Chartered Accountants of India), as joint statutory auditors of the Corporation for a period of 3 consecutive years, subject to them continuing to fulfil the applicable eligibility norms.

During the year, the total remuneration paid by the Corporation and some of its subsidiaries to Messrs B S R & Co. LLP, and its network firm entities, to Messrs S.R. Batliboi & Co. LLP, and its network firm entities and Messrs G. M. Kapadia & Co. was ₹ 3.41 crore, ₹ 2.26 crore and ₹ 1.34 crore respectively. The remuneration pertains to fees for audit, internal financial control reporting, limited reviews, tax audits and taxation services, certifications and other matters during their respective tenures. Further details of remuneration paid by the Corporation to the said audit firms are provided in note 33.3 of the financial statements.

The Joint Statutory Auditors' Report annexed to the financial statement for the year under review does not contain any qualifications.

The joint statutory auditors have confirmed that they continue to satisfy the eligibility norms and independence criteria as prescribed by RBI guidelines and the Companies Act, 2013.

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 BNP & Associates, practicing company secretaries undertook the secretarial audit of the Corporation for FY22. 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.

Significant and Material 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 July 2021, National Housing Bank (NHB) imposed a monetary penalty of ₹ 4,75,000 on the Corporation for technical non-compliance with NHB circular NHB(ND)/DRS/PolNo.58/2013-14 dated November 18, 2013 and NHB(ND)/DRS/Policy Circular No.75/2016-17 dated July 1, 2016. The Corporation paid the penalty on July 19, 2021. 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, 2022 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 FY22 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

Apart from the proposed amalgamation as disclosed elsewhere in this report, there are no material changes and commitments affecting the financial position of the Corporation which have occurred after March 31, 2022 till the date of this report.

Acknowledgements

The directors place on record their gratitude for the support of various regulatory authorities including RBI, NHB, Competition Commission of India, SEBI, Insurance Regulatory and Development Authority of India, Pension Fund Regulatory and Development Authority, Ministry of Finance, 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.

On behalf of the Board of Directors

MUMBAI
May 2, 2022

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 FY22

Name	Designation	Ratio of remuneration to the median employees' remuneration
Mr. Deepak S. Parekh	Chairman	27
Mr. Nasser Munjee	Independent Director	4
Dr. J. J. Irani	Independent Director	4
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. P. R. Ramesh	Non-Executive Non-Independent Director	1
Mr. Rajesh Narain Gupta	Independent Director	1
Mr. V. Srinivasa Rangan	Executive Director	105
Ms. Renu Sud Karnad	Managing Director	138
Mr. Keki M. Mistry	Vice Chairman & CEO	156

Notes:

1. Mr. Nasser Munjee and Dr. J. J. Irani retired as directors of the Corporation w.e.f. July 20, 2021.
2. Mr. Rajesh Narain Gupta and Mr. P. R. Ramesh were appointed as directors w.e.f. August 2, 2021.
3. Remuneration to non-executive directors includes sitting fees and commission paid.
4. Remuneration paid to all directors is within the overall limits approved by the shareholders of the Corporation.

Percentage increase in the remuneration of each director and key managerial personnel in FY22

Key Managerial Personnel

Name	Designation	Increase in Remuneration (%)
Mr. Keki M. Mistry	Vice Chairman & CEO	13
Ms. Renu Sud Karnad	Managing Director	14
Mr. V. Srinivasa Rangan	Executive Director	18
Mr. Ajay Agarwal	Company Secretary	15

Non-Executive Directors

During FY22, the commission to each non-executive director (other than the Chairman) was increased to ₹ 60 lac from ₹ 45 lac in the previous year. The commission to the Chairman was increased to ₹ 3.30 crore compared to ₹ 3 crore in the previous year. The increase was commensurate with the increased responsibilities and time requirements on the part of the directors on issues pertaining to the Corporation.

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 3,599 employees as of March 31, 2022.

Percentage increase in the median remuneration of employees in FY22

The percentage increase in the median remuneration of employees in FY22 stood at 8%.

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

The average increase in the remuneration of all employees was 13% in FY22. The average increase in remuneration of whole-time directors stood at 14% and that of other employees was 13%.

The average increase in the remuneration of both, the managerial and non-managerial personnel was determined based on the overall performance of the Corporation. Further, the criteria for increase in remuneration of non-managerial personnel is based on an internal evaluation of Key Result Areas (KRAs), while the increase in remuneration of the managerial personnel is also based on the remuneration policy as recommended by the Nomination and Remuneration Committee of Directors and approved by the Board of Directors. There were no exceptional circumstances which warranted an increase in managerial remuneration which was not justified by the overall performance of the Corporation.

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 2021- March 2022	HDFC Bank Ltd. has an option to buy up to 70% of the loans disbursed out of the loans sourced by it for the Corporation. As per the agreement, the loans continue to be serviced by the Corporation, for which it is paid a consideration on mutually agreeable terms.	-	-

The above-mentioned material related party transaction was entered into by the Corporation in the ordinary course of business and was duly approved by the Audit and Governance Committee of Directors and Members of the Corporation. 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 2, 2022

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 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 the Corporation 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 the core sectors of Education, and Healthcare. The Corporation also recognizes the need to play a strong role in ensuring Environment Sustainability; therefore programmes in the areas of waste management, green (solar) energy and urban ecological restoration are part of its CSR activities. Further, projects in Livelihoods focused on women and migrant workers and supporting Persons with Disabilities as target groups are also undertaken.

The main objective of the CSR Policy is to lay down guidelines for CSR spending and to support programmes aimed at development of communities who are inequitably endowed. 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).**

Pls. refer Annexure 3A for the Executive Summary of Impact Assessments undertaken during the year.

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	-	-
2	2021-22	-	3.50
	TOTAL	**-**	**3.50**

6. **Average net profit of the company as per section 135(5)** ₹ 9,520.70 Crore

7.

Sr. No.		(₹ Crore)
7 a)	Two percent of average net profit of the company as per section 135(5)	190.41
7 b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	0.12
7 c)	Amount required to be set off for the financial year, if any	-
7 d)	Total CSR obligation for the financial year (7a + 7b - 7c)	190.53

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)		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
194.03	-	-	-	-	-

(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)	Mode of Implementation Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				District (State)						Name	CSR Registration number
1A	**COVID-19 Support -** *Preventive and curative healthcare equipment and supplies*	(i) Promoting healthcare, including preventive healthcare		Dhubri, Dima Hasao, Hailakandi, Karbi Anglong, Kamrup Rural, Majuli, Sonitpur, South Salmara Mancachar, West Karbi Anglong (Assam); Bishnupur, Chandel, Churachandpur, Imphal East, Jiribam, Kakching, Kamjong, Noney, Pherzwal, Senapati, Tamenglong, Tengnoupal, Ukhrul (Manipur)	Upto 18 months	2.32	2.32	-	No	H T Parekh Foundation	CSR00000821

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)	Mode of Implementation Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				District (State)						Name	CSR Registration number
2A	**Education - Higher Education & Research** *Programmes targeting institutional support and need based scholarships*	(ii) Promoting education		Pan India	Upto 30 months	21.54	21.54	-	No	H T Parekh Foundation, Buddy4Study India Foundation	CSR00000821, CSR00000121
2B	**Education - Foundational Learning** *Programmes focused on systems strengthening, teacher capacity building, school infrastructure support and development of resources to address learning gaps*	(ii) Promoting education		New Delhi; Durg (Chhattisgarh); Satara, Latur (Maharashtra); Betul, Mandla (Madhya Pradesh)	Upto 37 months	4.83	4.83	-	No	H T Parekh Foundation	CSR00000821
2C	**Education - Early Childhood Education** *Programmes addressing holistic development of pre-school children to ensure better school readiness*	(ii) Promoting education		Mumbai, Parbhani (Maharashtra); Multiple Districts (Haryana, Punjab); Bengaluru (Karnataka)	Upto 48 months	2.08	2.08	-	No	H T Parekh Foundation	CSR00000821
2D	**Education - Career Readiness & Lifeskills** *Programmes for secondary school students, especially girls to stay in & complete school, develop leadership skills and career readiness*	(ii) Promoting education		Multiple districts (Madhya Pradesh); Mumbai, Pune (Maharashtra)	Upto 21 months	1.14	1.14	-	No	H T Parekh Foundation	CSR00000821

HDFC

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)	Mode of Implementation Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				District (State)						Name	CSR Registration number
3A	**Healthcare - Cancer Support** *Programmes for prevention, early diagnosis, treatment & care*	(i) Promoting healthcare, including preventive healthcare		Guwahati (Assam); Varanasi (Uttar Pradesh); Kolkata (West Bengal)	Upto 37 months	1.80	1.80	-	No	H T Parekh Foundation	CSR00000821
3B	**Healthcare - Nutrition** *Programmes for capacity building of frontline workers and access to nutritious food & supplements for maternal & child health*	(i) Promoting healthcare, eradicating malnutrition		Panipat, Palwal (Haryana); Koppal (Karnataka); Chhindwara (Madhya Pradesh); Mumbai, Gadchiroli (Maharashtra)	Upto 43 months	5.74	5.74	-	No	H T Parekh Foundation	CSR00000821
4A	**Skilling & Livelihoods - Migrants Welfare** *Programmes for access to social security & entitlements, job link support for migrant workers*	(ii) Promoting livelihood enhancement projects (iii) Measures for reducing inequalities faced by socially & economically backward groups		Delhi; Gautam Buddha Nagar, Ghaziabad, Lucknow, Kanpur Nagar (Uttar Pradesh); Gurugram, Faridabad (Haryana); Mumbai, Thane, Palghar, Pune, Raigad (Maharashtra); Bengaluru (Karnataka)	Upto 30 months	5.52	5.52	-	No	H T Parekh Foundation	CSR00000821
4B	**Skilling & Livelihoods - Women focused Livelihoods** *Programmes for job-linked skilling & livelihood enhancement in rural & urban locations for women*	(ii) Employment enhancing vocational skills, livelihood enhancement projects especially amongst women (iii) Promoting Gender Equality		Ahmednagar, Nashik, Pune (Maharashtra)	Upto 48 months	1.53	1.53	-	No	H T Parekh Foundation	CSR00000821
5A	**Environment - Solid & Liquid Waste Management** *Programmes for solid waste management primarily in urban cities*	(iv) Ensuring environmental sustainability		Kangra (Himachal Pradesh)	Upto 43 months	0.80	0.80	-	No	H T Parekh Foundation	CSR00000821

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)	Mode of Implementation Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				District (State)						Name	CSR Registration number
5B	**Environment-Clean (Solar) Energy** *Programmes for supporting effective solar energy systems for institutions*	(iv) Ensuring environmental sustainability (ix) Contribution to incubators in the field of Science, Technology, Engineering funded by any agency of the Central Government		Multiple Districts (Assam, Manipur & Meghalaya)	Upto 28 months	0.74	0.74	-	No	H T Parekh Foundation	CSR00000821
5C	**Environment – Other Ecological Interventions**	(iv) Ensuring environmental sustainability		Bengaluru (Karnataka); Multiple Districts (Maharashtra); Sonitpur (Assam)	Upto 41 months	3.01	3.01	-	No	H T Parekh Foundation	CSR00000821
6	**Urban Sanitation** *Programmes for creating access to & improvement of sustainable urban sanitation infrastructure*	(i) Promoting sanitation		Jodhpur (Rajasthan); New Delhi	Upto 20 months	0.84	0.84	-	No	H T Parekh Foundation, Sulabh International Social Service Organisation	CSR00000821, CSR00000185
7	**Supporting Persons with Disabilities (PwDs)** *Programmes targeting healthcare, education & livelihoods to improve the quality of life for PwDs*	(i) Promoting healthcare, including preventive healthcare (ii) Promoting education including special education, promoting employment, enhancing vocational skills especially amongst the differently abled (vii) Training for paralympics sports		Gurugram (Haryana); Mumbai (Maharashtra); Kanchipuram, Theni, Villupuram (Tamil Nadu); Dehradun (Uttarakhand); Hyderabad (Telangana)	Upto 46 months	4.97	4.97	-	No	H T Parekh Foundation	CSR00000821
8	**Promotion of the Arts** *Programmes to preserve, promote and propagate performing arts and Indian culture*	(v) Protection, promotion & development of art and culture		Mumbai (Maharashtra)	Upto 24 months	1.75	1.75	-	No	H T Parekh Foundation	CSR00000821
	GRAND TOTAL					**58.61**	**58.61**				

(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
1A	**COVID-19 Support** *Preventive and curative healthcare equipment & supplies and vaccination programmes for low income communities*	(i) Promoting healthcare, including preventive healthcare		Purvi Champaran (Bihar); Ahmedabad (Gujarat); Pulwama (Jammu & Kashmir); Bengaluru, Chikkaballapur, Doddaballapura, Koppal, Mangalore (Karnataka); Ernakulum (Kerala); Churachandpur; (Manipur); Palghar, Wardha, Pune, Nagpur, Mumbai, Amravati, Thane (Maharashtra); New Delhi; Udaipur (Rajasthan); Chennai, Madurai, Vellore (Tamil Nadu); Peddapalli (Telangana); Kanpur (Uttar Pradesh); Nadia, North 24 Parganas, Purba Bardhaman, Kolkata, Howrah, Mayapur, Sonargachi, Jhargram (West Bengal)	33.81	No	H T Parekh Foundation; Dr M L Dhawale Memorial Trust, CII Foundation, Surya Bio Medical Research Centre, Narayana Hrudalaya Charitable Trust, Samaritan Help Mission, E and H Foundation, Doctors For You	CSR00000821, CSR00002539, CSR00001013, CSR00015357, CSR00004596, CSR00000896, CSR00005179, CSR00000608
1B	**COVID-19 Support** *Direct procurement of healthcare equipment for long term health infrastructure*	(i) Promoting healthcare, including preventive healthcare		Visakhapatnam (Andhra Pradesh); Guwahati (Assam); Tamenglong (Manipur); Dimapur (Nagaland)	1.65	Yes (Vendor procure-ments)	NA	
1C	**COVID-19 Support** *Community based relief activities including support for children*	(xii) Disaster management, including relief, rehabilitation		Muzaffarpur, Supaul, West Champaran, Jamui, Begusarai, Patna, Khagariya, Madhepura, Purnea, Nalanda, Sambalpur, Jahanabad, Gaya (Bihar); Kanker, Mahasamund, Raigarh, Ambikapur, Rajnandgaon, Bilaspur, Jashpur, Bastar (Chhattisgarh); Ahmedabad (Gujarat); Gurugram (Haryana); Ranchi, Gumla, Dhanbad, Jamshedpur, Hazaribagh, Bokaro, Deoghar (Jharkhand); Khandwa, Barwani, Jhabua, Alirajpur, Dhar, Sidhi (Madhya Pradesh); Mumbai (Maharashtra); New Delhi; Varanasi (Uttar Pradesh); Kolkata, Howrah (West Bengal); Pan India	6.03	No	H T Parekh Foundation	CSR00000821
2A	**Education - Higher Education & Research** *Programmes targeting institutional support and need based scholarships*	(ii) Promoting education		Chittoor (Andhra Pradesh); Sonipat (Haryana); Mandi, Bilaspur, Shimla, Hamirpur (Himachal Pradesh); Gautam Buddha Nagar (Uttar Pradesh)	19.29	No	H T Parekh Foundation	CSR00000821
2B	**Education - Foundational Learning** *Programmes focused on systems strengthening, teacher capacity building, school infrastructure support and development of resources to address learning gaps*	(ii) Promoting education		Ranchi, Sahibganj, Pakur, Palamu, Purbi Singhum, Koderma, Hazaribagh, Dumka (Jharkhand); Mumbai, Thane, Nandurbar, Satara, Solapur, Pune, Latur, Nanded, Parbhani (Maharashtra); Noney (Manipur); Multiple Districts (Sikkim); Chennai, Krishnagiri (Tamil Nadu); Hyderabad (Telangana); Dehradun (Uttarakhand)	11.08	No	H T Parekh Foundation; The Akanksha Foundation	CSR00000821, CSR00001286

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
2C	**Education - Early Childhood Education** *Programmes addressing holistic development of pre-school children to ensure better school readiness*	(ii) Promoting education		New Delhi	0.21	No	H T Parekh Foundation	CSR00000821
2D	**Education - Career Readiness & Lifeskills** *Programmes for secondary school students, especially girls to stay in & complete school, develop leadership skills and career readiness*	(ii) Promoting education		Khandwa, Barwani (Madhya Pradesh); Multiple Districts (Odisha)	5.49	No	H T Parekh Foundation	CSR00000821
3A	**Healthcare - Cancer Support** *Programmes for prevention, early diagnosis, treatment & care*	(i) Promoting healthcare, including preventive healthcare		Cachar (Assam); Mumbai, Pune, Aurangabad, Solapur (Maharashtra); Bengaluru (Karnataka); Pan India; Kolkata (West Bengal)	23.76	No	H T Parekh Foundation & Indian Cancer Society	CSR00000821, CSR00000792
3B	**Healthcare - Nutrition** *Programmes for capacity building of frontline workers and access to nutritious food & supplements for maternal & child health*	(i) Promoting healthcare, eradicating malnutrition		Dibrugarh, Guwahati (Assam); Gurugram, (Haryana); Chandigarh; Bengaluru (Karnataka); Palghar, Mumbai (Maharashtra); New Delhi; Chennai (Tamil Nadu); Gautam Buddha Nagar (Uttar Pradesh); Kolkata (West Bengal)	2.79	No	H T Parekh Foundation	CSR00000821
3C	**Healthcare - Eyecare** *Programmes to support avoidable blindness*	(i) Promoting healthcare, including preventive healthcare		Saran (Bihar); New Delhi; Chennai (Tamil Nadu); Kolkata (West Bengal)	7.00	No	H T Parekh Foundation	CSR00000821
3D	**Healthcare - Paediatric Surgeries** *Programmes supporting treatment for heart & other surgeries amongst children*	(i) Promoting healthcare, including preventive healthcare		Bengaluru (Karnataka); Kochi (Kerala); Mumbai (Maharashtra); New Delhi; Coimbatore, Chennai (Tamil Nadu); Hyderabad (Telangana)	1.65	No	H T Parekh Foundation	CSR00000821
3E	**Healthcare – Other Interventions**	(i) Promoting healthcare		Multiple Districts (Karnataka); Mumbai (Maharashtra); New Delhi; Kolkata (West Bengal)	1.69	No	H T Parekh Foundation	CSR00000821
4A	**Skilling & Livelihoods - Women focused Livelihoods** *Programmes for job-linked skilling & livelihood enhancement in rural & urban locations for women*	(ii) Employment enhancing vocational skills, livelihood enhancement projects, especially amongst women		Gurugram (Haryana); Chikkaballapur (Karnataka); Mumbai (Maharashtra); Koraput, Nabarangpur (Odisha); Chennai (Tamil Nadu); Bally, Durgapur (West Bengal)	3.87	No	H T Parekh Foundation & Vrutti	CSR00000821 & CSR00000538

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 implementa-tion -Direct (Yes/No)	Mode of implementation-Through implementing agency	
				District (State)			Name	CSR Registration number
5A	**Environment - Solid & Liquid Waste Management** *Programmes for solid waste management primarily in urban cities*	(iv) Ensuring environmental sustainability		Mumbai, Navi Mumbai, Pune (Maharashtra); Kolkata (West Bengal); Pan India	1.89	No	H T Parekh Foundation	CSR00000821
5B	**Environment-Clean (Solar) Energy** *Programmes for supporting effective solar energy systems for institutions*	(iv) Ensuring environmental sustainability		Pune, Thane (Maharashtra); Ahmedabad (Gujarat); Raichur, Yadgir, Haveri, Koppal (Karnataka); Sambalpur (Odisha)	4.79	No	H T Parekh Foundation	CSR00000821
5C	**Environment - Other Ecological Interventions**	(iv) Ensuring environmental sustainability		Mumbai (Maharashtra); New Delhi; Kolkata (West Bengal)	3.22	No	H T Parekh Foundation	CSR00000821
6	**Urban Sanitation** *Programmes for creating access to & improvement of sustainable urban sanitation infrastructure*	(i) Promoting sanitation		Kolhapur (Maharashtra); Khorda, Cuttack, Puri (Odisha); Trichy (Tamil Nadu); Hyderabad (Telangana)	2.60	No	H T Parekh Foundation; Eram Scientific Solutions Pvt. Ltd. (Vendor)	CSR00000821
7	**Supporting Persons with Disabilities (PwDs)** *Programmes targeting healthcare, education & livelihoods to improve the quality of life for PwDs*	(i) Promoting healthcare, including preventive healthcare (ii) Promoting education including special education (ii) promoting employment enhancing vocational skills especially amongst the differently abled		Vijayawada, Vishakhapatnam (Andhra Pradesh); Kamrup Metropolitan (Assam); Bengaluru (Karnataka); Trivandrum (Kerala); Mumbai, Pune (Maharashtra); East Khasi Hills (Meghalaya); New Delhi; East Sikkim (Sikkim); Chennai, Coimbatore (Tamil Nadu); Hyderabad (Telangana); West Tripura (Tripura)	3.55	No	H T Parekh Foundation	CSR00000821
8	**Promotion of the Arts** *Programmes to preserve, promote and propagate performing arts and Indian culture*	(v) Protection, promotion & development of art and culture, restoration of buildings & sites of historical importance		Ahmedabad (Gujarat); Mumbai (Maharashtra)	0.55	No	H T Parekh Foundation; Mahila Housing SEWA Trust	CSR00000821, CSR00001364
	GRAND TOTAL				**134.92**			

d)	**Amount spent on Administrative Overheads Note 3**	-
e)	**Amount spent on Impact Assessment, if applicable**	**₹ 0.50 Crore**
f)	**Total amount spent for the Financial Year (8b + 8c + 8d + 8e)**	**₹ 194.03 Crore**
g)	**Excess amount for set off, if any**	

Sr. No.	Particular	Amount (₹ Crore)
(i)	Two percent of average net profit of the company as per section 135(5) – Note 4	190.41
(ii)	Total amount spent for the Financial Year	194.03
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	3.62
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.12
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	3.50

Notes:

1. The Head office of the Corporation is located in Mumbai and its business is conducted across India through branches and service centres. In line with this, the Corporation's CSR projects are also undertaken across the country.
2. Amount allocated towards the project for FY 2021-22 only.
3. Administrative expenses have been incurred from the interest income earned by the H T Parekh Foundation during the year.

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.	2020 - 21	-	-	-	-		-
2.	2021 – 22	-	-	-	-		-
	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 28 Months	61.57	14.66	61.57	Completed
1B		Education - Foundational Learning	2019-20	Upto 37 months	18.72	6.69	18.72	Ongoing
1C		Education - Early Childhood Education	2019-20	Upto 48 months	7.04	1.59	7.04	Ongoing
1D		Education - Career Readiness & Lifeskills	2019-20	Upto 30 months	4.78	2.11	4.53	Ongoing
2A		Healthcare - Cancer Support	2019-20	Upto 37 months	9.74	0.75	9.74	Ongoing
2B		Healthcare- Nutrition	2019-20	Upto 24 months	13.57	5.74	13.57	Ongoing

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
3A		Skilling & Livelihoods – Women focused Livelihoods	2019-20	Upto 25 months	10.26	3.31	10.26	Ongoing
3B		Skilling & Livelihoods - Migrants Welfare	2020-21	Upto 30 months	9.45	5.52	9.45	Ongoing
4A		Environment - Solid & Liquid Waste Management	2019-20	Upto 43 months	1.81	0.80	1.81	Ongoing
4B		Environment - Clean (Solar) Energy	2019-20	Upto 28 months	2.20	0.84	2.20	Ongoing
4C		Environment - Other Ecological Interventions	2019-20	Upto 41 months	7.14	2.27	5.64	Ongoing
5		Urban Sanitation	2019-20	Upto 24 months	2.75	0.75	2.75	Completed
6		Promotion of the Arts & Heritage Restoration	2019-20	Upto 27 months	1.25	0.35	1.25	Completed
	TOTAL				**150.28**	**45.38**	**148.53**	

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 4]	Details of the entity or public authority or beneficiary under whose name the capital asset is registered
26 April 2021	34 KWp, grid connected rooftop Solar Power System, at Vishranthi senior citizens home	0.16	**Vishranthi Trust** 11th Km, Hoskote-Malur Road, Jadigenahalli P.O. Bengaluru - 562114, Karnataka
1 May 2021	A 40 Kilolitre per day Faecal Sludge and Septage Management (FSSM) plant	2.11	**Hyderabad Metropolitan Water Supply & Sewerage Board,** Government of Telangana. Integrated Sanitation Resource Park Nalla Cheruvu Uppal Hyderabad - 500039, Telangana
31 May 2021	6 E-toilets, comprising an integrated public toilet cum Self Help group run retail shop, across 3 municipal corporations	0.53	1. **Cuttack Municipal Corporation** The Commissioner, Cuttack Municipal Corporation, Choudhury Bazar, Cuttack 753001, Odisha **3 E-Toilets:** - OMP Square, Cuttack - Madhupatna Police Station, Cuttack - Near Baliyatra Padiya, Gadagadiya Temple, Cuttack 2. **Bhubaneshwar Municipal Corporation** - Vivekananda Marg Bhubaneshwar – 751014, Odisha **1 E-Toilet:** Raj Mahal Chhak, Bhubaneshwar 3. **Puri Municipal Corporation** - Chakra Tirtha Road, Puri, Odisha 752002 **2 E-Toilets:** - Puri Municipal Bus Stand, Puri - Digabareni Beach, Puri

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 4]	Details of the entity or public authority or beneficiary under whose name the capital asset is registered
25 June 2021	30 nos. Wipro GE Carescape R860 ICU ventilators	3.29	1) **Bhagwan Mahaveer Jain Hospital (5 nos.)** Bengaluru – 560052, Karnataka 2) **Sri Jaydeva Institute of Cardiovascular Sciences & Research (5 nos.)** Bengaluru – 560069, Karnataka 3) **The Madras Medical Mission (2 nos.)** Chennai – 600037, Tamil Nadu 4) **Kasturba Hospital (2 nos.)** Wardha- 442102, Maharashtra 5) **B J Government Medical College and Sassoon General Hospital (4 nos.)** Pune – 411001, Maharashtra 6) **Christian Medical College (CMC) (5 nos.)** Vellore – 632004, Tamil Nadu 7) **KEM Hospital, Pune (3 nos.)** Pune – 411011, Maharashtra 8) **St Joseph's Hospital (2 nos.)** Nagpur – 441501, Maharashtra 9) **Dr Hedgewar Institute of Medical Sciences & Research (2 nos.)** Badnera Road, Amravati – 444601, Maharashtra.
25 June 2021	50 nos. Wipro GE Carescape R860 ICU ventilators	5.60	1) **Swami Vivekanand Medical Mission Hospital (2 nos.)** Nagpur – 441108, Maharashtra 2) **The Gujarat Cancer and Research Institute (5 nos.)** Ahmedabad - 380016, Gujarat 3) **Govt. Rajaji Hospital (3 nos.)** Madurai - 625020, Tamil Nadu 4) **Municipal Corporation of Greater Mumbai (20 nos.)** MCGM HQ, Mumbai - 400001, Maharashtra 5) **Haffkine Bio Pharmaceutical Corporation Ltd. (20 nos.)** Parel, Mumbai – 400012, Maharashtra.
16 July 2021	113.46 KWp, grid connected Solar Power System, at the Director of Police Wireless campus	1.18	**Director of Wireless Police** D.P.W. Office, Pashan Road Pune– 411008, Maharashtra.
28 July 2021	1 advance life support ambulance Model: Force Traveller Model 3350 BSVI PS	0.25	**District Hospital** Churachandpur, Manipur – 795128.

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 4]	Details of the entity or public authority or beneficiary under whose name the capital asset is registered
30 July 2021	40.38 KWp off grid Solar Power System, at Adhar's lifecare centre for adults with disability	1.05	**Association of Parents of Mentally Retarded Children (Adhar)** Thakurwadi, Badlapur (W), District Thane - 421503, Maharashtra.
28 August 2021	1 basic life support ambulance Model: Force Motors Trax Cruiser	0.12	**District Hospital Tamenglong,** Duigailong, Tamenglong - 795141 Manipur.
31 August 2021	100 nos. Emvolio (EMVPRO) carrier refrigerators for vaccines across 17 districts (Assam and Manipur)	0.95	1) **Directorate of Health Services (Family Welfare),** Swasthaya Bhawan, Guwahati – 781036, Assam. **Units – 50** 2) **Family Welfare Directorate,** Thangal Bazar, Imphal – 795001, Manipur. **Units – 50**
31 August 2021	5 public toilet blocks outside Delhi Metro Rail Stations	1.16	**Delhi Metro Rail Corporation (DMRC)** 1) Karkarduma Metro Station, New Delhi -110092 2) Nehru Place Metro Station, New Delhi -110019 3) Suraj Park, Samaypur Badli, Sector 18, Rohini, New Delhi, 110042 4) Block C, Sector 19, Rohini, New Delhi -110089 5) Nizamuddin East, New Delhi - 110013
13 September 2021	1 advance life support ambulance Model: Force Traveller Type D	0.24	**Christian Institute of Health Science & Research (CIHSR),** 4th Mile, Dimapur, P.B. No. 31 Nagaland – 797115.
14 September 2021 - 31 March 2022	10 nos. Oxygen (PSA) Plants: - 2 nos. (300 Litre Per Minute capacity) - 8 nos. (500 Litre Per Minute capacity)	5.91	1) **St Catherine's Hospital (1 unit – 300 LPM)** The Mall, Kanpur - 208001, Uttar Pradesh 2) **Yamuna Sports Complex COVID-19 Extension Hospital (2 units)** Kakardooma, New Delhi - 110 092 3) **Peddapalli Govt. Hospital (1 unit)** Peddapalli, Telangana - 505172 4) **Yenepoya Medical College (1 unit)** Deralakatte, Karnataka - 575018 5) **Doddaballapur Hospital (1 unit)** Jangamkote, Chikkaballapur Karnataka - 562102 6) **Sub Divisional Hospital Chakia (1 unit)** East Champaran, Bihar – 845412 7) **District Hospital (1 unit)** Pulwama, J&K - 192301 8) **Dr Bhubhaneshwar Borooah Cancer Institute (1 unit)** Guwahati-781016, Assam 9) **Homi Bhabha Cancer Hospital and Research Centre (1 unit)** Visakhapatnam – 530053, Andhra Pradesh

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 4]	Details of the entity or public authority or beneficiary under whose name the capital asset is registered
15 September 2021	10 nos. Multipara monitors for ICU Model – 'PARA 1005'	0.06	**Dr M L Dhawale Memorial Trust** Rural Homoeopathic Hospital Palghar-401404, Maharashtra.
31 December 2021	Multiple dental treatment and diagnostics equipment: Gnatus dental chair, light head, Way syringe, Vmax suction tools	0.04	**Ramakrishna Mission** Ramakrishna Ashram Marg New Delhi – 110055.
17 January 2022	Multiple diagnostic/laboratory equipment: - Morita Tri Mini Endomotor - Yumizen 500-Horiba Haematology Analyser	0.06	**Ramakrishna Mission** Ramakrishna Ashram Marg New Delhi – 110055.
10 February 2022	Construction of 2 school sanitation blocks for the school	0.08	**Paangkriang Friendship School** Ijeirong Village, Noney District, Manipur – 795156.
10 March 2022	1 paediatric endoscopy system Model: Olympus 190 series	1.05	**Lokmanya Tilak Municipal and General Hospital** Sion (West), Mumbai – 400022, Maharashtra.
18 March 2022	15 nos. multiple diagnostic equipment: - **Thermofisher:** Vortex Mixer, Biosafety Cabinet, Minus 80 Degree freezer; Pipettes, Dry Bath table top, Non-refrigerated Centrifuge, Nano Centrifuge - **Biobee:** PCR Work Station - **Elanpro:** Minus 20 Degree freezer - **Biomerieux:** BioFire Torch 1.0 Myla PC machine - **ThermoScientific:** RTPCR System - **Medrad:** PET CT Pressure Injector - **Ipaqt:** Genexpert - **Bet Medical:** Operation Theatre Light - **Valley Lab:** Electrosurgical Generator	1.44	**Sri Shankara Cancer Hospital** Shankarapuram, Basavanagudi, Bengaluru – 560004, Karnataka.
21 March 2022	Customised vehicle for free hot meal distribution Model: Mahindra JAYO CBC, BS6	0.19	**Santosh Lalita Jain Foundation,** Principt Street, Kolkata, West Bengal - 700072.
25 March 2022	50-bed extension hospital	1.65	**The Voluntary Health Services (VHS)** SH 49A, Pallipattu, Tharamani Chennai– 600113, Tamil Nadu.

HDFC

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 4]	Details of the entity or public authority or beneficiary under whose name the capital asset is registered
25 March 2022	PET CT system Model: Phillips Ingenuity TF-128 slice PET CT system	8.50	**Sri Shankara Cancer Hospital** Shankarapuram, Basavanagudi, Bengaluru - 560004 Karnataka.
31 March 2022	- Wipro GE Digital 3D Mammography machine (Pristina 3D Tomosystem) - Siemens RT Planning Radiotherapy couch	2.72	**The Cachar Cancer Hospital Society** Meherpur, Silchar, Cachar - 788015 Assam.
31 March 2022	150 nos. Emvolio (EMVPRO) carrier refrigerators for vaccines in 9 districts of Assam	1.0	**Directorate of Health Services (Family Welfare),** Swasthaya Bhawan, Guwahati – 781036, Assam.
31 March 2022	20 nos. CareNX Caremother Fetosense units for foetal heart rate monitoring	0.29	1) **Primary Health Center (1 unit)** Gumballi Post, Yalandur Taluka, Chamarajnagar - 571441, Karnataka 2) **Primary Health Center (1 unit)** Halkurke Post, Tiptur Taluka, Tumkur - 572201, Karnataka 3) **Primary Health Center (1 unit)** Baluvaneralu Post, Tiptur Taluka Karnataka - 527717 4) **Primary Health Center (1 unit)** Dindavara Post, Hiriyur Taluka, Chithradurga - 577598, Karnataka 5) **Primary Health Center (1 unit)** Mallapura Post, Jagalur Taluka, Davangere - 577528, Karnataka 6) **Primary Health Center (1 unit)** Huilgola Post, Gadag Taluka, Gadag - 582610, Karnataka 7) **Primary Health Center (1 unit)** Hirehal Post, Ron Taluka, Gadag - 582217, Karnataka 8) **Primary Health Center (1 unit)** Nandikeswara Post, Badami Taluka, Bagalkote - 587201, Karnataka 9) **Primary Health Center (1 unit)** Sreemangala Post, Verajpet Taluka, Kodagu - 571217, Karnataka 10) **Primary Health Center (1 unit)** Sugganahalli Post, Magadi Taluka, Ramanagara - 561101, Karnataka 11) **District Health and Family Welfare (10 units)** District Health Officer, Koppal - 583231, Karnataka.

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 4]	Details of the entity or public authority or beneficiary under whose name the capital asset is registered
31 March 2022	Varian Truebeam Medical Linear Accelerator for cancer radiation treatment	10.00	**Cancare Trust Head and Neck Cancer Institute of India,** Byculla, Mumbai - 400 010.
31 March 2022	Academic and library building at Ashoka University	57.00	**Ashoka University** Plot No. 2, Rajiv Gandhi Education City, Sonepat - 131029, Haryana.
31 March 2022	Krea University Library	1.54	**Krea University** 5655 Central Expressway, Sri City - 517646, Andhra Pradesh.
31 March 2022	10 schools in North Sikkim, each with: - Set up of playgrounds with outdoor play equipment - Digilabs (Servers, solar panels, Android tablets, LED TVs, furniture & furnishings) - Libraries (Books, furniture and furnishings)	0.96	1) **Phensong Secondary School -** Phensong, Kabi, North Sikkim - 737116 2) **Chawang Primary School -** Chawang, Kabi, North Sikkim - 737116 3) **Tumlong Junior High School -** Tumlong, Kabi, North Sikkim - 737119 4) **Gairee Primary School -** Gairee, Kabi, North Sikkim - 737117 5) **Pentong Primary School -** Pentong, Passingdong, North Sikkim - 737116 6) **Lingdem Primary School -** Lingdem, Passingdong, North Sikkim - 737116 7) **Lum Primary School -** Lum, Passingdong, North Sikkim - 737107 8) **Lingthem Junior High School -** Lingthem, Passingdong, North Sikkim - 737116 9) **Gnon Sangdong Junior High School -** Passingdong, North Sikkim - 737116 10) **Barfok Primary School -** Passingdong, North Sikkim - 737116.
31 March 2022	Capex items for the vocational training and therapy units at Sankalp's new campus: - Vehicles: 1 Maruti EECO van & 1 Okinawa electric bike - 1 Paper bag making machine - School furniture - Assessment tools	0.22	**Sankalp - The Learning Centre and Special Needs School** #88, Thiruvalluvar Street, Kolappancheri, Poonamallee Pattabiram Road, Poonamallee, Chennai - 600072, Tamil Nadu.

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 4]	Details of the entity or public authority or beneficiary under whose name the capital asset is registered
31 March 2022	1. Hybrid Solar rooftop systems of total 55 KW capacity, for 11 Ashramshalas (schools)	0.71	1) **Rajendra Prasad Ashramshala:** Borakhdi, Vyara Taluka, Tapi - 394650, Gujarat 2) **Shree Vinoba Ashramshala:** Gadat, Dolvan Taluka, Tapi - 394633, Gujarat 3) **Maitree Ashramshala:** Karanjvel, Vyara Taluka, Tapi - 394650, Gujarat 4) **Vanvihar Ashramshala:** Khutadiya, Vyara Taluka, Tapi - 394655, Gujarat 5) **Prena Ashramshala:** Garvan, Dolavan Taluka, Tapi - 384633, Gujarat 6) **Vananchal Ashramshala:** Panchol, Dolvan Taluka, Tapi - 394655, Gujarat. 7) **Vanaraj Ashramshala:** Chunavadi, Dolvan Taluka, Tapi - 394635, Gujarat 8) **Vanpath Ashramshala:** Vyara Taluka, Tapi - 394655, Gujarat 9) **Sarkuva Ashramshala:** Vyara Taluka, Tapi - 394651, Gujarat. 10) **Vajharda Ashramshala:** Songadh Taluka, Tapi district - 394651, Gujarat. 11) **Kalamkui Ashramshala:** Dolavan Taluka, Tapi district - 394655, Gujarat.
	2. 100 solar street lights of total 6 KW capacity		**Solar Street Lights:** Bhagwati Nagar, Near Pashupati Nath Temple, Odhav, Ahmedabad - 382430, Gujarat

<table>
<tr><th>Date of creation or acquisition of the capital asset(s)</th><th>Details of the capital asset(s) created or acquired</th><th>Amount of CSR spent for creation or acquisition of capital Asset (₹ Crore) [Refer Note 4]</th><th>Details of the entity or public authority or beneficiary under whose name the capital asset is registered</th></tr>
<tr><td>31 March 2022</td><td>85 composter units with total capacity to process 750+kgs per day</td><td>0.74</td><td>1) Ragunath Vihar
Navi Mumbai - 410210, Maharashtra
2) Goodwill Paradise:
Kharghar, Navi Mumbai - 410210
Maharashtra
3) Kalina Kamal Society
Santacruz East, Mumbai - 400029
Maharashtra
4) Chedda Heights
Bhandup West, Mumbai - 400078
Maharashtra
5) St Teresa Education Institute
Mumbai - 400054, Maharashtra
6) Auxillium Convent School
Bandra West, Mumbai - 400050
Maharashtra
7) Sarva Seva Sangh,
Andheri East, Mumbai - 400093,
Maharashtra
8) St Joseph's Convent School,
Vile Parle West, Mumbai - 400056,
Maharashtra</td></tr>
<tr><td>31 March 2022</td><td>Installation of 161 nos. solar powered water heating systems of 300 LPD and 500 LPD and 146 nos. solar powered water pumps of 175 KW across PHC/CHC in 2 states</td><td>3.42</td><td>1) Koppal District, Karnataka
Department of District Health & Family Welfare, District Commissioner's Office
Koppal – 583231, Karnataka
<table><tr><th>Taluka</th><th>Solar Heaters</th><th>Solar Pumps</th></tr><tr><td>Gangavati</td><td>4</td><td>9</td></tr><tr><td>Koppal</td><td>5</td><td>9</td></tr><tr><td>Kushtagi</td><td>4</td><td>12</td></tr><tr><td>Yelburga</td><td>5</td><td>6</td></tr><tr><td>Total</td><td>18</td><td>36</td></tr></table></td></tr>
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<table>
<tr><th>Date of creation or acquisition of the capital asset(s)</th><th>Details of the capital asset(s) created or acquired</th><th>Amount of CSR spent for creation or acquisition of capital Asset (₹ Crore) [Refer Note 4]</th><th>Details of the entity or public authority or beneficiary under whose name the capital asset is registered</th></tr>
<tr><td></td><td></td><td></td><td>
2) Sambalpur District, Odisha
Office of the CDM & PHO, District Headquarters Hospital, Modipara, Sambalpur - 768001, Odisha.
<table>
<tr><th>Taluka</th><th>Solar Heaters</th></tr>
<tr><td>Dhankauda</td><td>1</td></tr>
<tr><td>Govindapur</td><td>3</td></tr>
<tr><td>Jamankira</td><td>4</td></tr>
<tr><td>Jharsuguda</td><td>2</td></tr>
<tr><td>Jujumura</td><td>3</td></tr>
<tr><td>Katarbaga</td><td>1</td></tr>
<tr><td>Kuchinda</td><td>5</td></tr>
<tr><td>Mahulpalli</td><td>5</td></tr>
<tr><td>Maneshwar</td><td>3</td></tr>
<tr><td>Naktideul</td><td>3</td></tr>
<tr><td>Rairakhol</td><td>2</td></tr>
<tr><td>Rengali</td><td>2</td></tr>
<tr><td>Sadar</td><td>1</td></tr>
<tr><td>Total</td><td>35</td></tr>
</table>
3) Raichur District, Karnataka
Department of District Health and Family Welfare, Ekminar Road, Raichur - 584103, Karnataka.
<table>
<tr><th>Taluka</th><th>Solar Heaters</th><th>Solar Pumps</th></tr>
<tr><td>Devadurga</td><td>9</td><td>7</td></tr>
<tr><td>Lingasugur</td><td>13</td><td>10</td></tr>
<tr><td>Manvi</td><td>1</td><td>9</td></tr>
<tr><td>Raichur</td><td>4</td><td>8</td></tr>
<tr><td>Sindhanur</td><td>8</td><td>11</td></tr>
<tr><td>Maski</td><td>1</td><td>-</td></tr>
<tr><td>Sirwar</td><td>1</td><td>-</td></tr>
<tr><td>Total</td><td>37</td><td>45</td></tr>
</table>
4) Yadgir District, Karnataka
Office of the District Commissioner, Department of District Health and Family Welfare, Yadgir – 585201, Karnataka.
<table>
<tr><th>Taluka</th><th>Solar Heaters</th><th>Solar Pumps</th></tr>
<tr><td>Hunasagi</td><td>3</td><td>1</td></tr>
<tr><td>Shahpur</td><td>6</td><td>4</td></tr>
<tr><td>Shorapur</td><td>7</td><td>9</td></tr>
<tr><td>Yadgir</td><td>17</td><td>8</td></tr>
<tr><td>Gurumitkal</td><td>4</td><td>0</td></tr>
<tr><td>Wadagera</td><td>5</td><td>0</td></tr>
<tr><td>Total</td><td>42</td><td>22</td></tr>
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<table>
<tr><th>Date of creation or acquisition of the capital asset(s)</th><th>Details of the capital asset(s) created or acquired</th><th>Amount of CSR spent for creation or acquisition of capital Asset (₹ Crore) [Refer Note 4]</th><th>Details of the entity or public authority or beneficiary under whose name the capital asset is registered</th></tr>
<tr><td></td><td></td><td></td><td>5) Haveri District, Karnataka
Office of the District Commissioner, 2nd Building, B Block, Dept. of District Health and Family Welfare, Haveri - 581110, Karnataka.
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<tr><th>Taluka</th><th>Solar Heaters</th><th>Solar Pumps</th></tr>
<tr><td>Byadgi</td><td>3</td><td>5</td></tr>
<tr><td>Hangal</td><td>8</td><td>5</td></tr>
<tr><td>Haveri</td><td>4</td><td>9</td></tr>
<tr><td>Hirekerur</td><td>1</td><td>8</td></tr>
<tr><td>Ranebennur</td><td>5</td><td>10</td></tr>
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<tr><td>Shigaon</td><td>5</td><td>4</td></tr>
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</table></td></tr>
<tr><td>Total</td><td></td><td>114.22</td><td></td></tr>
</table>

Note 4: This amount represents the cumulative CSR spent on acquisition/creation of capital assets, until the date of completion. Of this, an amount of ₹ 63.22 crores has been spent in the current financial year.

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 2, 2022

KEKI M. MISTRY
Vice Chairman & CEO

DEEPAK S. PAREKH
Chairman - CSR Committee

Annex to Directors' Report - 3A

IMPACT ASSESSMENT REPORTS - Executive Summary FY 2021-22

1. HDFC CORPORATE SOCIAL RESPONSIBILITY (CSR) OVERVIEW

HDFC recognises that India's social problems are complex and these issues require multifaceted approaches to address them. HDFC work across a range of social interventions and development initiatives to facilitate deep and long-term impact for a developed and inclusive society. We envision an inclusive India where vulnerable communities have the access and opportunity to transform their lives and move from a state of 'surviving to thriving'.

HDFC's CSR initiatives are undertaken through direct partnerships with non-profit organisations and through its primary implementing agency, the H T Parekh Foundation (the Foundation). The Foundation is a Section 25 (now Section 8) company incorporated in 2012, to honour the rich legacy of its Founder Chairman, Shri H T Parekh.

Our key focus areas:

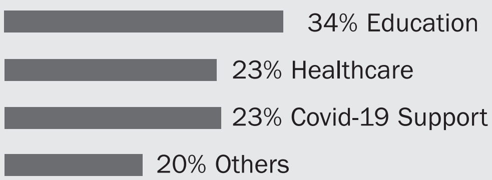
- Education
- Healthcare

With a secondary focus on:

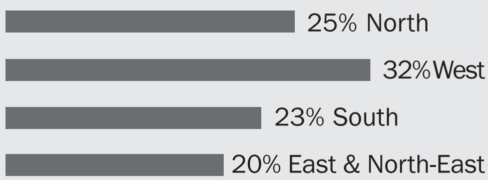
- Environment
- Supporting Persons with Disabilities (PwDs)
- Skilling & Livelihoods

Our projects are distributed across India working in close partnership with 90+ implementing agencies. Our projects target vulnerable communities and certain hard-to-access regions, thus contributing to key Sustainable Development Goals, as outlined in the United Nations 2030 Agenda for Sustainable Development.

Sectoral Break-up FY 2021-22



Regional Break-up FY 2021-22



2. (A) SECTORS AND THEMATIC FOCUS

2.1 EDUCATION:

We partner with organizations working in under-resourced educational programs across the country to ensure inclusive, equitable and quality education and promote lifelong learning opportunities for all. Our projects prioritize learning outcomes, create knowledge on pedagogical practices, work to bring about systemic change and support the development of higher education institutes of excellence.

Thematic Focus	Program Focus
Early Childhood Education	Improved learning environment, age appropriate learning aids, teacher capacity building for better school readiness of children
Foundational Learning	Systems strengthening, teacher professional development, development of educational resources, strengthening school learning environment & innovative teaching practices
Higher Education	Institutional support including infrastructure and need based scholarships

2.2 HEALTHCARE:

We partner with organizations working towards provision of affordable and quality healthcare to children and women that are vulnerable or economically marginalized. Our projects in Nutrition aim to improve the nutritional status of mothers, children and adolescent girls. Towards Cancer support, our projects support access for early diagnosis and treatment of cancer, and increasing the survival rate amongst children with cancer.

Thematic Focus	Program Focus
Nutrition	Access to nutrition and strengthening the primary healthcare system for improving nutrition status of children and pregnant women
Cancer Support	Improved access to early diagnosis and quality treatment of cancer for increasing survival rate and screening coverage
Paediatric Surgeries	Lifesaving treatment support for underprivileged children, primarily focused on congenital heart defects

2.3 ENVIRONMENT:

Our projects aim to make urban settlements sustainable by providing access to sanitation, scientific waste management, ecological restoration and reduction in carbon emissions through installation of solar energy solutions.

Thematic Focus	Program Focus
Solid Waste Management	Sustainable waste management systems towards an improved circular economy, at household, institutional and city level
Solar Energy	Quality solar energy installations across education and healthcare institutions, as also supporting incubation of solar energy entrepreneurs towards livelihood
Ecological Restoration	Ecological restoration of natural ecosystems, including afforestation and water management
Urban Sanitation	Projects for sustainable sanitation services across urban slum settlements and upgradation of public sanitation facilities in cities

2.4 SUPPORTING PERSONS WITH DISABILITIES (PwDs):

PwDs face institutional and societal barriers in all aspects of life due to a lack of accessible infrastructure and the associated social stigma with physical and/or intellectual impairments. Our strategy is to improve the 'quality of life' from a social and economic lens for PwDs.

Thematic Focus	Program Focus
Healthcare and Special Education	Support institutions, resource development and infrastructure to improve learning and health outcomes for children with disabilities
Skilling and Livelihood	Ensure financial independence and increase workforce participation by skilling and job placements for youth with disabilities
Ecosystem Interventions	Raise awareness on issues faced by PwDs and ensure their inclusion in society

2.5 SKILLING & LIVELIHOODS:

We focus on prioritising groups that have been historically marginalised from economic opportunities to ensure their wellbeing and financial independence.

Thematic Focus	Program Focus
Welfare for Migrants	Programs for social security, entitlements & livelihood opportunities for migrant construction workers
Livelihoods for Women	Programs for job linked skilling & livelihood enhancement for women

2. (B) COVID-19 SUPPORT

During FY 2021-22, we acted on priority to identify and support immediate to long term interventions for COVID-19 relief measures. Our efforts aimed to provide various community relief measures and support the set-up of resilient health infrastructure during the second lockdown, with the objective of reaching the most vulnerable communities and build future preparedness for any subsequent waves of the pandemic.

Thematic Focus	Program Focus
Healthcare Infrastructure	Healthcare equipment and long-term infrastructure
Vaccination	Support vaccination drives across urban and rural communities, including incentive-based vaccination to mitigate vaccine hesitancy
Community Relief	Nutritious meals and essential supplies to healthcare workers, underserved rural communities & socio-emotional support for children during the second wave of the pandemic

3. SUMMARY OF IMPACT ASSESSMENTS CONDUCTED

Based on project completion, we have undertaken impact assessment studies for the below mentioned CSR projects during FY 2021-22 through third party agencies.

The executive summary of the impact assessment reports has been attached below. The detailed reports may be accessed at: https://www.hdfc.com/about-us#corporate-social-responsibility

CSR Project	Program Assessed	NGO Partner/s	Program Reach	Third party agency
1. Education - Foundational Learning	1.1 Blending learning in Model Schools	▪ The Akanksha Foundation ▪ Avasara Leadership Institute ▪ Purkal Youth Development Society ▪ Shanti Bhavan Educational Trust ▪ Teach to Lead	▪ 4,448 students ▪ 182 educators	Deloitte India, Mumbai
	1.2 Community based education programs	▪ Foundation to Educate Girls Globally	▪ 31,123 children ▪ 2,179 education camps	

CSR Project	Program Assessed	NGO Partner/s	Program Reach	Third party agency
2. Healthcare – Nutrition	2.1 Nutrition for children at urban construction sites	▪ Mobile Crèches for Working Mother's Children ▪ Tara Mobile Creches	▪ 8,719 children ▪ 32 construction sites, 2 slums ▪ 4 cities	PDAG Consulting, New Delhi
	2.2 Nutrition for children undergoing cancer treatment	▪ Cuddles Foundation	▪ 1,046 children ▪ 3 cancer hospitals in Assam & West Bengal	

CSR Project	Program Assessed	NGO Partner/s	Program Reach	Third party agency
3. Urban Sanitation	Household toilets in urban slums	▪ Shelter Associates	▪ 1,450 household toilets ▪ 43 slums of Kolhapur and Pimpri Chinchwad	The 4th Wheel, Ahmedabad

CSR Project	Program Assessed	NGO Partner/s	Program Reach	Third party agency
4. Supporting Persons with Disabilities	Training support to para-athletes for the Tokyo Paralympics	▪ Foundation for Promotion of Sports and Games	▪ 18 para-athletes ▪ 4 Paralympic sports ▪ 9 medals won	Sattva Consulting, Bengaluru

CSR Project	Program Assessed	NGO Partner/s	Program Reach	Third party agency
5. COVID-19 Support	▪ Vaccination program across urban & rural communities ▪ Community Relief - Nutritious meals and essential supplies provided	▪ Multiple partners (refer Point 8(c) in the Annual report on CSR Activities)	▪ 4,79,600 individuals vaccinated ▪ 15,000 health workers ▪ 22,800 families ▪ 13,000 children	Sattva Consulting, Bengaluru

Deloitte.

IMPACT ASSESSMENT REPORT - Executive Summary April 2022

1.1 EDUCATION–FOUNDATIONAL LEARNING
Blended learning in Model Schools

With the onset of Covid-19 and the deleterious impact it had on multiple sectors including education, HDFC supported five Non-governmental Organisations (NGOs) namely Akanksha Foundation, Avasara Academy, Purkal Youth Development Society (PYDS), Shanti Bhavan and Teach for India (TFI) to ensure they continued their operations and the students continued to learn.

OVERVIEW

Investment and Project Overview

Cumulative project investment of **INR 8.16 crore** *(inclusive of support to 5 implementation partners)*

	Organisation	Project overview
1	*Akanksha Foundation*	Supporting operational costs at two Municipal schools; Technology support
2	*Avasara Academy*	Support to XCell programme involving socio-emotional, college and career counselling
3	*Purkal Youth Development Society*	Sponsorship of students belonging to Grade I, III, and VII; Technology support
4	*Shanti Bhavan*	Scholarship of education costs of students belonging to grade 10 and 12
5	*Teach for India*	Support towards programme cost of Fellows which includes training and other fellowship completion related costs

Project locations

7 cities across 5 states (Maharashtra: Mumbai and Pune; Uttarakhand: Dehradun; Tamil Nadu: Baliganapalli, Chennai; Karnataka: Bengaluru and Telangana: Hyderabad)

Project duration

Academic year 2020-21

ASSESSMENT METHODOLOGY

The main objective of the engagement was to conduct a secondary study with sector focused approach to understand the impact of the CSR initiatives in the ambit of education with focus on remote schooling during the pandemic. This was captured through:

- Secondary data collection from a sample of representative stakeholders and beneficiaries across the Implementing Organisations
- Use of sector specific tools and evaluation framework customization e.g., OECD DAC framework for analysis
- Discussion with client's identified stakeholders to understand their requirements and sampling plan finalized for virtual study
- Obtain relevant data from primary stakeholders through Focus Group Discussions (FGDs)/Key Informant Interviews (KIIs)
- Data and document analysis including MIS/Reports submitted by each Implementing Organisation
- Understand the existing baseline data through sample survey and advise as the client undertakes to evaluate progress against the same
- Analysis of data collected and submit the final reports to client for their consideration

Deloitte used a consultative approach incorporating elements of primary and secondary research. The data collection was followed by a phase of analysis and documentation of key observations and findings. The key stakeholders that were mapped for interactions included – Students, Educators/Fellows, Parents, Device beneficiaries, Counsellor/Career Counsellor, Leadership team, Residential staff, Programme Managers, Principal, City Directors, School Management Committee (SMC) members, Volunteers, Alumni and Social Worker. The team interacted with a total of 239 stakeholders as part of this exercise.

IMPACT ASSESSMENT FINDINGS

Below is a summary of Deloitte's observations and findings of the impact assessment undertaken to evaluate the remote schooling projects implemented by five NGOs:

Relevance/need for project:

- **247 million children** across India continued to face disruptions in education due to Covid-19.[1]
- **6 million children** in India are currently reported to be out of school.[2]
- **56.7% children** enrolled in government schools have access to smart phones.[3]
- **92% children** lost at least **one ability associated with languages and 82% children** lost at least **one mathematical ability** on an average.[4]
- Parents increasingly faced challenges in addressing the psychosocial needs of their children amidst the pandemic.

Impact created:

5 implementing organisations impacted	**50 schools** impacted	**4448 students** impacted **2895 students impacted in Kindergarten to Grade 7** **1553 students impacted in** Grade 8 and above	**182 educators** impacted
176 devices distributed, **151 tabs** and **25 smart phones**	**100 first generation learners empowered towards a better future**	**100% schools aligned** to **new age technological interventions**	**100% children and educators provided with psychosocial support** through individual/group counselling or check-in calls
	67.8% average attendance noted across 4 partners	**100% students** enrolled in the academic year 2020 – 2021 appeared for the yearend examinations	

Student performance:

Primary grades -

Learning outcomes achieved in 6 key areas: reading, comprehension, grammar, spoken skills, concept building, problem solving and reasoning

Average score of students >60% (Akanksha Foundation and PYDS)

More than 60% students show at par or improvements in Math and Reading Comprehension (TFI)

Higher grades -

Average score in grade 10th and 12th students - **>80%** (Shanti Bhawan)

[1] Education: From disruption to recovery, https://en.unesco.org/covid19/educationresponse, (accessed on 03/03/2022)
[2] ibid
[3] Annual Status of Education Report, 2021
[4] The loss of learning for children during the pandemic, https://azimpremjiuniversity.edu.in/field-studies-in-education/loss-of-learning-during-the-pandemic, (accessed on 03/03/2022)

Pivots to the implementation model due to Covid-19:

The pandemic brought pronounced challenges for stakeholders across the education ecosystem. To ensure learning continues with minimal disruption, support provided by HDFC has been able to aid residential facilities, build capacities of educators, provide access to devices, and facilitate career counselling and psychosocial support.

The following themes form the core of the intervention pivots adopted by the partners:

Continuity of learning

The continuity of learning was affected by various factors during the online mode of learning, the main impediments were–

Intermittent network availability	Device availability with students and educators	Increased health and family responsibilities	Emerging social and cultural biases

The organisations under study brought in multiple innovations to address this challenge. The first task that all NGOs undertook was **mapping the student whereabouts in the initial months of the lockdown.**

- **Device availability and usability** was ensured for students and teachers by all partners via fundraising and crowdsourcing. Tablets and cell phones distribution at PYDS and Akanksha Foundation was supported under the HDFC grant. At TFI, devices were loaned to parents after signing student device loan agreement.
- Addressing **network availability** by providing data packs and **favourable network cards.**
- Ensuring **health and wellness** became a major challenge to be addressed, where all partners engaged in extensive outreach through **community, partner organisations, and SMC members** for helping those in need.
- Shanti Bhavan ensured that all students were in school and continued schooling as pre-pandemic times to **ensure minimal disruption.** Strict control measures were undertaken to curtail the spread of virus via own medical clinics or forging partnerships with local hospitals.
- Offline support provided through **distribution of stationery and reading materials** to students. Avasara Academy mobilized community members as channels to deliver learning material at the student doorstep.
- Counselling parents/caregivers towards facilitating virtual lessons for their wards.

Capacity building, training, and support for educators

Educators were the key stakeholders in making the online mode of learning effective and sustainable. Hence it became pivotal to the success of intervention to capacitate the educators towards increasing and varied demand of the “new normal” in education. The challenges in this regard were –

Educators were used to the brick-and-mortar classroom setup	Customization and usability of available educational platforms	Shift to a learner centric teaching approach	Planning of online lessons to optimize the time constraint

The rigorous capacity building interventions undertaken were aligned to addressing the challenges and evolving demands of the education sector -

- **Lesson plan alignment** trainings through peer learning approaches was a key intervention.
- All partners undertook extensive teacher training programmes in aegis of boards of education where the curriculum was aligned.
- **Technological training teams**, peer training teams, taskforces were setup for ensuring not just the usability of devices but also ensuring innovation and consistency of teaching learning methods. During the study, **80% educators found confidence in using new age educational technology.**
- Training to ensure psychological safety in virtual classrooms - All partners have **capacitated teachers on Socio-emotional and Ethical (SEE) curriculum and trauma informed learning.**

Innovations in curriculum, content creation and dissemination

With online learning becoming the norm, the educational content had to undergo aligned changes. Some key challenges that emerged due to shift to virtual lesson delivery modes are summarized below –

- Availability of content aligned to specific boards of education
- Limited availability of online vernacular content
- Teachers' technical adaptability
- Availability of technological expertise for developing inhouse alternatives
- Extended screen time for students
- Synchronicity between the online methods, platforms, and available content

Hence, certain pivots had to be brought in for addressing these challenges –

- **Socio emotional and Ethical learning** (SEE) curriculums were formalized.
- Lesson plans revamped to focus on student engagement. Extensive emphasis on retention of existing learning levels rather than advancement into grade appropriate rigour of learning levels.
- Introduction of asynchronous modes of learning during the academic year 2020 – 2021 after arrangement of devices, internet connection and data serviceability. The educators disseminated content using **mini lesson videos, voice notes, and learning packets.** Some of the tools that were leveraged are – WhatsApp groups, Edmodo, Edpuzzle, Xrecorder, Lomo, Jolly phonics, YouTube, StoryWeaver, Raz-Kids, Rocket learning app, Matific, Google Forms, Khan Academy, Google Read Aloud, GeoGebra, Quizlet among others.
- **Utilisation of synchronous mode of learning,** mainly Zoom and Google Meet. Shorter synchronous sessions to optimize lesson delivery and to reduce screen time. PYDS had multiple sessions in the day as options to students, TFI curtailed the session duration. Shanti Bhavan moved its music programme online in association with Broadway for Arts Education.
- **Celebration of major national and international events,** to ensure engagement of children.
- Mandate of **ice-breaker activities** and frequent check-in with students. This was achieved by including grounding exercises, fun activities like Hallabol, trivia, and quiz sessions at PYDS, Akanksha Foundation and TFI. Shanti Bhavan emphasised on physical training through sports or exercises for 60 minutes daily. Tools like Padlet, Peardeck, Mentimeter, Kahoot were leveraged to make learning a fun activity.
- **Use of technology platforms, establishment of technological expertise teams – Setup at regional levels** to partake in capacity building sessions and to ensure usability of devices distributed to students.
- **Play way, project based and experiential learning models –** Play way learning was utilized across grades to reduce monotony of remote learning and to provide children hands-on learning experiences.

With crucial educational milestones being redefined for students, career counselling during the pandemic emerged as a major support mechanism at Avasara Academy and Shanti Bhavan to ensure students felt motivated and guided towards their career aspirations. This was ensured through –

- Focus on skilling the aspirant students by provision of virtual internships
- Career counselling programmes like career talks, and workshops with renowned personalities to create awareness on available career options
- Provision of summer school programmes for aspirant students
- Support with finding internship opportunities, and workshops on resume building

Focus on parent engagement level

Due to discontinued classroom setup and extended association at home, the role of parents and caregivers became primary. This came with its own set of challenges –

Increased dependence on parents and caregivers for fulfilling the interpersonal skills' gap led to psychosocial pressures on them	Parents were affected by the pandemic and distressed due to decreased livelihood opportunities

The NGOs addressed the challenges by -

- **Increased frequency of parent teacher meetings** ensured increased involvement of parents in school activities.
- Involvement of community workers and partnership with community-based organisations helped the organizations to continue being in touch with the parents even at the peak of the pandemic.
- The **provision of ration and relief support** ensured that parents were reachable throughout the pandemic and were reassured of continued support.
- Shanti Bhavan provided **periodic contact with parents** to children through phone calls and socially distanced meet ups in school premises.

Meeting the need for psychosocial support

The pandemic impacted socio-emotional wellbeing of all age groups. With reduced physical mobility and confinement to indoors, the need for psychosocial support was felt across the target population. Some of the challenges faced by the organisations on this aspect are listed here –

Absence of social circle for children impacting their wellbeing and decline in social and interpersonal skills	Decreased co-curricular activities	Increase in negative emotions	Migration related distress

During the study, five emotions were observed in highest frequency and intensity among the students: distress (20%), feelings of being overwhelmed (26%), anxiety (30%), fear (9%) and lack of motivation (15%). The NGOs worked in varied ways to ensure seamless delivery of education while addressing the psychosocial needs of varied stakeholders.

- **Grade band wise solutions** brought in to address psycho-social needs of various age groups at PYDS, Akanksha Foundation and TFI. At Shanti Bhavan and Avasara Academy, the school counsellors ensured students received support on a need basis.
- **Prioritizing mental health over content mastery** was achieved by **trauma informed learning.**
- **Parent teacher interactions** were increased for better understanding of psychosocial needs of students for parents.
- Increased frequency of **check-in calls** by school representatives helped case by case response to the psychosocial needs.
- **Formal counselling services** provided to parents and students having specialized counsellors.
- NGOs also **opened interfaces** for educators to communicate their difficulties.
- **Partnerships explored** with organisations working on addressing mental health concerns.

Addressing learning gaps

The teaching – learning approaches underwent a significant change that affected the learning levels of students leading to learning

Dependence on the usability and workability of devices for different set of students	Increased digital exposure leading to health issues like painful/strained eyes	Digital fatigue due to long exposure to screen

gaps. This was compounded by the fact that –
The pivots for addressing the learning gaps looked like the following –

- **Prioritizing engagement over achievement of grade appropriate learning outcomes.**
- Unique approaches to assess levels of engagement were developed. Schools used online portals including Edmodo to capture the engagement levels of students.
- Focus on **formative skills for lower grades and life-skills for higher grade students.**
- **Bridge curriculums** in varied forms explored and introduced to address grade appropriate learning gaps.

Tracking mechanisms for attendance, assessment, and retention

Tracking mechanisms for attendance, assessments and retention changed in response to the online mode of teaching –

Adaptation of teachers towards usage of online mechanisms	Availability of devices with teachers and students	Ability of students, teachers, and parents to use the platforms and devices

learning. The adaptation to online tracking mechanisms were riddled with following challenges –
The pivots for addressing the challenges looked like the following –

- Attendance was tracked on **MS-Excel sheets and asynchronous submissions were tracked** on instant messaging applications like WhatsApp. Some also moved to in-house developed tools to track the same.
- For Kindergarten to grade IV - A combination of synchronous and asynchronous mode of assessment.
- For Grade V and above - Video based assessments and asynchronous assessments.
- **Revised grade cards** helped track student performance under certain key performance indicators. Emphasis on recording results of diagnostics and a switch to recording grades rather than marks. Avasara Academy recorded anecdotal evidence of the key students' performance instead of grade cards during the initial transition towards online learning.

Recommendations:

- **Blended learning model** combining facets of online lesson delivery and opportunities for interaction in traditional classrooms can be leveraged.
- Focus on filling learning gaps through **extensive bridge programmes.** For the primary grades, foundational learning has suffered a greater scale where increased emphasis can be laid on building basic understanding of subjects and interpersonal relationships. While the focus can lay upon grade appropriate learning for higher grades.
- Effort can be extended towards **bridging the digital divide** to ensure education can reach remote locations.
- **Added focus on developing formative skills** in students, including empathy, self-control, integrity, and grit.
- **Emphasis on awareness, creation and training of educators** and parents to **build safer spaces for students** to express themselves completely.
- **Trainings can be moulded to attend to regional specificities** to enable educators to respond to contextual concerns of parents and students effectively.

Deloitte.

IMPACT ASSESSMENT REPORT - Executive Summary April 2022

1.2 EDUCATION–FOUNDATIONAL LEARNING
Community based Education Programs

Housing Development Finance Corporation (HDFC) supported **Foundation to Educate Girls Globally (FEGG)** to continue working towards **improving the enrolment, retention and learning cycle of children** across remote villages in Barwani and Khandwa districts of Madhya Pradesh, India. These districts feature high on poverty rate and low on literacy rates. The pandemic added to the already existing challenges, that required the organisation to realign their operational model to ensure continuity of learning.

OVERVIEW

Implementing organisation:	**Foundation to Educate Girls Globally (FEGG)**
Investment and Project Overview	• Project investment of **INR 1.81 crore** • Project aimed at **improving the enrolment, retention and learning cycle of** children across villages in Barwani and Khandwa in Madhya Pradesh, India through the following project activities:

Ensuring improved learning outcomes
Camp Vidya, in-community learning model was introduced to ensure children continued to learn despite closure of schools owing to the pandemic

Community mobilization and empowerment
Implementation partner focused on mobilizing community members through community ownership by leveraging support from Team Balika (volunteers)

Enrollment of out-of-school girls (OOSGs)
Implementation partner utilized door-to-door contact and follow-up home visits, along with engagement with community members to identify and enroll OOSGs

Retention of enrolled girls
To sustain retention of girls in school, the project introduced life skills education for adolescent girls and conducted meetings with School Management Committee (SMC) members

Project locations	• Khandwa and Barwani districts, Madhya Pradesh
Project duration	October 2020 - March 2021

ASSESSMENT METHODOLOGY

The high-level objective of the impact assessment conducted by Deloitte was as follows:

- To conduct primary data collection from a sample of representative stakeholders and beneficiaries across intervention locations
- To use sector specific tools and evaluation framework customization e.g., OECD DAC framework for impact assessment
- To understand the existing baseline data through sample survey and advise as the client undertakes to evaluate progress against the same
- To study the direct/indirect impact of the CSR initiatives on the lives of the targeted communities and beneficiaries, pertaining to the project

- Analysis of the strategic strengths of the CSR initiatives, models of implementation and performance of the projects
- Suggesting potential ways forward to fine tune and improve the CSR initiatives carried out in the future

Deloitte used a mixed research design to conduct the impact assessment. The research questions were designed along the principles suggested by OECD's Donor Assistance Committee (DAC) for Development Assistance. The data for the impact assessment was collected by using customized data collection tools through document review, and key stakeholder and beneficiary interactions (on a sample basis). The primary data was collected through a field visit conducted in project locations, Khandwa and Barwani districts of Madhya Pradesh in the month of January 2022. The data collection was followed by a phase of analysis and documentation of observations and findings. The research team covered a total of **380 stakeholders through field visit and virtual interactions and 587 beneficiaries (Camp Vidya and Enrolment-ready girls) through document validation.** The key stakeholders included Camp Vidya students, Team Balika, Adolescent girls, Parents, SMC members, Anganwadi Workers, Government officials, and Implementing Organisation team (Field, Programme Management and Leadership).

IMPACT ASSESSMENT FINDINGS

Below is a summary of Deloitte's observations and findings of the impact assessment of the support to Foundation to Educate Girls Globally (FEGG):

Relevance/need for project:

- The project **supports the cause of girl's education** which continues to be a cause of concern in the country.
- The **pandemic has introduced unique challenges in the educational sector,** more so in rural geographies where access to resources to continue education is limited or absent. The **project locations, Barwani and Khandwa are rural districts with high poverty rates and low literacy rates.**
- The project is relevant to the targeted geography – **Madhya Pradesh, that takes the 28th position in terms of literacy rate** and has seen a decline in children aged 6 – 14 years enrolled in school.
- The beneficiaries **(children) supported under the project belong to underserved social communities and are primarily first-generation learners.**
- The **project covers Sustainable Development Goal (SDG) 4** which aims to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Impact created:

84,738 total beneficiaries impacted **(exceeded target of 54,596 by 55%).** Total beneficiaries include OOSGs, SMC members, children benefitted from Camp Vidya.

2,179 Camp Vidya organized in 1,844 villages **(exceeded target of 1,117 by 95%).**

31,123 children benefitted from Camp Vidya

12,427 girls benefitted (Khandwa)
5,922 girls benefitted (Barwani)

8,165 boys benefitted (Khandwa)
4,609 boys benefitted (Barwani)

Majority Camp Vidya students were from socio-economically marginalized groups:
15% Scheduled Caste (4,610), and 61% Scheduled Tribe (19,066)

Enrollment-ready school girls

25,661 enrolment ready out-of-school girls registered

50% out-of-school girls identified and enrolled from migrant families who returned to the village during the pandemic

82% of enrolment-ready school girls have been enrolled

Learning levels

Literacy skills (Hindi) grade level increase: 12.5% children moved 3 levels upward, 21% moved 2 levels upward, 35% moved 1 level upward and 27% stayed at the same level

Numeracy skills (Maths) grade level increase: 3% children moved 3 levels upward, 25% moved 2 levels upward, 32% moved 1 level upward, 30% stayed at the same level

Increase in learning levels in literacy skills: Baseline average score of 2.2 to end line average of 3.17

Increase in learning levels in numeracy skills: Baseline average score of 2.21 to end line average of 2.9

Life skills education adolescent girls

94% girls covered during the study reported increase in confidence and motivation gained through life skills education sessions

Behavioural change observed in adolescent girls post life skills education sessions, reported by **85%** parents

96% adolescent girls covered during the field visit were steadfast in their resolve to **complete higher education**

While all parents of primary school girls responded affirmatively, **82% parents of secondary school girls were open to the idea of continued education.** However, they were concerned about challenges including proximity to schools and safety concerns which heightened their apprehensions.

90% parents abreast with the changes in government policies and girls' rights including information about the prohibition of child marriage (Amendment) Bill, 2021.

Pivots to the implementation model due to Covid-19:

- **FEGG moved to a community-based learning model** from a school-based learning model. Camp Vidya was conceptualized to ensure continuity of learning numeracy and literacy skills. The camp comprised of two-hour sessions facilitated and led by Team Balika and supported by Field Coordinator.
- Community mobilization and empowerment, an essential component of the model benefits greatly from the Team Balika (community volunteer from each village). Hence, **effort was laid towards capacity building, and soft skills training of Team Balika,** to motivate and prepare them for the new mode of teaching and learning.
- To continue enrolment of out-of-school girls, **FEGG moved to a hyper-local focus with increased frequency of door-to-door contact** to understand the belief system of parents towards education and engage with them to identify out of school girls. Team Balika also took support from government school teachers and Anganwadi workers in this process.
- To work towards **retention of school girls,** the team moved to a community-based life skills sessions for all adolescent girls in the village as opposed to a democratically elected Bal Sabha. During school closures, the SMC meetings were conducted in community spaces to discuss aspects of girls' education and issues pertaining to the pandemic. Pre-pandemic mandate called for one SMC meeting every month, however, during the pandemic, the frequency of the SMC meetings reduced to once in two months or was held on need-basis.

Highlights of the programme:

- **Activity-based learning** implemented through **incorporation of natural elements** such as twigs and leaves to teach counting, addition and subtraction, and inclusion of cultural specificities to engage students including games such Dal Bhaati (Hindi adaptation of Simon Says), an energizer used by Team Balika before beginning the sessions.
- Camp Vidya **benefitted students beyond those captured** in the list of registered students.
- Team Balika (community volunteer) and government school teachers worked together to effectively run community-based learning in the villages.
- **All** camps practiced gender agnosticism.
- Focus on **community ownership and responsibility** through door-to-door contact, SMC meetings, awareness, and enrolment drives.
- SMC played a key role in **creating the awareness and motivating parents** to send their children for Camp Vidya.
- Initial hesitation towards camps from parents, placated through door-to-door counselling by Team Balika.
- Lesson plans and extensive trainings provided to Team Balika to facilitate Camp Vidya effectively.
- The camps facilitated **life skills education sessions for adolescent girls through a game-based model.** Focus was laid on socio-emotional wellbeing of the adolescent girls through the games played during the sessions. **Emotionally engaging content** using positive psychology concepts such as savouring used in life skills education (LSE) sessions.
- **Digital mode of monitoring progress in camps** using a digital PMS accessible to the field coordinators on the ground.
- **Continued emphasis and effort towards enrolment ready girls** to ensure identification of enrolment ready girls continues despite school closures.

Recommendations:

- As schools begin to reopen, **focus can be extended towards retaining girls in schools.** Efforts can be laid towards helping build and sustain a positive attitude towards education.
- **Elements of Camp Vidya (in-community) intervention model can be retained** and continued during school breaks to provide continued engagement and learning among natural elements. Camps can be segregated based on the grades of the students to facilitate grade appropriate learning.
- **Additional support can be provided to Team Balika members to build capacities.** A reward mechanism can be instituted for Team Balika to enhance their retention in the programme.
- **Team Balika members can be provided with access to certain components of the Project Monitoring System (PMS)** to ensure field data collection is fast tracked.
- **Continued comparative analysis for life skills education sessions** can be conducted to measure the impact it has had on the lives of adolescent girls.

POLICY & DEVELOPMENT ADVISORY GROUP
Facilitating people-centric public policy

IMPACT ASSESSMENT REPORT - Executive Summary April 2022

2.1 HEALTHCARE: NUTRITION
Nutrition for Children at Urban Construction Sites

CSR Project

Healthcare-Nutrition: Access to nutritious food supplements for children and women addressing SDG 2 and 3

Program

Nutrition for children at urban construction sites and urban slums

Overview

Partner Name(s)	Mobile Creches for Working Mother's Children (MC)
	Tara Mobile Creches (TMC)
Location of Project	Delhi NCR, Bengaluru
	Pune, Pimpri-Chinchwad
Target Population	Children of migrant labourers at urban construction sites and slums until the age of 12-14 years and their parents
Duration	Mobile Creches for Working Mother's Children - April, 2018 - March, 2021
	Tara Mobile Creches - March, 2019 - April, 2021
Grant Amount	Mobile Creches for Working Mother's Children - ₹1.59 crores,
	Tara Mobile Creches - ₹ 0.98 crores

Project Overview

Background

The National Family Health Survey-5 (2019-21) (NFHS-5) reports that 35.5%, 19.3% and 32.1% of children under five years of age are stunted, wasted and underweight respectively.

According to the SDG India Index & Dash Board, 2020-21, 33.4 percent children aged under five years are underweight and 34.7 percent children aged under five are stunted across the country. Additionally, the National Family Health Survey-5 (2019-21) (NFHS-5) reports that 35.5%, 19.3% and 32.1% of children under five years of age are stunted, wasted and underweight respectively. NFHS-5 also reports that 67.1% of children between 6-59 months are anaemic. One of the flagship programmes of Government of India namely, Integrated Child Development Scheme (ICDS) has been addressing this gap of undernourishment in children and women in India since 1975. It is one of the world's largest and unique programme for early childhood care and development with a focus on providing supplementary nutrition to children upto 6 years of age and pregnant and lactating mothers. It achieves this through the Supplementary Nutrition Programme (SNP) operational across approximately 14 lakh Anganwadi Centers (AWCs) in India. However, the migrant population are unable to access the programme[1,2] and its services due to the far-flung location of construction sites that may not have a AWC nearby and issues with registering for the programme.

About the Partner

Mobile Creches for Working Mother's Children

Mobile Creches is a pioneering organisation working for the right of marginalised children to early childhood development. It provides health, nutrition and childcare services to children at construction sites and urban slums to the most vulnerable children in need of urgent interventions.

Tara Mobile Creches

Tara Mobile Crèches was set up in 2007 with an aim to ensure access to safety, healthcare, nutrition, education and recreation for the children of construction workers. TMC works with children in the age group of 0-14 years at construction sites across the region of Pune city and Pimpri Chinchwad.

Program Intervention

Mobile Creches for Working Mother's Children

Mobile Creches follows a multi-pronged approach from bottom to top in order to achieve the goals identified under their Early Childhood Care & Development Programme (ECCD). The interventions at various levels include –

- Providing/ensuring childcare services at construction sites and in the slums
- Building awareness in the community on importance of ECCD, the need for enhanced childcare practices at home, access and entitlement to state services, and enlisting their participation to monitor and oversee quality of government child care services
- Apart from the meals provided at the centres, the program also mandates to provide nutritional supplements to children in the form of iron supplements and deworming tablets.
- Activities related to nutritional counselling are held regularly as per mandated Parent Development Programme (PDP) methods.

It achieves this through the Supplementary Nutrition Programme (SNP) operational across approximately 14 lakh Anganwadi Centers (AWCs) in India.

1. Behera, R., & Brahma, J. P. (2012). Access to education, nutrition and protection of children of migrant workers (An assessment in three cities of Odisha). Odisha: migration information & resource centre (MIRC) Aide et Action International South Asia.

2. https://bhs.org.in/migrant-friendly-services-in-cities/

Tara Mobile Creches

Project Poshan is run and managed by TMC across 16 construction sites/day-care centres, catering to over 2,800 children, pregnant women and lactating mothers.

As part of the intervention the following services are included -

- Three balanced hot meals per day for the children according to their age and nutritional requirements, special food supplements to malnourished children, meals for lactating and pregnant women and nutritious snacks for older children (who miss out on meals due to school timings) along with providing supplementary nutrition such as Iron, Vitamin A and Calcium supplements.
- With an aim to improve awareness on child nutrition and caregiving practices, nutritional counselling is provided to mothers to ensure that they continue to cook nutritional meals at their home and choose a nutritious menu within their budget.

Other Highlights of the Program

While MC mandates allowed for organised provision of dry rations for all the children during the pandemic, measures were taken at the right time at TMC centres to ensure that adequate food supplies were given to the labour community members in general and not just limited to the children.

- A certified doctor visits the centre at regular pre-decided intervals to conduct health screening and assess the nutritional status of children. The doctor also addresses concerns relating to any seasonal or chronic ailments.
- At MC, health cards are used at the centres, which are very extensive in terms of the medical details it can capture, and useful in cases of relocation of children to other MC supported construction sites.
- COVID vaccination of parents has been taken up as a priority in terms of medical support by the MC centres

Assessment Methodology

Agency Name – PDAG Consulting LLP

Objectives of the Study

1. Evaluate changes in children's nutritional outcomes
2. Understand the knowledge, attitude and practice level of key program functionaries, mothers and community members

Assessment Methodology

- Qualitative and quantitative research methods of data collection and analysis were used thereby allowing for a comprehensive evaluation, wherein inferences were drawn after observations from both methods are compared and reflected upon.
- The quantitative method of data collection focused on the first objective to evaluate the nutritional outcomes of children who are also the direct beneficiaries of the programme. A structured questionnaire was used to collect data on different indicators assessing the nutritional outcomes.
- There are two components with respect to analysing quantitative data for the evaluation - the first component includes analysis of raw data collected through personal interviews during field visits. The second component includes analysing the anthropometric measures recorded by TMC and MC for their own monitoring purposes.
- Table 1 (below) represents the sample size of each centre in both Bengaluru and Delhi, for MC and Pune and Pimpri-Chinchwad for TMC.

A structured questionnaire was used to collect data on different indicators assessing the nutritional outcomes.

Table 1: Sample Size (Delhi Mobile Creches & Tara Mobile Creches)

S. No.	Partner	Location	Total beneficiaries at the centers at the time of study	Sample
1	MC	Bengaluru & Delhi NCR	676	229
2	TMC	Pune & Pimpri-Chinchwad	335	247

- The qualitative aspect of the study addresses the questions of knowledge, attitude and practice level of mothers, community members, and officials associated with the project. The methods included Personal Interviews, Key Informant Interviews and Focus Group Discussions for TMC for which the field visits were conducted in December 2021.
- The field visits for Delhi and Bengaluru could not be conducted due to the third wave of the pandemic, hence Telephonic Focus Group Discussions (TFGD), Telephonic Personal Interviews (TPI) were conducted during the lockdown, followed by centre audits once the lockdown restrictions were lifted. Grounded-theory approach was used to analyse the collected data.
- The anthropometric measures recorded by TMC and MC were analysed following the guidelines provided by the World Health Organisation using the z-score package in Stata statistical software.

- The weight for age z-score represents incidence of underweight, weight for age z-score represents incidence of stunting and weight for height z-score represents incidence of wasting in children. These are also the core set of indicators for the Global Nutrition Monitoring Framework and are also included in WHO's Global reference list of 100 core health indicators.

Impact Assessment

Reach

97.5% of children at TMC and 95.2% at MC reported that they go to the centres every day except holidays.

Table 2: Total No. of Beneficiaries

S. No.	Partner	Total children benefitted	Total mothers/parents benefitted
1	MC	5,923	3,825
2	TMC	2,796	1,865

Table 3: Beneficiaries According to Age

S. No.	Age	Delhi Mobile Creches	Tara Mobile Creches
1	0-3 years	10%	25%
2	3-6 years	52%	31%
3	Above 6 years[3]	38%	44%

- **97.5% of children at TMC and 95.2% at MC reported that they go to the centres every day except holidays.** The regularity in children attending the centers and consuming **all three meals** testifies for the well-designed framework of the program.

- The TMC evaluation used monthly data recorded from August 2020 to November 2021 to evaluate the impact on nutritional status of children due to Project Poshan, while for the MC evaluation, the anthropometric measures of each child enrolled at the centres between April 2018 and March 2021 was used.

- The highest proportion of children stay for only one month or less at both TMC and MC centers.

Key Findings

- It was found that a small proportion of children are malnourished in the category of 24-59 months while a negligible proportion of children are malnourished in the 6-23 months category at the TMC centers.

- Findings from analysing the anthropometric data for children below 5 years of age suggest **positive trends in incidences of underweight children** i.e., severe or moderate cases of underweight children are improving to moderate and normal levels, respectively.

3. The age category of above 6 years includes children upto 18 years of age for TMC and children upto 14 years of age for MC.

- Children who come to the centers for a minimum of two months show improvement in their nutritional status. Weight for age shows the maximum change across months in comparison to height for age and weight for height. Unlike height, weight fluctuates over time and therefore reflects current and acute as well as chronic malnutrition and can show change even during a shorter duration.

- 51.8 percent and 16.2 percent of children showed improvement in incidence of underweight when comparing their levels of underweight to their first months vis-à-vis last month at the centers for TMC and MC respectively.

Figure 1: Levels of Underweight for First and Last Month at Centre Run by Delhi Mobile Creches

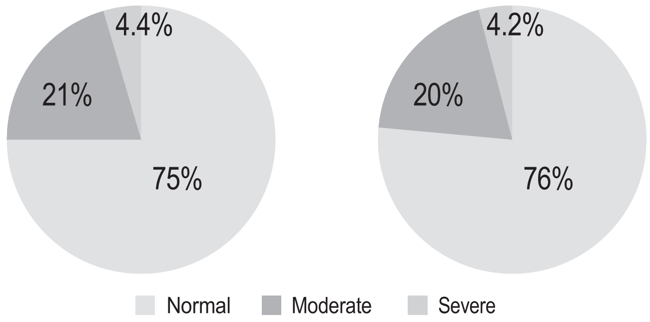
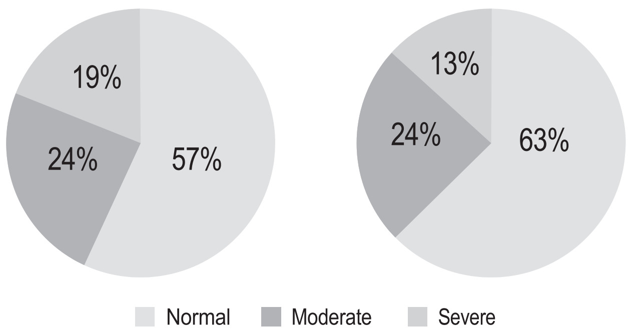


Figure 2: Levels of Underweight for First and Last Month at Centre Run by Tara Mobile Creches



- The underweight indicators show significant improvement if a child stays associated with the center for at least two months or more. The status of severely/moderately underweight children improves with TMC's and MC's operations. However, stunting and wasting indicators are unable to show significant improvement as these require long term interventions.

The underweight indicators show significant improvement if a child stays associated with the center for at least two months or more.

Qualitative Findings

In the evaluation of both the partners, it was found that the centres have a **safe and secure environment for the children**, the centre staff are organised with their nutritional services and serve hygienic and nutritious food in a timely fashion and that the centres provide basic medical services.

Objective	Key Findings
Safety/Safe Space for Children	• Project Poshan maintains safety through housing the enrolled children within their day care centre which are constructed at a safe distance from the construction site. • Infrastructure such as tall gates, enclosed areas, movement registers and presence of security personnel helps to ensure safety. • Movement registers, attendance registers help monitor children's location. • General observation of researchers and narrations from community as well as officials demonstrate that the centres are safe spaces for children, with parents especially appreciating this service. • On an average, children at both TMC and MC centers are associated with the centers for less than two months on a continuous basis due to the nature of work at the construction sites.
Nutrition	• There is a general consistency from both community and the functionaries as well as through observations that nutritious food is provided at the appropriate time. • Fruits, vegetables, nuts, millets and ghee further add to the nutritional spectrum. Special food supplements are provided to malnourished children.
Nutritional Counselling	• Activities related to nutritional counselling are held regularly as per mandate. The children's liking of the centre food is an important factor in terms of the mothers responding to the centre's nutrition advice. • The working mothers have limited time after their day's work. Post which, the kitchen space in their makeshift camp homes is very small. This makes adhering to any of the narrative counselling components almost impossible.

Recommendations

The study informs two major recommendations:

- Recording of anthropometric measures of children into a MIS or record keeping is essential for monitoring purposes. It was found that the back-end data provided by both TMC and MC lacked consistency in book-keeping which led to 25-30 percent of missing data (either height or weight).
- The activities around conducting nutritional counselling and information materials shared needs to be streamlined and standardised across centres to an extent, while also having scope for one-to-one personalised interactions to cater to specific needs of parents who are often from marginalised socioeconomic backgrounds.

2.2 HEALTHCARE: NUTRITION
Nutrition for Children Undergoing Cancer Treatment

CSR Project

Healthcare-Nutrition: Access to nutritious food supplements for children and women addressing SDG 2 and 3

Program

Food and nutrition for underprivileged children undergoing treatment for cancer at government hospitals

1. OVERVIEW

Partner Name(s)	Cuddles Foundation
Location of project	Assam Medical College (AMC), Dibrugarh
	Dr B Borooah Cancer Institute (BBCI), Guwahati
	Nil Ratan Sircar Medical College and Hospital (NRS), Kolkata
Target Population	Underprivileged children undergoing treatment for cancer
Duration	September 2019 to March 2021
Grant Amount	Rs 2.19 crore

2. PROJECT OVERVIEW

2.1 Background

Nutrition is a vital element for cancer treatment

Nutrition is a vital element for cancer treatment with malnourished children more likely to develop chemotherapy intolerance leading to the abandonment of treatment. In order to help children fight the disease effectively there is a need to improve their nutritional status when they are under treatment.

2.2 About the Partner

Cuddles Foundation currently partners with 26+ government and charity cancer hospitals across 18+ cities.

Established in 2013, the Cuddles Foundation focuses on holistic nutrition counsel, support and aid of underprivileged children undergoing treatment for cancer in India. It currently partners with 26+ government and charity cancer hospitals across 18+ cities. Using a multi-pronged approach of nutritional counselling and nutritional aid, it tackles a simple but ignored aspect of a child's successful recovery from cancer i.e. nourishment throughout the course of treatment.

2.3 Program Intervention

(i) Continuous support and handholding of the patient and caregivers by placing experienced nutritionists trained in Pediatric Oncology to look after the end-to-end functioning of the services

(ii) Caters to needs of both IPD and OPD patients by providing nutritional supplements, hot meals, and ration baskets

(iii) Nutritional guidance to caregivers and children

(iv) Conducting research and building nutritional knowledge

Cuddles Foundation uses an app-based monitoring system, "FoodHeals" to track the nutritional status of children in a consistent manner. The app is used by nutritionists to monitor the anthropometric measurements of children and suggests further course of action for designing a diet plan and monitoring the nutritional needs of children.

Cuddles Foundation uses an app-based monitoring system, "FoodHeals" to track the nutritional status of children

3. ASSESSMENT METHODOLOGY

3.1 Agency Name

Policy and Development Advisory Group (PDAG)

3.2 Scope of Work/Objectives

The evaluation study was conducted by a group of qualified researchers from PDAG, through on field engagements and grounded research methodologies. With a two-pronged approach combining qualitative and quantitative data collection and analysis, the study focused on the objectives:

1. To assess the impact on nutritional status of children due to the intervention
2. To assess the impact on treatment completion
3. To assess the knowledge, attitude and practice of caregivers

3.3 Research Tools/ Methodology Adopted

The evaluation used a mixed method approach including both qualitative and quantitative methods of data collection and analysis to ensure a comprehensive evaluation. Key features of the research -

- Quantitative data collection comprised of 69 interviews with the parents using a structured questionnaire focusing on the various components of the program and its service delivery.
- In order to achieve robust estimates Cochran's sample size estimation was used at 95 percent confidence level and 5 percent level of precision for the purpose of sampling.

Quantitative data collection comprised of 69 interviews with the parents using a structured questionnaire

Owing to the third wave of the pandemic, both the quantitative and qualitative data collection was conducted telephonically

- Qualitative data collection included conducting 3 Key Informant Interviews (KII) with the program functionaries such as nutritionists and nurse associated with the program and 4 Focus Group Discussions (FGD) with parents across 3 hospitals using the saturation principle.
- The evaluation also analyzed the data from the FoodHeals app to observe any changes in the nutritional outcomes of children.
- 866 observations were included in the analysis using data shared by the Cuddles Foundation.
- Owing to the third wave of the pandemic, both the quantitative and qualitative data collection was conducted telephonically with the support of Cuddles Foundation.

4. IMPACT ASSESSMENT

4.1 Outputs/ Reach

The program supported **1,046 beneficiaries** undergoing cancer treatment. The oldest beneficiary is 22 years of age according to the data captured by the FoodHeals app. The average age of beneficiaries receiving support from the program is 8 years.

The average age of beneficiaries receiving support from the program is 8 years.

Table 1: Distribution of Children across Hospitals

S. No.	Age	AMC	BBCI	NRS
1	0-5 years	0	33.62	38.15
2	5-12 years	0	37.05	42.14
3	Above 12 years	100	29.33	19.7
	Total beneficiaries	**62**	**583**	**401**

Figure 1 outlines the range of services that CF provides to the beneficiaries. 95.24% out of 60.87% beneficiaries receiving the ration baskets reported receiving them once every month. These ration baskets comprise of 30-32 food items which cater to the nutritional needs of children. The service delivery is looked after by the nutritionists at the hospitals who are put in touch with the patients soon after the diagnosis. 96% of respondents reported meeting the nutritionist immediately after starting the treatment at their respective hospital. The nutritionists are easily accessible to the parents either physically during children's visit to the hospital or remotely over phone. 100% of respondents reported that they can contact the nutritionist for any consultation whenever they need to.

100% of respondents reported that they can contact the nutritionist for any consultation whenever they need to.

Figure 1: Services Received by the Beneficiaries (%)

4.2 Key Findings

The nutritional status of children is closely monitored by the nutritionists using the FoodHeals app by recording anthropometric indicators such as height, weight, mid-upper arm circumference (MUAC) and body mass index (BMI) during consultations with patients and caregivers. The evaluation uses z-score analysis for underweight, stunting and wasting to assess any change in the nutritional outcomes of children below 5 years.

Table 2: Nutritional Status of Children

S. No.	Levels	Underweight		Stunted		Wasted	
		First	Last	First	Last	First	Last
1	Severe	13.69	11.76	13.75	12.72	14.12	12.54
2	Moderate	24.3	25.77	21.2	22.54	15.27	14.58
3	Normal	62.01	62.46	65.04	64.74	70.61	72.89

For each of the three indicators, **more than 60 percent of children below 5 years of age report normal nutritional status** i.e., no incidence of underweight or stunting or wasting when compared to the first time they were registered on FoodHeals app vis-à-vis their last anthropometric records on the app.

The proportion of well-nourished children has improved over the course of their treatment.

Additionally, the number of **severe cases of underweight, stunting and wasting decreased by 1-2 percent.** However, there is a marginal increase in the number of children who are moderately underweight and moderately stunted. Overall, the incidence of normal levels for all the three indicators are increasing or marginally reducing for both male and female children.

The nutritional outcomes of beneficiaries above 5 years of age are analysed using the BMI scores as recommended by World Health Organization and Centre for Disease Control. When comparing the first observed BMI with the last observed BMI for each beneficiary, there is a marginal increase observed in severe thinness and overweight cases. However, the proportion of well-nourished children has improved over the course of their treatment.

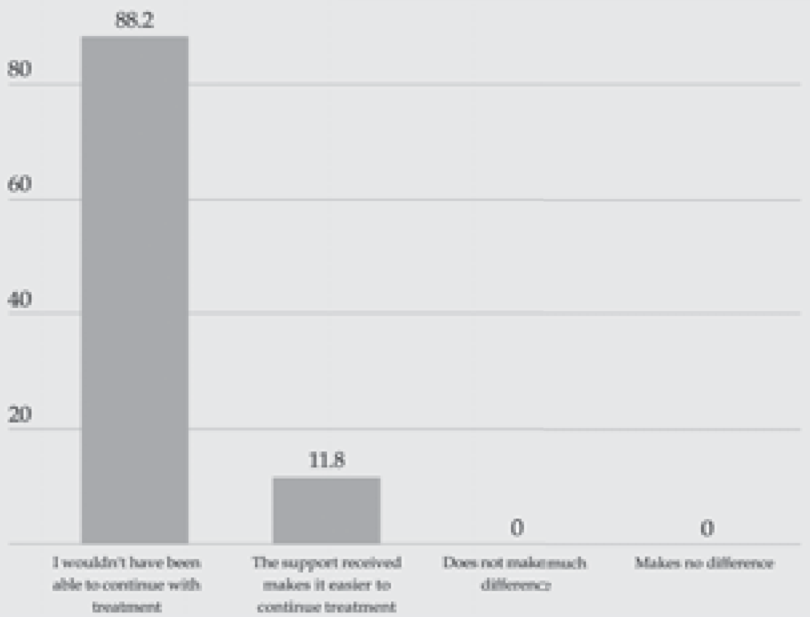
The results suggest that CF's intervention is successfully able to maintain the nutritional status of children without significant deterioration. The results do not show greater improvement as the intensity of cancer and the treatment itself is known to severely affect the nutritional status of children. In such a case, CF is able to provide significant support to maintain the nutritional status of children.

Cuddles Foundation's intervention is successfully able to maintain the nutritional status of children without significant deterioration.

Completion of Treatment

100 percent of respondents reported that they wouldn't have been able to continue with the treatment without the support received by the program and the program makes it easier for them to continue with the treatment.

Figure 2: Perspective of Parents on the Support Received



On further examining the MIS data recorded through the FOODHEALS App, we found only one case wherein the patient had abandoned the treatment in between. The testimonies received from the parents significantly represents the role of CF's intervention in building and providing a holistic architecture in order to positively support with the completion of treatment.

Objective	Key Findings
Nutrition	■ A general consistency has been observed with respect to the utility of the nutritional services. ■ The systems to deliver necessary items are efficiently managed by the nutritionist and the logistics team. ■ Dry ration kits are equally, if not more important to hot meals as they help sustain the nutrition levels when the patient is at home.
Nutritional Counselling	■ A lot of emphasis is placed on nutritional counselling that are conducted at an interval of 15 days to a month. ■ The diet chart that prepared by the dietitian helped the parents to plan the meals of their patients. Feedback sessions are appreciated by the parents. ■ Tele-counselling played a key role when parents could not physically meet the nutritionists.
Clinical Support	■ Regular ward visits are done. Monitoring of patients in the (IPD) is followed by consultation and then the required nutritional supplement is provided. ■ Additionally, tele-counselling is done when a patient and their parents are not staying in the hospital. ■ Patients in critical condition are fed through food pipes and nutritionists continuously monitor their condition. ■ Hospital staff understands the importance of dieticians with considerable cooperation from the hospital. ■ Most of the interviewed patients expressed their gratitude towards the professional integrity and support of the nutritionists even during the lockdown.
Support During Lockdowns	Meals and nutritional support for IPD patients continued during the lockdown. Take home ration continued. CF helped OPD as well as IPD patients with food.

4.3 Recommendations

- Standardised communication materials on nutrition and hygiene should be shared with families and the patients
- Community outreach could be introduced in the programme to help understand the status of nutrition among children on a regular basis instead of when the appointments are in the hospital

4th Wheel Social Impact
WSI

IMPACT ASSESSMENT REPORT - Executive Summary - April 2022

3. URBAN SANITATION
Household Toilets in Urban Slums

DURATION
FY 2019-20 and FY 2020-21

GRANT AMOUNT
INR. 3.13 crores

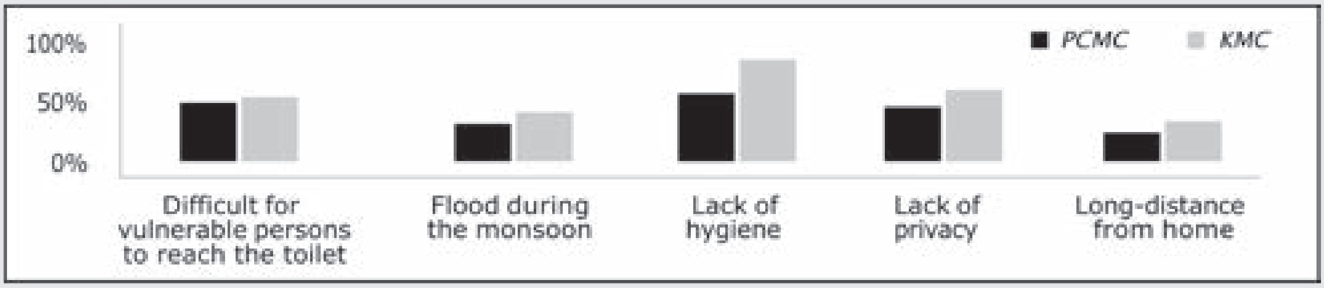
PROJECT DETAILS

BACKGROUND

Inadequate access to toilets remains a complex challenge, given its multiple intersections with other health and sanitation challenges. These challenges are particularly severe in India's slums where constrained housing and inadequate sewage disposal systems only worsen the living conditions of those who must live in the slums. Women and girls face even more health and hygiene challenges due to a lack of access to quality menstrual products and infrastructure along with social norms. In slum contexts, there is an inadequate number and capacity of Community Toilet Blocks (CTBs), which further leads to ineffective sanitation practices, facilities, and behaviours. With the onset of the COVID-19 health pandemic, the need to ensure adequate sanitation access, availability, and behaviour has only been reiterated.

In the target slums settlements in **Kolhapur Municipal Corporation (KMC) and Pimpri-Chinchwad Municipal Corporation (PCMC)**, prior to the **Shelter Associates' (SA) program**, most people used Community Toilet Blocks (CTBs) in KMC (97%) and PCMC (81%). Open defecation was prevalent in both locations of KMC (19%) and PCMC (16%).

Figure 1: Challenges of Using CTBs/Open Defecation



While the challenges around accessing CTBs or engaging in open defecation were primarily a lack of hygiene, lack of privacy, and difficulty of access for vulnerable populations, the main reason that had prevented persons from building a toilet prior to the One Home, One Toilet (OHOT) program was an absence of sewage lines and high construction costs.

ABOUT THE PARTNER

Since 1993, SA works to improve sanitation and housing conditions via programming and research. SA facilitates access to sanitation in informal settlements by setting up a robust spatial data platform to identify households that lack access to basic sanitation, facilitating the construction of household toilets, conducting awareness workshops, and providing a platform for sanitation issues to be deliberated upon.

PROGRAM INTERVENTION

SA's OHOT program provides individual household toilets to low-income settlement dwellers. The OHOT program builds on the premise that more individual household toilets will reduce the strain on CTBs, reduce open defecation, and improve general health and hygiene. To this end, SA utilises a 3-part actionable process:

Figure 2: 3-Step Process of Shelter Associates' OHOT program

Surveying & GIS Mapping

SA utilises a data-driven approach using GIS technology in combination with remote sensing technology (Google Earth) in order to methodically map all existing physical structures, generate an accurate map of the settlement and identify gaps in sanitation services and highlight vulnerable families. An accurate, updated, and reliable understanding of the ground reality is obtained, which subsequently informs the planning and implementation of the OHOT program.

Community Mobilization

The second step involves community mobilisation through door to door visits, meetings, workshops, and focus group discussions. Insights into local sanitation issues are gained and benefits of household toilets are promoted, ultimately gaining the support of the community and their inputs and local knowledge.

Toilet Construction

Once families in the slum have buy-in into the OHOT program, the third and final step is the actual toilet construction. A formal agreement is signed with each household. Toilet units are constructed on a cost sharing basis where cost of labour is borne by the beneficiary and cost of materials and components are provided by SA.

ASSESSMENT METHODOLOGY

AGENCY NAME: 4TH WHEEL SOCIAL IMPACT

STUDY OBJECTIVES

The retrospective evaluation aimed to assess program impact across three levels - individual, household, community. The objectives of the study were as follows:

- To profile beneficiaries who have participated in the OHOT program
- To document and review the implementation processes of the OHOT program
- To assess outcomes and impact at 3 levels - individual, household, and community
- To analyse the program based on the evaluation criteria defined by OECD/DAC i.e.: relevance, efficiency, effectiveness, impact, coherence, and sustainability.

RESEARCH TOOLS AND METHODOLOGY

Mixed methods were utilized as part of this process and outcome evaluation. Multi-stage cluster sampling was adopted, with stratification carried out first on the basis of geography and representation of vulnerability (elderly, women, children, and disabled persons). Utilizing the proportion to percentage method, the sample was further stratified for household size (large, medium, small), level of upgradation (full upgradation, partial upgradation, and only toilet) and type of sewage (sewage line and septic tank).

A total of 305 respondents were reached in the study via interviews. 52 respondents were reached in 5 slums in PCMC and 253 respondents participated from 9 KMC slums. In addition, 10 interviews (4 community leaders, 2 government staff, and 4 SA implementation staff) were held with key informants in both geographies.

IMPACT ASSESSMENT

PROGRAM REACH

A total of 1011 households in 26 slums and 416 households across 17 slums were reached in KMC and PCMC respectively during the period under study.

Table 1:Overview of Program Coverage

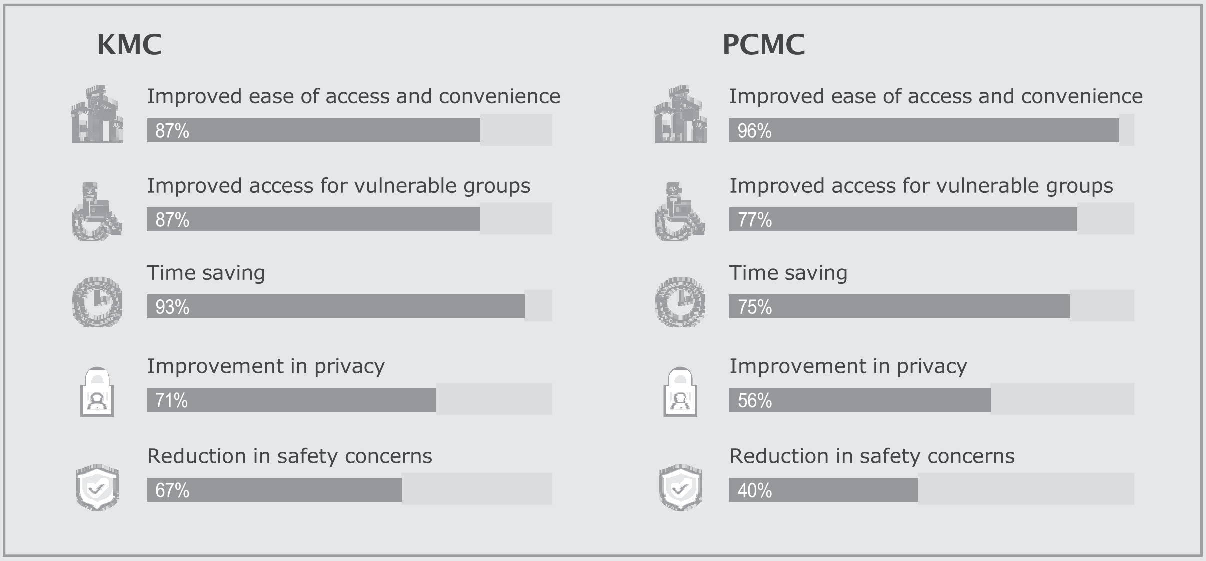
Year	KMC			PCMC			Total		
	Slums	Households	Vulnerable Households	Slums	Households	Vulnerable Households	Slums	Households	Vulnerable Households
2019-20	16	711	361	17	416	203	33	1127	564
2020-21	10	323 [1]	151	0	0	0	10	323	151
Total	26	1034	512	17	416	203	43	1450	715

KEY FINDINGS

INDIVIDUAL LEVEL

A high number of households in KMC (84%) and PCMC (88%) were characterized by all family members using household toilets.

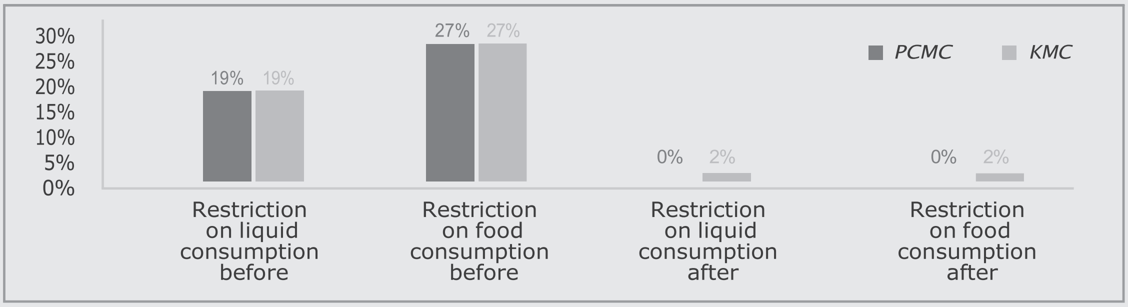
Figure 3: Impact at the Individual Level



Improvements were noted in regulation of dietary practices, improved frequency of changing sanitary napkins, and lower occurrence of urinary tract infections among women.

1 For the purpose of the study, the sampling universe details for KMC in 2020-21 is 300 instead of 323. The construction of some toilets' was delayed due to the second Covid-19 wave in India, and they were completed a little after the end of the year.

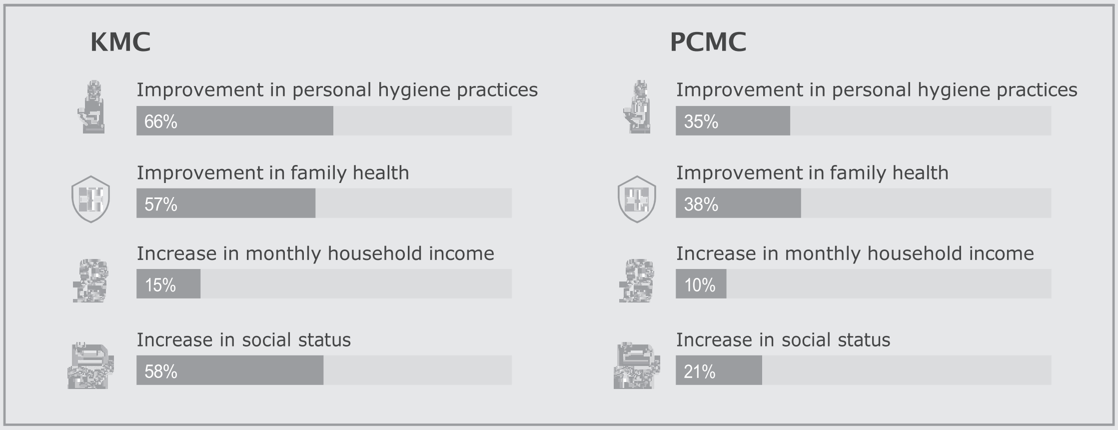
Figure 4: Dietary Restrictions, before and after the toilet



HOUSEHOLD LEVEL

Overall improvements in family health and personal cleanliness were attributed to household toilets by beneficiaries. Aspects such as better marriage proposals, ease to invite guests to visit, and increased comfort for guests in the household also improved in both geographies.

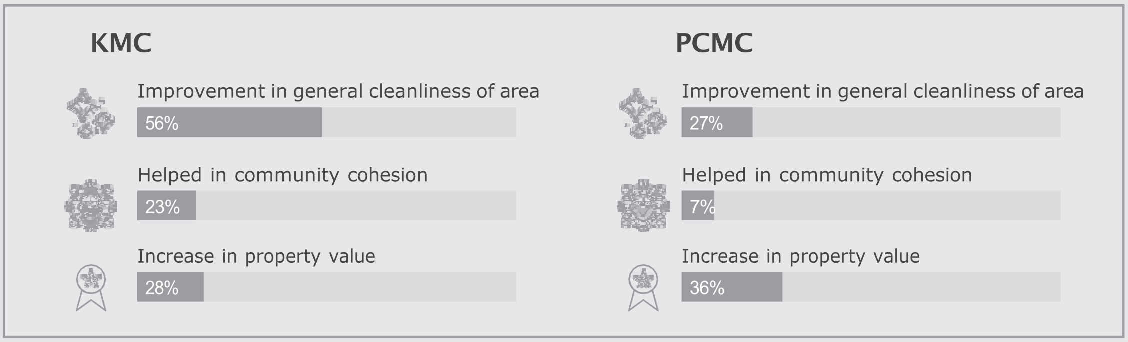
Figure 5: Impact at the Household Level



COMMUNITY LEVEL

Beneficiaries stated that toilets have resulted in overall cleanliness of their slum, in strengthened community cohesion[2] and that property values and rents have increased in the area owing to household toilets.

Figure 6: Impact at the Community Level



[2] A cohesive community is one where there is common vision and a sense of belonging for all communities

RECOMMENDATIONS

Acknowledging the complexities that accompany public delivery of fundamental services in informal settlements and large-scale behavioural change efforts, the following recommendations on improving toilet design, ensuring external linkages, and amplifying awareness and advocacy efforts could be considered.

REVISIT THE TOILET DESIGN TO IMPROVE WASH AMENITIES

Improving overall toilet infrastructure is central to ensuring toilet usage, and essential WASH amenities such as water storage points, hand washing basins, dustbins, electricity and lights, and good ventilation, should be targeted.

FOCUS ON THE NEXT SET OF RELATED AND CRITICAL OUTCOMES FOR SAFE SANITATION

Appropriate collection, containment, treatment, disposal, and/or recycling of faecal waste (especially in case of septic tanks) and sufficient water connections for sanitation systems, are imperative to sustain toilet access and usage.

MAINTENANCE OF CTBS SHOULD BE A PRIORITY

The study found that some members in households would prefer to continue to use CTBs. Thus, improving the infrastructure (doors, latches, water tank covers, lights, dustbins) and ensuring regular and quality cleanliness of the CTBs will contribute towards ensuring health, hygiene and safety of those who continue using the CTBs.

STRENGTHEN SANITATION COMMITTEES

Empowering Sanitation Committees (which include local community members) to ensure timely cleaning of drainage of gutter lines by the respective Municipal Corporations and to hold awareness sessions on waste segregation and proper disposal in their communities, will help to sustain behavioural changes.

EXPLORE INNOVATIONS TO STRENGTHEN THE PROGRAM

Numerous innovations such as Samagra Sanitation, Magic Genie Eco Toilet, Solar Powered Urine Diversion (SPUD) toilets from Africa, and Garv Stainless Steel Public Toilet Infrastructure have integrated eco-friendly innovations into the toilet design and disposal. These could be considered as a next step to build sustainability into the toilet models.

FACILITATE GOVERNMENT SCHEME LINKAGES

Building synergies with government schemes to reduce the credit burden of building toilets (Pradhan Mantri Awaas Yojana), and address poor housing conditions (Credit Linked Subsidy Scheme for Economically Weaker Sections and Low Income Group), will help mitigate the credit concerns that emerge for low-income households when they undertake infrastructure improvements.

SATTVA
Delivering High Impact.

IMPACT ASSESSMENT REPORT - Executive Summary - April 2022

4. SUPPORTING PERSONS WITH DISABILITIES

Training Support to Para-athletes for Tokyo Paralympics

OVERVIEW

Partner Name: Foundation for Promotion of Sports and Games (Olympic Gold Quest)

Duration: 2020 - 2021

Grant Support: INR 1.57 crore

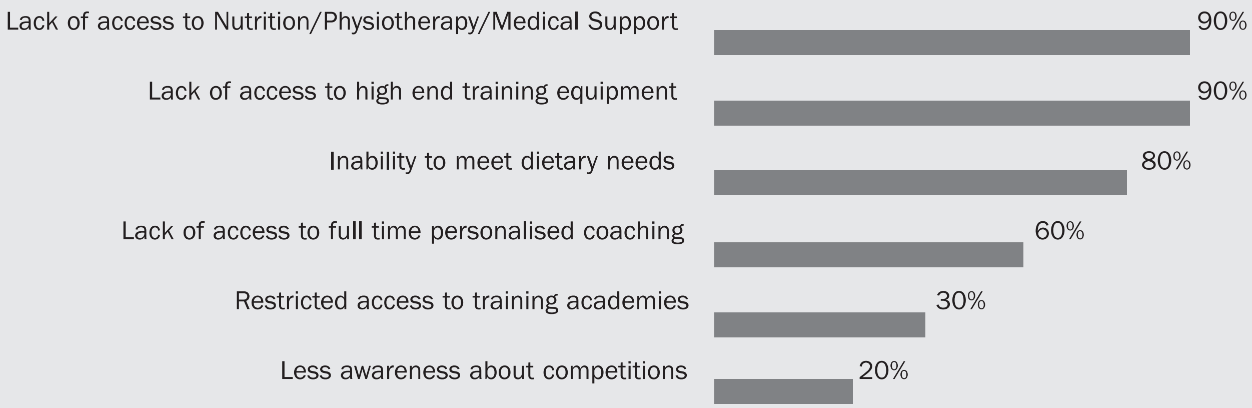
Project Overview

Background

Disability inclusion is still in its nascent stage in India. People with disabilities (PwD) not only face societal barriers, but are also hurdled by institutional and systemic challenges such as lack of accessible infrastructure and discriminatory policies. As a result, they face exclusion from access to education, employment, and community living. Sports acts as a powerful transformative tool to help reduce the stigma and discrimination linked to disability and can help PwD acquire social skills, develop independence, and become empowered.

India has been participating in the Paralympics since 1968 and won its first Paralympic medal in1972. Since then, the sports culture in India has also undergone a major shift. Rising interest has been recorded in wrestling, badminton, and other sports played at the Olympic Games. The increase in viewership of these sports has also led to an organic deviation in sponsorship and funding which was earlier limited to the district or the state level governments. Moreover, Schedule VII of the Corporate Social Responsibility (CSR) law (Companies Act, 2013) has identified training in sports, including Paralympic sports, as an activity under CSR. Thus, corporate donors have also been funding the organisations dedicated to shaping the future of the athletes and the para-athletes.

CHALLENGES FACED BY PARA-ATHLETES (n=10)



The para-athletes reported that before receiving support from OGQ, they did not have a dedicated support team to take care of the various aspects of training such as nutrition, physiotherapy, and injury management. Moreover, para-athletes require equipment for mobility such as hi-tech wheelchairs and other adaptive sports gear which they are not able to afford individually. This equipment is necessary for athletes to train and perform at national and international tournaments.

HDFC

About the Partner

Foundation for Promotion of Sports and Games, commonly known as Olympic Gold Quest (OGQ) was founded in the year 2000 and is the brainchild of Prakash Padukone and Geet Sethi. Together they realised that Indian athletes need 24x7 support teams for sports science interventions, coaching, fitness, and injury management.

OGQ began with the singular mission of helping Indian athletes secure Olympic gold medals, and its vision is to compliment the efforts of the Indian Government and several Sports Federations by identifying talented and deserving athletes and providing them with all the support they need to excel in their sport and win gold medals.

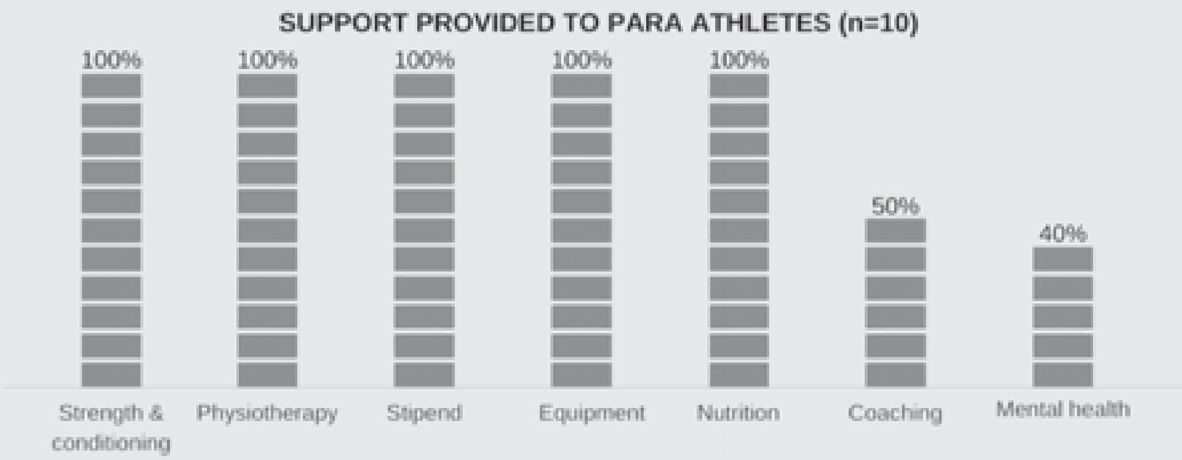
Program Intervention

In October 2019, OGQ recognised the need to support Indian para-athletes and started its Para-Athlete Program which focused on training athletes across India who had a high probability to qualify for the Tokyo Paralympics 2020. HDFC through H T Parekh Foundation (HTPF) has been one of the key donors to OGQ's program from its inception and has supported 18 para-athletes from November 2020 to August 2021.

Under this program, OGQ provides support to its para-athletes in five key areas: sports science, administrative support, coaching and training, equipment, and support to enable participation in national and international tournaments.

- The sports science support comprises an array of interventions such as physiotherapy, nutrition support, psychological support, medical assessments, and injury management.
- The coaching and training support by OGQ ensures that athletes get the best possible training from coaches and trainers. OGQ also organises training camps with different coaches to ensure athletes get the required technical and tactical training to develop and enhance their skills.
- OGQ further ensures that the equipment used for training is in line with international standards.
- Administrative support and participation support helps the athletes focus only on their game, while a dedicated team takes care of all logistics and financial aspects of their training and participation.

Furthermore, the OGQ experts monitor the progress of each para-athlete through an 'Athlete Management' software. All information regarding nutritional requirements, injuries, medical assessments, and daily progress are tracked through this software. The team coordinates closely among themselves to address the needs of the athletes.



50% of the para-athletes receive coaching, while the rest train either under the national team's coach, or are coached through affiliations such as one with the Indian army. In some cases, the para-athletes have a personal coach who has been training them since before receiving support from OGQ.

The OGQ team shared that before the Paralympics, only those para-athletes who requested mental health support received it but now the OGQ team assesses the need for it. Before the Tokyo Paralympics 2020, only one para-athlete received sports psychology support. Post the Paralympics, 40% of the para- athletes reported receiving mental health and counselling support which has proven to be beneficial in their training and performance.

Highlights of the Program

- OGQ recognized the need for dedicated infrastructure for para-athletes and addressed it by partially financing a dedicated training facility in Lucknow under the leadership of Gaurav Khanna for the national para-badminton team.

- OGQ provides stipend not only to the para-athletes, but also to their family/ non-family attendees. Though this is especially valid in the case of wheelchair bound athletes, OGQ determines it on a need basis.

Assessment Methodology

Agency Name: Sattva Media and Consulting Pvt. Ltd.

Objectives of the Study

- Change in sporting skills, bodily awareness, and physical & mental strength of para-athletes.
- Change in access to high quality equipment and infrastructure for para-athletes.
- Change in the overall performances of Indian para-athletes in international competitions.
- Program's ability to create awareness about para-athletes, para-sports and mobilise support for Paralympics.
- OGQ's role in motivating para-athletes during the COVID-19 lockdown.
- Identify gaps and challenges on ground in terms of project implementation.
- Provide actionable recommendations to strengthen the impact of the program.

Design and Framework for the Study

The study incorporated a three-fold approach which was descriptive and cross-sectional in design, and used mixed-methods (qualitative and quantitative) for data collection from primary and secondary sources. The study incorporated the Organisation for Economic Cooperation and Development's (OECD), Development Assistance Committee (DAC) principles for evaluation. The framework was contextualised to capture the effectiveness and impact of the support provided by OGQ to the Paralympic athletes.

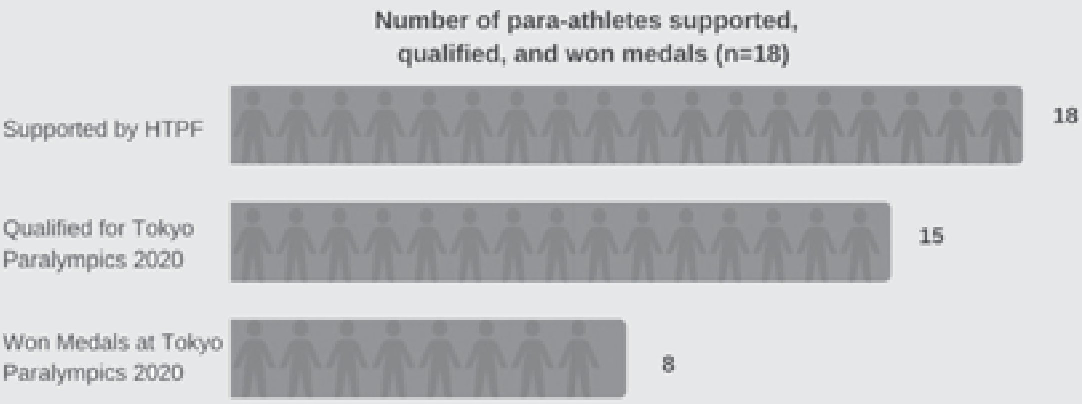
Data Collection Tools and Stakeholders

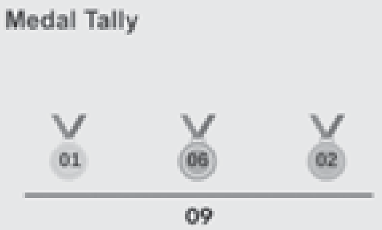
Sattva interacted with a total of eight types of stakeholders across the OGQ and HTPF team to get a 360-degree perspective on the program. This included 10 quantitative surveys and one case study with the para-athletes, and 15 qualitative in-depth interviews split between the para-athletes, the coaches, the trainers, the physiotherapists, the nutritionists, OGQ research and program team, and the HTPF team.

IMPACT ASSESSMENT

Reach

The beneficiaries of the program are the para-athletes across four sports, namely para-archery, para- badminton, para-shooting, and para-athletics.





KEY FINDINGS

90% para-athletes believe that OGQ's support has given them access to professional trainers and a nutritious diet, both of which are critical for training

- International coaches are brought in for training camps to coach the athletes on strengthening their technical skills.
- Provision of personalized nutrition support is imperative and beneficial for the para-athletes, especially for wheelchair bound athletes facing challenges such as weightgain.

Although training and nutritional support was received by all the para-athletes, coaching and sports psychology support was need based

- 50% of the para-athletes receive coaching, while the rest coach either under the national team coach, or under coaches provided through other affiliations such as the Indian Army.
- 40% of the para-athletes receive mental health and counselling support which has proven to be extremely beneficial in their training and performance.

Most para-athletes reported that access to professional trainers and coaches has resulted in a significant improvement in technical and tactical skills

- 80% of the para-athletes rated their technical skills in their particular sport between two and three on five before receiving support from OGQ. Whereas, 80% shared a four on five rating after receiving support from OGQ.

70% para-athletes were unable to maintain their dietary requirements during the pandemic. OGQ ensured support by providing nutritional supplements

- According to members of the OGQ sports science team, the dietary requirements were readjusted as per the athlete's activity levels while they were at home. Nutritional supplements were arranged for athletes and that helped maintain their fitness and strength throughout the phases of lock down.

OGQ provided all the para-athletes with the training equipment required to continue 'practice at home' during the pandemic

- 80% of the athletes reported that they did not have the correct equipment to train at their home base during the pandemic.
- OGQ provided all the para-athletes with equipment and helped set up home gyms wherever necessary.

All the para-athletes believe that their success has changed the perception of the community towards the differently abled as a whole

- The athletes shared that their neighbours, extended family and people from their hometown are now supportive of other differently abled people taking up sports as a career.
- Athletes also believe that the media coverage and attention towards the para-athletes significantly increased after the Tokyo Paralympics 2020.

Brand endorsements, partnerships, and government jobs provide financial security to para-athletes and spread community awareness leading to more acceptance

- Six of the 18 HTPF supported para-athletes now have professional representation for potential endorsements or partnerships with brands, as compared with only one athlete having an endorsement before the Tokyo Paralympics 2020.
- In addition, three athletes supported by HTPF have secured job offers by state governments and Sports Authority of India.
- Devendra Jhajharia who is a two-time Paralympic medalist was awarded with the Padma Bhushan and is the first Indian para-athlete to be conferred with this honour.

RECOMMENDATIONS

Simulation Training

- Sattva found that climatic conditions play a role in determining performance of the athletes. Factors such as heat and humidity have been proven to negatively impact muscle endurance which is important for athletes to perform well.
- Such external factors could be addressed by providing simulation training to the athletes. OGQ could map out locations where an athlete trains, especially considering climatic conditions of the geography where upcoming international tournaments are going to take place.

Dedicated Infrastructure

- Although 50% of the para-athletes shared that their access to training infrastructure has improved after receiving OGQ's support, 30% of the para-athletes still face restricted access to infrastructure.
- Hence, there is a need for dedicated infrastructure accessible to para-athletes which OGQ has in the past addressed by partly financing the national para badminton training academy in Lucknow. OGQ could similarly help establish training centres for other para sports across the country to improve access to infrastructure for para-athletes.

Sports Psychology Support

- All the para-athletes who received counselling support shared that it was helpful for them.
- 70% of the para-athletes felt that the COVID-19 pandemic had disrupted their training at the highest degree.
- Thus, it is essential for the athletes to get professional psychological support in addition to learning refocusing strategies for optimal performance. OGQ could hire an in-house full-time sports psychologist for the same.

Document the Program Processes

- Sattva found out that the processes, feedback mechanisms, and other SOPs for the program are not formally documented yet.
- Hence, one of the primary actionable recommendations would be to ensure that all SOPs for processes such as scouting of athletes, feedback mechanisms are formally documented and circulated within the organization.

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5. COVID-19 SUPPORT
Vaccination Program & Community Relief

OVERVIEW

As part of the Covid-19 support strategy for 2021-2022 HDFC Ltd partnered with multiple organisations across India to prepare and protect against the pandemic

	Vaccination Program	**Support: Rs. 18.18 Cr.**
	Community Relief	**Support: Rs. 6.03 Cr.**

Background

On 11th March 2020, the World Health Organisation (WHO) declared the outbreak of coronavirus disease (COVID-19) as a global pandemic. In India, limits and curfews were imposed as strict containment measures and many sectors, including education, were completely closed down in the offline setting, as a mitigation strategy to contain the outbreak of the second wave in April-May 2021.

Relief efforts continued and over the course of the year, vaccines were developed to control the spread of the virus. India's demography, population, and social construct posed innumerable challenges in administering vaccines. With a staggering 17·7% (1·39 billion) of the world's population, ensuring a consistent vaccine supply, maintaining a high pace of vaccine administration, and achieving nationwide coverage were substantial challenges. As vaccination drives began, many myths and rumours were spread, especially in rural areas and among the underprivileged which led to vaccine hesitancy.

As of April 2022, 99 crore+ of dose 1, 89 crore+ of dose 2 and 2.55 crore+ of precaution doses have been administered in India. This has been achieved through a mammoth effort of the Government and support by Corporates through their CSR effort, as well as NGOs who understand the communities.

About the Project

Vaccination Relief

HDFC in partnership with multiple organisations created a model to enable successful vaccination of marginalized at-risk populations at an accelerated pace.

- Collaborative Approach: Direct jabs through vaccination centres
- Incentivization Approach: Incentive-based drives to increase innoculations

Lack of vaccination centres in close proximity and lack of digital literacy to register on CoWin were the two major bottlenecks in getting the economically vulnerable population vaccinated. The partners worked tirelessly to set up vaccination centres in close proximity to the community and helped beneficiaries with their registration on the CoWin portal. The team was readily available at the campsite to provide support and services to any community members.

There was a clear need for vaccination drive and outreach: 67% of beneficiaries surveyed believed myths around COVID-19 leading to vaccine hesitancy.

Vaccine hesitancy due to myths and misconceptions regarding the disease and its treatment compounded the problem, especially in rural and remote tribal areas. Various focus group discussions were conducted by the vaccination-centric program teams among the participants such as community members, sarpanch, and construction workers.

HDFC and partner organisations worked towards debunking these myths, improving vaccine awareness and mobilising people for vaccination.

Partners	Location
Samarthanam Trust for the Disabled	Delhi NCR
Karnataka Health Promotion Trust	Uttar Pradesh
CII Foundation	Ahmedabad (Gujarat)
Jaslok Hospital & Research Centre	Kochi (Kerala)
Narayana Health	Koppal, Bangalore (Karnataka)
Dr M L Dhawale Memorial Trust	Mumbai, Thane, Palghar (Maharashtra)
Surya Biomedical Research Centre	Udaipur (Rajasthan)
Yuva Unstoppable	Kolkata (West Bengal)
Samaritan Help Mission	

Community Relief

In the pandemic year, India's unemployment rate rose sharply.

A similar trend was noticed amongst the study respondents. 26% (n=330) reported the loss of income sources due to the pandemic. Currently, after 2 years into the pandemic, there are still 15% of the total study respondents without having found any new employment or source of income.

31% of the respondents reportedly faced significant challenges where they exhausted all their savings or had taken loans to cope with unemployment as a result of the pandemic.

The combined challenges of loss of employment and reduced income further manifested into a shortage of food and other supplies

Nearly 57% of the respondents in the study have expressed facing a food shortage during the COVID-19 lockdown, especially during the second wave. In order to cope with the consequential food shortage, the respondents reported having to reduce either the quantity of food in each meal and/or the number of meals consumed in a day.

Healthcare professionals were on the frontline during the pandemic with long working hours and inadequate time to cater to their own needs.

During the peak of the pandemic waves, many children lost their primary caregivers, making them vulnerable to higher risks like isolation, lack of supervision, child labour etc.

The relief programs were implemented in partnership with multiple organisations working at community level spread across various locations and delved into following relief measures:

Providing healthcare workers with nutritional support in the manner of cooked meals and nutritious kits

Food and hygiene kits to vulnerable and underserved communities

Food assistance counselling, bereavement support linking to foster care and institutional support to children in distress

Supervision centres and educational kits to children in distress

Partners	Location
The Aangan Trust Annamrita Foundation Childine India Foundation Foundation to Educate Girls Globally Goonj Mitti Social Initiatives Taj Public Service Welfare Trust Yuva Unstoppable	Delhi, NCR, Ahmedabad (Gujarat), Mumbai (Maharashtra), Kolkata, Howrah (West Bengal), Patna (Bihar), Varanasi (Uttar Pradesh), Madhya Pradesh, Chhattisgarh, Jharkhand

Assessment Methodology

Objectives of the Study

- Assess the effectiveness and efficiency of the program executed by the implementation partners
- The impact of COVID-19 vaccination and relief program and support measures among the targeted groups

Design and Framework for the Study

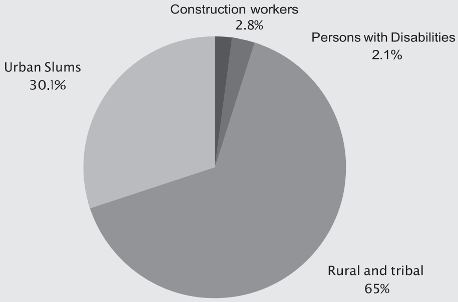
The study conducted by Sattva incorporated a descriptive cross-sectional design method where data was collected from a representative population of the beneficiaries to provide a snapshot of the outcome and the characteristics associated with it, at a specific point in time. The study incorporated a mixed-method approach consisting of quantitative and qualitative data collected from primary and secondary sources, to gather valuable impact-related insights from a 360-degree perspective across the stakeholders involved.

Quantitative data was collected through surveys conducted with 280 beneficiaries across four locations for Vaccination program, whereas qualitative data collection was administered through focus group discussions and in-depth interviews with different stakeholders and partners. For the Community Relief programs, insights were derived from Sattva's engagements in the form of in-depth interviews and focus group discussions with program team members, doctors, field coordinators, kitchen staff, tutors, and other stakeholders.

Impact Assessment

Vaccination Reach

479600 Individuals vaccinated



Community Relief: Reach

15,000 Health care workers at hospitals and COVID care centres

13,000 children in distress due to lost of parents in pandemic

40 + hospitals and covid centres

22,800 families from underserved or missed out communities

Key Findings

Vaccination Program

Awareness

At least 1/2 of the study respondents did not get vaccinated due to a lack of adequate information about the vaccination process.

90% of the survey respondents reported receiving information about vaccination directly from the NGO partners.

44% of beneficiaries reported are now aware of the importance of vaccination and 38% of beneficiaries also reported their vaccine myths being quashed as a result of the vaccination drive.

Incentivization in some locations increased vaccine turnout.

The vaccination drive also had compounded positive effects as beneficiaries further referred it to others.

Ease of Access

Organising camps at work-sites helped in achieving high-turnout rates around increase in 72% for construction workers.

Almost 69% of study respondents reported having easy access to vaccination camps due to the efforts of NGO partners.

97% of beneficiaries displayed willingness toward the second dose of vaccination.

Seamless process

100% beneficiaries exhibited a level of satisfaction with the vaccine process, where 77% people showing high level of satisfaction.

Community Relief

Identification

The swift identification of vulnerable communities and healthcare staff in partnership with local/ regional NGOs, community influencers, and relevant government stakeholders helped the relief aid to reach the target beneficiaries in time.

Cooked meals were provided to vulnerable level-4 Healthcare Workers by identifying them with the help of local government stakeholders or using existing databases.

The immediate and long-term needs of children in need of care and protection, along with families affected by covid were mapped, and addressed with a well-coordinated network of services.

The food kits distributed and additionally the stationary for education camps for the students to not disturb them from studies.

Dissemination

The timely delivery of freshly cooked meals served to healthcare staff at designated hospitals helped meet their nutritional needs.

Nutritious and hygienic cooked meals were provided to the healthcare staff, keeping in mind their region-specific tastes and preferences.

Strict quality control and hygiene standards were enforced at the sites of the preparation of the cooked meals.

Localised procurement of ration kits from vendors ensured that ration kits were customised to suit the local requirements and tastes.

The interventions generated livelihood opportunities for PWD and increased community engagement.

Care was taken to ensure that rations procured were of the highest quality, and the packaging of the kits followed hygiene practices.

Other

The interventions generated livelihood opportunities and inculcated a sense of dignity among secondary stakeholders, and also enabled them to cope up with the COVID-19 pandemic via community engagement.

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Annex to Directors' Report - 4

FORM NO. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

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

To,

The Members,

Housing Development Finance Corporation Limited
Ramon House, 169, Backbay Reclamation,
H. T. Parekh Marg, 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** having **CIN No. L70100MH1977PLC019916** (hereinafter called the 'Corporation') for the Financial year ended March 31, 2022 (hereinafter called the 'Audit Period'). Secretarial Audit was conducted in a manner that provided us with a reasonable basis for evaluating the corporate conducts/ statutory compliances made by the Corporation during the Audit Period and for expressing our opinion thereon.

Based on our verification of the Corporation's books, papers, minute books, forms and returns filed, soft copies as provided by the Corporation and other records maintained and also the information provided by the Corporation, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Corporation has, during the above audit period 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 books, papers, minute books, forms and returns filed and other records maintained by the Corporation for the audit period, pursuant to the provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 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 made by the Corporation;

(v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992:

- (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 (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (being the erstwhile Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014);
- (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- (e) The Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to the obligations of the Corporation);

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

(g) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (being the erstwhile The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008);

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

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

(j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

(vi) Other laws/Directions/guidelines specifically applicable to the Corporation are:

(a) National Housing Bank Act, 1987 and Guidelines;

(b) Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 read with the relevant guidelines and circulars;

(c) Guidelines on Know your Customer and Anti-Money Laundering Measures;

(d) Guidelines for Asset Liability Management System in Housing Finance Companies;

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

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

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

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

(i) Advisory by The Institute of Company Secretaries of India (ICSI) in the manner of dealing with Unclaimed Shares of the Corporation.

We have also examined compliance by the Corporation with the applicable clauses of the Secretarial Standards on board meetings, general meetings and on dividend issued by The Institute of Company Secretaries of India during the audit period.

During the audit period, the Corporation has complied with the provisions of the Acts, Rules, Regulations and Bye-laws mentioned above subject to the following:

National Housing Bank (NHB) levied a penalty of ₹ 4,75,000 plus GST on the Corporation for technical non-compliance with NHB's circular: NHB(ND)/DRS/Pol-No.58/2013-14 dated November 18, 2013 and NHB(ND)/DRS/Policy Circular No.75/2016-17 dated July 1, 2016. The Corporation has paid the penalty on July 19, 2021 simultaneously holding on to its reservations with respect to the merit in the matters. Due disclosure has also been made by the corporation to the Stock Exchanges on the above in time.

During the period under review, provisions of the following regulations were not applicable to the Corporation:

(i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and

(ii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

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 as on 31st March 2022 as under:

I. Three Executive Directors;

II. Five Non-Executive Independent Directors;

III. One Woman Non-Executive Independent Director; and

IV. Two Non-Executive Non-Independent Directors.

During the above period, the following changes in the composition of the Board of Directors were carried out in due compliance with the provisions of the Act, Rules made thereunder and SEBI (LODR) Regulations:

I. Mr. Keki M. Mistry (DIN:00008886) was re-appointed as the Managing Director (designated as 'Vice-Chairman & Chief Executive Officer') of the Corporation for a period of 3 years with effect from 7th May 2021, liable to retire by rotation, by the members of the Corporation at the 44th Annual General Meeting held on 20th July 2021. He was also re-appointed as a director of the Corporation at the above annual general meeting since he is liable to retire by rotation.

II. Retirement of Mr. Nasser Munjee (DIN: 00010180) with effect from 20th July 2021 upon completion of his second term as an Independent Director of the Corporation;

III. Retirement of Dr. J. J. Irani (DIN: 00311104) with effect from 20th July 2021 upon completion of his second term as an Independent Director of the Corporation;

IV. Appointment of Mr. Rajesh Narain Gupta (DIN: 00229040), as an Independent Director for a term of 5 consecutive years with effect from 2nd August 2021.

V. Appointment of Mr. P. R. Ramesh (DIN: 01915274), as a Non-executive Non-independent Director with effect from 2nd August 2021.

Adequate notices were given to all directors to schedule the Board and Committee Meetings, agenda and detailed notes on agenda of the Board of Directors and Committee meetings were sent in accordance with applicable provisions of law. A proper system exists for the directors to seek and obtain further information and clarifications on the agenda items before the meetings and to ensure their meaningful participation at the meetings.

Decisions at the meetings of the Board of Directors of the Corporation were carried through on the basis of majority. There were no dissenting views expressed by any member of the Board of Directors on any matters during the audit period.

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

We further report that during the audit period, following specific events/ action have occurred:

1. The Corporation has allotted equity shares under Employee Stock Option Schemes, as follows:

i. First Quarter from 1st April, 2021 to 30th June, 2021 – 18,06,816 equity shares of ₹ 2/- each fully paid up.

ii. Second Quarter from 1st July, 2021 to 30th September, 2021 – 24,56,584 equity shares of ₹ 2/- each fully paid up.

iii. Third Quarter from 1st October, 2021 to 31st December, 2021 – 28,01,980 equity shares of ₹ 2/- each fully paid up.

iv. Fourth Quarter from 1st January, 2022 to 31st March, 2022 – 20,16,463 equity shares of ₹ 2/- each fully paid up.

2. The Corporation completed the sale of 47,75,241 equity shares of ₹ 1 each, representing 24.48% of the equity share capital of Good Host Spaces Private Limited (Good Host) to Baskin Lake Investments Limited, at a price of ₹ 452.71 per equity share, aggregating to a consideration of ₹ 216.18 crore. Post the said-sale, Good Host ceased to be an associate of the Corporation.

3. The Corporation has appointed Link Intime India Private Limited as its Registrar and Share Transfer Agent with effect from 1st April, 2022 and has also informed the stock exchanges about the above change.

4. Reserve Bank of India had directed the Corporation to reduce its shareholding in HDFC ERGO General Insurance Company Limited (HDFC ERGO) to 50% or below by May 12, 2021. Pursuant to the above, the Corporation on May 11, 2021 completed sale of 44,12,000 equity shares of HDFC ERGO to ERGO International AG, the foreign promoter of HDFC ERGO at a price of ₹ 536 per equity share, aggregating to a total consideration of ₹ 236.48 crore. Post the said sale, the shareholding of the Corporation in HDFC ERGO stands at 49.98% of its issued and paid-up capital and accordingly, HDFC ERGO has ceased to be a subsidiary of the Corporation under the Companies Act, 2013 with effect from the said date. Its audited financial

statement however continues to be consolidated with those of the Corporation as a subsidiary in terms of the applicable Indian Accounting Standards.

5. On March 10, 2022, True North Ventures Private Limited (True North) allotted equity shares on a rights basis to its existing shareholders. The Corporation did not subscribe to the said rights issue consequent upon which the shareholding of the Corporation in True North was diluted to 19.79% and accordingly, True North has ceased to be an associate of the Corporation from the said date.

6. During the Audit Period, the Corporation has allotted Secured Redeemable Non-Convertible Debentures under different series amounting to ₹ 50,000 crore and have redeemed Secured Redeemable Non-Convertible Debentures aggregating ₹ 31,930 crore.

7. During the Audit Period, the Corporation has issued commercial papers amounting to ₹ 53,460 crore and have redeemed commercial papers aggregating ₹ 54,020 crore.

8. The Corporation at its Board Meeting held on 04th April, 2022, has approved the composite scheme of amalgamation for amalgamation of : (i) HDFC Investments Limited and HDFC Holdings Limited, into and with the Corporation and (ii) The Corporation into HDFC Bank Limited, and their respective shareholders and creditors, under sections 230-232 of the Companies Act, 2013 subject to receipt of approvals from the concerned Authorities and has also made an intimation to this effect to the Stock Exchanges pursuant to the requirements of the SEBI (LODR) Regulations, 2015.

For **BNP & Associates**
Company Secretaries
[Firm Regn. No. P2014MH037400]
PR/No. 637/2019

Kalidas Ramaswami
Partner
FCS No.: 2440
CP No.: 22856
UDIN:F002440D000188098

MUMBAI
April 23, 2022

Note: *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
Housing Development Finance Corporation Limited

Our Secretarial Audit Report of even date for the financial year ended March 31, 2022 is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to Housing Development Finance Corporation Limited (the 'Corporation') is the responsibility of the management of the Corporation. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.

2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Corporation. Our responsibility is to issue the Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Corporation, along with explanations where so required.

3. We have followed the audit practices and processes as were considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was carried out on test check basis to ensure that facts as reflected in secretarial and other records produced to us were correct. We believe that the processes and practices we followed, provide a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.

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

5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events which occurred during the audit period.

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 **BNP & Associates**
Company Secretaries
[Firm Regn. No. P2014MH037400]
PR/No. 637/2019

Kalidas Ramaswami
Partner
FCS No.: 2440
CP No.: 22856
UDIN:F002440D000188098

MUMBAI
April 23, 2022

Annex to Directors' Report - 5

SECRETARIAL COMPLIANCE REPORT

SECRETARIAL COMPLIANCE REPORT OF HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED FOR THE YEAR ENDED MARCH 31, 2022

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

We, BNP & Associates, Company Secretaries, have examined:

(a) all the documents and records made available (copies shared with us physically/virtual mode) to us and the explanations provided by Housing Development Finance Corporation Limited ("the listed entity"/"Corporation"),

(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 we have relied upon to make this certification, for the year ended March 31, 2022 ("Review Period") in respect of compliance with the provisions of:

  a. the Companies Act, 2013 and the rules applicable thereunder as amended from time to time;

  b. the Securities and Exchange Board of India Act, 1992 and the regulations, circulars, guidelines issued thereunder; and

  c. the Securities Contracts (Regulation) Act, 1956 and rules made thereunder.

The specific Regulations, whose provisions and the circulars/guidelines which have been examined, include, 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 (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 being the erstwhile Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

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

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

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

(g) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 being the erstwhile SEBI (Issue and Listing of Debt Securities) Regulations, 2008;

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

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

(j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

We hereby report that, during the above Review Period:

a) The listed entity has complied with the provisions of the above Regulations and circulars/guidelines issued thereunder.

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

c) The listed entity does not have any identifiable promoter. No actions have been taken against the listed entity its 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.

d) The listed entity has taken the following actions to comply with the observations made in previous report – Not Applicable.

For **BNP & Associates**
Company Secretaries
[Firm Regn. No. P2014MH037400]
PR/No. 637/2019

Kalidas Ramaswami
Partner
FCS No.: 2440
CP No.: 22856
UDIN: F002440D000195930

MUMBAI
April 23, 2022

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 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 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, 2022 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.	Upendra Kumar Sinha	00010336
3.	Jalaj Ashwin Dani	00019080
4.	Bhaskar Ghosh	06656458
5.	Ireena Vittal	05195656
6.	Rajesh Narain Gupta	00229040
7.	Prathivadibhayankara Rajagopalan Ramesh	01915274
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: F008663D000199392

Bhaskar Upadhyay
Partner
FCS: 8663
CP No.: 9625
PR No.: 700/2020

MUMBAI
April 25, 2022

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, 2022, 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: F000761D000223940

MUMBAI
April 27, 2022

Report of the Directors on Corporate Governance

The role of boards is continually evolving. In the recent period, boards have had to address a number of challenges such as adhering to fast changing regulations, the pandemic, supply chain disruptions, health and safety measures and geo political tensions. In addition, boards need to ensure diversity, stay abreast with developments in technology and understand and assess risks emanating from climate change. Thus, boards need to navigate through a considerably more demanding business environment.

Organisations that follow robust corporate governance practices with highest ethical standards are able to weather crises more effectively. For instance, the quality of governance has been a differentiator during the COVID-19 crisis and will remain so in a post pandemic world.

Successful boards have acted as the stewardship body of the organisation, both guiding and supporting management in taking decisions, particularly during uncertain times and ensuring that the organisation emerges from the crisis stronger and more resilient.

The need for long-term strategic thinking cannot be over emphasised. Boards that have a long-term view tend to be more effective in helping their organisations steer through difficult challenges.

Expectations from stakeholders are constantly rising and there is a unanimous shift towards companies that integrate environmental, social and governance parameters as a core part of their business.

The Securities and Exchange Board of India (SEBI) has continued to raise the bar on corporate governance standards in India. Through its business responsibility and sustainability framework, the regulator is rightly urging companies to increase their non-financial disclosures which help provide a more holistic perspective about a company.

Philosophy on Corporate Governance

The Corporation has imbibed a philosophy of following robust corporate governance practices and accountability. The Corporation strives to adopt policies and practices that meet the highest ethical standards. Commitment to good governance has a distinctive competitive advantage, enhances reputation and creates long-term sustainability.

The Corporation's guiding principle is that the strong relationship between culture and strategy will consistently produce improved financial performance, better employee engagement, ethical behaviour and stakeholder satisfaction.

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 provisions as mentioned under the Chapter IX of Master Direction - Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.

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, 5 are independent directors. The composition of the board is in conformity with the Listing Regulations and the 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)	77	Non-Executive Non-Independent	3	2	5	2	-
2	Mr. U. K. Sinha	70	Independent	1	2	3	4	3
3	Mr. Jalaj Dani	52	Independent	1	4	5	4	2
4	Dr. Bhaskar Ghosh	62	Independent	1	-	1	1	-
5	Ms. Ireena Vittal	53	Independent	1	2	3	4	1
6	Mr. Rajesh Narain Gupta	57	Independent	2	-	2	4	1
7	Mr. P. R. Ramesh	67	Non-Executive Non-Independent	1	6	7	6	4
8	Mr. V. Srinivasa Rangan (Executive Director)	62	Whole-Time	5	3	8	6	-
9	Ms. Renu Sud Karnad (Managing Director)	69	Whole-Time	5	3[3]	8	6	3
10	Mr. Keki M. Mistry (Vice Chairman & CEO)	67	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.*

[3] *Includes directorship in Unitech Limited as a nominee director i.e. nominee of the Central Government of India. Ms Renu Sud Karnad had tendered her resignation w.e.f. March 24, 2022. The completion of necessary formalities is awaited, including placing the same before the Hon'ble Supreme Court of India, for its kind consideration.*

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.

Change in Board Composition

The changes in the board composition during the year ended March 31, 2022 are as under:

Sr. No.	Name of Director	Nature of Change	Effective Date	Terms
1	Dr. J. J. Irani	Retired as an independent director	July 20, 2021	-
2	Mr. Nasser Munjee	Retired as an independent director	July 20, 2021	-
3	Mr. Rajesh Narain Gupta	Appointed as an independent director	August 2, 2021	For a term of 5 consecutive years
4	Mr. P. R. Ramesh	Appointed as a non-executive, non-independent director	August 2, 2021	Retire by rotation

During the year, Dr. J. J. Irani and Mr. Nasser Munjee ceased to be directors of the Corporation on completion of their tenure. The board places on record its sincere appreciation for the wise counsel and enormous contributions made by them to the Corporation during their respective tenures.

The board appointed Mr. Rajesh Narain Gupta as an independent director for a term of 5 consecutive years and Mr. P. R. Ramesh as a non-executive, non-independent director, liable to retire by rotation. Their appointments were approved by the members of the Corporation through postal ballot.

As regards Mr. P. R. Ramesh, the Nomination and Remuneration Committee noted that he was the Chairman of Messrs Deloitte Haskins & Sells LLP (Deloitte) up to March 31, 2020. Deloitte are the statutory auditors of one of the subsidiaries of the Corporation and accordingly as per provisions of the Companies Act, 2013 and the Listing Regulations, Mr. Ramesh is not eligible to be appointed as an independent director of the Corporation till March 31, 2023, although he met all the other eligibility criteria for independence. Accordingly, the shareholders, based on the recommendation of the Nomination and Remuneration Committee and Board of Directors, appointed Mr. P. R. Ramesh as a non-executive, non-independent director of the Corporation, liable to retire by rotation.

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, environmental 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 meetings, either in person or through audio-visual means.

The Corporation has a 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	Mr. U. K. Sinha	Mr. Jalaj Dani	Dr. Bhaskar Ghosh	Ms. Ireena Vittal	Mr. Rajesh Narain Gupta	Mr. P. R. Ramesh	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	✓		✓	✓	✓	✓			✓	✓
Information Technology & cyber security	✓		✓	✓		✓	✓		✓	
Corporate governance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Risk management	✓	✓	✓	✓		✓	✓	✓	✓	✓
Legal and regulatory compliance	✓	✓				✓	✓	✓	✓	
Public policy development experience	✓	✓			✓	✓				✓

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. Independent directors have committed and allocated sufficient time to perform their duties effectively.

Mr. U. K. Sinha is the lead independent director.

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 and sustainability.

Appointment of 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 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 non-executive directors. The process for re-appointment of non-executive directors entails a detailed evaluation of the balance of skills, knowledge and experience of the existing directors. New directors are inducted after assessing skill requirements of the board and identifying areas of expertise which would be beneficial to the Corporation.

During the year, the Nomination and Remuneration Committee of Directors evaluated the candidatures of Mr. Rajesh Narain Gupta and Mr. P. R. Ramesh which *inter alia* were found to be in accordance with the criteria elucidated in the Policy on Appointment of Directors and Members of Senior Management. The shareholders of the Corporation, based on the recommendation of the said committee and Board of Directors, appointed Mr. Rajesh Narain Gupta and Mr. P. R. Ramesh as an independent director and a non-executive, non-independent director.

The terms and conditions of appointment of the non-executive directors, along with a sample letter of appointment 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 whole-time directors and senior management conduct orientation programmes for the new directors in order to familiarise them with the Corporation, its subsidiary and associate companies, the management, key areas of business and regulations.

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 continuing risks posed by COVID-19, some outstation directors participated in the meetings through audio-visual means in accordance with the relaxations granted by the Ministry of Corporate Affairs.

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 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, treasury function, the economic and regulatory environment, digital initiatives, lending strategy, investor perceptions, customer engagement or any other matter which the board needs to be apprised of.

The minutes of each board meeting is 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 eight times. The meetings were held on May 7, 2021, June 18, 2021, August 2, 2021, November 1, 2021, December 10, 2021, February 2, 2022, March 22, 2022 and March 28, 2022. 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 at the 44th Annual General Meeting (AGM) held on July 20, 2021, along with the sitting fees paid to them are listed below:

Directors	Board meetings				Attendance at the 44th AGM where applicable
	Number of meetings held$	Number of meetings attended	% of meetings attended	Sitting fees paid (₹)	
Mr. Deepak S. Parekh (Chairman)	8	8	100%	8,00,000	Yes
Mr. Nasser Munjee	2	2	100%	2,00,000	Yes
Dr. J. J. Irani	2	2	100%	2,00,000	Yes
Mr. U. K. Sinha	8	8	100%	8,00,000	Yes
Mr. Jalaj Dani	8	8	100%	8,00,000	Yes
Dr. Bhaskar Ghosh	8	8	100%	8,00,000	Yes
Ms. Ireena Vittal	8	8	100%	8,00,000	Yes
Mr. Rajesh Narain Gupta	6	6	100%	6,00,000	-
Mr. P. R. Ramesh	6	6	100%	6,00,000	-
Mr. V. Srinivasa Rangan (Executive Director)	8	8	100%	-	Yes
Ms. Renu Sud Karnad (Managing Director)	8	8	100%	-	Yes
Mr. Keki M. Mistry (Vice Chairman & CEO)	8	8	100%	-	Yes

$ *The maximum number of meetings that a director was eligible to attend.*

The board met on April 4, 2022 to *inter alia* approve a composite scheme of amalgamation for the amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, wholly-owned subsidiaries of the Corporation, with and into the Corporation and (ii) the Corporation with and into HDFC Bank Limited, and matters related thereto. Further details on the same are provided in the Directors' Report.

Further, the board met on May 2, 2022 to *inter alia* approve the audited annual financial results of the Corporation and the audited consolidated financial results for the year ended March 31, 2022.

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.

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 Reserve Bank of India as applicable.

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
Mr. U. K. Sinha		C				
Mr. Jalaj Dani	C	M	M		M	M
Dr. Bhaskar Ghosh	M			C	C	
Ms. Ireena Vittal	M	M	C			
Mr. Rajesh Narain Gupta	M		M			
Mr. P. R. Ramesh						
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.*

Mr. U. K. Sinha chairs the meetings of the independent directors.

Audit and Governance Committee

The Audit and Governance Committee solely comprises independent directors. During the year, the committee was reconstituted. The members of the committee are Mr. Jalaj Dani (Chairman), Dr. Bhaskar Ghosh, Ms. Ireena Vittal and Mr. Rajesh Narain Gupta.

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 key terms of reference of the committee includes reviewing the financial results prior to recommending the same to the board for its approval, periodical review of the internal audit reports, evaluation of internal financial controls and risk management systems and approval for related party transactions in terms of the policy on Related Party Transactions of the Corporation and the pricing policy. The committee undertakes a review of governance practices and financial performance of the unlisted subsidiaries of the Corporation. The Committee also reviews the analysis for going concern of the Corporation *inter alia* including capital structure, credit ratings, liquidity sources and risk management policies.

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 Committee is also responsible to review the certification for the same.

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 Audit and Governance Committee separately met the statutory auditors to discuss audit related matters and the adequacy of financial controls. Further, 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.

During the year under review, the committee met eight times. The meetings were held on May 7, 2021, June 18, 2021, July 31, 2021, October 7, 2021, November 1, 2021, February 2, 2022, March 21, 2022 and March 28, 2022. The Chairman of the committee was present at the 44th 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 held$	Number of meetings attended	% of attendance	Sitting fees paid (₹)
Mr. Jalaj Dani (Chairman)	8	8	100%	8,00,000
Mr. Nasser Munjee	2	2	100%	2,00,000
Dr. Bhaskar Ghosh	8	8	100%	8,00,000
Ms. Ireena Vittal	8	8	100%	8,00,000
Mr. Rajesh Narain Gupta	2	2	100%	2,00,000

$ *The maximum number of meetings that a director was eligible to attend.*

The committee met on April 4, 2022 to *inter alia* recommend to the Board of Directors a composite scheme of amalgamation for the amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, wholly-owned subsidiaries of the Corporation, with and into the Corporation and (ii) the Corporation with and into HDFC Bank Limited and approved the share exchange ratio for the said amalgamation. Further details on the same are provided in the Directors' Report.

The committee met on May 2, 2022 to *inter alia* review the audited annual financial results of the Corporation and the audited consolidated financial results for the year ended March 31, 2022 and recommended the same to the board for its approval.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee solely comprises independent directors. The members of the committee are Mr. U. K. Sinha (Chairman), Ms. Ireena Vittal and Mr. Jalaj Dani.

The key terms of reference of the committee *inter alia* include reviewing and approving the remuneration payable to the executive directors, recommending payment of all forms of remuneration to senior management of the Corporation, formulating and administering the employee stock option schemes and formulating the criteria for evaluation of the Chairman, non-executive directors including independent directors, executive directors, the board as a whole and board committees.

During the year, the committee recommended to the board, the appointment of two directors and the reconstitution of various board committees.

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. The annual compensation of executive directors has been approved by the committee and is within the overall limits as approved by the shareholders.

During the year under review, the committee met four times. The meetings were held on April 22, 2021, July 26, 2021, January 29, 2022 and March 22, 2022.

At the time of the 44th AGM, Dr. J. J. Irani was the chairman of the committee. The chairman of the committee was present at the 44th 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 held$	Number of meetings attended	% of attendance	Sitting fees paid (₹)
Mr. U. K. Sinha (Chairman)	4	4	100%	4,00,000
Mr. Deepak S. Parekh	3	3	100%	3,00,000
Dr. J. J. Irani	1	1	100%	1,00,000
Mr. Nasser Munjee	1	1	100%	1,00,000
Ms. Ireena Vittal	4	4	100%	4,00,000
Mr. Jalaj Dani	1	1	100%	1,00,000

$ *The maximum number of meetings that a director was eligible to attend.*

On May 2, 2022, the committee met to *inter alia* grant stock options to eligible employees, including whole-time directors under ESOS-20 and recommend to the board, the re-appointment of Ms. Renu Sud Karnad as the Managing Director of the Corporation for a period of two years w.e.f. September 3, 2022.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises majority of independent directors. The members of the committee are Ms. Ireena Vittal (Chairperson), Mr. Jalaj Dani, Mr. V. Srinivasa Rangan and Mr. Rajesh Narain Gupta.

The key 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 and secretarial audit reports and overseeing adherence to service standards and standard operating procedures pertaining to investor services. The committee also recommended to the board outsourcing the share transfer related activities to Link Intime India Private Limited with effect from April 1, 2022.

During the year under review, the committee met four times. The meetings were held on May 6, 2021, August 31, 2021, October 26, 2021 and February 2, 2022.

At the time of the 44th AGM, Dr. J. J. Irani was the chairman of the committee. The chairman of the committee was present at the 44th 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 held$	Number of meetings attended	% of attendance	Sitting fees paid (₹)
Ms. Ireena Vittal (Chairperson)*	-	-	-	-
Mr. Jalaj Dani	4	4	100%	4,00,000
Dr. J. J. Irani	1	1	100%	1,00,000
Mr. Rajesh Narain Gupta	3	3	100%	3,00,000
Mr. V. Srinivasa Rangan	4	4	100%	-

$ *The maximum number of meetings that a director was eligible to attend.*

* *Appointed as a member and chairperson of the committee w.e.f. May 2, 2022.*

Risk Management Committee

The Risk Management Committee (RMC) comprises majority of directors and members of executive management. The committee is chaired by an independent director, Dr. Bhaskar Ghosh.

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 the RMC.

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 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. Risks arising from the unprecedented macro-environment due to the pandemic were managed from both an operational and strategic perspective through a variety of measures. The Corporation emphasised on operational continuity through increased digitalising, robust business continuity practices while safeguarding employee and customer health and complying with various statutory directions. Periodic risk evaluation on economic, business and operational impact of the COVID crisis were undertaken to review existing measures and identify areas requiring further strengthening.

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 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 thrice, on July 12, 2021, October 28, 2021 and March 17, 2022. The details of the attendance of the members of the committee along with sitting fees paid are listed below:

Members	Number of meetings held[$]	Number of meetings attended	% of attendance	Sitting fees paid (₹)
Dr. Bhaskar Ghosh (Chairman)	3	3	100%	3,00,000
Mr. Nasser Munjee	1	1	100%	1,00,000
Mr. Keki M. Mistry	3	3	100%	-
Ms. Renu Sud Karnad	3	3	100%	-
Mr. V. Srinivasa Rangan	3	3	100%	-
Mr. Conrad D'Souza[1]	3	3	100%	-
Ms. Madhumita Ganguli[1]	3	3	100%	-
Mr. Suresh Menon[1]	3	3	100%	-

[$] *The maximum number of meetings that a member was eligible to attend.*

[1] *Member of Executive Management.*

Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) committee comprises 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, review of the impact assessment of CSR activities and approval of ongoing projects and 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 6, 2021, November 1, 2021 and March 22, 2022. The meetings were attended by all members. 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 Dr. Bhaskar Ghosh.

During the year, on account of superannuation of Mr. R. Arivazhagan, Member of Executive Management, Mr. Abhijit Singh, Senior General Manager – Information Technology, was appointed as the Chief Information and Technology Officer of the Corporation and was inducted on the committee.

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 ensuring 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 and matters related to information security. 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 July 23, 2021, January 17, 2022 and March 17, 2022. 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, 2022. Mr. U. K. Sinha chaired the meeting.

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.

Further, the board constituted a committee of independent directors to *inter alia* submit a report to the board of directors, thereby recommending a draft scheme of amalgamation for the amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited with and into the Corporation; and (ii) the Corporation with and into HDFC Bank Limited. The committee of independent directors met on April 4, 2022 and recommended the said scheme for favourable consideration of the board, amongst others. The committee now stands dissolved.

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. 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. During the year, the board of directors approved an increase in the commission payable to the non-executive directors (except the Chairman) from ₹ 45 lac to ₹ 60 lac for FY22. Further, the commission payable to the Chairman of the Corporation was increased from ₹ 3 crore to ₹ 3.30 crore for FY22.

Details of remuneration to the non-executive directors for FY22 is as under:

Directors	Fees for attending board/ committee meetings (₹)	Commission payable* (₹)	Total Amount (₹)	Number of shares held as at March 31, 2022
Mr. Deepak S. Parekh	11,00,000	3,30,00,000	3,41,00,000	12,00,000
Mr. Nasser Munjee	6,00,000	18,08,219#	24,08,219	-
Dr. J. J. Irani	4,00,000	18,08,219#	22,08,219	-
Mr. U. K. Sinha	13,00,000	60,00,000	73,00,000	-
Mr. Jalaj Dani	25,00,000	60,00,000	85,00,000	-
Dr. Bhaskar Ghosh	23,00,000	60,00,000	83,00,000	20,000
Ms. Ireena Vittal	21,00,000	60,00,000	81,00,000	10,000
Mr. Rajesh Narain Gupta	12,00,000	39,61,644#	51,61,644	-
Mr. P. R. Ramesh	6,00,000	39,61,644#	45,61,644	-

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

\# *Commission is payable to these directors on a proportionate basis, depending on their tenure as directors of the Corporation during FY22.*

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 are 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. The notice period presently applicable to them is 3 months.

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 FY22 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	7,00,10,007	6,28,71,629	4,88,55,938
Value of perquisites, other benefits, allowances & retirement benefits*	1,53,97,812	1,04,10,353	78,93,091
Commission payable+	10,48,50,000	9,54,00,000	7,15,50,000
Gross Remuneration	**19,02,57,819**	**16,86,81,982**	**12,82,99,029**
Number of Stock Options granted during the year	-	-	-
Number of shares held as on March 31, 2022	8,15,750	29,08,262	7,11,975

**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. Excludes the 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 ₹ 35.05 crore has been charged to the Statement of Profit and Loss for FY22 with a corresponding credit to the reserves.*

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

The criteria for evaluation of performance and payment of remuneration to executive directors include performance of the Corporation vis-à-vis business plans, performance vis-à-vis industry performance and performance in relation to regulatory and compliance requirements.

On May 2, 2022, the executive directors were each granted 1,616 stock options under ESOS-20 at an exercise price of ₹ 2,229.70 per equity share.

The executive directors also receive 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, suggested conducting regular strategy sessions and emphasised the need to focus more on succession planning, competitive mapping and long-term strategies. In this connection and during the year, the board was updated on various aspects of new as well as existing digital initiatives for lending business, 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.

Mr. U. K. Sinha, 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 training sessions for the board and having more focus on future plans, risks and opportunities. The evaluation exercise commended the board for their knowledge, commitment and integrity.

Succession Planning

The Corporation believes that sound succession plans for the 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 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 6 investor complaints and all the complaints were resolved to the satisfaction of the shareholders. There were no investor complaints pending as at March 31, 2022.

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

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 and arrangements entered into by all the unlisted subsidiary companies are placed before the board of directors of the Corporation on a quarterly basis and key decisions by all the unlisted subsidiary companies are placed before the board of directors of the Corporation on a half-yearly 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 of the Corporation based on the certificates issued by the respective companies.

As at March 31, 2022, there is no material subsidiary of the Corporation. Further details about subsidiaries/associates are available in the Directors' 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.

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. These policies are placed on the Corporation's website.

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.

Securities Dealing Code

The Corporation's Securities Dealing 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. Further, the Corporation also maintains a restricted list of securities of certain listed entities for those of its employees who are in possession of or have access to unpublished price sensitive information in relation to those entities and such employees are prohibited from trading in listed securities of those entities.

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 related party transactions. During the year, pursuant to notification of amendments to Listing Regulations, amongst other changes, the scope of related party transactions has been widened significantly and the said policy was amended to align it with all the applicable amendments. The updated policy is placed on the Corporation's website and is provided elsewhere in the annual report.

Details of material related party transactions which require approval of the shareholders of the Corporation have been detailed in the notice convening the ensuing AGM. All the related party transactions entered into by the Corporation have been in its ordinary course of business and at arm's length basis.

Loans and advances in the nature of loans to firms/companies in which directors are interested, is disclosed along with other related party transactions, in the notes forming part of financial statements.

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, 10 complaints were received under the whistle blower mechanism of the Corporation, of which one was relating to a group company. The Whistle Blower Complaints Committee reviewed the complaints relating to the Corporation and ascertained that 2 qualified as complaints under the whistle blower mechanism. The complainants were adequately responded to and accordingly, as at March 31, 2022, 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.

Shareholders

The Corporation had 8,14,283 shareholders as at March 31, 2022. 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 continuing impact of 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 transcripts of such meetings as well as the audio recordings are uploaded 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, Business Line, 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 (AGMs)

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

Financial Year	Meeting	Venue	Date	Time	Number of Special Resolutions passed
2019	42nd AGM	Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020	August 2, 2019	2:30 p.m.	3
2020	43rd AGM	Via audio-visual means	July 30, 2020	2:30 p.m.	3
2021	44th AGM	Via audio-visual means	July 20, 2021	11:00 a.m.	2

Postal Ballot

During the year, the members of the Corporation approved the following matters through postal ballot, by way of ordinary resolutions, on November 10, 2021. 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.	Appointment of Mr. Rajesh Narain Gupta as an independent director	80.84	99.92	0.08
2.	Appointment of Mr. P. R. Ramesh as a non-executive, non-independent director	81.02	95.39	4.61
3.	Appointment of Messrs S.R. Batliboi & Co. LLP as one of the joint statutory auditors	81.23	98.79	1.21
4.	Appointment of Messrs G. M. Kapadia & Co. as one of the joint statutory auditors	81.11	99.34	0.66

Mr. Bhaskar Upadhyay, 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. Nimish Bhatt, Joint General Manager – Corporate Legal is the compliance officer of the Corporation in accordance with the Master Direction-Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.

The Reserve Bank of India on April 11, 2022 issued a circular on Compliance Function and Role of Chief Compliance Officer which is applicable to the Corporation. The Corporation would take necessary steps in order to ensure compliance with the said circular within the prescribed timelines.

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 2, 2022

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 29, 2022

KEKI M. MISTRY
Vice Chairman & CEO

Management Discussion and Analysis Report

INTRODUCTION

It has been over two years since the World Health Organisation (WHO) declared COVID-19 as a pandemic. As at March 31, 2022, as per WHO, globally there were 475 million cumulative confirmed cases of COVID-19 and over 6.1 million fatalities.

Though much progress has been made in terms of vaccinations and adapting to co-existing with the virus, it is evident that new variants of the virus will continue to emerge. While the severity of the virus strains appears to have lessened, the risk of recurring waves of infections cannot be undermined.

At the beginning of the financial year under review, the global economy started showing signs of economic recovery. Yet, across countries, there remained divergence in the pace of recovery, largely differentiated by the extent of vaccine access.

By mid FY22, inflation started to rise across most countries. Major global central banks initially deemed rising inflation as transitory, largely attributing it to temporary supply chain disruptions. Global markets remained awash with liquidity, inflating most asset classes.

For most of FY22, major central banks continued with their accommodative monetary policy stance in order to support growth. In addition, governments and financial regulators provided a slew of measures to alleviate the impact of the pandemic and cushion the shock to various sectors of the economy.

By November 2021, the Federal Reserve clearly articulated concerns of rising inflation and its willingness to tighten policy rates. In March 2022, the Federal Open Market Committee raised the federal fund rates by 25 basis points – its first rate hike since 2018.

The last quarter of the financial year under review saw increased volatility in global markets owing to an outbreak of the Omicron variant, economic slowdown in China, faster than anticipated pace of monetary tightening across advanced economies and the eruption of geo-political tensions. Consequently, oil and other commodity prices touched multi-year highs. Owing to increased risk averseness setting in, most emerging markets saw massive sell-offs.

India Overview

In India, in the second half of FY21, the rebound from the COVID-19 induced slump was sharper than anticipated. The economic momentum, however, was disrupted once again in the first quarter of FY22, owing to a second wave of COVID-19. This wave entailed severe consequences such as spiralling infections, shortages of essential medical supplies and an increased death toll. According to the Reserve Bank of India (RBI), the loss of output as a result of the second wave was 40% lesser than the first wave. This was because unlike in the first wave of the pandemic which entailed a strict national lockdown, during the second wave, the strategy of micro-containment zones was adopted, with various state governments and local authorities imposing lockdowns or restrictions of varying degrees. Thus, economic activity was less hindered, barring contact intensive sectors. The key differentiator was that the first wave in India was characterised by loss of livelihoods, while the second wave entailed a higher loss of lives.

Towards the end of June 2021, there was an ebbing of the second wave. This coupled with the easing of pandemic related restrictions, increased vaccination coverage, strong agriculture growth supporting rural demand and the unleashing of pent up urban demand augured well for the Indian economy.

In the fourth quarter of FY22, India once again experienced a surge in infections, with significantly higher transmissibility, but of lesser severity. This wave receded quickly with a lesser impact on overall economic activity.

Throughout the year, the RBI accorded priority to growth and retained an accommodative monetary policy stance. The RBI managed liquidity in the system through a combination of the Government Securities Acquisition Programme, open market operations, Operation Twist, sell/buy swaps and long duration variable rate reverse repo operations.

As per the second advance estimate by the National Statistical Organisation (NSO), the Indian economy is expected to grow 8.9% in FY22 compared to a contraction of 6.6% in FY21. Most high frequency indicators exhibited good recovery, surpassing pre-pandemic levels. India's tax collections in FY22 stood at an all-time high of ₹ 27.07 lac crore, reflecting better tax compliance and better revenues in direct and indirect taxes.

In March 2022, India's retail inflation spiked to 6.95%, which marked the third consecutive month of inflation being above the RBI's tolerance threshold of 6%. Core inflation, which excludes food and oil prices, was also above 6%. Higher inflationary expectations resulted in bond yields moving upwards.

On the external front, while India's exports touched an all-time high of US$ 418 billion, the sharp increase in international commodity prices, coupled with domestic demand recovery resulted in a rebound in imports, which in turn widened the trade and current account deficits. India's foreign exchange reserves stood at a comfortable US$ 606 billion as at end of March 2022.

In FY22, domestic institutional investor net inflows stood at US$ 26.8 billion compared to foreign portfolio investors who were net sellers to the tune of US$ 16.0 billion.

Housing and Real Estate Markets

The residential real estate market continued to see strong growth in housing sales and new launches. Overall inventory levels have decreased. Factors such as low interest rates, rising income levels, stable property prices, improved affordability and continued support of fiscal incentives for home loans are some of the reasons for strong demand for home loans.

The housing market continued to witness a trend of increased number of first-time homebuyers and those moving up the property ladder by opting for larger homes or acquiring homes in another location. The need for housing was also triggered by a larger number of people working from home.

Given the low mortgage to GDP penetration at 11% in India and the continued shortage of housing, the scope to grow the mortgage market in India remains immense.

There was increased demand in the commercial real estate sector as well. There was strong demand for office space across the major metro cities, with demand largely stemming from IT, e-commerce and the professional services sectors.

Demand for commercial real estate increased from data centres, which play a key role in supporting the digital economy. Data centres were accorded infrastructure status in the Union Budget 2022. The demand for warehousing and fulfilment centres too increased, led by the continued boom in e-commerce and logistics.

MATERIAL DEVELOPMENTS

Proposed Transformational Combination of HDFC Limited with HDFC Bank Limited

On April 4, 2022, the Board of Directors of HDFC (the Corporation) and HDFC Bank Limited (HDFC Bank) at their respective meetings, *inter alia*, approved a composite scheme of amalgamation (Scheme) for the amalgamation of (i) the Corporation's whollly-owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited, with and into the Corporation; and (ii) The Corporation with and into HDFC Bank, under Sections 230 to 232 of the Companies Act, 2013 and other applicable laws, including the rules and regulations, subject to requisite approvals from various regulatory and statutory authorities, respective shareholders and creditors.

Upon the Scheme becoming effective, the subsidiaries/ associates of the Corporation will become subsidiaries/ associates of HDFC Bank. Shareholders of the Corporation as on the record date will receive 42 shares of HDFC Bank (each of face value of ₹ 1), for 25 shares held in the Corporation (each of face value of ₹ 2), and the equity shares held by the Corporation in HDFC Bank will be extinguished as per the Scheme. Upon the Scheme becoming effective, HDFC Bank will be 100% owned by public shareholders and existing shareholders of the Corporation will own 41% of HDFC Bank.

Rationale of the Scheme

The rationale and benefits of the Scheme are as follows:

- The amalgamation is based on leveraging the significant complementarities that exist between the Corporation and HDFC Bank;
- The Corporation is a premier housing finance company in India and provides housing loans to individuals as well as loans to corporates, undertakes lease rental discounting and construction finance, apart from being a financial conglomerate. HDFC Bank has a large distribution network that offers product offerings in the retail and wholesale segments. A combination of the Corporation and HDFC Bank is entirely complementary to, and enhances the value proposition of the combined entity;
- The amalgamation would create meaningful value for various stakeholders, including respective shareholders, customers, employees, as the

combined business would benefit from increased scale, comprehensive product offering, balance sheet resiliency and the ability to drive synergies across revenue opportunities, operating efficiencies and underwriting efficiencies, amongst others;

- The mortgage business would benefit from a larger balance sheet and net worth, which would allow underwriting of larger ticket loans and also enable a greater flow of credit into the Indian economy;
- The Corporation has invested capital, has mortgage expertise and has set up 464 offices across the country. These offices can be used to sell the entire product suite of both, HDFC and HDFC Bank;
- The loan book of the Corporation is diversified, having cumulatively financed over 9.3 million dwelling units. With the Corporation's leadership in the home loan arena, developed over the past 45 years, HDFC Bank would be able to provide to customers flexible mortgage offerings (which the Corporation is unable to offer currently as it is not a bank) in a cost-effective and efficient manner;
- HDFC Bank has access to funds at lower costs due to its high level of current and savings accounts deposits (CASA). With the amalgamation, HDFC Bank will be able to offer more competitive housing products;
- The Corporation's rural housing network and affordable housing lending is likely to qualify for HDFC Bank as priority sector lending and will also enable a higher flow of credit into priority sector lending, including agriculture;
- The Corporation has built technological capabilities to evaluate the credit worthiness of customers using analytical models, and has developed unique skills in financing various customer segments. The models have been tested and refined over the years at scale and HDFC Bank will benefit from such expertise in underwriting and financing of mortgage offerings;
- HDFC Bank can leverage on the loan management system of the Corporation, comprising rule engines, IT tools and rules and agents connected through a central system;
- The amalgamation, through the Scheme, shall enable HDFC Bank to build its housing loan portfolio and enhance its existing customer base;
- HDFC Bank is a private sector bank and has a large base of over 6.8 crore customers. The bank platform will provide a well-diversified low cost funding base for growing the long tenor loan book acquired by HDFC Bank pursuant to the amalgamation;
- Presently, the Corporation's holdings in the shares of HDFC Bank qualify as indirect foreign investment. These shares held by the Corporation in HDFC Bank shall, upon the Scheme becoming effective, get cancelled. It will then create a headroom for foreign direct investment into HDFC Bank; and
- The amalgamation shall result in a simplified corporate structure.

Thus, the amalgamation would be in the best interest of the shareholders of the Corporation and HDFC Bank and shall not in any manner be prejudicial to the interests of the concerned shareholders or the creditors or general public at large.

The coming into effect of the Scheme i.e. the Effective Date shall occur only after all requisite consent, approvals and permissions are obtained by both, the Corporation and HDFC Bank.

As per the proposed Scheme, on the Effective Date, all outstanding liabilities, contingent liabilities, debts, loans (outstanding liabilities) of the Corporation shall be transferred to HDFC Bank on the same terms and conditions as were applicable to the Corporation. Accordingly, HDFC Bank shall meet, discharge and satisfy its duties and obligations pertaining to the transfer and vesting of all outstanding liabilities of the Corporation on the Effective Date and it shall not be necessary to obtain any further consent of any third party or other person who is a party to any contract or arrangement by virtue of which such liabilities have arisen.

Till the Effective Date, the Corporation, as an independent entity shall carry on business in the ordinary course as a Non-Banking Financial Company – Housing Finance Company (NBFC-HFC).

KEY REGULATORY CHANGES

In an endeavour to harmonise regulations between NBFCs and banks, the RBI has issued various regulations applicable for NBFC-HFCs. Some of these regulations are:

Principal Business Criteria: To qualify as a NBFC-HFC, of the total assets (netted off by intangible assets), not less than 60% should be towards providing finance for housing. Further, out of the total assets (netted off by intangible assets), not less than 50% should be by way of housing financing for individuals.

The transition timeline for compliance is as under:

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 at March 31, 2022, 59.2% of the Corporation's total assets were towards housing finance and 54.7% of total assets were towards housing finance for individuals.

Liquidity Coverage Ratio: 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 on a daily basis. As per the guidelines, the weighted values are calculated after the application of respective haircuts for HQLA and after 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:

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

Accordingly, the Corporation is required to carry higher levels of liquidity, largely in government securities. The Corporation's liquidity coverage ratio as at March 31, 2022 was 80% as against a minimum requirement of 50%.

Non-performing Assets (NPA): On November 12, 2021, RBI issued a notification on Prudential Norms on Income Recognition, Asset Classification and Provisioning (IRACP) pertaining to Advances – Clarification, with the objective of harmonising regulatory guidelines for all lending institutions. RBI stipulated that borrower accounts be flagged as overdue as part of their day-end process for the due date. RBI also stipulated that NPA accounts can only be upgraded to standard provided all outstanding dues have been fully repaid. In February 2022, RBI provided time till September 30, 2022 for NBFCs to comply with the upgradation criteria.

The Corporation, however, has not opted for the deferment. Accordingly, the classification of assets and provisioning is in accordance with the November 12, 2021 notification. Further details are elucidated in the section on Asset Quality in the report.

Risk Based Internal Audit (RBIA): The RBI has stipulated that all deposit taking HFCs are mandated to have a RBIA framework in place by June 30, 2022. The objective is to have an audit methodology that links an organisation's overall risk management framework and provides an assurance to the board and senior management on the quality and effectiveness of the organisation's internal controls, risk management and governance related systems and processes.

Scale Based Regulations: RBI's notification specified that Scale Based Regulations would be introduced with effect from October 2022. Under these regulations, the Corporation may be categorised as a NBFC Upper Layer (NBFC-UL), largely based on its asset size. Final intimation from RBI on the same is still awaited.

Scale based regulations entail further alignment of regulations of NBFCs with those applicable to banks on internal capital adequacy assessment process, concentration of credit/investment, large exposure framework, role of the chief compliance officer, senior management compensation and adoption of core financial services solution, amongst others. Various timelines have been stipulated for compliance with the same.

IMPACT OF COVID-19

- During the year, various state governments/local authorities announced lockdowns/restrictions of varying degrees. During the waves of infections, some offices of the Corporation were closed or were working on revised timings in accordance with extant guidelines. Business was less disrupted as customers continued to be served through the Corporation's online platforms.
- The Corporation followed the necessary hygiene protocols and safety precautions in the offices. The Corporation organised various vaccination camps for the staff and their family members.

- In August 2020, RBI allowed a one-time restructuring (OTR 1.0) 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. For personal loans, the resolution was implemented by March 31, 2021 and for all other loans, by June 30, 2021. Where there were multiple lending institutions with exposures to the borrower, an inter-creditor agreement was put in place.

  In May and June 2021, owing to the second wave, the RBI permitted further COVID-19 related relief under OTR 2.0 for individuals and small businesses, with aggregate exposures from all lending institutions of up to ₹ 50 crore, provided the borrowers were classified as standard as at March 31, 2021. Under OTR 2.0, the resolution was to be implemented by December 31, 2021.

  - As at March 31, 2022, total loans implemented under the above-mentioned frameworks stood at ₹ 4,572 crore which was equivalent to 0.80% of the loan book. Of the loans being restructured, 98% are individual loans and 2% are non-individual loans. The largest account restructured under the resolution framework of ₹ 2,764 crore was fully repaid as at March 31, 2022.
  - The Corporation has classified OTR loans as stage 2 accounts and made necessary provisions on the same.
- The Emergency Credit Line Guarantee Scheme (ECLGS) of the government provides financial assistance to those impacted by COVID-19. In the Union Budget 2022, the validity of the scheme was extended till March 31, 2023 or till an amount of ₹ 5 lakh crore is approved under ECLGS by all institutions, whichever is earlier.
  - As at March 31, 2022, loans disbursed under the Emergency Credit Line Guarantee Scheme stood at ₹ 1,747 crore.
- The Corporation has spent ₹ 44 crore from its Corporate Social Responsibility (CSR) budget towards COVID-19 second wave relief measures.

FINANCIAL AND OPERATIONAL PERFORMANCE IN FY22

Highlights of the Financial Performance

Total income of the Corporation for the year ended March 31, 2022 was ₹ 47,990 crore compared to ₹ 48,176 crore in the previous year. Total expenses stood at ₹ 30,744 crore compared to ₹ 33,361 crore in the previous year.

The net interest income (NII) for the year ended March 31, 2022 stood at ₹ 17,119 crore compared to ₹ 14,970 crore in the previous year, representing a growth of 14%.

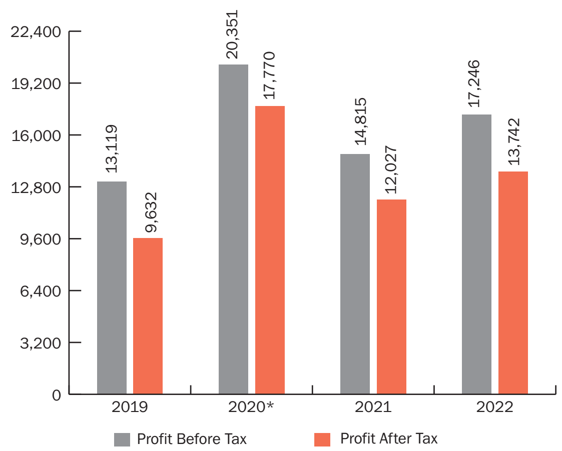
For the year ended March 31, 2022, dividend income stood at ₹ 1,511 crore compared to ₹ 734 crore in the previous year. The increase in the dividend income was predominantly due the dividend received from HDFC Bank. In the previous year, owing to risks of the pandemic, the regulator did not permit banks to declare dividends.

The profit on sale of investments during the year was ₹ 263 crore as compared to ₹ 1,398 crore in the previous year.

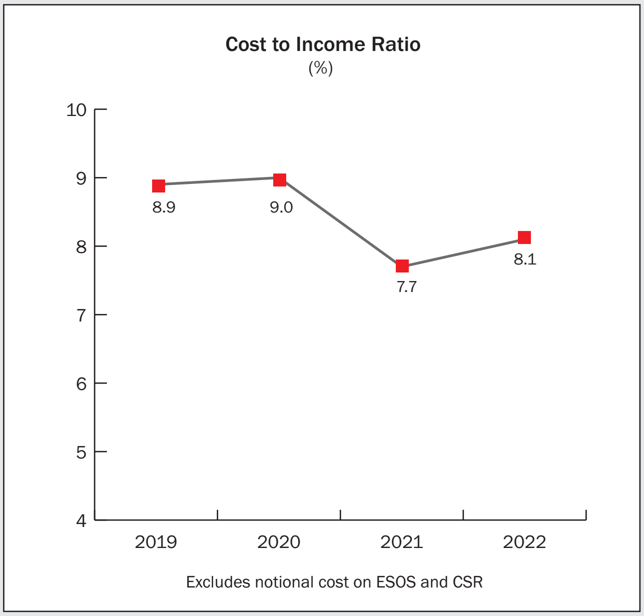
The provisioning for Expected Credit Loss (ECL) during the year was lower at ₹ 1,932 crore as compared to ₹ 2,948 crore in the previous year, reflecting improved asset quality.

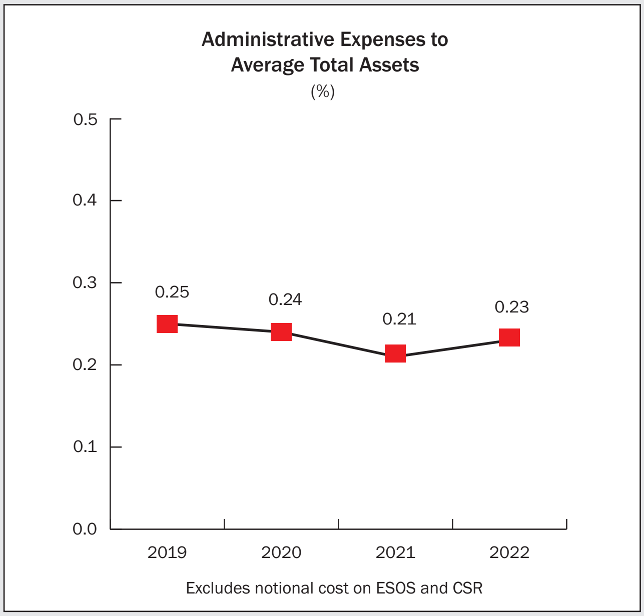
The reported profit before tax for the year ended March 31, 2022 stood at ₹ 17,246 crore compared to ₹ 14,815 crore in the previous year, representing a growth of 16%.

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 ₹ 9,020 crore through the Statement of Profit and Loss of FY20.





After providing for tax of ₹ 3,504 crore (previous year: ₹ 2,788 crore), the profit after tax for the year ended March 31, 2022 stood at ₹ 13,742 crore compared to ₹ 12,027 crore in the previous year, recording a growth of 14%.

The total comprehensive income for the year ended March 31, 2022 stood at ₹ 13,776 crore compared to ₹ 13,762 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, 2022 are:

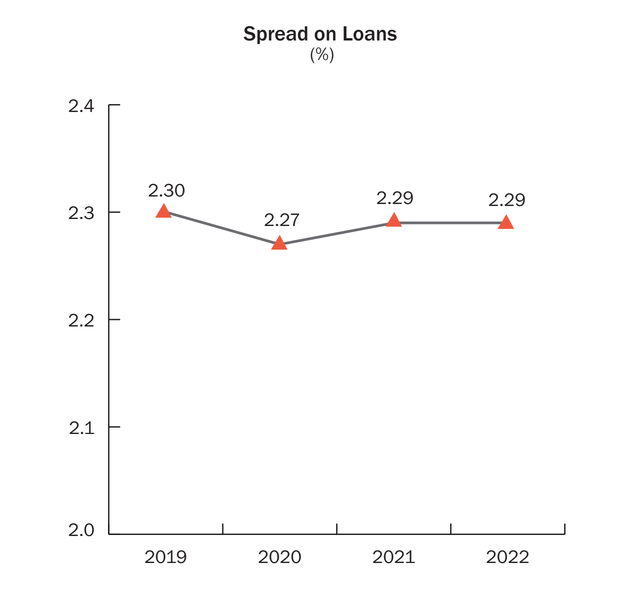
- Net Interest Income grew by 14% during the year.
- Net Interest Margin stood at 3.5%.
- Administrative expenses as a percentage of average assets (excluding expenses on notional cost of employees' stock option scheme and corporate social responsibility) stood at 0.23% as at March 31, 2022 compared to 0.21% 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 8.1% for the year ended March 31, 2022. HDFC's cost to income ratio continues to be among the lowest in the financial sector in Asia.
- Credit costs stood at 33 basis points compared to 56 basis points in the previous year.
- The pre-tax return on average assets was 2.9% and the post-tax return on average assets was 2.3%.
- The Board of Directors after assessing the capital requirements and other commitments, recommended a dividend of ₹ 30 per equity share compared to ₹ 23 per equity share in the previous year. The dividend pay-out ratio is 39.6%.
- Under the Indian Accounting Standards (IndAS), equity includes certain items which do not form part of Tier I capital under the prudential regulations. These include -
  - IndAS Transition Reserve;
  - Deferred Tax Liability on Special Reserve;
  - Fair value gains on investments through Other Comprehensive Income (OCI);
  - Investments in subsidiaries/associates in excess of 10% of net owned funds;
  - Income on assigned loans recognised upfront in accordance with IndAS

These items aggregate to ₹ 22,300 crore. Hence, Tier I Capital stood at ₹ 97,951 crore as against the reported net worth of ₹ 1,20,251 crore.

Based on the above, as at March 31, 2022 the return on Tier I Capital is 15.0%.

Spread on Loans

The average yield on loan assets during the year was 8.06% p.a. compared to 8.99% p.a. in the previous year. The average all-inclusive cost of funds was 5.77% p.a. as compared to 6.70% p.a. in the previous year. The spread on loans over the cost of borrowings for the year was 2.29% p.a., the same as in the previous year. Spread on individual loans for the year was 1.93% and on non-individual loans was 3.40%.



Operational Performance

Lending Operations

Despite the challenges posed by recurring waves of COVID-19 infections during the year, lending operations of the Corporation continued seamlessly. Much of this was attributed to the ability to stay connected with customers by leveraging on the Corporation's digital platforms. The demand for housing continued to be strong for both, the affordable housing and high end segments.

During the year, individual approvals and disbursements grew by 38 and 37% respectively.

The average size of individual loans stood at ₹ 33 lac during the year, compared to ₹ 29.5 lac in the previous year. The increase in the average loan size is reflective of an increased proportion of loans in value terms to high income groups compared to the previous year.

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, 2022, cumulatively, the Corporation had financed 9.3 million housing units.

Affordable Housing

The Ministry of Housing and Urban Poverty Alleviation (MoHUPA) had launched the Credit Linked Subsidy Scheme (CLSS) in June 2015 under the Pradhan Mantri Awas Yojana (PMAY- Urban) – Housing for All. The original scheme covered Middle Income Groups (MIG), Low Income Groups (LIG) and Economically Weaker Section (EWS). The scheme's validity was till March 31, 2022.

The Corporation has the largest number of home loan customers – of approximately 3.14 lac who have availed benefits under the Credit Linked Subsidy Scheme (CLSS). As at March 31, 2022, cumulative loans disbursed by the Corporation under CLSS stood at ₹ 52,144 crore and the cumulative subsidy amount stood at ₹ 7,228 crore.

The Corporation remains committed to continuing to support affordable housing initiatives.

Housing Loan Approvals to Customers Based on Income Slabs in FY22

Category	Household Income per annum	Home Loan Approvals in FY22	
		% in Value Terms	% in Number Terms
Economically Weaker Section (EWS) & Low Income Group (LIG)	EWS: Up to ₹ 3 lac LIG: Above ₹ 3 lac up to ₹ 6 lac	13	29
Middle Income Group	Above ₹ 6 lac up to ₹ 18 lac	42	48
High Income Group	Above ₹ 18 lac	45	23
Total		**100**	**100**

The average home loan to the EWS and LIG segment during the year stood at ₹ 11.2 lac and ₹ 19.7 lac respectively.

Rural Housing

Against the backdrop of a good monsoon and strong agricultural growth, the rural economy remained resilient. India's foodgrain production is estimated to touch a record high of 316 million tonnes for the crop year 2021-22 and agricultural exports too stood at an all-time high of US$ 50 billion in FY22.

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 8% of outstanding individual loans.

The Corporation has a rural home loan mobile application to capture information on crop cultivation, geo-coordinates of the farm land, soil conditions, irrigation facilities, amongst others. The information captured during field visits flows on a real time basis directly to the appraisal hub, thereby enabling faster and efficient loan processing. In addition, under the Digital India initiative of the government, land records in many states have been digitalised, thereby facilitating increased rural lending.

Non-Individual Loans

During the year, there was gradual pick-up in growth in the non-individual loan portfolio, particularly for lease rental discounting and construction finance.

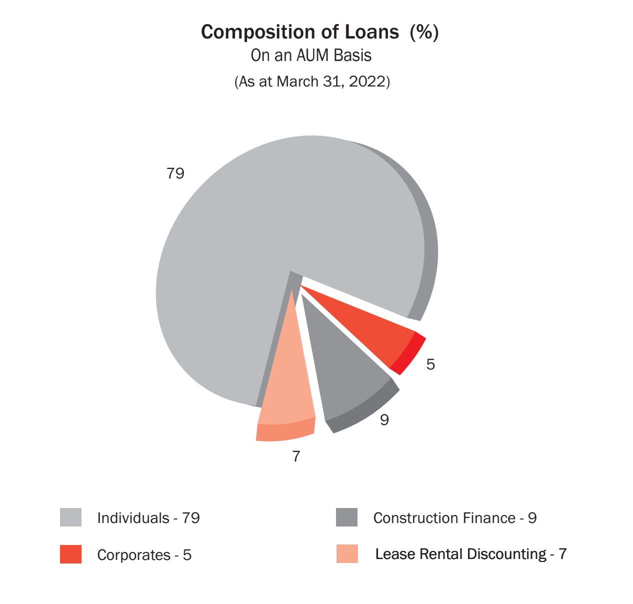
The Indian real estate sector is on an upcycle. Increased demand for homes, lower inventory levels and a strong pipeline of new project launches augurs well for the sector.

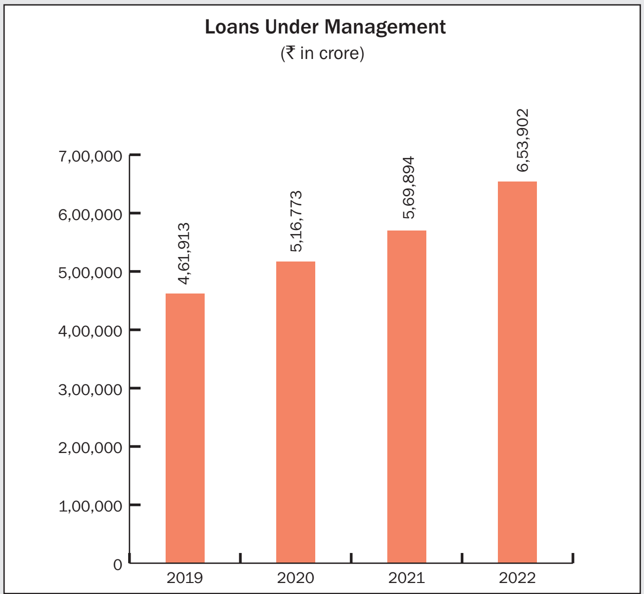
In the case of lease rental discounting, loans are disbursed against ready projects with tenants in place and hence the turnaround time between approval and disbursement is relatively short.

Disbursement for construction finance, however, is based on progress of construction and hence has a longer lead time between approval and full disbursement of the facility. The Corporation continued to remain selective in incremental lending for construction finance.

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 are referred to the Board of Directors.





The Assets Under Management (AUM) as at March 31, 2022 amounted to ₹ 6,53,902 crore as compared to ₹ 5,69,894 crore in the previous year.

On an AUM basis, the growth in the individual loan book was 17%. The growth in the total loan book on an AUM basis was 15%.

During the year, the Corporation's loan book increased from ₹ 4,98,298 crore to ₹ 5,68,363 crore as at March 31, 2022. In addition, total loans securitised and/or assigned by the Corporation and outstanding as at March 31, 2022 amounted to ₹ 85,539 crore.

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

(₹ crore)

	As at March 31, 2022	As at March 31, 2021
Individual Loans	4,31,553	3,68,804
Corporate Bodies	1,30,679	1,22,707
Others	6,131	6,787
Total	**5,68,363**	**4,98,298**

The net increase in the loan book during the year, (after removing the loans that were sold) stood at ₹ 70,065 crore.

Principal loan repayments stood at ₹ 99,005 crore compared to ₹ 92,111 crore in the previous year after excluding loans written off during the year amounting to ₹ 1,633 crore (Previous Year: ₹ 1,372 crore).

Prepayments on retail loans stood at 10.3% of the opening balance of individual loans, which was the same as in the previous year. 63% of these prepayments were full prepayments.

Of the total loan book (including loans sold), individual loans comprise 79%.

The growth in the individual loan book, after adding back loans sold in the preceding twelve months was 25% (17% net of loans sold).

Non-individual loans grew by 6% during the year and comprised 21% of the portfolio.

The growth in the total loan book would have been 20% had the Corporation not sold any loans during the year.

Assignment/Sale of Individual Loans

During the year, the Corporation sold individual loans amounting to ₹ 28,455 crore (Previous Year: ₹ 18,980 crore). The loans assigned during the year were primarily to HDFC Bank pursuant to the buyback option embedded in the home loan arrangement between the Corporation and HDFC Bank. Of the total individual loans sold during the year, ₹ 6,980 crore qualified as priority sector advances for banks.

As at March 31, 2022, individual loans outstanding in respect of all loans assigned/securitised stood at ₹ 83,880 crore. HDFC continues to service these loans.

During the year, the Corporation also assigned ₹ 1,500 crore of standard, non-individual 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, 2022, the product-wise break-up of loans on an AUM basis was – individual loans: 79%, corporate loans: 5%, construction finance: 9% and commercial lease rental discounting: 7%.

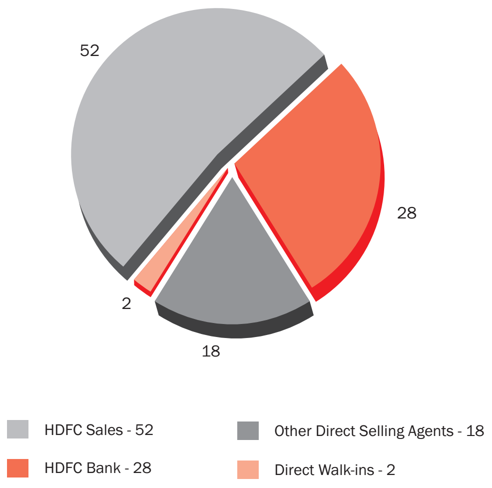
During the year, on an AUM basis, 88% of the incremental growth in the loan book came from individual loans and 12% from non-individual loans.

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, 2022)



During the year, the Corporation entered into a retail home loan referral arrangement with India Post Payment Bank (IPPB). IPPB through its 650 branches and vast network of 1.55 lac post offices will promote housing loans and provide the Corporation with leads of prospective customers. IPPB is of strategic importance for the Corporation given that it has over 4.7 crore customers. This alliance will help the Corporation access tier 3 and tier 4 markets faster and will help facilitate home loans for customers in these geographies.

The Corporation also has retail home loan referral arrangements with other banks who provide leads of prospective home loan customers.

In value terms, HSPL, HDFC Bank and third party DSAs sourced 52%, 28% and 18% of home loans disbursed respectively during the year. 82% 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 675 outlets, which includes 211 offices of HDFC's whollly-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

The Corporation's digitalisation objective is to transform the customer's journey across the lifecycle to improve the customer's overall experience. The Corporation has adopted 'DASH' philosophy -- Digital first, Agile methods, Seamless architecture and HDFC for You, the platform to track outcomes and input metrics.

The Corporation had several digitalisation tools and platforms in place to support the lending business. The digital on-boarding platform used for direct and website based applications is also used by channel partners. The Corporation's mobile app for channel partners facilitates real time tracking and processing of loan applications.

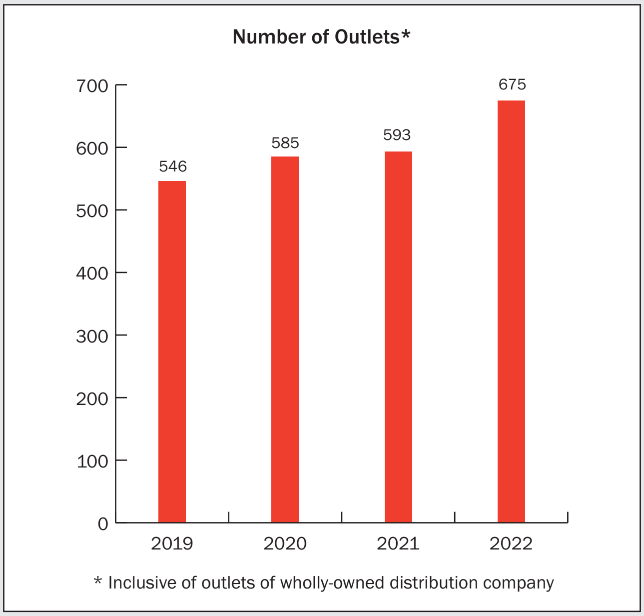
Direct fetch information from public portals like the Goods and Services Tax Network, Ministry of Corporate Affairs, Income Tax and tools like bank statement information analysers, which provides real-time, analytical capabilities are integrated into the loan processes, thereby strengthening loan origination 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 91% new loan applications were received through digital channels. 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.

The Corporation's *'One HDFC'* strategy 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 appreciated the ease of using the Corporation's digital platforms.

Marketing Initiatives

During the year the Corporation increased its use of marketing technology solutions which enabled customers to seamlessly avail home loans digitally. This also helped



the Corporation provide uninterrupted and real-time service to its customers across geographies.

The Corporation used marketing automation technologies to effectively market on multiple digital channels by identifying potential customers and automating the process to bring in efficiency in the sales funnel. The Corporation leveraged various enterprise solutions to understand user behaviour and journeys, optimise customer engagement by delivering personalised experiences, identify customer segments and use them effectively for marketing purposes.

HDFC's automated chatbot services on its website with livechat and video conferencing facilities provides round-the-clock customer support and personalised experiences to customers. The Corporation has also deployed the AI Chatbot on popular social media platforms as well to enable its existing and new customers connect and interact with the brand and get immediate, personalised service 24x7. Capitalising on the growing preference towards voice assistance, the Corporation served customers with voice based conversational solutions.

Through exclusive association with developers, the Corporation was able to amplify brand awareness and connect with in-market audiences at the right time, just before their purchase decision.

For users looking for home loan related information online in their regional language, the Corporation had customised advertisements, hyperlocal digital campaigns and content in vernacular languages.

The customer lifecycle management programme helped the Corporation focus on business growth by upselling and cross-selling products to existing customers at predefined milestones, using digital analytics.

Data Analytics

The Corporation uses data science to enhance operational efficiencies, assist business growth and improve risk management practices in the organisation.

During the year, a machine learning (ML) based, artificial intelligence driven credit underwriting engine was developed for individual loans to enable faster credit appraisal decisions and be future ready to manage increased scale efficiently.

A ML lead scoring model helped improve the productivity of the conversion funnel. ML models are also being built to proactively predict the risk of delinquency.

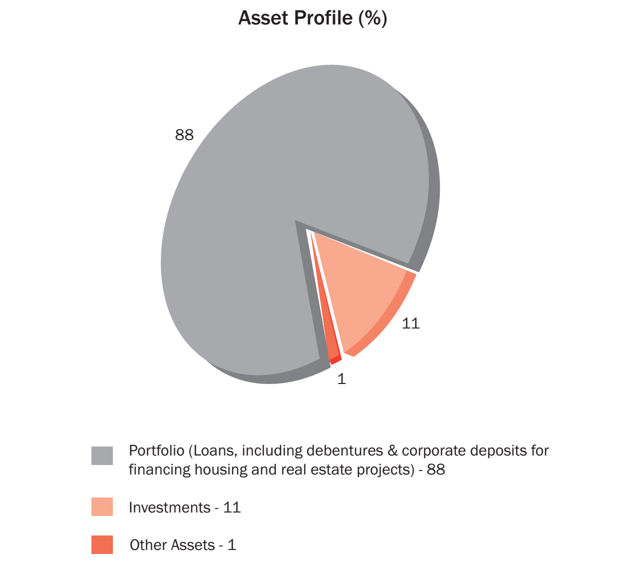
To better serve customers, an advanced ML model was made to automatically classify queries/requests into coherent categories which facilitates a swifter response to customers.

Data analytics also provides insights on market trends, portfolio segments and customer behaviour which in turn helps overall growth in the business.

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, 2022, the investment portfolio stood at ₹ 68,592 crore compared to ₹ 68,637 crore in the previous year. The proportion of investments to total assets was 11%.

NBFC-HFCs are required to maintain a statutory liquidity ratio (SLR) in respect of public deposits raised. As at March 31, 2022, the SLR requirement was 13% of public deposits.

The Corporation has investments in High Quality Liquid Assets (HQLA) in order to meet SLR and LCR requirements.

As at March 31, 2022, the total government securities stood at ₹ 36,906 crore of which ₹ 14,982 crore was towards SLR and ₹ 21,924 crore comprised securities held towards liquidity support.

Surplus from deployment in liquid instruments was ₹ 561 crore.

The average yield on the non-equity treasury portfolio for the year was 5.9% per annum on an annualised basis.

Dividend received during the year was ₹ 1,511 crore, of which ₹ 1,480 crore was received from subsidiary and associate companies.

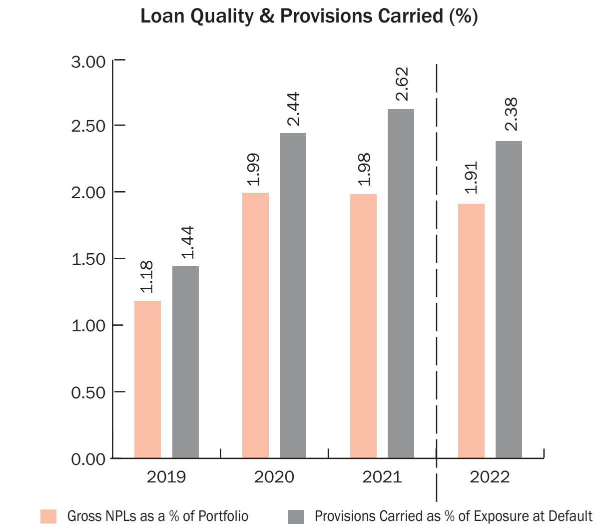
During the year, the profit on sale of investments stood at ₹ 263 crore. This pertained to the entire stake sale of Good Host Spaces Private Limited of ₹ 54 crore and part stake sale in HDFC ERGO General Insurance Company Limited (HDFC ERGO) of ₹ 209 crore. RBI had mandated that the Corporation reduce its equity shareholding to below 50% in HDFC ERGO by May 12, 2021. In the previous year, the profit on sale of investments stood at ₹ 1,398 crore and pertained to the stake sale in HDFC Life Insurance Company Limited (HDFC Life).

As at March 31, 2022, the market value of listed equity investments in subsidiary and associate companies was higher by ₹ 2,34,248 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.

Asset Quality

Non-Performing Assets & Provisioning

During periods of rising infections, collections tended to get impacted as recovery teams were unable to do field visits, but as infections waned, collection efficiency ratios for loans improved significantly. The average collection efficiency for individual loans on a cumulative basis during the quarter ended March 2022 was over 99%.



Portfolio includes loans and investments in debentures and corporate deposits for financing real estate projects.
Prior period NPLs are not comparable due to change in classification norms by RBI on November 12, 2021.
Based on earlier norms, the NPLs for FY22 was 1.74%.

On November 12, 2021, RBI issued a notification to lending institutions on harmonisation of Prudential Norms on Income Recognition, Asset Classification & Provisioning (IRACP norms). Subsequently, RBI deferred the effective date to September 30, 2022. The Corporation has continued to report non-performing loans (NPLs) in accordance with the November 12, 2021 circular.

As at March 31, 2022, the gross individual NPLs stood at 0.99% of the individual portfolio, and the gross non-performing non-individual loans stood at 4.76% of the non-individual portfolio. The gross NPLs as at March 31, 2022 stood at ₹ 10,741 crore. This is equivalent to 1.91% of the portfolio.

This marked a significant improvement compared to the position as at December 31, 2021, where the gross individual NPLs stood at 1.44% and the gross non-individual NPLs stood at 5.04% of the non-individual portfolio. Total NPLs as at December 31, 2021 stood at 2.32% of the portfolio as against 1.91% as at March 31, 2022.

Based on the earlier NPL norms and to provide a like-for-like comparison with the previous year, the gross individual NPLs at March 31, 2022 was 0.78% (PY: 0.99%) of the individual portfolio and total NPLs was 1.74% (PY: 1.98%) of the loan portfolio. This reflected improvement in the overall asset quality.

To reiterate, the Corporation did not opt for the deferment, but declared its NPAs and made provisioning based on the November 12, 2021 notification of RBI.

As at March 31, 2022, the Corporation carried a total provision of ₹ 13,506 crore. The provisions carried as a percentage of the Exposure at Default (EAD) is equivalent to 2.38%.

On a gross basis, the Corporation has written off loans aggregating ₹ 1,633 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 ₹ 4,999 crore. Thus, as at March 31, 2022, the total loan write offs stood at 28 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 carrying amount of the financial and non-financial assets taken over as at March 31, 2022 stood at ₹ 306 crore and ₹ 3,834 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, 2022	As at March 31, 2021
Stage 1	93.3%	91.4%
Stage 2	4.4%	6.3%
Stage 3	2.3%	2.3%
Total	**100.0%**	**100.0%**

As a matter of prudence, the Corporation had classified certain accounts from Stage 1 to Stage 2 if the customer had opted for either ECLGS or OTR.

As at March 31, 2022, the Corporation saw a reduction in Stage 2 and 3 assets to 6.7% of EAD as compared to 8.6% in the previous year. This is reflective of an overall improvement in collection efficiency as well as stabilisation of credit costs on a marginal basis.

The Corporation's Expected Credit Loss (ECL) charged to the Statement of Profit and Loss for the year ended March 31, 2022 was lower at ₹ 1,932 crore compared to ₹ 2,948 crore in the previous year.

Credit costs for the year ended March 31, 2022 was 33 basis points compared to 56 basis points in the previous year.

Expected Credit Loss Based on Exposure at Default

(₹ in crore)

EAD	Individual		Non-Individual		Total	
Stage 1	4,18,848	97.2%	1,10,959	81.1%	5,29,807	93.3%
Stage 2	7,381	1.7%	17,871	13.1%	25,252	4.4%
Stage 3	4,940	1.1%	7,928	5.8%	12,868	2.3%
EAD Total	**4,31,169**	**100.0%**	**1,36,758**	**100.0%**	**5,67,927**	**100.0%**
ECL	**Individual**		**Non-Individual**		**Total**	
Stage 1	836	27.6%	539	5.1%	1,375	10.1%
Stage 2	1,110	36.6%	4,030	38.5%	5,140	38.1%
Stage 3	1,084	35.8%	5,907	56.4%	6,991	51.8%
ECL Total	**3,030**	**100.0%**	**10,476**	**100.0%**	**13,506**	**100.0%**
ECL / EAD	**Individual**		**Non-Individual**		**Total**	
Stage 1	0.2%		0.5%		0.3%	
Stage 2	15%		23%		20%	
Stage 3	22%		75%		54%	
ECL / EAD	**0.70%**		**7.66%**		**2.38%**	

The total balance in the Impairment on Financial Instruments – Expected Credit Loss (provisions carried) as at March 31, 2022 amounted to ₹ 13,506 crore. This is equivalent to 2.38% 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.

Fixed Assets and Investment Properties

Net Property, Plant and Equipment as at March 31, 2022 amounted to ₹ 1,074 crore. Net additions to Property, Plant and Equipment during the year was ₹ 241 crore, including right-of-use assets of ₹ 163 crore.

Net investment in properties as at March 31, 2022 amounted to ₹ 2,686 crore. Net additions to investment properties during the year was ₹ 1,835 crore (including advance for under construction properties).

Resource Mobilisation

Share Capital

As on April 1, 2021, the Corporation had a balance of ₹ 361 crore in the share capital account. The Corporation has allotted 90,81,843 equity shares of face value of ₹ 2 each 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, 2022 was ₹ 363 crore.

Warrants

In August 2020, the Corporation had completed its Qualified Institutional Placement of equity shares and secured, redeemable non-convertible debentures simultaneously with warrants.

The Corporation had 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 up front. 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, 2022, no warrants had been converted into equity shares.

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

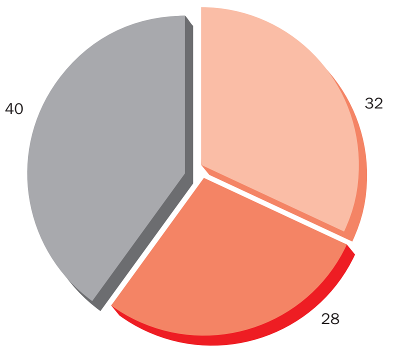
Subordinated Debt

As at March 31, 2022, the Corporation's outstanding subordinated debt stood at ₹ 3,000 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, 2022, ₹ 1,200 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, 2022 amounted to ₹ 4,99,681 crore as against ₹ 4,41,365 crore in the previous year. Borrowings constituted 78% of funds employed as at March 31, 2022. Of the total borrowings, debentures and securities constituted 40%, deposits 32% and term loans 28%.



Summary of Total Borrowings

(₹ crore)

Borrowings	March 31, 2022	March 31, 2021
Term Loans	1,39,851	1,05,179
Market Borrowings	1,98,930	1,86,055
Deposits	1,60,900	1,50,131
Total	**4,99,681**	**4,41,365**

Non-Convertible Debentures & Commercial Paper

During the year under review, the Corporation raised an amount of ₹ 50,247 crore through secured, redeemable non-convertible debentures (NCDs), issued in various tranches on a private placement basis. Of the NCDs raised during the year, 55% were of original tenors of over 10 years.

The Corporation's NCDs 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.

The funds raised from the issuance of NCDs were utilised for housing finance business requirements. Details of all the above-mentioned issues and the end use of funds were provided to the Audit and Governance Committee on a periodic basis.

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.

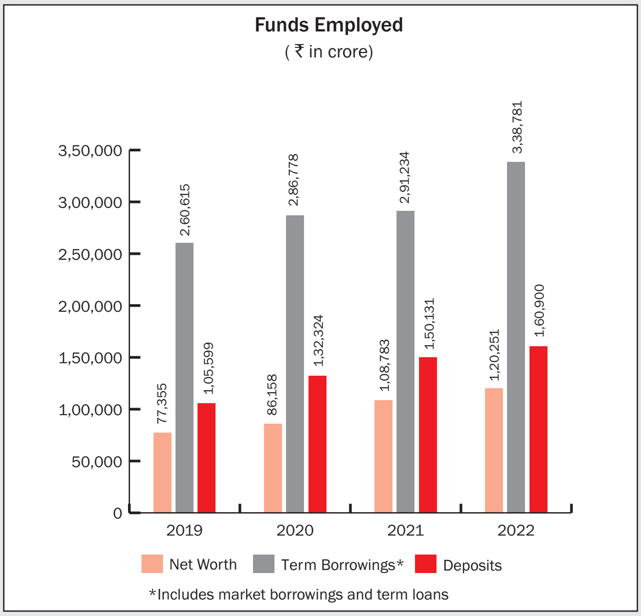
As at March 31, 2022, the Corporation had commercial paper (CPs) with an outstanding amount of ₹ 30,238 crore and the weighted average outstanding maturity was 229 days. CPs constituted 6% of the outstanding borrowing as at March 31, 2022. The CPs of the Corporation are listed on the wholesale debt market 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, 2022, total outstanding Rupee denominated bonds overseas stood at ₹ 1,797 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, 2022, total outstanding deposits stood at ₹ 1,60,900 crore compared to ₹ 1,50,131 crore in the previous year. The number of deposit accounts stood at over 19.9 lac.

CRISIL and ICRA have for the twenty-seventh 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.

The Corporation continued with its strong mobilisation of deposits during the financial year. The renewal ratio of retail deposits stood at 61% during the year.

The Corporation has 24,214 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, 66% of transactions were on-boarded through the online deposits platform. The Corporation continued its training of key partners to effectively use the online deposit platform continued.

During the year, the Corporation launched Green and Sustainable deposits for retail depositors, wherein the funds would be used towards green housing and other sustainability initiatives.

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

As at March 31, 2022, the total loans outstanding from banks, institutions and NHB (including foreign currency borrowings from domestic banks) amounted to ₹ 1,39,851 crore as compared to ₹ 1,05,179 crore as at March 31, 2021.

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 Special Refinance Facility, Regular Refinance Scheme and Promoting Green Housing Refinance Scheme amounting to ₹ 3,425 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 year, the Corporation has raised External Commercial Borrowings USD 250 million from International Finance Corporation and USD 200 million from Asia Infrastructure Investment Bank, with mandates to on-lend for affordable and green housing.

The outstanding foreign currency borrowings constitute borrowings from Asian Development Bank under the Housing Finance Facility Project (USD 4 million), and External Commercial Borrowing towards Low Cost Affordable Housing (USD 1,837 million).

Risk Management

The Corporation has a risk management framework with overall governance and oversight from 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:

Credit Risk: The Corporation has several workflow integrated controls at different stages of the credit appraisal lifecycle to identify and evaluate credit risks on its individual and non-individual portfolios. This is supported on an ongoing basis by analytical industry based studies, credit deviation analysis, specific credit portfolio studies and periodic assessment via risk registers on various external and internal risks on asset quality, recovery and credit loss.

Market, Liquidity and Interest Rate Risk: The Corporation has a board approved ALM framework with an ALCO driven approach to periodically evaluate various market, liquidity and interest rate risks and various macro-economic events impacting the same. A periodic assessment via risk registers, including risks of market driven uncertainty and regulatory requirements are also assessed on a pre-defined scoring mechanism to review risk levels from time to time.

Operational Risk: Various levels of control review by internal and independent teams are undertaken and escalated at appropriate levels, on a periodic basis. These are backed by independent studies on documentation maintenance, adherence to processes and risk register based granular risk event assessment on gaps in people, process and systems.

Pandemic driven risks: The Corporation responded to the pandemic with improving its operational flexibility and strengthening its digital outreach, while complying with various legal, regulatory and statutory requirements. It continued to monitor closely its asset quality through tracking project delays, economic downturn, high risk customers, amongst others.

Cyber Security Risks: The Corporation has a well-developed Information Security and Cyber Security policy framework. There is a robust mechanism for Securities Operations Centre (SOC) driven alerts and incident management. Initiatives on monitoring and assessment services, end-point protection controls, SOC 24X7, vulnerability assessment and penetration testing, data leakage prevention strategies and mobile application management form important elements of the cyber security strategy of the Corporation.

Climate and ESG risks: An ESG framework, including ESG focused portfolio products, tracking of various sustainability parameters, monitoring ESG metrics and initiatives form part of the strategy to manage climate and ESG risks.

Reputation Risk: Centralised monitoring of various categories of customer grievances, social media and public media representation, along with a periodic risk profile evaluation with risks impacting the reputation of the Corporation form part of the reputation risk management strategy.

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 the RBI's guidelines on Liquidity Risk Management Framework, the Corporation is required to maintain HQLA covering at least the next 30 days of net cash outflows (as defined in the guidelines) with effect from December 1, 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 1,841 million as at March 31, 2022. 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, 2022, the Corporation's foreign currency exposure on borrowings net of risk management arrangements was nil.

HDFC's foreign currency borrowings are linked to USD LIBOR or Tokyo Overnight Average Rate (TONA), 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 234 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, 2022, HDFC has entered into such swaps for converting its fixed rate rupee liabilities of a notional amount of ₹ 1,44,845 crore for varying maturities into floating rate liabilities linked to Overnight Index Swaps and yields on government securities. As a result of the swaps, HDFC pays the floating rate and receives the fixed rate.

As at March 31, 2022, 85% of the total assets and 84% 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, 2022, assets and liabilities with maturity up to 1 year amounted to ₹ 1,42,355 crore and ₹ 1,15,107 crore respectively. Assets and liabilities with maturity of greater than 1 year and up to 5 years amounted to ₹ 2,87,868 crore and ₹ 2,54,530 crore respectively and assets and liabilities with maturity beyond 5 years amounted to ₹ 2,10,640 crore and ₹ 2,71,226 crore respectively.

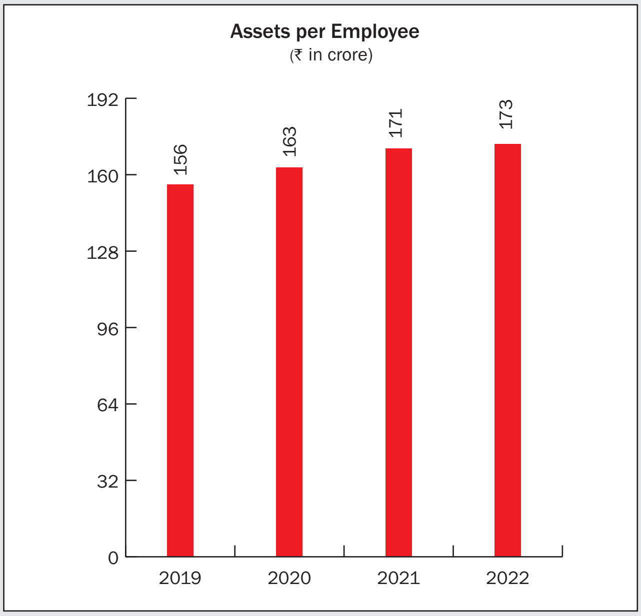
Capital Adequacy Ratio

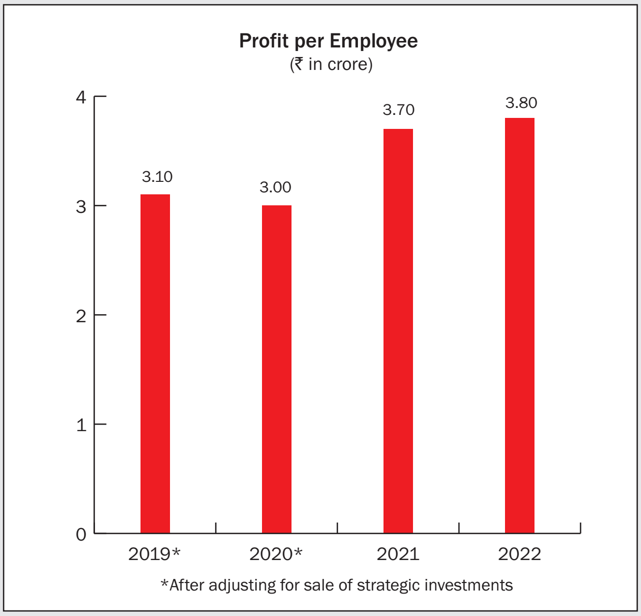
The Corporation's capital adequacy ratio (CAR) stood at 22.8%, of which Tier I capital was 22.2% and Tier II capital was 0.6%. The minimum CAR as per the prescribed regulations is 15% and minimum Tier 1 Capital is 10%.

As at March 31, 2022, the risk weighted assets stood at approximately ₹ 4,40,300 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.

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, the Corporation continued to leverage on technology and developed various online courses to ensure continuity of knowledge and skill based training. Online courses were developed and assigned to all employees on the online e-learning platform - *HDFC Aspire*. 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, 2022, the Corporation has 464 offices (excluding offices of HSPL) and the total number of employees is 3,599.

Total assets per employee as at March 31, 2022 stood at ₹ 173 crore as compared to ₹ 171 crore in the previous year. The net profit per employee as at March 31, 2022 was ₹ 3.8 crore compared to ₹ 3.7 crore in the previous year.

Awards and Recognitions

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

- Felicitated under the 'Leadership' category in the Corporate Governance Score Card, 2021 under a joint initiative by IFC-IiAS-BSE
- Awarded as Leading Housing Finance Company at the Dun & Bradstreet BFSI & Fintech Awards 2022.
- Recognition from SEBI, for voluntarily adopting the 'Business Responsibility and Sustainability Report' for FY21, ahead of timelines prescribed by SEBI.
- Awarded 'Company with the Best Integrated Report' by the Asian Centre for Corporate Governance & Sustainability.
- Awarded 'Leadership in Employee Development' category at ESG India Leadership Awards, 2021 by ESGRisk.ai., India's first ESG rating company.
- Recognised amongst India's Top Sustainable Companies by Business World in association with Sustain Labs, Paris.

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.

As stipulated by the regulator, the Corporation's shareholding in both its insurance companies, HDFC Life and HDFC ERGO is below 50%. For the purpose of consolidated financial statements, both entities continue to be accounted as subsidiary companies. As per IndAS, the Corporation consolidates a company when it controls the company.

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)

During the year, the Corporation and HDFC Bank continued to maintain an arm's length relationship in accordance with the regulatory framework. Both organisations, however, capitalised 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, 2022, advances of HDFC Bank stood at ₹ 13,68,821 crore – an increase of 21% over the previous year. Total deposits stood at ₹ 15,59,217 crore – an increase of 17%. As at March 31, 2022, HDFC Bank's distribution network includes 6,342 banking outlets and 18,130 ATMs in 3,188 locations.

For the year ended March 31, 2022, HDFC Bank reported a profit after tax of ₹ 36,961 crore as against ₹ 31,117 crore in the previous year, representing an increase of 19%. HDFC Bank declared a dividend of ₹ 15.5 per share of face value of ₹ 1 each for the year ended March 31, 2022.

HDFC together with its wholly-owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited holds 21% of the equity share capital of HDFC Bank.

During the year, the Corporation received dividend of ₹ 757 crore from HDFC Bank (includes ₹ 195 crore received by HDFC Investments Limited and HDFC Holdings Limited.)

HDFC Life Insurance Company Limited (HDFC Life)

For the year ended March 31, 2022, total premium income of HDFC Life stood at ₹ 45,963 crore as compared to ₹ 38,583 crore in the previous year, representing a growth of 19%.

The company recorded a growth of 16% in terms of individual weighted received premium (WRP) during FY22, with a market share of 14.8% and 9.3% in the private and overall sector respectively. The new business margin for FY22 stood at 27.4% compared to 26.1% for FY21.

The company covered 54 million lives in FY22, registering an increase of 36% over FY21. The renewal premiums grew by 18% during the year. The 13-month and 61-month persistency (including single premium) improved during the year to 92% and 58% respectively, as against 90% and 53% in FY21.

As at March 31, 2022, the Indian Embedded Value stood at ₹ 30,048 crore compared to ₹ 26,617 crore in the previous year. The operating return on embedded value stood at 19.0% before excess mortality reserve (EMR) charge and 16.6% post EMR.

The solvency ratio of the company was 176% as at March 31, 2022 as against the minimum regulatory requirement of 150%.

HDFC Life reported a standalone profit after tax of ₹ 1,208 crore for the year ended March 31, 2022 – a decline of 11% over the previous year due to higher mortality reserve created during the year. Post the second wave of COVID-19, the profit after tax in the third and fourth quarter of FY22 improved steadily, with fourth quarter registering a growth of 12% over the corresponding quarter of the previous year.

During the year HDFC Life acquired a 100% stake in Exide Life Insurance Company Limited (Exide Life) from Exide Industries Limited via issuance of 8,70,22,222 shares at an issue price of ₹ 685 per share and a cash pay-out of ₹ 726 crore, aggregating to ₹ 6,687 crore. Consequently, Exide Life became a wholly-owned subsidiary of HDFC Life. The merger process has been initiated with NCLT and is expected to be completed in FY23.

During the year, Exide Life recorded a growth of 22% based on individual WRP and its embedded value as at March 31, 2022 was ₹ 2,910 crore.

HDFC Life recommended a dividend of ₹ 1.70 per equity share of face value of ₹ 10 each for FY22.

During the year, the Corporation received ₹ 204 crore as dividend from HDFC Life.

The Corporation's shareholding in HDFC Life and Exide Life both, stood at 47.81%.

HDFC Asset Management Company Limited (HDFC AMC)

HDFC AMC is one of India's largest mutual fund managers. As at March 31, 2022, the quarterly average assets under management (QAAUM) stood at ₹ 4.3 lac crore.

The ratio of equity-oriented AUM and non-equity oriented AUM was 51:49. HDFC AMC is amongst the largest actively managed equity-oriented mutual funds in the country, with a market share at 11.5% in terms of actively managed equity-oriented QAAUM as at March 31, 2022.

For the year ended March 31, 2022, the profit after tax stood at ₹ 1,393 crore as against ₹ 1,326 crore in the previous year.

HDFC AMC recommended a final dividend of ₹ 42 per equity share of ₹ 5 each for FY22.

During the year, the Corporation received dividend of ₹ 381 crore from HDFC AMC.

HDFC holds 52.6% 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 10.3% (private sector) and 6.1% (overall) in terms of gross direct premium for the year ended March 31, 2022.

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 and liability insurance in the corporate segment and crop insurance. The company had a balanced portfolio mix with the retail segment accounting for 61% of the business.

The gross written premium of HDFC ERGO for the year ended March 31, 2022 stood at ₹ 13,707 crore compared to ₹ 12,444 crore in the previous year.

The combined ratio as at March 31, 2022 stood at 107.5%. The solvency ratio of the company was 164% as at March 31, 2022 as against the minimum regulatory requirement of 150%.

For the year ended March 31, 2022, the reported profit after tax stood at ₹ 500 crore compared to ₹ 592 crore in the previous year. Profits were impacted due to higher COVID-19 losses. The profit after tax before considering the COVID-19 impact was ₹ 1,093 crore as compared to ₹ 833 crore in the previous year.

HDFC ERGO paid an interim dividend of ₹ 3.25 per equity share of face value ₹ 10 per share during the year. Accordingly, the Corporation received ₹ 116 crore as dividend from HDFC ERGO.

HDFC holds 49.98% 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 the investment manager to HDFC Property Fund, a venture capital fund registered with SEBI. All the investments of the close-ended fund have been fully exited in FY21. The entire units held by the contributors have also been redeemed. HDFC Property Fund is no longer undertaking activities as a venture capital fund and the same has been intimated to SEBI.

HDFC Property Ventures Limited (HPVL) provides investment advisory services to domestic trusts and overseas asset management companies (AMCs). Such AMCs in turn manage and advise offshore private equity funds that invest in the construction and development sector in India.

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.

HDFC Ventures Trustee Company Limited (HVTCL) is a trustee of HDFC Property Fund, HDFC Investment Trust, HDFC Investment Trust II and HDFC India Real Estate Fund III.

HDFC Capital Advisors Limited (HDFC Capital)

HDFC Capital is in the business of providing investment management services for real estate private equity financing. Set up in 2015, HDFC Capital is aligned with the Government of India's goal to increase housing supply and support the 'Housing for All' initiative. The company also seeks to promote innovation and 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 of approximately USD 3 billion. The company is the investment manager to HDFC Capital Affordable Real Estate Fund 1 (H-CARE 1), HDFC Capital Affordable Real Estate Fund 2 (H-CARE 2) and HDFC Capital Affordable Real Estate Fund 3 (H-CARE 3), which are registered with SEBI as Category II Alternative Investment Funds.

HDFC Capital provides 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. These funds are committed with leading developers across India in the affordable and mid-income housing space. The funds managed by HDFC Capital have recently been rated as one of the world's largest private finance platforms focused on development of affordable housing.

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. HDFC Capital also invests in technology companies such as construction-tech, fin-tech, clean-tech amongst others which are engaged in the affordable housing ecosystem.

In April 2022, HDFC entered into binding agreements to sell 10% of the fully diluted paid-up share capital of HDFC Capital to a wholly-owned subsidiary of Abu Dhabi Investment Authority (ADIA) for ₹ 184 crore. ADIA is also the primary investor in the alternative investment funds managed by HDFC Capital.

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, including public deposits. HSPL is also an agent of HDFC Life, HDFC Ergo and HDFC Credila.

HSPL has a presence in 211 locations. During the year under review, HSPL sourced loans accounting for 52% of individual loans disbursed by HDFC.

During the year, the company made a profit of ₹ 79 crore compared to ₹ 19 crore in the previous year.

The company made its maiden dividend of ₹ 2.75 per equity share of face value of ₹ 10 each, which included an interim dividend of ₹ 0.70 per equity share.

During the year, the Corporation received dividend of ₹ 8.5 crore.

HSPL is a whollly-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, 2022, HDFC Credila had cumulatively disbursed ₹ 16,364 crore to over 91,000 customers. The outstanding loan book stood at ₹ 8,838 crore. The average loan amount approved during the year was ₹ 28.7 lac.

For the year ended March 31, 2022, HDFC Credila reported a profit after tax of ₹ 206 crore as against ₹ 155 crore in the previous year, representing a growth of 33%.

As at March 31, 2022, the capital adequacy ratio stood at 18.9% and Tier I capital stood at 14.9%.

HDFC Credila has declared dividend of ₹ 1 per equity share of face value ₹ 10 per share during the year.

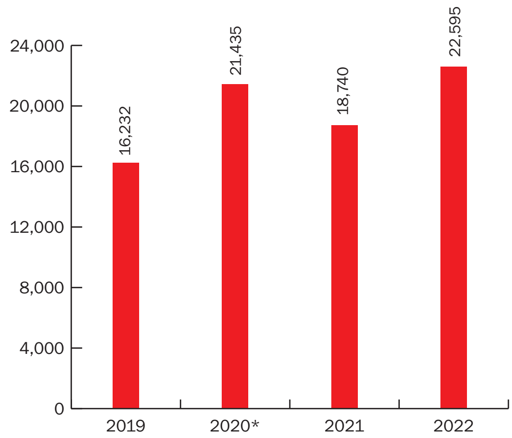
HDFC Credila is a whollly-owned subsidiary of the Corporation.

HDFC Education and Development Services Private Limited (HDFC Edu)

HDFC Edu is the Corporation's whollly-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 education system in the country. HDFC Edu provides various services to the schools – towards admissions, website development, creating awareness in the community, technology and design consultancy, vendor management, academic content, trainings and other support services required for the smooth functioning of the institutions.

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

The company provides services to The HDFC Schools which are located in Gurugram, Pune and Bengaluru. These schools are affiliated with the Central Board of Secondary Education. They are also certified as Microsoft Showcase schools and two of them have received The International School Award (ISA), now called International Dimension in Schools (IDS), awarded by the British Council. IDS recognises a school's commitment to embed international awareness and global citizenship within the class and school.

The HDFC Schools believe in inclusive education and can cater to children with special needs. The schools also have children from underprivileged backgrounds. The schools now have more than 3,000 students.

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, 2022, the profit before tax was ₹ 28,252 crore as compared to ₹ 24,237 crore in the previous year.

After providing ₹ 4,210 crore (Previous year : ₹ 3,750 crore) for tax, the profit after tax stood at ₹ 24,042 crore as compared to ₹ 20,487 crore in the previous year.

The total comprehensive income stood at ₹ 23,311 crore as compared to ₹ 22,069 crore in the previous year.

The profit attributable to the Corporation during the year ended March 31, 2022 was ₹ 22,595 crore compared to was ₹ 18,740 crore, representing a growth of 21%.

The post-tax return on assets for the consolidated group accounts for the year ended March 31, 2022 was 2.7%. The return on equity stood at 13.4%. The basic and diluted earnings per share (on a face value of ₹ 2 per share) for the group was ₹ 124.9 and ₹ 123.6 respectively.

STANDALONE
FINANCIAL STATEMENTS

- Independent Auditors' Report
- Balance Sheet
- Statement of Profit and Loss
- Statement of Changes in Equity
- Statement of Cash Flows
- Notes to 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 accompanying standalone financial statements of Housing Development Finance Corporation Limited ("the Corporation"), which comprise the Balance sheet as at March 31, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("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 March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SAs"), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditors' 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2022. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matter	How our audit addressed the key audit matter
1. Impairment of loans (expected credit losses) *(refer note 3.2.5, note 3.2.6 and note 9 to the standalone financial statements)*	
Indian Accounting Standard (Ind AS) 109 *Financial Instruments* requires the Corporation to provide for impairment of its loans using the expected credit loss (ECL) approach. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions and other factors which could impact the credit quality of the Corporation's loans.	• Read and assessed the Corporation's accounting policies for impairment of financial assets considering the requirements of Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020.

Key audit matter	How our audit addressed the key audit matter
In the process, a significant degree of judgement and estimates have been applied by the management for: • Staging of loans (i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories) based on past due status or qualitative assessment; • Grouping of borrowers (retail loan portfolio) based on homogeneity for estimating probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD') on a collective basis; • Estimation of PD, LGD and EAD for non-retail loan portfolio based on historical default experience and individual assessment, wherever necessary, of the borrower specific cash-flows, security and other relevant factors; • Estimation of losses for loan products with no/ minimal historical defaults; • Determining macro-economic and other factors impacting credit quality of loans. The Corporation has also recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by the COVID-19 pandemic. Given the unique nature and scale of the economic impact of this pandemic, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated. In view of the high degree of management's judgement involved in estimation of ECL and the overall significance of the impairment loss allowance to the standalone financial statements, it is considered as a key audit matter.	• Evaluated the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction, validation and computation. • Assessed the criteria for staging of loans based on their past due status as per the requirements of Ind AS 109. Tested a sample of performing loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages. • Involved internal experts for testing of the ECL model and computation, including factors that affect the PD, LGD and EAD considering various forward looking, micro and macro-economic factors. Involved internal valuation experts for testing the valuation of the underlying security for the non-retail loan portfolio. • Tested assumptions used by the management in determining the overlay for macro-economic and other factors. • Assessed disclosures included in the standalone financial statements in respect of expected credit losses.
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 43.6 to the standalone financial statements – Foreign currency risk)*	
The Corporation enters into derivative financial instruments for risk management purposes. The identified risks in relation to the borrowings are foreign exchange rate risk and interest risk. The Corporation enters into cash flow hedges or fair value hedges depending on the risk being hedged. Derivative and Hedge accounting is considered as a key audit matter, because of its significance to the operations and complexity involved in applying formal and technical requirements to the hedge accounting and also in valuing hedge instruments.	• Understood the risk management policies and procedures adopted by the Corporation and also obtained understanding about the accounting treatment of such transactions. • Evaluated the design and operating effectiveness of controls over accounting of derivative transactions and controls over designating hedging relationship including authorization and related documentation. • Obtained understanding of ongoing monitoring and tested hedge effectiveness.

Key audit matter	How our audit addressed the key audit matter
	• Tested qualifying criteria for hedge accounting and also checked that the valuation of derivative instruments is in accordance with Ind AS 109. • Verified hedge documentation on sample basis. • Reviewed valuation reports obtained from experts to assess whether the assumptions used are in line with market practice. • Tested reconciliation of derivative instruments with independent confirmations obtained at the year-end. • Considered the appropriateness of disclosures made in the standalone financial statements relating to financial risk management, derivative financial instruments and hedge accounting.
3. IT systems and controls	
The financial accounting and reporting systems of the Corporation are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	• The aspects covered in the assessment of IT General Controls comprised: (i) User Access Management; (ii) Program Change Management; (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls in respect of information systems that are important to financial reporting (“in-scope applications”). • Tested the changes that were made to the in-scope applications during the audit period to assess changes that have impact on financial reporting. • Tested the periodic review of access rights, inspected requests of changes to systems for appropriate approval and authorization. • Performed tests of controls (including other compensatory controls, wherever applicable) on the IT application controls and IT dependent manual controls in the system. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

Other Information

The Corporation’s Board of Directors is 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 such 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.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Corporation's Board of Directors is 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 financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Corporation in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 is 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 management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 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 standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the 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 made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 for the financial year ended March 31, 2022 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 Matter

The standalone financial statements of the Corporation for the year ended March 31, 2021, included in these standalone financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those standalone financial statements on May 7, 2021.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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 Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity 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 Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid/ provided by the Corporation to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (h) 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, as amended 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 on its financial position in its standalone financial statements – Refer Note 40 to the standalone financial statements;

ii. The Corporation has made 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 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 March 31, 2022. Whilst the Corporation transferred the unclaimed dividend, 2,371 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;

iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Corporation to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Corporation ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Corporation from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Corporation shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement; and

v. The final dividend paid by the Corporation during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act, to the extent it applies to payment of dividend.

As stated in Note 26.9 to the standalone financial statements, the Board of Directors of the Corporation has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act, to the extent it applies to declaration of dividend.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Viren H. Mehta
Partner
Membership No.: 048749
UDIN: 22048749AIGPRD7872

Mumbai
May 2, 2022

For G. M. Kapadia & Co.
Chartered Accountants
ICAI Firm registration number: 104767W

Atul Shah
Partner
Membership No.: 039569
UDIN: 22039569AIGPZN4047

Mumbai
May 2, 2022

Annexure 1 to the Independent Auditors' Report of even date on the Standalone Financial Statements of Housing Development Finance Corporation Limited

In terms of the information and explanations sought by us and given by the Corporation and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Corporation has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and Investment Property.

(B) The Corporation has maintained proper records showing full particulars of the intangible assets recognized in the standalone financial statements.

(b) The management of the Corporation has physically verified Property, Plant and Equipment (including right of use assets) during the year and no material discrepancies were identified on such verification.

(c) Based on test check examination of the records and sale deeds/ transfer deeds/ lease deeds/ conveyance deeds/ property tax receipts and such other documents provided to us, the title deeds of all the immovable properties (other than properties where the Corporation is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Corporation. In respect of certain Immovable Properties located at Village Mehrauli Tehsil Hauz Khas New Delhi and Plot No. 4 Echelon Institutional Sector 32 Gurgaon, having aggregate gross carrying cost of ₹ 114.10 crores, the Corporation is in the process of execution and registration of sale deed. The execution of these documents has got delayed due to legal process as detailed in note 13.5 to the standalone financial statements. The acquisition of these properties was in the normal course of business and none of the promoters, directors, or their relatives are associated with these transactions in any manner.

(d) The Corporation has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.

(e) There are no proceedings initiated during the year or are pending against the Corporation as at March 31, 2022 for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.

(ii) (a) The Corporation's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Corporation.

(b) The Corporation has been sanctioned working capital limits in excess of ₹ 5 crores in aggregate by banks or financial institutions. However, such loans are either unsecured or secured by way of negative lien over assets of the Corporation. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Corporation.

(iii) (a) Since the principal business of the Corporation is to give loans, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Corporation.

(b) During the year the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees to companies or any other parties are not prejudicial to the Corporation's interest.

(c) In respect of loans and advances in the nature of loans, granted by the Corporation as part of its business of providing housing finance and loans against property to individual customers as well as providing corporate finance, construction finance, etc. to non-individual customers, the schedule of repayment of principal and payment of interest has been stipulated by the Corporation. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amount, due date for repayment or receipt and the extent of delay in this report (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for reporting under this clause), in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business.

Further, except for loans where there are delays or defaults in repayment of principal and / or payment of interest as at the balance sheet date, in respect of which the Corporation has disclosed asset classification / staging in note 9.4 to the standalone financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

(d) In respect of loans and advances in the nature of loans, the total amount overdue for more than ninety days as at March 31, 2022 and the details of the number of such cases, are disclosed in note 9.4 to the standalone financial statements. In such instances, in our opinion, reasonable steps have been taken by the Corporation for recovery of the overdue amount of principal and interest.

(e) Since, the principal business of the Corporation is to give loans, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Corporation.

(f) The Corporation has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Corporation.

(iv) Loans in respect of which provisions of section 185 of the Act are applicable have been complied with by the Corporation. There are no loans, investments, guarantees, and security in respect of which provisions of section 186 of the Act are applicable and hence not commented upon.

(v) The Corporation being a housing finance company registered with the National Housing Bank, the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Corporation. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Corporation in respect of the aforesaid deposits.

(vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the products/services of the Corporation.

(vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues, as applicable to the Corporation, have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues as applicable to the Corporation have not been deposited on account of any dispute, are as follows:

Name of the statute	**Nature of disputed dues**	**Amount under dispute (₹ in crore)**	**Amount paid* (₹ in crore)**	**Period to which the amount relates**	**Forum where the dispute is pending**
Income Tax Act, 1961	Income Tax	1,535.63	75.00	FY 2017-2018	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	781.57	156.31	FY 2018-2019	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax	13.62	7.20	FY 2007-2018	Customs Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai
Finance Act, 1994	Service Tax	1.25	0.13	FY 2008-2012	CESTAT, Mumbai
Goods and Services Tax Act, 2017	Goods and Services Tax	2.40	0.24	FY 2017-2018	Joint Commissioner
Maharashtra Sales Tax on the Transfer of the Right to use any Goods for any Purpose Act, 1985	Interest on lease tax	0.02	-	FY 1999-2000	Commissioner of Sales Tax (Appeals)

** paid under protest*

In addition to above, there are other income tax related disputed demands which have been fully paid/ adjusted.

(viii) The Corporation has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Corporation.

(ix) (a) The Corporation has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The Corporation has not been declared as a wilful defaulter by any bank or financial institution or other lender during the year.

(c) Monies raised during the year by the Corporation by way of term loans has been applied for the purpose for which they were raised other than temporary deployment pending application of proceeds.

(d) On an overall examination of the standalone financial statements of the Corporation, no funds raised on short-term basis have been used for long-term purposes during the year by the Corporation.

(e) On an overall examination of the standalone financial statements of the Corporation, the Corporation has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures during the year.

(f) The Corporation has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Corporation.

(x) (a) The Corporation has not raised any money during the year by way of Initial Public Offer/ Further Public Offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Corporation.

(b) The Corporation has not made any preferential allotment or private placement of shares/ fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Corporation.

(xi) (a) No fraud by the Corporation or no material fraud on the Corporation has been noticed or reported during the year.

(b) During the year and up to the date of this report, no report under section 143 (12) of the Act has been filed by secretarial auditor or by the predecessor auditors or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Corporation during the year while determining the nature, timing and extent of audit procedures.

(xii) The Corporation is not a nidhi company as per the provisions of the Act. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Corporation.

(xiii) 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 notes to the standalone financial statements, as required by the applicable accounting standards.

(xiv) (a) The Corporation has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit is performed as per a planned program approved by the Audit and Governance Committee of the Board of Directors of the Corporation. The internal audit reports of the Corporation issued till the date of the audit report, in accordance with the aforesaid plan, have been considered by us.

(xv) The Corporation has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Corporation.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Corporation. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Corporation.

(b) The Corporation is a Housing Finance Company registered with the National Housing Bank and is not required to obtain a Certificate of

Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Corporation is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Corporation.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Corporation.

(xvii) The Corporation has not incurred cash losses in the current year or the immediately preceding financial year.

(xviii) The previous statutory auditors of the Corporation have resigned during the year pursuant to the requirements of the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021, issued by the Reserve Bank of India, and there are no issues, objections or concerns raised by the outgoing auditors.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Corporation is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

We, however, state that this is not an assurance as to the future viability of the Corporation. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Corporation as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Act, in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 33.8 to the standalone financial statements.

(b) There are no unspent amounts that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of the Act. This matter has been disclosed in note 33.8 to the standalone financial statements.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Viren H. Mehta
Partner
Membership No.: 048749
UDIN: 22048749AIGPRD7872

Mumbai
May 2, 2022

For G. M. Kapadia & Co.
Chartered Accountants
ICAI Firm registration number: 104767W

Atul Shah
Partner
Membership No.: 039569
UDIN: 22039569AIGPZN4047

Mumbai
May 2, 2022

Annexure 2 to the Independent Auditors' Report of even date on the Standalone Financial Statements of Housing Development Finance Corporation Limited

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

We have audited the internal financial controls with reference to standalone financial statements of Housing Development Finance Corporation Limited as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Corporation for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Corporation's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Corporation's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone 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 standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone 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 control 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.

Opinion

In our opinion, the Corporation has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Corporation considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Viren H. Mehta
Partner
Membership No.: 048749
UDIN: 22048749AIGPRD7872

Mumbai
May 2, 2022

For G. M. Kapadia & Co.
Chartered Accountants
ICAI Firm registration number: 104767W

Atul Shah
Partner
Membership No.: 039569
UDIN: 22039569AIGPZN4047

Mumbai
May 2, 2022

Standalone Balance Sheet as at March 31, 2022

₹ in Crore

		Notes	As at March 31, 2022	As at March 31, 2021
ASSETS				
(1)	**Financial Assets**			
(a)	Cash and cash equivalents	5	565.49	769.97
(b)	Bank balances other than (a) above	6	227.44	374.78
(c)	Derivative financial instruments	7	1,322.80	2,154.48
(d)	Receivables			
	(i) Trade receivables	8	178.65	155.38
	(ii) Other receivables		-	-
(e)	Loans	9	5,54,862.51	4,85,294.26
(f)	Investments	10	68,592.22	68,636.77
(g)	Other financial assets	11	5,573.54	3,381.42
(h)	Non-current financial asset held for sale	10.3	-	156.46
	Total Financial assets		6,31,322.65	5,60,923.52
(2)	**Non-financial assets**			
(a)	Current tax assets (net)	12.1	2,617.55	2,356.88
(b)	Deferred tax assets (net)	12.2	1,549.88	1,655.30
(c)	Investment property	13	2,685.74	840.57
(d)	Property, plant and equipment	14	1,073.94	986.42
(e)	Other intangible assets	15	369.91	369.46
(f)	Other non-financial assets	16	1,198.58	331.64
(g)	Non-current non-financial asset held for sale	13.3	44.21	134.79
	Total Non-financial assets		9,539.81	6,675.06
	TOTAL ASSETS		6,40,862.46	5,67,598.58

Standalone Balance Sheet as at March 31, 2022 (Continued)

₹ in Crore

		Notes	As at March 31, 2022	As at March 31, 2021
LIABILITIES AND EQUITY				
LIABILITIES				
(1)	**Financial liabilities**			
(a)	Derivative financial instruments	7	**3,824.36**	1,660.86
(b)	Payables			
	(i) Trade payables	17.1		
	– Total outstanding dues of micro enterprises and small enterprises		**9.52**	7.48
	– Total outstanding dues of creditors other than micro enterprises and small enterprises		**334.65**	331.67
	(ii) Other payables			
	– Total outstanding dues of micro enterprises and small enterprises		**-**	-
	– Total outstanding dues of creditors other than micro enterprises and small enterprises		**-**	-
(c)	Debt securities	18	**1,95,929.63**	1,82,054.73
(d)	Borrowings (other than debt securities)	19	**1,39,851.75**	1,05,179.18
(e)	Deposits	20	**1,60,899.76**	1,50,131.13
(f)	Subordinated liabilities	21	**3,000.00**	4,000.00
(g)	Other financial liabilities	22	**14,527.69**	12,991.70
	Total financial liabilities		**5,18,377.36**	4,56,356.75
(2)	**Non-financial liabilities**			
(a)	Current tax liabilities (net)	23	**441.30**	441.29
(b)	Provisions	24	**270.02**	251.29
(c)	Other non-financial liabilities	25	**1,522.78**	1,766.60
	Total Non-financial liabilities		**2,234.10**	2,459.18
	TOTAL LIABILITIES		**5,20,611.46**	4,58,815.93
(3)	**EQUITY**			
(a)	Equity share capital	26	**362.61**	360.79
(b)	Other equity	27	**1,19,888.39**	1,08,421.86
	TOTAL EQUITY		**1,20,251.00**	1,08,782.65
	TOTAL LIABILITIES AND EQUITY		**6,40,862.46**	5,67,598.58

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

As per our report of even date attached.

Directors

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Firms' Registration No: 301003E/E300005

per Viren Mehta
Partner
Membership No. 048749

For **G. M. Kapadia & Co.**
Chartered Accountants
Firms' Registration No: 104767W

Atul Shah
Partner
Membership No. 039569

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

U. K. Sinha
(DIN: 00010336)

Ireena Vittal
(DIN: 05195656)

Bhaskar Ghosh
(DIN: 06656458)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

P. R. Ramesh
(DIN: 01915274)

Jalaj Dani
(DIN: 00019080)

Rajesh Narain Gupta
(DIN: 00229040)

Ajay Agarwal
Company Secretary
(FCS: 9023)

MUMBAI, May 02, 2022

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

₹ in Crore

			Notes	Year ended March 31, 2022	Year ended March 31, 2021
(I)	**Revenue from operations**				
	(i)	Interest income	28	43,297.21	42,771.96
	(ii)	Surplus on deployment in liquid instruments	28.1	561.40	812.78
	(iii)	Dividend income	29.1	1,510.99	733.97
	(iv)	Rental income	29.2	81.08	77.16
	(v)	Fees and commission income	29.3	252.63	211.65
	(vi)	Net gain on fair value changes	29.4	938.47	956.48
	(vii)	Profit on sale of investments and investment properties (net)	29.5	259.29	1,395.49
	(viii)	Income on derecognised (assigned) loans	29.6	1,056.00	1,190.25
	Total Revenue from operations			47,957.07	48,149.74
(II)	**Other income**			33.13	26.12
(III)	**Total Income (I + II)**			47,990.20	48,175.86
(IV)	**Expenses**				
	(i)	Finance cost	30	26,739.21	28,614.76
	(ii)	Impairment on financial instruments (expected credit loss)	31	1,932.00	2,948.00
	(iii)	Employee benefit expenses	32	1,060.79	914.11
	(iv)	Depreciation, amortisation and impairment	13, 14 & 15	172.29	158.78
	(v)	Other expenses	33	839.60	725.12
	Total Expenses			30,743.89	33,360.77
(V)	**Profit Before Tax (III - IV)**			17,246.31	14,815.09
(VI)	**Tax expense**		12.3		
		- Current tax		3,514.25	3,040.65
		- Deferred tax		(10.12)	(252.86)
	Total Tax Expense			3,504.13	2,787.79
(VII)	**Net Profit After Tax (V - VI)**			13,742.18	12,027.30

Standalone Statement of Profit and Loss for the year ended March 31, 2022 (Continued)

₹ in Crore

	Notes	Year ended March 31, 2022	Year ended March 31, 2021
(VIII) Other comprehensive income			
(A) (i) Items that will not be reclassified to profit/(loss)		**(44.25)**	1,815.61
(ii) Income tax relating to items that will not be reclassified to profit/(loss)		**(10.89)**	(138.09)
Sub Total (A)	**34**	**(55.14)**	1,677.52
(B) (i) Items that will be reclassified to profit/(loss)		**118.93**	75.77
(ii) Income tax relating to items that will be reclassified to profit/(loss)		**(29.93)**	(19.07)
Sub Total (B)	**34**	**89.00**	56.70
Other comprehensive income (A + B)		**33.86**	1,734.22
(IX) Total comprehensive income (VII + VIII)		**13,776.04**	13,761.52
(X) Earnings per equity share	**35**		
Basic (₹)		**76.01**	67.77
Diluted (₹)		**75.20**	67.20

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

As per our report of even date attached.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Firms' Registration No: 301003E/E300005

per Viren Mehta
Partner
Membership No. 048749

For G. M. Kapadia & Co.
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Ajay Agarwal
Company Secretary
(FCS: 9023)

MUMBAI, May 02, 2022

Standalone Statement of Changes in Equity for the year ended March 31, 2022

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

₹ in Crore

	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the reporting period	360.79	346.41
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	360.79	346.41
Changes in equity share capital during the current year	1.82	14.38
Balance at the end of the current reporting period	362.61	360.79

B. OTHER EQUITY (Refer Note 26)

(1) Current reporting period

₹ in Crore

Particulars	Reserves and Surplus								Other Comprehensive Income			Share based payment reserve	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, 2021 (Opening Balance)	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
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	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
Profit for the year	-	-	13,742.18	-	-	-	-	-	-	-	-	-	-	13,742.18
Other Comprehensive Income for the year	-	-	(5.25)	-	-	-	-	-	(49.89)	278.30	(189.30)	-	-	33.86
Total Comprehensive Income for the year	-	-	13,736.93	-	-	-	-	-	(49.89)	278.30	(189.30)	-	-	13,776.04
Movement for the year	-	-	(1,004.01)	-	-	-	-	-	1,004.01	-	-	390.24	-	390.24
Transfer to Securities premium on exercise of ESOP	-	236.87	-	-	-	-	-	-	-	-	-	(236.87)	-	-
Dividends	-	-	(4,152.65)	-	-	-	-	-	-	-	-	-	-	(4,152.65)
Transfer from retained earnings to Special and Statutory Reserve	-	-	(2,800.00)	-	-	2,100.00	700.00	-	-	-	-	-	-	-
Received during the year (refer note 26.1)	-	1,452.94	-	-	-	-	-	-	-	-	-	-	-	1,452.94
Utilised during the year	-	-	-	-	-	-	-	(0.04)	-	-	-	-	-	(0.04)
Balance as at March 31, 2022	0.04	45,754.07	23,108.86	26,640.11	51.23	20,516.95	6,427.42	0.03	(4,228.50)	80.02	(95.92)	1,327.05	307.03	1,19,888.39

(2) Previous reporting period

Particulars	Reserves and Surplus								Other Comprehensive Income			Share based payment reserve	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 to Securities premium on exercise of ESOP	-	224.80	-	-	-	-	-	-	-	-	-	(224.80)	-	-
Dividends	-	-	(3,642.68)	-	-	-	-	-	-	-	-	-	-	(3,642.68)
Transfer from retained earnings to Special and Statutory Reserve	-	-	(5,200.00)	2,700.00		2,000.00	500.00	-	-	-	-	-	-	-
Received during the year (refer note 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

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

As per our report of even date attached.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Firms' Registration No: 301003E/E300005

per Viren Mehta
Partner
Membership No. 048749

For **G. M. Kapadia & Co.**
Chartered Accountants
Firms' Registration No: 104767W

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Ajay Agarwal
Company Secretary
(FCS: 9023)

MUMBAI, May 02, 2022

Standalone Cash Flow Statement for the year ended March 31, 2022

₹ in Crore

			Year ended March 31, 2022	Year ended March 31, 2021
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before tax		**17,246.31**	14,815.09
	Adjustments for:			
	Depreciation, amortisation and impairment		**172.29**	158.78
	Impairment on financial instruments (expected credit loss)		**1,932.00**	2,948.00
	Share based payments to employees		**390.24**	338.42
	Net gain on fair value changes		**(938.47)**	(956.48)
	Interest expense		**26,476.16**	28,383.48
	Interest income including surplus on deployment in liquid instruments		**(43,858.61)**	(43,584.74)
	Profit on sale of investments and investment properties (net)		**(259.29)**	(1,395.48)
	Profit on sale of property, plant and equipment (net)		**(0.24)**	(0.06)
	Upfront gain on derecognised (assigned) loans		**(606.50)**	(706.72)
	Utilisation of shelter assistance reserve		**(0.04)**	(0.03)
	Operating profit before working capital changes and adjustment for interest received and paid		**553.85**	0.26
	(Increase)/decrease in financial and non-financial assets		**(1,363.08)**	3,540.06
	Increase/(decrease) in financial and non-financial liabilities		**719.14**	(3,014.87)
	Cash from/(used in) operations before adjustments for interest received and paid		**(90.09)**	525.45
	Interest income received including surplus on deployment in liquid instruments		**44,192.26**	43,703.69
	Interest expense paid		**(26,450.14)**	(29,335.32)
	Taxes paid (net of refunds)		**(3,700.19)**	(2,039.03)
	Net cash from operations		**13,951.84**	12,854.79
	Loans disbursed (at amortised cost) (net)		**(72,477.05)**	(48,813.18)
	Redemption of mutual funds units (net)		**14,115.44**	7,521.10
	Net cash used in operating activities	A	**(44,409.77)**	(28,437.29)
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of property, plant and equipment		**(115.28)**	(63.00)
	Sale proceeds from property, plant and equipment		**0.62**	0.53
	Net cash used for property, plant and equipment		**(114.66)**	(62.47)
	Purchase of investment properties		**(1,559.54)**	(91.27)
	Sale proceeds from investment properties		**180.72**	57.14
	Net cash used for investment properties		**(1,378.82)**	(34.13)
	Investments			
	- In subsidiary company		**(46.44)**	(55.00)
	- In associate company		**(0.25)**	(0.50)
	Other investments:			
	- Purchase of investments		**(19,532.68)**	(9,572.69)
	- Sale proceeds from investments		**6,290.35**	1,225.01
	Sale proceeds from investments in associates		**210.62**	-
	Net cash used in investing activities	B	**(14,571.88)**	(8,499.78)

Standalone Cash Flow Statement for the year ended March 31, 2022 (Continued)

₹ in Crore

			Year ended March 31, 2022	Year ended March 31, 2021
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Share capital - equity		**1.82**	14.38
	Money received against warrants		**-**	307.03
	Securities premium on issuance of equity shares (net)		**1,452.94**	11,845.95
	Sale proceeds of investments in subsidiary companies		**236.45**	1,484.25
	Proceeds from issuance of debt securities and subordinated liabilities		**1,03,707.00**	1,05,660.00
	Repayment of debt securities and subordinated liabilities		**(87,935.90)**	(99,111.04)
	Borrowings (other than debt securities) and subordinated liabilities (net)		**34,686.09**	233.79
	Deposits (net)		**10,851.42**	17,837.24
	Payments of lease liability		**(70.00)**	(63.76)
	Dividend paid - equity shares		**(4,152.65)**	(3,642.68)
	Net cash from financing activities	C	**58,777.17**	34,565.16
	Net decrease in cash and cash equivalents	[A+B+C]	**(204.48)**	(2,371.91)
	Add: cash and cash equivalents as at the beginning of the period		**769.97**	3,141.88
	Cash and cash equivalents as at the end of the period		**565.49**	769.97
	Components of cash and cash equivalents			
	Cash on hand		**0.59**	0.49
	In current accounts		**31.53**	367.87
	In deposit accounts with original maturity of 3 months or less		**500.03**	200.23
	Cheques on hand		**33.34**	201.38
	Total		**565.49**	769.97

Note

1. During the year, the Corporation has received Dividend of ₹ **1,510.99 Crore** (Previous Year ₹ 773.97 Crore).
2. Net movement in Borrowings (including Debt Securities), Deposits and Subordinated Liabilities amounting to ₹ **58,316.10 Crore** (Previous Year ₹ 22,263.40 Crore) includes fresh issuance, repayments and effect of changes in foreign exchange rates.

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

As per our report of even date attached.

For **S. R. Batliboi & Co. LLP**
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per Viren Mehta
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Company Secretary
(FCS: 9023)

MUMBAI, May 02, 2022

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 BSE Limited, India, and the National Stock Exchange of India Ltd. (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 Act and relevant amendment rules issued thereafter ("Ind AS").

The financial statements are prepared and presented on going concern basis and the relevant provisions of 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 maturity of assets and liabilities 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 **Income on Derecognised (Assigned) loans**

Gains arising out of direct assignment transactions comprises of the difference between interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flow on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss.

3.1.5 **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.

3.1.6 **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 43.3.2.

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.

Notes forming part of the standalone financial statements (Continued)

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.

Notes forming part of the standalone financial statements (Continued)

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
- 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 3.2.4.1). 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 as at reporting date 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 certain quantum of loans through assignment, which is 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 by the third party which ensures contractual cash flows are collected by the Corporation. Accordingly, all such outstanding loans have been classified at amortised cost under the current Business model. Assignment of loans that occur for other reasons, such as assignment made to manage credit concentration risk (without an increase in the assets' credit risk), is consistent with a business model whose objective is to hold financial assets in order to collect contractual cash flows. In particular, such assignment is consistent with a business model whose objective is to hold financial assets in order to collect contractual cash flows.

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.

3.2.4.1.1 **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.

3.2.4.1.2 **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

Notes forming part of the standalone financial statements (Continued)

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.

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.
- 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 below.

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. 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 Interest rate 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.

Notes forming part of the standalone financial statements (Continued)

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.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Exposure at Default (EAD) is an total amount outstanding including accrued interest as of reporting 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. Historical default rate are further calibrated with forward looking macroeconomic factors to determine the PD.

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 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 quantitative 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 more than 90 days.

Borrowers forming part of schemes released under the regulatory packages like Moratorium, One-Time Restructuring (OTR) 1 & 2 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 the Corporation 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.

Pursuant to RBI Circular RBI/2021-22/125 DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021, on "Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications" the Corporation has taken necessary steps to revise its process of NPA classification to flag the borrower as overdue as part of the day-end process for the due date.

Further to this, on February 15, 2022, RBI allowed deferment of para 10 of the aforesaid circular till September 30, 2022 pertaining to upgrade of non performing accounts. However, the Corporation has not opted for the deferment.

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

Notes forming part of the standalone financial statements (Continued)

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.

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.

Notes forming part of the standalone financial statements (Continued)

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 behavioural 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 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 behaviour 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, 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.

3.2.13 **Accounting for Repo/Reverse Repo Transactions**

The Repo / Reverse repo are accounted as collateralized borrowing (classified as borrowings) and lending transactions. Costs and revenues are accounted as interest expenditure / interest income, as the case may be. The underlying securities under repo continue to be accounted as investment thereby reflecting continued economic interest in the securities during the repo period. Underlying Securities against reverse repo (lending) is not included in Investment accounts.

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.

Notes forming part of the standalone financial statements (Continued)

3.6 **Investment Property under construction / Capital work-in-progress**

Investment Property under construction / 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. 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.

Notes forming part of the standalone financial statements (Continued)

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.

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.

Notes forming part of the standalone financial statements (Continued)

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.

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 Equity Shares

The Corporation recognises a liability to make cash distributions to equity shareholders of the Corporation when the dividend is authorised and the distribution is no longer at the discretion of the Corporation and a corresponding amount is recognised directly in equity. As per the corporate laws in India, an interim dividend

Notes forming part of the standalone financial statements (Continued)

is authorised when it is approved by the Board of Directors and final dividend is authorised when it is approved by the shareholders.

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 Finance Costs

Finance costs include interest expense calculated using the EIR on respective financial instruments / deposits and borrowings including external commercial borrowings is 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. Also refer 3.2.11.1 for accounting of hedges.

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.

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.

Notes forming part of the standalone financial statements (Continued)

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 (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**

<u>Provisions are recognised only when:</u>

(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.

<u>Contingent Liability is disclosed in case of:</u>

(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

Notes forming part of the standalone financial statements (Continued)

(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.

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. The outbreak of the COVID-19 pandemic had led to a nationwide lockdown in April - May 2020. This was followed by localised lockdown in areas with significant number of COVID -19 cases. Following the easing of lockdown measures, there was an improvement in economic activity in the second half of fiscal 2021. Since then, our country experienced two waves of COVID - 19 pandemic following the discovery of mutant coronavirus variants. These waves led to temporary re-imposition of localised / regional lockdown, that were subsequently lifted. The extent to which the pandemic may impact the Corporation's results, including impairment on financial instruments, will depend on future developments, which are uncertain, including amongst 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.

Notes forming part of the standalone financial statements (Continued)

5. Cash and cash equivalents

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Cash on hand	**0.59**	0.49
(ii) Balances with banks:		
- In current accounts	**31.53**	367.87
- In deposit accounts with original maturity of 3 months or less	**500.03**	200.23
(iii) Cheques, drafts on hand	**33.34**	201.38
Total	**565.49**	769.97

6. Bank balances other than cash and cash equivalents

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
(i) In other deposit accounts		
- original maturity more than 3 months	**153.24**	254.33
(ii) Earmarked balances with banks		
- In current accounts	**10.43**	15.31
- Unclaimed dividend account	**23.46**	24.22
- Towards guarantees issued by banks	**0.78**	0.73
- In deposit accounts	**18.56**	23.74
- Others - against foreign currency loans	**20.97**	56.45
Total	**227.44**	374.78

Notes forming part of the standalone financial statements (Continued)

7. Derivative financial instruments

The Corporation enters into derivatives for risk management purposes which meets the criteria for hedge accounting.

The table below summarises the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amount.

₹ in Crore

Particulars	As at March 31, 2022			As at March 31, 2021		
	Notional amounts*	Fair value - assets	Fair value - liabilities	Notional amounts*	Fair value - assets	Fair value - liabilities
Part I						
(i) Currency derivatives:						
- Forwards	635.00	-	8.44	1,054.00	-	64.33
- Currency swaps	15,999.46	648.60	378.52	15,333.00	925.47	135.41
- Options purchased (net)	-	-	-	-	-	-
Subtotal (i)	**16,634.46**	**648.60**	**386.96**	**16,387.00**	**925.47**	**199.74**
(ii) Interest rate derivatives:						
- INR Interest rate swaps	1,44,845.00	392.80	3,436.76	93,160.00	1,229.01	1,306.58
- USD interest swaps	9,563.00	281.40	0.64	8,722.00	-	154.54
Subtotal (ii)	**1,54,408.00**	**674.20**	**3,437.40**	**1,01,882.00**	**1,229.01**	**1,461.12**
Total derivative financial instruments (i)+(ii)	**1,71,042.46**	**1,322.80**	**3,824.36**	**1,18,269.00**	**2,154.48**	**1,660.86**
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	1,44,845.00	392.80	3,436.76	93,160.00	1,229.01	1,306.58
Subtotal (i)	**1,44,845.00**	**392.80**	**3,436.76**	**93,160.00**	**1,229.01**	**1,306.58**
(ii) Cash flow hedging:						
- Currency derivatives	16,634.46	648.60	386.96	16,387.00	925.47	199.74
- Interest rate derivatives	9,563.00	281.40	0.64	8,722.00	-	154.54
Subtotal (ii)	**26,197.46**	**930.00**	**387.60**	**25,109.00**	**925.47**	**354.28**
Total derivative financial instruments (i)+(ii)	**1,71,042.46**	**1,322.80**	**3,824.36**	**1,18,269.00**	**2,154.48**	**1,660.86**

* The notional amounts are not indicative of either the market risk or credit risk. Notional amounts of the respective currencies have been converted using exchange rates as at the balance sheet date. The notional on currency swaps includes ₹ **19.48 Crore** (Previous Year ₹ 54.97 Crore) on account of **USD 60 million** (Previous Year USD 60 million) loan from Asian Development Bank naturally hedged by equivalent deposit in USD.

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 43.6.1 for foreign currency risk disclosures.

Notes forming part of the standalone financial statements (Continued)

8. Trade receivables

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Receivables considered good - unsecured	**182.63**	160.82
Receivables which have significant increase in credit risk	**-**	-
Sub Total	**182.63**	160.82
Less: Provision for expected credit loss	**3.98**	5.44
Total	**178.65**	155.38

8.1 Trade receivable aging schedule (net)

(figures for the Previous Year in brackets)

₹ in Crore

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	>6 months - 1 year	>1-2 years	>2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	178.65 *(155.38)*	- -	- -	- -	- -	178.65 *(155.38)*
(ii) Undisputed trade receivables – which have significant increase in credit risk	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*
(iii) Undisputed trade receivables – credit impaired	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*
(iv) Disputed trade receivables – considered good	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*
(v) Disputed trade receivables – which have significant increase in credit risk	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*
(vi) Disputed trade receivables – credit impaired	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*
Total	**178.65** *(155.38)*	**-** *(-)*	**-** *(-)*	**-** *(-)*	**-** *(-)*	**178.65** *(155.38)*

Note: There is no unbilled revenue receivable for the year ended March 31, 2022 (Previous Year Nil).

8.2 Trade receivables includes amounts due from related parties ₹ **85.93 Crore** (Previous Year ₹ 73.82 Crore) [Refer Note 42].

No trade or other receivable are due from directors or other officer of the Corporation or firms or private companies in which any director of the Corporation is a director or partner, either severally or jointly with any other person / entity other than those disclosed under related party.

Notes forming part of the standalone financial statements (Continued)

9. Loans

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Loans (Amortised cost)		
Individual loans *	**4,31,553.48**	3,68,804.14
Corporate bodies	**1,30,679.12**	1,22,706.60
Others	**6,130.69**	6,787.29
Total – Gross	**5,68,363.29**	4,98,298.03
Less: Impairment loss allowance (Expected credit loss)	**13,500.78**	13,003.77
Total – Net (A)	**5,54,862.51**	4,85,294.26
(a) Secured by tangible assets	**5,40,434.71**	4,68,641.73
(b) Secured by intangible assets	**2,600.73**	11,004.78
(c) Covered by bank / government guarantee	**2,468.32**	1,953.30
(d) Unsecured	**22,859.53**	16,698.22
Total – Gross	**5,68,363.29**	4,98,298.03
Less: Impairment loss allowance (Expected credit loss)	**13,500.78**	13,003.77
Total – Net (B)	**5,54,862.51**	4,85,294.26
(I) Loans in India		
(i) Public Sector	**806.55**	1,044.63
(ii) Other than Public Sector	**5,67,556.74**	4,97,253.40
Total – Gross	**5,68,363.29**	4,98,298.03
Less: Impairment loss allowance (Expected credit loss)	**13,500.78**	13,003.77
Total – Net (C)(I)	**5,54,862.51**	4,85,294.26
(II) Loans outside India	-	-
Less: Impairment loss allowance (Expected credit loss)	-	-
Total – Net (C)(II)	-	-
Total (C) (I) and (II)	**5,54,862.51**	4,85,294.26

* Individual loans includes staff housing loan of ₹ **337.34 Crore** (Previous Year ₹ 294.93 Crore) and non housing staff loan of ₹ **40.07 Crore** (Previous Year ₹ 35.36 Crore).

9 (a) Loans details

₹ in Crore

Particulars	Principal	Installment / interest O/s	EIR adjustment	Total
As at March 31, 2022				
Individual loans	4,27,131.22	1,998.17	2,424.09	**4,31,553.48**
Corporate bodies	1,29,434.91	1,915.11	(670.89)	**1,30,679.12**
Others	6,037.07	93.61	-	**6,130.69**
Total	**5,62,603.20**	**4,006.89**	**1,753.20**	**5,68,363.29**
As at March 31, 2021				
Individual loans	3,65,170.36	1,946.85	1,686.93	**3,68,804.14**
Corporate bodies	1,20,512.57	2,830.45	(636.42)	**1,22,706.60**
Others	6,520.52	266.77	-	**6,787.29**
Total	**4,92,203.45**	**5,044.07**	**1,050.51**	**4,98,298.03**

Notes forming part of the standalone financial statements (Continued)

9 (b) Loans granted by the Corporation are secured or partly secured by one or combination of the following securities;

- Registered / equitable mortgage of property;
- Hypothecation of assets;
- Bank guarantee, company guarantee or personal guarantee;
- Assignment of receivables;
- Lien on fixed deposit;
- Negative lien;
- Pledge of shares, units, other securities, assignment of life insurance policies;
- Non disposal undertakings in respect of shares;
- Liquidity support collateral [e.g. DSRA (Debt Service Reserve Account)].

9 (c) Loans including installment and interest outstanding due from related parties ₹ **19.31 Crore** (Previous Year ₹ 23.91 Crore) [Refer Note 42].

9 (d) The Corporation has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are:

(a) repayable on demand; or

(b) without specifying any terms or period of repayment

9 (e) The Corporation have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Corporation shall;

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Corporation (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

9 (f) 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 (g) Loans including installment and interest outstanding amounts to ₹ **1,255.39 Crore** (Previous Year ₹ 529.41 Crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 [SARFAESI].

9 (h) **Expected credit loss**

For financial reporting, expected credit loss is a calculation of the present value of the amount expected not to be recovered on financial assets. 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 individual and portfolio level.

Notes forming part of the standalone financial statements (Continued)

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 total amount outstanding including accrued interest as at the reporting date.
- 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 loans, individual, corporate and others.

Delinquency buckets considered for the staging of loans:

- 0-30 days past due (DPD) and overdue up to one calendar month are classified as stage 1,
- 31-90 DPD and overdue more than one calendar month, but not stage 3; in addition, SICR accounts are classified as stage 2, and
- > 90 DPD + Accounts identified by the Corporation as Non-Performing Accounts under regulatory guidelines + objective evidence for impairment (Qualitative Overlay) are classified as stage 3.

EAD is the total amount outstanding including accrued interest as at 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 macro-economic 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 2021.

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, 2022 stood at ₹ **1,242.02 Crore** (Previous Year ₹ 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 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 months (stage 1 Loans) and lifetime PD (stage 2 Loans). The historical 12 months default rates are modelled against relevant macro-economic 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 Non-individual loans

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).

Notes forming part of the standalone financial statements (Continued)

Such accounts identified as watchlist are upgraded by the Corporation, where the management is satisfied that the risks associated with the account has abated.

9.3 ECL Provision

In addition to the management overlays described above in relation to the impact of COVID 19, the management has recognised additional provisions towards overlay in relation to specific categories of individual customers e.g. loans associated with incomplete / delayed projects, reduction in collateral value, loans associated with specific stage 3 customers, loans associated with projects covered by subvention schemes.

Further, 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	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening 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**
Increase in EAD - new assets originated or purchased / further increase in existing assets / further interest accrual on existing assets [Net]	1,88,304.47	677.31	1,135.61	**1,90,117.39**	1,40,913.53	1,698.19	722.98	**1,43,334.70**
Assets repaid in part or full / reversal of interest accrued on stage 3 loans [Net] $	(77,002.47)	(8,531.76)	(2,938.56)	**(88,472.79)**	(70,759.32)	(2,916.89)	(1,916.49)	**(75,592.70)**
Assets derecognised (loans assigned)	(29,955.26)	-	-	**(29,955.26)**	(18,979.78)	-	-	**(18,979.78)**
Principal amount written off	-	-	(1,624.08)	**(1,624.08)**	-	-	(1,366.95)	**(1,366.95)**
Transfers to Stage 1	4,503.85	(3,774.26)	(729.59)	-	2,810.54	(2,444.37)	(366.17)	-
Transfers to Stage 2	(8,858.01)	8,998.11	(140.10)	-	(13,456.74)	14,080.15	(623.41)	-
Transfers to Stage 3	(1,997.35)	(3,574.65)	5,572.00	-	(1,150.08)	(3,750.74)	4,900.82	-
Gross carrying amount closing balance *	**5,30,237.81**	**25,255.55**	**12,869.93**	**5,68,363.29**	**4,55,242.58**	**31,460.80**	**11,594.65**	**4,98,298.03**

$ Interest reversed during the financial year amount to ₹ 440.72 Crore.
* 37,143 loan accounts in Stage 3 as on March 31, 2022.

Notes forming part of the standalone financial statements (Continued)

9.5 Reconciliation of ECL balance is given below:

₹ in Crore

Particulars	2021-22				2020-21			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
ECL opening balance	1,087.73	5,880.16	6,035.88	**13,003.77**	346.12	5,750.29	4,863.07	**10,959.48**
ECL remeasurements due to changes in EAD / assumptions [Net]	868.77	512.03	740.29	**2,121.09**	1,358.65	1,739.22	313.37	**3,411.24**
Assets written off	-	-	(1,624.08)	**(1,624.08)**	-	-	(1,366.95)	**(1,366.95)**
Transfers to Stage 1	220.18	(137.56)	(82.62)	-	136.85	(100.51)	(36.34)	-
Transfers to Stage 2	(697.54)	717.00	(19.46)	-	(653.28)	811.41	(158.13)	-
Transfers to Stage 3	(104.30)	(1,831.64)	1,935.94	-	(100.61)	(2,320.25)	2,420.86	-
ECL closing balance	**1,374.84**	**5,139.99**	**6,985.95**	**13,500.78**	**1,087.73**	**5,880.16**	**6,035.88**	**13,003.77**

The ECL shown above is computed on EAD which comprises of the gross carrying amount adjusted for the following amounts:

₹ in Crore

Particulars	**As at March 31, 2022**	As at March 31, 2021
EMI / interest amounts received in advance	**(300.32)**	(317.75)
Undisbursed loan (sanctioned) (after applying credit conversion factor)	**54,008.00**	47,620.30
Financial guarantees	**367.83**	299.50

9.6 Summary of impairment loss allowance (expected credit loss)

₹ in Crore

Particulars	Stage 1	Stage 2	Stage 3	Total
As at March 31, 2022	1,374.84	5,139.99	6,985.95	13,500.78
As at March 31, 2021	1,087.73	5,880.16	6,035.88	13,003.77

Stage 1 - Loss allowance measured at 12 months expected credit losses.

Stage 2 and 3 - Loss allowance measured at life-time expected credit losses.

9.7 Ratio

Particulars	**As at March 31, 2022**	As at March 31, 2021
(a) Gross stage III (%) [Gross stage III loans EAD / Gross total loans EAD]	**2.27%**	2.33%
(b) Net stage III (%) [(Gross stage III loans EAD - Impairment loss allowance for stage III) / (Gross Total loans EAD - Impairment loss allowance for stage III)]	**1.06%**	1.15%
(c) Provision coverage ratio (%) [Total Impairment loss allowance for stage III / Gross stage III loans EAD]	**54.33%**	52.06%

9.8 Concentration of exposure

₹ in Crore

Particulars	**As at March 31, 2022**	As at March 31, 2021
Loan exposure to twenty largest borrowers *	**65,419.66**	58,927.60
Percentage of loans to twenty largest borrowers to total loan exposure of the Corporation	**10.45%**	10.69%

* Loan exposure (principal outstanding, accrued interest, undrawn loan commitment and financial guarantees) outstanding as at reporting 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, 2022						
	Amortised cost	At Fair Value				Others*	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-Total		
	(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)	(7)=(1)+(5)+(6)
Mutual Funds	-	-	2,330.18	-	2,330.18	-	2,330.18
Government securities$	36,906.05	-	-	-	-	-	36,906.05
Equity shares	-	6,018.08	1,321.20	-	7,339.28	-	7,339.28
Preference shares	3.84	-	-	-	-	-	3.84
Debentures	963.79	17.29	62.97	-	80.26	-	1,044.05
Subsidiaries - Equity shares	-	-	-	-	-	4,953.45	4,953.45
Subsidiaries - Venture fund	-	-	-	-	-	247.74	247.74
Associates - Equity shares	-	-	-	-	-	14,050.49	14,050.49
Pass-through certificates	14.32	-	-	-	-	-	14.32
Security receipts	-	-	139.49	-	139.49	-	139.49
Investment in units of venture capital fund and alternate investment fund (AIF)	-	-	1,255.57	-	1,255.57	-	1,255.57
Investment in units of Real Estate Investment Trust ('REIT')	-	-	322.71	-	322.71	-	322.71
Total – Gross (A)	37,888.00	6,035.37	5,432.12	-	11,467.49	19,251.68	68,607.17
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	37,888.00	6,035.37	5,432.12	-	11,467.49	19,251.68	68,607.17
Total – Gross (B)	37,888.00	6,035.37	5,432.12	-	11,467.49	19,251.68	68,607.17
Less: Expected credit loss	1.22	-	-	-	-	-	1.22
Less: Allowance for impairment Loss (C)	-	-	-	-	-	13.73	13.73
Total – Net (D) = (A)-(C)	37,886.78	6,035.37	5,432.12	-	11,467.49	19,237.95	68,592.22

$ Investment in Government Securities amounting to ₹ 8,997.51 Crore (Face Value), has been utilized towards repurchase transactions (REPO). Further the Corporation has not recognised any provision under expected credit loss on investments in government securities.

* Others includes investment in subsidiaries and associates which are carried at cost.

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Investments	As at March 31, 2021						
	Amortised cost	At Fair Value				Others*	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-Total		
	(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 (AIF)	-	-	996.74	-	996.74	-	996.74
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**	**-**	**25,939.49**	**19,319.24**	**68,651.19**
(i) Investments outside India	-	-	-		-		-
(ii) Investments in India	23,392.46	7,058.53	18,880.96	-	25,939.49	19,319.24	68,651.19
Total (B)	**23,392.46**	**7,058.53**	**18,880.96**	**-**	**25,939.49**	**19,319.24**	**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**	**-**	**25,939.49**	**19,305.51**	**68,636.77**

$ The Corporation has not recognised any provision under expected credit loss on investments in government securities.

* Others includes investment in subsidiaries and associates which are carried at cost.

Note 10.1 HDFC Life Insurance Company Limited

During the year, the Board of Directors of HDFC Life Insurance Company Limited (HDFC Life), a subsidiary of the Corporation under Ind AS 110, had approved a share purchase and share swap agreement among HDFC Life, Exide Industries Limited and Exide Life Insurance Company Limited (Exide Life), in connection with the acquisition of 100% of the equity share capital and subsequent merger of Exide Life into HDFC Life for a total consideration of ₹ 6,687 Crore. Pursuant to the agreement and subsequent to receipt of regulatory approvals, on January 1, 2022, HDFC Life has paid ₹ 726 Crore and issued 8,70,22,222 equity shares at an issue price of ₹ 685 per share as consideration. Accordingly, Exide Life has become a wholly owned subsidiary of HDFC Life with effect from January 1, 2022. Further, the Board of Directors of HDFC Life has filed a scheme for amalgamation of Exide Life with and into HDFC Life and their respective shareholders and creditors under Sections 230 to 232 of the Companies Act, 2013 and Sections 35 to 37 of the Insurance Act, 1938 and other applicable laws and regulations to give effect to the said amalgamation, subject to receipt of requisite approvals from various regulatory and statutory authorities, their respective shareholders and creditors.

Note 10.2 HDFC ERGO General Insurance Company Limited

During the year, the Corporation has sold 44,12,000 equity shares of HDFC ERGO General Insurance Company Limited (HDFC ERGO) resulting in a pre tax gain of ₹ 208.85 crore. As at March 31, 2022, the Corporation's equity shareholding in HDFC ERGO stood at 49.98% which is in compliance with the RBI requirement to reduce its shareholding to 50 percent or below. Further, the

Notes forming part of the standalone financial statements (Continued)

Board of Directors of the Corporation in Q1- FY22 had approved the sale of 3,55,67,724 equity shares of ₹ 10 each, representing 4.99% stake in HDFC ERGO to HDFC Bank Ltd., which is pending due to regulatory approvals.

Note 10.3 Good Host Spaces Private Limited

During the year, 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 (refer note 29.5.2).

Note 10.4 HDFC ERGO Health Insurance Limited

During the previous 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) had issued final approval for the merger. Consequently, HDFC ERGO Health had merged with HDFC ERGO from appointed date i.e. March 1, 2020.

Note 10.5 Debt Asset Swap

During the year, the Corporation has disposed off certain investment costing of ₹ 173.86 Crore which were acquired through debt asset swap in earlier years. The gross carrying value (fair value) of Investments under debt asset swap as at March 31, 2022 stood at ₹ **305.85 Crore** (Previous Year ₹ 347.71 Crore).

11. Other financial assets

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits	**43.78**	38.39
Receivables on assigned loans *	**2,059.40**	1,717.83
Amounts receivable on swaps and other derivatives	**1,596.38**	1,454.98
Inter-corporate deposit	**5.11**	21.12
Receivables on sale of investments (trade date accounting)	**219.19**	32.40
Receivable for ex-gratia interest - government scheme (refer note 11.1)	-	65.14
Mark to market on derivative - Credit support annex (CSA)	**1,668.29**	83.48
Total Other financial assets (gross)	**5,592.15**	**3,413.34**
Less: Impairment loss allowance (Expected credit loss)		
Inter-corporate deposit	**5.11**	21.12
Others	**13.50**	10.80
Total Other financial assets (net)	**5,573.54**	**3,381.42**

* includes retained excess interest spread and servicing asset on assigned / derecognised loans

11.1 During the previous year, 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 ('the Scheme'), as per the eligibility criteria and other aspects specified therein and irrespective of whether the moratorium was availed or not. The Corporation had implemented the Scheme and credited an amount to the eligible borrowers loan account as per the Scheme and during the current year received reimbursement from SBI - Nodal office in accordance with the relief scheme.

12. Taxes on income

12.1 Current tax assets (net)

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Advance tax (Net of provision)	**2,617.55**	2,356.88

Notes forming part of the standalone financial statements (Continued)

12.2 Deferred tax assets (Net)

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax assets (Net)	**1,549.88**	1,655.30

12.2.1 Movement in Deferred tax assets / (liability)

₹ in Crore

Particulars	As at March 31, 2021	Profit or loss	Other Comprehensive Income	Total	As at March 31, 2022
Items on timing difference:					
Property, plant and equipment	(21.71)	(1.45)	-	(1.45)	(23.16)
Expected credit loss	2,735.75	361.04	-	361.04	3,096.79
Provisions other than expected credit loss	53.47	5.89	-	5.89	59.36
Fair valuation on financial assets at FVTPL	(987.82)	(89.53)	-	(89.53)	(1,077.35)
Fair valuation on financial assets at FVOCI	600.07	-	(1.01)	(1.01)	599.06
Remeasurements of employee benefits through OCI	2.28	-	(1.07)	(1.07)	1.21
Impact of accounting under effective interest rate (EIR)	(807.12)	(282.26)	-	(282.26)	(1,089.38)
Foreign exchange transactions and translations	80.38	16.43	(113.46)	(97.03)	(16.65)
Total	**1,655.30**	**10.12**	**(115.54)**	**(105.42)**	**1,549.88**

12.2.1 (Previous Year)

₹ in Crore

Particulars	As at March 31, 2020	Profit or loss	Other Comprehensive Income	Total	As at March 31, 2021
Items on timing difference:					
Property, plant and equipment	(21.24)	(0.47)	-	(0.47)	(21.71)
Expected credit loss	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 effective interest rate (EIR)	(626.11)	(181.01)	-	(181.01)	(807.12)
Foreign exchange transactions and translations	104.76	4.47	(28.85)	(24.38)	80.38
Total	**1,567.95**	**252.86**	**(165.51)**	**87.35**	**1,655.30**

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, 2022	For the year ended March 31, 2021
Current tax		
In respect of the current year	**3,514.25**	3,040.65
Deferred tax		
In respect of the current year	**(10.12)**	(252.86)
Total Income tax expense recognised in the current year relating to continuing operations	**3,504.13**	2,787.79

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, 2022	For the year ended March 31, 2021
Standalone Profit before tax	**17,246.31**	14,815.09
Income tax expense calculated at 25.168%	**4,340.55**	3,728.66
Effect of expenses that are not deductible in determining taxable profit	**163.86**	206.28
Effect of incomes which are taxed at different rates	**(73.45)**	(183.06)
Effect of incomes which are exempt from tax	**(467.50)**	(536.49)
Deduction under Section 36(1)(viii) of the Income tax Act, 1961	**(459.33)**	(427.60)
Income tax expense recognised in statement of profit and loss	**3,504.13**	2,787.79
Effective tax rate (%)	**20.32%**	18.82%

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, 2022 payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

Notes forming part of the standalone financial statements (Continued)

13. Investment Property

₹ in Crore

Particulars		As at March 31, 2022	As at March 31, 2021
Gross carrying amount			
Opening gross carrying amount		**638.67**	661.54
Additions		**15.54**	73.44
Disposal		**(46.82)**	(13.27)
Transfer to Property, plant and equipment / held for sale (net)		**(5.39)**	(83.04)
Closing gross carrying amount	(a)	**602.00**	638.67
Accumulated depreciation			
Opening accumulated depreciation		**28.20**	21.42
Depreciation charge		**9.62**	11.81
Depreciation on sale		**(3.71)**	(0.89)
Transfer to Property, plant and equipment / held for sale (net)		**(1.98)**	(4.14)
Closing accumulated depreciation	(b)	**32.13**	28.20
Accumulated impairment			
Opening accumulated impairment		**21.65**	21.65
Impairment charge / (reversal on sale)		**(19.87)**	-
Closing accumulated impairment	(c)	**1.78**	21.65
Net carrying value of investment property		**568.09**	588.82
Investment Property - under construction	(d)	**2,117.65**	251.75
Total Investment property	(a - b - c + d)	**2,685.74**	840.57

13.1 The Corporation has entered into debt assets swap, wherein the net carrying amount of the investment properties including properties held for sale taken over stood at ₹ **2,631.31 Crore** as at March 31, 2022 (Previous Year ₹ 910.50 Crore), the properties taken over by the Corporation are mix of residential and commercial properties located in key metro cities. The properties are being held for capital appreciation, which the Corporation will dispose off at an appropriate time in accordance with the applicable regulations.

13.2 **Fair Value** (Level 3)

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Fair value of investment property (excluding properties under construction)	**1,077.03**	1,111.83
Net carrying value of investment property	**568.09**	588.82

The fair value of the Corporation's investment properties as at March 31, 2022 and March 31, 2021 has been arrived at on the basis of valuation by registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017 or internal valuation basis (Level 3) using valuation technique such as market approach (Direct sales comparison method), income approach (rent capitalization method) and net present value (NPV) of discounted cash flows (DCF) method.

ACTIONABLE INTELLIGENCE

Notes forming part of the standalone financial statements (Continued)

The Corporation has leased out certain investment properties. The Corporation has classified these leases as operating leases, because they do not transfer substantially all risk and rewards incidental to the ownership of the assets. (refer Note 29.2)

The following table sets out a maturity analysis of rental income, showing the undiscounted rental income to be received after the reporting period.

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one year	**45.37**	44.90
Between one and two years	**33.56**	35.93
Between two and three years	**17.36**	26.23
Between three and four years	**9.93**	15.53
Between four and five years	**4.70**	7.54
More than five years	**-**	3.54
Total	**110.92**	133.67

13.3 The Corporation has entered in to agreement to sell / memorandum of understanding to sell certain Investment properties against which part consideration has been received as at the year end, accordingly the same has been classified as Non-Current Assets held for sale in compliance with the Ind AS 105 on 'Non Current assets held for sale and Discontinuing Operation'.

13.4 Investment property under construction represent rights acquired by the Corporation in properties under construction. These properties are part of the projects being developed by respective real estate developers and not by the Corporation. Accordingly, disclosures relating to investment property under development in terms of paragraph WB of general instructions for preparation of Balance Sheet prescribed in Division III of Schedule III to the Companies Act, 2013 are not applicable.

13.5 Title deed of all investment properties are held in name of the Corporation, however in respect of;

a) Farm House Located at Village Mehrauli, Tehsil Hauz Khas, New Delhi, gross carrying value amounting to ₹ 42.00 Crore, the Corporation has a duly executed agreement for sell in its favour. A suit for specific performance was successfully decreed in favour of the Corporation by the High Court in the month of January 2020 and in terms thereof the possession of the property was handed over to the Corporation. The Corporation has approached the High Court for execution of the sale deed and the same is expected to be undertaken at the soonest by the High Court through the Court Commissioner.

b) Plot No 4, Echelon Institutional Sector 32, Gurgaon, gross carrying value amounting to ₹ 72.10 Crore, the Corporation has acquired this property under a debt asset swap arrangement in the month of December 2015. The Corporation holds a duly executed agreement to sell (along with power of attorney) in its favour and is in possession of the property. The existing tenancy was duly attorned in favour of the Corporation as well. Necessary representation to the authority was made to enable execution of sale deed in favour of the Corporation. Since the relevant matter is at the Supreme Court presently, the Corporation has accordingly, made appropriate representation to enable the sale deed executed in its favour.

Further, the acquisition of these properties was in the normal course of business and none of the directors, or their relatives are associated with these transactions in any manner.

14. Property, plant and equipment

Year ended March 31, 2022

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2021	Additions	Transfer in / (out)	Deductions	As at March 31, 2022	As at March 31, 2021	For the Year	Transfer in / (out)	Deductions	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Land:												
Freehold	100.63	-	-	-	**100.63**	-	-	-	-	-	**100.63**	100.63
Right of use - Land	349.55	-	-	-	**349.55**	35.52	8.88	-	-	**44.40**	**305.15**	314.03
Buildings:												
Own Use	306.45	0.71	1.09	-	**308.25**	30.44	24.46	0.04	-	**54.94**	**253.31**	276.01
Leasehold Improvements	40.79	13.08	-	0.78	**53.09**	18.61	6.79	-	0.76	**24.64**	**28.45**	22.18
Right of use - Buildings	310.25	162.87	-	7.07	**466.05**	135.18	75.55	-	4.21	**206.52**	**259.53**	175.07
Computer Hardware	73.43	37.62	-	2.25	**108.80**	34.99	20.26	-	2.24	**53.01**	**55.79**	38.44
Furniture and Fittings												
Own Use	35.64	8.88	-	0.95	**43.57**	11.70	4.96	-	0.84	**15.82**	**27.75**	23.94
Office Equipment etc.:												
Own Use	41.15	8.58	-	1.12	**48.61**	13.74	6.20	-	1.03	**18.91**	**29.70**	27.41
Vehicles	16.70	8.95	-	1.05	**24.60**	7.99	3.88	-	0.90	**10.97**	**13.63**	8.71
Total	1,274.59	240.69	1.09	13.22	**1,503.15**	288.17	150.98	0.04	9.98	**429.21**	**1,073.94**	986.42

Previous Year ended March 31, 2021

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2020	Additions	Transfer in / (out)	Deductions	As at March 31, 2021	As at April 1, 2020	For the Year	Transfer in / (out)	Deductions	As at March 31, 2021	As at March 31, 2021	As at April 1, 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
Total	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

14.1 The Corporation has not acquired Property, Plant and Equipment (PPE) through business combination, further none of the PPE has been revalued during the current year and previous year.

14.2 Title deed of the Immovable Properties are held in name of the Corporation, further the Corporation has not revalued its Property, Plant and Equipment (including Right-of-Use Assets).

14.3 The Corporation do not have any Benami property, where any proceeding has been initiated or pending against the Corporation for holding any Benami property.

Notes forming part of the standalone financial statements (Continued)

15. Other intangible assets

Year ended March 31, 2022

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2021	Additions	Adjustments	Deductions	As at March 31, 2022	As at March 31, 2021	For the Year	Adjustments	Deductions	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Computer software	33.72	37.49	-	-	**71.21**	14.41	9.03	-	-	**23.44**	**47.77**	19.31
Non compete fees	10.92	-	-	-	**10.92**	10.92	-	-	-	**10.92**	**-**	-
Development right	350.15	-	-	-	**350.15**	-	28.01	-	-	**28.01**	**322.14**	350.15
Total	394.79	37.49	-	-	**432.28**	25.33	37.04	-	-	**62.37**	**369.91**	369.46

Previous 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
Total	382.33	12.46	-	-	394.79	19.48	5.85	-	-	25.33	369.46	362.85

15.1 The Corporation has not acquired intangible assets through business combination. Further, none of the intangible assets has been revalued during the current year and previous year.

15.2 The Corporation has entered into debt assets swap, whereby the gross carrying amount of the PPE / intangible assets (including capital advance) taken over stood at ₹ **1,202.88 Crore** as at March 31, 2022 (Previous Year ₹ 521.33 Crore). The properties taken over by the Corporation are mix of residential and commercial properties located in key metro cities. These properties are 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, 2022	As at March 31, 2021
Unsecured; considered good		
Capital advances	**999.79**	141.45
Other advances	**133.76**	153.51
Prepaid expenses	**65.08**	36.74
Total gross	**1,198.63**	**331.70**
Less: Provision for expected credit loss (ECL)	**0.05**	0.06
Total net of ECL	**1,198.58**	**331.64**

16.1 Other advances includes amounts due from related parties ₹ **6.22 Crore** (Previous Year ₹ 70.98 Crore) [refer note 42].

17. Payables

17.1 Trade payables

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises	**9.52**	7.48
Total outstanding dues of creditors other than micro enterprises and small enterprises	**334.65**	331.67

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, 2022	As at March 31, 2021
(a) Principal amount and the interest due thereon	**9.52**	7.48
(b) The amount of interest paid*	**0.00**	-
(c) Amounts paid after appointed date during the year	**0.14**	0.06
(d) Amount of interest accrued and unpaid as at year end*	**0.00**	0.00
(e) The amount of further interest due and payable even in the succeeding year	**-**	-

* '0' denotes amount less than ₹ fifty thousand.

17.1.2 Trade payables includes ₹ **156.02 Crore** (Previous Year ₹ 217.57 Crore) due to related parties [Refer Note 42].

Notes forming part of the standalone financial statements (Continued)

17.1.3 Trade payables ageing

(figures for the Previous Year in brackets)

₹ in Crore

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled	Less than 1 year	1-2 years	>2-3 years	More than 3 years	
(i) MSME	3.75 *(0.71)*	5.77 *(6.76)*	- *(0.00)*	- *(-)*	- *(-)*	**9.52** *(7.47)*
(ii) Others	193.17 *(167.64)*	136.25 *(163.50)*	5.23 *(0.12)*	- *(0.42)*	- *(-)*	**334.65** *(331.68)*
(iii) Disputed dues - MSME	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*
(iv) Disputed dues - Others	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*
Total	**196.92** *(168.35)*	**142.02** *(170.26)*	**5.23** *(0.12)*	**-** *(0.42)*	**-** *(-)*	**344.17** *(339.15)*

'0' represent amount less than ₹ fifty thousand.

18. Debt securities

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Bonds - secured	**4.20**	12.40
Non-convertible debentures - secured (listed)	**1,63,889.93**	1,48,474.04
Synthetic rupee denominated bonds - unsecured (listed)	**1,800.00**	2,800.00
Commercial papers - unsecured (listed)	**30,238.35**	30,776.05
Total Debt securities	**1,95,932.48**	1,82,062.49
Less: Unamortised borrowing cost	**(2.85)**	(7.76)
Debt securities net of unamortised borrowing cost	**1,95,929.63**	1,82,054.73
Debt securities in India	**1,94,132.48**	1,79,262.49
Debt securities outside India	**1,800.00**	2,800.00
Total Debt securities	**1,95,932.48**	1,82,062.49
Less: Unamortised borrowing cost	**(2.85)**	(7.76)
Total Debt securities net of unamortised borrowing cost	**1,95,929.63**	1,82,054.73

Refer Note 43.3 for categories of financial instruments.

Notes forming part of the standalone financial statements (Continued)

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 ₹ **4,274.10 Crore** (Previous Year ₹ 4,076.00 Crore) held by related parties [refer note 42].

18.3 The Corporation had issued Synthetic Rupee Denominated Bonds of ₹ 11,100.00 Crore to overseas investors of which ₹ **1,800.00 Crore** remains outstanding as at March 31, 2022 (Previous Year ₹ 2,800.00 Crore). The Corporation had also established a Medium Term Note Programme (MTN Programme) for USD 2,800 million so as to enable the Corporation to issue debt instruments in the international capital markets. The Corporation had raised ₹ 6,100.00 Crore under the MTN Programme in accordance with the RBI guidelines. The Corporation was the first Indian corporate issuer of such bonds. These bonds are listed on the London Stock Exchange. These bonds are unsecured and the currency risk is borne by the investor.

18.4 The Corporation has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Corporation shall;

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Corporation (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

18.5 The Corporation does not have any charges or satisfaction which are yet to be registered with Registrar of Companies beyond the statutory period. However, in the earlier years, the Corporation had redeemed in full, certain secured Non-convertible debentures (Series 2, 4, 5 and 6) aggregating to ₹ 365 Crore (Previous Year ₹ 365 Crore), which were issued in the financial year 1998-1999 and 1999-2000 and were secured by way of immovable property or any interest therein. Necessary forms for satisfaction of charges were filed for the said series within the prescribed time limits with the Registrar of Companies, Mumbai (ROC). However, the ROC has not taken such filings on records and the Corporation has not received any communication for the same.

Notes forming part of the standalone financial statements (Continued)

18.6 Terms of redemption based on nominal value of bonds and debentures and repayment terms as at March 31, 2022.

₹ in Crore

Particulars	0-1 year	>1-3 years	>3-5 years	>5 years	Total
Debt securities					
Bonds					
7.00% to 8.00%	**4.20**	-	-	-	**4.20**
Non-convertible debentures					
4.50% to 5.00%	2,000.00	9,693.00	-	-	11,693.00
5.01% to 6.00%	5,250.00	4,500.00	12,000.00	-	21,750.00
6.01% to 7.00%	10,000.00	1,250.00	5,000.00	9,500.00	25,750.00
7.01% to 8.00%	10,270.00	10,745.00	4,185.00	31,345.00	56,545.00
8.01% to 9.00%	2,465.00	1,850.00	6,280.00	26,049.75	36,644.75
9.01% to 9.50%	400.00	5,985.00	-	2,953.00	9,338.00
Variable rate non-convertible debentures					
Coupon linked to 3 months T-Bill rate as published by FBIL	-	5,000.00	-	-	5,000.00
Total	**30,385.00**	**39,023.00**	**27,465.00**	**69,847.75**	**1,66,720.75**
Synthetic rupee denominated bonds					
6.73% to 8.75%	1,300.00	500.00	-	-	1,800.00
Commercial papers					
3.01% to 4.0%	5,785.74	-	-	-	5,785.74
4.01% to 5.0%	20,304.72	-	-	-	20,304.72
5.01% to 6.0%	4,147.89	-	-	-	4,147.89
Total	**30,238.35**	**-**	**-**	**-**	**30,238.35**
Total Debt securities	**61,927.55**	**39,523.00**	**27,465.00**	**69,847.75**	**1,98,763.30**

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% - 8.96%	6,000.00	2,465.00	2,850.00	21,280.00	32,595.00
9.00% - 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% - 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%	1,639.54	-	-	-	1,639.54
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**

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, 2022	As at March 31, 2021
Term loans from banks - secured		
Scheduled Banks	**1,00,118.00**	68,577.40
Term loans from other - secured		
Asian Development Bank	**41.01**	117.99
National Housing Bank	**12,960.11**	16,202.65
Sub Total	**1,13,119.12**	84,898.04
Term loans from banks - unsecured		
Scheduled Banks	**4,050.00**	7,050.00
External Commercial Borrowing - Low cost affordable housing	**13,945.15**	13,280.41
Sub Total	**17,995.15**	20,330.41
REPO Borrowing - secured	**8,800.27**	-
Total Borrowings	**1,39,914.54**	1,05,228.45
Less: Unamortised borrowing cost	**(62.79)**	(49.27)
Net Borrowings net of unamortised borrowing cost	**1,39,851.75**	1,05,179.18
Borrowings in India	**1,25,928.38**	91,830.04
Borrowings outside India	**13,986.16**	13,398.41
Total of Borrowings	**1,39,914.54**	1,05,228.45
Less: Unamortised borrowing cost	**(62.79)**	(49.27)
Net Borrowings net of unamortised borrowing cost	**1,39,851.75**	1,05,179.18

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. The Corporation has no borrowings from banks or financial institutions only on the basis of security of current assets. The Corporation has not been declared as wilful defaulter by any bank or financial Institution or other lender.

19.2 The Corporation do not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period for borrowings.

19.3 The Corporation has total external commercial borrowing (ECBs) of USD 1,400.00 million and JPY 53,200 million for financing prospective owners of low cost affordable housing units for on-lending towards green housing in accordance with the guidelines issued by the RBI. The borrowing has maturity of upto five years. In accordance with RBI guidelines, most of the borrowings have been swapped into rupees for the entire maturity by way of principal only swaps and forward contracts. The foreign currency exposure on interest has been partially hedged by way of forward contracts.

19.4 As at March 31, 2022, the Corporation has foreign currency borrowings of **USD 1,404.28 million** and **JPY 53,200 million** (Previous Year USD 1,377.45 million and JPY 53,200 million). The Corporation has undertaken currency swaps and forward contracts of a notional amount of **USD 1,400.00 million** and **JPY 53,200 million** (Previous Year USD 1,365.00 million and JPY 53,200 million) and foreign currency arrangements of **USD 4.28 million** (Previous Year USD 12.45 million) to hedge the foreign currency risk.

Notes forming part of the standalone financial statements (Continued)

As a part of asset liability management, the Corporation has entered into INR interest rate swaps of a notional amount of ₹ **1,44,845.00 Crore** (Previous Year ₹ 93,160.00 Crore) and USD Interest rate swaps of ₹ **9,563.00 Crore** as on March 31, 2022 (Previous Year ₹ 8,722.00 Crore) for varying maturities, linked to various benchmarks.

19.5 **Terms of borrowings and repayment as at March 31, 2022**

₹ in Crore

Particulars	0-1 year	>1-3 years	>3-5 years	>5 years	Total
Term loans from Banks - secured					
4.40% to 5.00%	72,998.00	7,800.00	-	-	80,798.00
5.01% to 6.00%	1,070.00	3,785.00	3,015.00	-	7,870.00
6.01% to 6.55%	-	2,700.00	-	2,000.00	4,700.00
7.01% to 8.00%	-	-	-	6,750.00	6,750.00
Total	**74,068.00**	**14,285.00**	**3,015.00**	**8,750.00**	**1,00,118.00**
Term loans from others - secured					
Asian Development Bank					
6 Months USD LIBOR + 40 bps	41.01	-	-	-	41.01
National Housing Bank - secured					
3.0% to 4.0%	222.27	592.72	592.72	240.36	1,648.07
4.01% to 5.0%	819.05	1,296.51	664.73	22.92	2,803.21
5.01% to 6.0%	57.00	152.00	133.82	-	342.82
6.01% to 7.0%	1,491.36	3,796.96	1,635.53	814.79	7,738.64
8.01% to 9.00%	103.17	268.62	55.58	-	427.37
Total	**2,692.85**	**6,106.81**	**3,082.38**	**1,078.07**	**12,960.11**
Term loans from Banks - unsecured					
4.60% to 5.00%	3,950.00	-	-	-	3,950.00
5.01% to 5.15%	100.00	-	-	-	100.00
Total	**4,050.00**	**-**	**-**	**-**	**4,050.00**
External commercial borrowing - Low cost affordable housing					
1 Month Libor + 50 bps to 126 bps	-	5,692.50	-	-	5,692.50
3 Month Libor + 85 bps	1,518.00	-	-	-	1,518.00
6 Month Libor + 85 bps	-	-	3,415.50	-	3,415.50
1 Month TONA + 0.63%	-	3,319.15	-	-	3,319.15
Total	**1,518.00**	**9,011.65**	**3,415.50**	**-**	**13,945.15**
REPO Borrowing (3.00% to 4.05%)	**8,800.27**	**-**	**-**	**-**	**8,800.27**
Total Borrowings	**91,170.13**	**29,403.46**	**9,512.88**	**9,828.07**	**1,39,914.54**

Notes forming part of the standalone financial statements (Continued)

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 - 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	-	753.27
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					
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**

19.6 Disclosure as per RBI circular - RBI/2019-20/107 FMRD.DIRD.21.14.03.038/2019-20 for the year ended March 31, 2022

₹ in Crore

Particulars	Minimum Outstanding during FY 21-22	Maximum Outstanding during FY 21-22	Daily Average Outstanding during FY 21-22	Outstanding as on March 31, 2022
Securities sold under REPO				
(i) Government Securities	-	9,424.47	341.55	8,800.27
(ii) Corporate Debt Securities	-	-	-	-
(iii) Any Other Securities	-	-	-	-
Securities purchased under Reverse REPO				
(i) Government Securities	-	2,876.82	37.79	-
(ii) Corporate Debt Securities	-	-	-	-
(iii) Any Other Securities	-	-	-	-

Notes forming part of the standalone financial statements (Continued)

20. Deposits - at amortised cost

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Deposits		
(i) Public deposits	**99,879.59**	93,657.82
(ii) From Banks	**5.75**	326.00
(iii) From Others - Secured	**6,327.35**	11,191.02
- Unsecured	**55,140.35**	45,326.77
Total	**1,61,353.04**	1,50,501.61
Less: Unamortised transaction cost	**(453.28)**	(370.48)
Deposits net of unamortised cost	**1,60,899.76**	1,50,131.13

20.1 Deposits includes ₹ **157.40 Crore** (Previous Year ₹ 156.98 Crore) from related parties [Refer Note 42].

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, 2022	As at March 31, 2021
Non-convertible subordinated debentures	**3,000.00**	4,000.00
Total	**3,000.00**	4,000.00
Subordinated liabilities in India	**3,000.00**	4,000.00
Subordinated liabilities outside India	-	-
Total	**3,000.00**	4,000.00

21.1 **Terms of issuance and repayment:**

As at March 31, 2022 ₹ in Crore

Particulars	0-1 year	>1-3 years	>3-5 years	>5 years	Total
8.65% - 9.60%	-	**3,000.00**	-	-	**3,000.00**

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

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, 2022, **40%** (Previous Year 45%) 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, 2022	As at March 31, 2021
Interest accrued but not due on debt securities and deposits	**11,132.47**	11,045.05
Amounts payable on assigned / securitised loans	**421.61**	563.11
Security and other deposits received	**30.66**	34.26
Unclaimed dividend	**23.46**	24.22
Unclaimed matured deposits	**609.77**	964.02
Interest accrued on unclaimed matured deposits	**87.88**	123.16
Lease liability in respect of leased premises	**281.07**	191.06
Book overdraft	**1,904.00**	-
Others	**36.77**	46.82
Total	**14,527.69**	**12,991.70**

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 ₹ **2.67 Crore** (Previous Year ₹ 2.30 Crore) being unpaid dividend, underlying 86,465 equity shares of ₹ 2 each (Previous Year: 65,928 equity shares of ₹ 2 each) and ₹ **5.04 Crore** (Previous Year ₹ 4.00 Crore) being unclaimed deposits to the Investor Education and Protection Fund (IEPF). As at March 31, 2022, no amount was due for transfer to the IEPF. However, **2,371** equity shares (Previous Year 2,148 equity shares) relating to such unclaimed dividend 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, 2022	As at March 31, 2021
Provision for tax (Net of advance tax)	**441.30**	441.29
Total	**441.30**	**441.29**

24. Provisions

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits	**270.02**	251.29
Total	**270.02**	**251.29**

25. Other Non-financial liabilities

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Amount received in advance	**365.58**	508.91
Deferred gain on fair valuation (Initial recognition)	**355.25**	710.50
Statutory dues	**584.07**	473.76
Others	**217.88**	73.43
Total	**1,522.78**	**1,766.60**

Notes forming part of the standalone financial statements (Continued)

25.1 The Corporation had invested in 100 Crore equity shares of Yes Bank Limited at ₹ 10 each on March 14, 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 FVOCI. During the current year, ₹ **355.25 Crore** (Previous Year ₹ 355.25 Crore) has been recognised in accordance with Ind AS 109 on Financial Instruments.

26. Equity share capital

₹ in Crore

	As at March 31, 2022	As at March 31, 2021
AUTHORISED		
228,80,50,000 (As at March 31, 2021 228,80,50,000) Equity Shares of ₹ 2 each	**457.61**	457.61
ISSUED, SUBSCRIBED AND FULLY PAID UP		
181,30,28,276 (As at March 31, 2021 180,39,46,433) Equity Shares of ₹ 2 each	**362.61**	360.79

26.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	**As at March 31, 2022**		As at March 31, 2021	
	Number	**₹ in Crore**	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**180,39,46,433**	**360.79**	173,20,51,189	346.41
Shares allotted pursuant to exercise of stock options	**90,81,843**	**1.82**	1,50,77,063	3.02
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	**181,30,28,276**	**362.61**	180,39,46,433	360.79

26.2 There were no shareholder holding more than 5 percent shares in the Corporation as at March 31, 2022 and March 31, 2021.

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 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	**2020-21**	2019-20
Number of non-resident shareholders	**15,773**	14,255
Number of shares held by them	**129,31,69,784**	122,41,00,641
Gross amount of dividend (₹ in Crore)	**2,974.29**	2,570.61

26.5 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 share during the preceding period of five financial years.

26.6 During the previous year, the Corporation had 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 in financial year ended March 31, 2021.

The net proceeds of the funds raised through the issue 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.

26.7 As at March 31, 2022, **8,27,34,888 shares** (Previous Year 9,18,16,731 shares) were reserved for issuance as follows:

a) **6,56,77,488 shares** of ₹ **2** each (Previous Year: 7,47,59,331 shares of ₹ 2 each) towards outstanding Employees Stock Options granted / available for grant, including lapsed options [Refer Note 38].

b) Warrants outstanding as on date is as under:

Particulars	Current Year	Previous Year
	Final	Final
No. of Warrants outstanding at the beginning of the year	**1,70,57,400**	-
Movement during the year (Refer Note 26.6)	-	1,70,57,400
No. of Warrants outstanding at the end of the year	**1,70,57,400**	1,70,57,400

26.8 The Corporation does not have Promoter, accordingly disclosure relating to shareholding of promoters is not applicable.

26.9 **Dividend**

The Board of Directors have proposed dividend on equity shares at ₹ **30** per share at their meeting held on May 2, 2022 (Previous Year ₹ 23 per share), subject to the approval of shareholder at the ensuing Annual General Meeting.

Notes forming part of the standalone financial statements (Continued)

27. Other Equity

₹ in Crore

Particulars	Note	As at March 31, 2022	As at March 31, 2021
Capital reserve	27.1	**0.04**	0.04
Securities premium	27.2	**45,754.07**	44,064.26
Retained earnings		**23,108.86**	17,328.59
General reserve	27.3	**26,640.11**	26,640.11
Special reserve no. I	27.4	**51.23**	51.23
Special reserve no. II	27.4 & 27.5	**20,516.95**	18,416.95
Statutory reserve	27.5	**6,427.42**	5,727.42
Shelter assistance reserve	27.6	**0.03**	0.07
Equity instruments through other comprehensive income		**(4,228.50)**	(5,182.62)
Effective portion of cash flow hedges	27.7	**80.02**	(198.28)
Cost of cash flow hedges	27.7	**(95.92)**	93.38
Share-based payment reserve	27.8	**1,327.05**	1,173.68
Money received against share warrants	26.6	**307.03**	307.03
Total		**1,19,888.39**	1,08,421.86

27.1 **Capital reserve:** The Corporation had forfeited equity shares on non payment of call money, profit on reissue of those shares were credited as Capital Reserve.

27.2 **Securities premium:** Share premium is credited when shares are issued at premium and with the fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Employee Stock Options Scheme. Share premium can be utilised only for limited purposes such as issuance of bonus shares or adjustment of share issue expenses, net of tax, as permissible under the 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 in terms of Section 36(1)(viii) of the Income-tax Act.

Special reserve no. II relates to the amounts transferred after Financial Year 1996-97 in terms of Section 36(1)(viii) of the Income-tax Act.

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 and no appropriation from the statutory reserves except for the purpose as may be specified by the National Housing Bank (NHB) from time to time and every such appropriation shall be reported to the NHB. 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 ₹ **2,100 Crore** (Previous Year ₹ 2,000 Crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of ₹ **700 Crore** (Previous Year ₹ 500 Crore) to “Statutory Reserve (as per Section 29C of the NHB Act)”.

Notes forming part of the standalone financial statements (Continued)

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.

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, 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)**
Add: Changes in fair value of forward / currency swap contracts	200.64
Add: Changes in intrinsic value of foreign currency options	-
Add: Changes in fair value of foreign currency loans/ ECB/ ADB loans	171.26
Less: Deferred tax relating to above (net)	(93.60)
As at March 31, 2022	**80.02**
(ii) Cost of hedge reserve	
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**
Deferred time value of foreign currency options	(252.97)
Less: Deferred tax relating to above (net)	63.67
As at March 31, 2022	**(95.92)**

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, 2022	For the year ended March 31, 2021
On Financial assets measured at amortised cost		
Interest on loans	**41,044.17**	41,453.15
Interest Income from Investments	**2,107.74**	1,295.78
Interest on Deposits	**21.09**	18.20
Other Interest Income (net)	**118.85**	-
On Financial assets measured at FVTPL		
Interest Income from Investments	**1.50**	4.82
On Financial assets measured at FVOCI		
Interest income from investments	**3.86**	0.01
Total	**43,297.21**	**42,771.96**

28.1 The surplus on deployment in liquid instruments represents return on investments where underlying securities yield fixed income such as Government Securities / Treasury Bills, Commercial Paper and Certificate of Deposit.

28.2 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 had 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. During the current year, the Corporation has credited the required amount to the customers account.

29.1 Dividend income

Dividend income includes ₹ **918.48 Crore** (Previous Year ₹ 716.84 Crore) received from subsidiary companies and ₹ **562.00 Crore** (Previous Year : Nil) received from an associate company.

29.2 Rental income

Rental income includes ₹ **56.53 Crore** (Previous Year ₹ 52.13 Crore) from certain investment properties that were rented to external parties.

29.3 Fees and commission income

Fees and commission income includes ₹ **226.72 Crore** (Previous Year ₹ 193.98 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, 2022	For the year ended March 31, 2021
Net gain on financial instruments at FVTPL - Investments	**938.83**	956.80
Net gain/ (loss) on financial instruments measured at amortised cost - Others	**(0.36)**	(0.32)
Total Net gain on fair value changes	**938.47**	956.48
Fair value changes:		
- Realised	**152.75**	49.22
- Unrealised	**785.72**	907.26
Total Net gain on fair value changes	**938.47**	**956.48**

29.5 Profit on sale of investments and investment property (net)

29.5.1 During the year, the Corporation has sold 44,12,000 equity shares of HDFC ERGO General Insurance Company Limited (HDFC ERGO) resulting in a pre tax gain of ₹ **208.85 Crore**. As at March 31, 2022, the Corporation's equity shareholding in HDFC ERGO stood at 49.98% which is in compliance with the RBI requirement to reduce its shareholding to 50 percent or below.

29.5.2 During the year, the Corporation has sold its entire Investment in equity shares of Good Host Spaces Private Limited an associate, as a result pre tax profit on sale of investment of ₹ **54.17 Crore** has been recognised.

29.5.3 During the previous 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 percent or below. As a result, a pre tax profit on sale of investments of ₹ 1,397.69 Crore has been recognised.

29.5.4 During the year, the Corporation has sold certain Investment Property resulting in loss of ₹ **3.72 Crore** (Previous Year ₹ 2.20 Crore).

29.6 Income on derecognised (assigned) loans

The Corporation has derecognised Individual loans of ₹ **28,455.26 Crore** and Non-Individual loan of ₹ **1,500.00 Crore** (Previous Year Individual loan of ₹ 18,979.78 Crore) (measured at amortised cost) on account of assignment transactions resulting in total income of ₹ **1,056.00 Crore** (Previous Year ₹ 1,190.25 Crore) including upfront gains of ₹ **606.50 Crore** (Previous Year ₹ 706.72 Crore).

As at March 31, 2022, the outstanding amount in respect of individual loans sold was ₹ **83,880.24 Crore** (Previous Year ₹ 71,420.87 Crore). The Corporation continues to service these loans.

Notes forming part of the standalone financial statements (Continued)

30. Finance cost

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
On financial liabilities measured at amortised cost		
Interest on debt securities	**10,422.29**	11,294.78
Interest on term loan borrowings	**5,805.25**	6,167.90
Interest on deposits	**9,867.05**	10,450.08
Interest on subordinated liabilities	**365.69**	455.69
Interest expenses on leased properties	**15.88**	15.03
Other charges	**263.05**	231.28
Total finance costs	**26,739.21**	**28,614.76**

30.1 Finance cost for the year include foreign currency exchange loss of ₹ **0.35 Crore** (Previous Year ₹ 2.48 Crore), further Refer Note 43.6.1.3 Hedging Policy.

31. Impairment on financial instruments (Expected credit loss)

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
On financial assets measured at amortised cost		
Loans	**1,946.27**	2,948.26
Investments	**0.53**	0.07
Others financial assets including intercorporate - deposits	**(14.80)**	(0.33)
Total	**1,932.00**	**2,948.00**

31.1 Impairment on loans excludes impairment of ₹ **335.00 Crore** (Previous Year ₹ 468.00 Crore) relating to interest on credit impaired assets, which is netted off from interest income in accordance with Ind AS 109 on Financial Instruments.

31.2 Refer Note 9.5 for details relating to movement in expected credit loss on loans.

32. Employee benefits expenses

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and bonus	**573.20**	496.57
Contribution to provident and other funds (refer note 37)	**64.95**	61.38
Staff training and welfare expenses	**32.40**	17.74
Share based payments to employees (refer note 41)	**390.24**	338.42
Total	**1,060.79**	**914.11**

32.1 The Parliament had approved the Code on Social Security, 2020 which may impact the contribution by the Corporation towards Provident Fund and Gratuity. The effective date, from which the changes are applicable, is yet to be notified and the rules for quantifying the financial impact are yet to be framed. The Corporation will complete its evaluation and will give appropriate impact in the financial result for the period in which, the Code becomes effective and the related rules to determine the financial impact are notified.

Notes forming part of the standalone financial statements (Continued)

33. Other Expenses

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Establishment expenses		
Rent	**0.99**	0.50
Rates and taxes	**7.57**	4.50
Repairs and maintenance - buildings	**8.25**	6.59
General office expenses	**4.95**	3.96
Electricity charges	**17.83**	15.05
Insurance charges	**2.72**	1.92
Sub Total	**42.31**	32.52
Other Expenses		
Travelling and conveyance	**12.54**	7.80
Printing and stationery	**11.78**	9.71
Postage, telephone and fax	**39.04**	33.48
Advertising	**44.44**	37.25
Business development expenses	**35.59**	39.07
Loan processing expenses	**89.30**	71.47
Manpower outsourcing	**97.98**	73.04
Repairs and maintenance - other than buildings	**13.39**	10.69
Office maintenance	**61.09**	53.24
Legal expenses	**42.55**	32.22
Computer expenses	**60.26**	43.81
Directors' fees and commission	**8.06**	6.92
Auditors' remuneration (refer note 33.3)	**6.67**	6.15
CSR expenditure (refer note 33.4)	**190.53**	189.82
Miscellaneous expenses	**84.07**	77.93
Sub Total	**797.29**	692.60
Total	**839.60**	725.12

33.1 Direct operating expenses arising from investment property

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
1. Direct operating expenses arising from investment property that generated rental income	**3.32**	2.39
2. Direct operating expenses arising from investment property that did not generate rental income	**1.36**	1.61
Total	**4.68**	**4.00**

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.

Notes forming part of the standalone financial statements (Continued)

33.2.1 Rights 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, 2022	For the year ended March 31, 2021
Opening balance	**175.07**	194.46
Addition for the year	**162.87**	55.30
Deletion during the year	**(7.07)**	(7.78)
Depreciation charge for the year (Net of deduction)	**(71.34)**	(66.91)
Closing balance	**259.53**	**175.07**

33.2.2 Amount recognised in Statement of Profit & Loss towards operating leases

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on lease liabilities	**15.88**	15.03
Depreciation charge for the year	**75.55**	70.32
Total	**91.43**	85.35

Cash outflow on account of lease payment is ₹ **85.88 Crore** (Previous Year ₹ 78.79 Crore).

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, 2022	As at March 31, 2021
Not later than one year	**78.88**	66.64
Later than one year but not later than three years	**108.87**	82.92
Later than three years but not later than five years	**69.80**	45.39
Later than five years	**78.99**	31.01
Total	**336.54**	225.96

33.3 Auditors' remuneration (including fees paid to previous statutory auditors)

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Audit / review fee*	**4.70**	4.60
Tax audit	**1.15**	0.75
Other matters and certification	**0.82**	2.04
Sub Total	**6.67**	7.39
Less: Certification fees in respect of Qualified Institutional Placements (QIP) issue of equity shares, charged to securities premium.	**-**	1.24
Total	**6.67**	6.15

* Includes audit fees of ₹ **2.50 Crore** (Previous Year ₹ 2.45 Crore) and fees for quarterly limited review of ₹ **2.20 Crore** (Previous Year ₹ 2.15 Crore). Auditors' remuneration is excluding Goods and Service Tax (GST).

Notes forming part of the standalone financial statements (Continued)

33.4 As per Section 135 of the Companies Act, 2013, the Corporation is required to spent an amount of ₹ **190.41 Crore** on Corporate Social Responsibility (CSR) activities during the year (Previous Year ₹ 169.21 Crore).

33.5 The Board of Directors of the Corporation has approved ₹ **194.03 Crore** towards CSR (Previous Year ₹ 189.82 Crore, including brought forward CSR obligation of FY 2015-16 ₹ 20.06 Crore), which was spent during the year.

33.6 The details of amount spent towards CSR are as under:

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
a) Construction/acquisition of any asset*	**79.57**	44.41
b) On purposes other than (a) above	**114.46**	145.41

* Includes capital assets amounting to ₹ **16.36 Crore** (Previous Year ₹ 39.46 Crore) under construction.

33.7 The Corporation has paid ₹ **163.01 Crore** (Previous Year ₹ 112.73 Crore) for CSR expenditure to H. T. Parekh Foundation, a section 8 company under Companies Act, 2013, controlled by the Corporation.

33.8 The Corporation does not have any unspent amount as on March 31, 2022.

33.9 Excess amount spent as per Section 135 (5) of the Companies Act, 2013.

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening balance *	-	20.06
Amount required to be spent during the year	**190.53**	169.21
Amount spent during the year **	**194.03**	189.82
Closing balance - excess amount spent	**3.50**	0.55

* brought forward CSR obligation of FY 2015-16 ₹ 20.06 Crore in Previous Year.

** Includes surplus arising out of the CSR projects or programmes or activities of ₹ **0.12 Crore** (Previous Year ₹ Nil).

33.10 Details of ongoing projects for financial year 2021-22

₹ in Crore

Particulars	With Corporation	In Separate CSR Unspent A/c
Opening balance	-	-
Amount required to be spent during the year	58.61	-
Amount spent during the year	58.61	-
Closing balance	-	-

33.11 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)

34. Other comprehensive income

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in fair value of FVOCI equity instruments	**(37.23)**	1,807.19
Remeasurements of post-employment benefit obligations	**(7.02)**	8.42
Total	**(44.25)**	1,815.61
Income tax relating to these items	**(10.89)**	(138.09)
Items that may be reclassified to profit or loss		
Deferred gains/(losses) on cash flow hedges	**371.89**	(23.64)
Deferred costs of hedging	**(252.96)**	99.41
Total	**118.93**	75.77
Income tax relating to these items	**(29.93)**	(19.07)
Other comprehensive income for the year, net of tax	**33.86**	1,734.22

34.1 During the year, the Corporation has sold investment in equity share classified as FVOCI amounting to ₹ **991.03 Crore** (Previous Year ₹ 45.38 Crore) and earned profit of ₹ **44.85 Crore** (Previous Year earned a profit of ₹ 34.06 Crore) [refer Statement of Changes in Equity].

35. Earnings per Share:

In accordance with the Ind AS 33 on 'Earnings per share':

In calculating the Basic Earnings Per Share, the Profit After Tax of ₹ **13,742.18 Crore** (Previous Year ₹ 12,027.30 Crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **0.04 Crore** (Previous Year ₹ 0.03 Crore).

The reconciliation between the Basic and the Diluted Earnings Per Share is as follows:

Amount in ₹

Particulars	Current Year	Previous Year
Earnings per share - Basic	**76.01**	67.77
Dilution effect of outstanding stock options & warrants	**(0.81)**	(0.57)
Earnings per share - Diluted	**75.20**	67.20

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 and warrants 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 earnings per share - Basic	**180.80**	177.48
Diluted effect of outstanding stock options & warrants	**1.93**	1.50
Weighted average number of shares for computation of earnings per share - Diluted	**182.73**	178.98

Notes forming part of the standalone financial statements (Continued)

36. 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'.

37. Employee benefit plan

37.1 Defined contribution plan

The Corporation has recognised ₹ **15.07 Crore** (Previous Year ₹ 14.36 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.

A separate trust fund is created to manage the superannuation plan and the contribution to the trust fund is done in accordance with Rule 87 of the Income Tax Rules, 1962.

37.2 Defined benefit plans

Provident fund

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ **679.45 Crore** and ₹ **666.06 Crore** respectively (Previous Year ₹ 597.96 Crore and ₹ 583.60 Crore respectively). In accordance with an actuarial valuation, there is no deficit in the interest cost as the present value of the expected future earnings on the fund is more than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.10%. The actuarial assumptions include discount rate of **7.25%** (Previous Year 6.82%) and an average expected future period of **14 years** (Previous Year 14 years). Expected guaranteed interest rate (weighted average yield) is **8.07%** (Previous Year 8.83%).

The Corporation has recognised ₹ **30.01 Crore** (Previous Year ₹ 25.79 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.

Gratuity

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 and curtailments.

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.

Notes forming part of the standalone financial statements (Continued)

Risks associated with defined benefit plan

Provident Fund and 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.

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 matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, it 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 benefits 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, 2022	As at March 31, 2021
Discount rate	**7.25%**	6.82%
Return on plan assets	**7.25%**	6.82%
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	**16.79**	16.43
Interest cost	**5.09**	6.81
Components of defined benefit costs recognised in profit or loss	**21.88**	23.24
Remeasurement on the net defined benefit liability:		
Actuarial (gains)/losses on obligation for the period	**3.19**	(11.92)
Return on plan assets, excluding interest income	**3.83**	3.50
Components of defined benefit costs recognised in other comprehensive income	**7.02**	(8.42)
Total	**28.90**	14.82

Notes forming part of the standalone financial statements (Continued)

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 benefits plan is as follows:

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of funded / unfunded defined benefit obligation	**375.06**	348.83
Fair value of plan assets	**289.05**	274.18
Net liability arising from defined benefit obligation	**86.01**	74.65

Movement in the present value of the defined benefit obligation are as follows:

₹ in Crore

Particulars	Current Year	Previous Year
Opening defined benefit obligation	**348.83**	337.87
Current service cost	**16.79**	16.43
Interest cost	**23.79**	23.11
Benefits paid	**(17.54)**	(16.66)
Actuarial (gains)/losses - due to change in financials assumptions	**(4.87)**	5.63
Actuarial (gains)/losses - due to experience	**8.06**	(17.55)
Closing defined benefit obligation	**375.06**	348.83
Liability at the end of the year ₹ **375.06 Crore** (Previous Year ₹ 348.83 Crore) includes ₹ **79.55 Crore** (Previous Year ₹ 78.46 Crore) in respect of an unfunded 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	**274.18**	238.21
Expected return on plan assets	**18.70**	16.29
Contributions by the Corporation	**-**	23.18
Actuarial loss on plan assets	**(3.83)**	(3.50)
Closing fair value of plan assets	**289.05**	274.18

Investment Pattern:

% Invested

Particulars	As at March 31, 2022	As at March 31, 2021
Central Government securities	**3.68**	2.13
State Government securities/securities guaranteed by State/Central Government	**28.34**	27.80
Public Sector/Financial Institutional Bonds	**6.12**	6.46
Private Sector Bonds	**19.24**	19.88
Special Deposit Scheme	**0.76**	0.80
Insurance Fund	**34.07**	35.45
Others (including bank balances)	**7.79**	7.48
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	**295.49**	270.36
Delta Effect of +1% Change in Rate of Discounting	**(18.04)**	(16.45)
Delta Effect of -1% Change in Rate of Discounting	**20.70**	18.95
Delta Effect of +1% Change in Rate of Salary Increase	**20.76**	18.92
Delta Effect of -1% Change in Rate of Salary Increase	**(18.40)**	(16.72)
Delta Effect of +1% Change in Rate of Employee Turnover	**1.59**	0.86
Delta Effect of -1% Change in Rate of Employee Turnover	**(1.81)**	(0.99)

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.

The weighted average duration of the Defined Benefit Obligation as at March 31, 2022 is **8 years** (Previous Year : 8 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 actively manage liquidity risk.

Estimated amount of contribution expected to be paid to the fund during the annual period being after the Balance Sheet date is ₹ **23.87 Crore** (Previous Year ₹ 12.95 Crore).

Projected benefits payable in future years

₹ in Crore

Particulars	Current Year	Previous Year
1st Following Year	**50.54**	54.05
2nd Following Year	**25.94**	27.63
3rd Following Year	**23.08**	21.52
4th Following Year	**45.86**	18.74
5th Following Year	**21.34**	27.35
Sum of Years 6 to 10	**88.58**	78.30
Sum of Years 11 and above	**298.13**	258.24

Compensated absences

The actuarial liability of compensated absences of privilege leave of the employees of the Corporation is ₹ **153.53 Crore** (Previous Year ₹ 143.05 Crore).

Notes forming part of the standalone financial statements (Continued)

38. Share-based payments

38.1 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-08	ESOS-07
Plan period	2020-24	2017-20	2014-17	2008-11	2007-10
Quantum of Options	4,40,96,531	5,09,10,564	62,73,064	57,90,000	54,56,835
Equivalent number of shares of FV of ₹ 2 per share	4,40,96,531	5,09,10,564	3,13,65,320	2,89,50,000	2,72,84,175
Method of Accounting	Fair Value	Fair Value	Intrinsic value^	Intrinsic value^	Intrinsic value^
Vesting period	1-4 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
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
Grant date	04-Sep-20 02-Feb-21 26-Jul-21 29-Jan-22 22-Mar-22	01-Jun-17 30-Oct-17 29-Jan-18 16-Mar-18 02-Aug-19	08-Oct-14	25-Nov-08	12-Sep-07
Grant / Exercise price (₹ per Option)	₹ 1,808.75 to ₹ 2,579.25	₹ 1,569.85 to ₹ 2,086.80	₹ 5,073.25	₹ 1,350.60	₹ 2,149.00
Value of Equity Shares as on date of Grant of Original Option (₹ per share)	₹ 1,808.75 to ₹ 2,579.25	₹ 1,569.85 to ₹ 2,086.80	₹ 5,073.25	₹ 1,350.60	₹ 2,149.00

^ since vested prior to Ind AS transition date of April 1, 2017

38.2 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 for grants given and vested after the Ind AS transition date of April 1, 2017. 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.

38.3 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, 2022

Number of options

Particulars	ESOS-20	ESOS-17	ESOS-14*	ESOS-08*	ESOS-07*
Outstanding at the beginning of the year	38,189,944	30,510,943	13,977	4,874	5,287
Granted during the year	2,66,000	-	-	-	-
Exercised during the year	13,42,515	76,81,003	11,665	-	-
Lapsed during the year	3,36,905	14,045	29	-	-
Outstanding at the end of the year	3,67,76,524	2,28,15,895	2,283	4,874	5,287
Unvested at the end of the year	1,99,49,473	1,57,000	-	-	-
Exercisable at the end of the year	1,68,27,051	2,26,58,895	2,283	4,874	5,287
Weighted average price per option (₹)	1,813.68	1,573.22	5,073.25	1,350.60	2,149.00
Weighted average remaining contractual life (years)	5.02	1.26	0.13	-	-

Notes forming part of the standalone financial statements (Continued)

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	1,771,361	839	4,874	5,287
Granted during the year	3,84,21,531	-	-	-	-	-
Exercised during the year	-	62,87,028	1,757,168	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 (years)	5.99	2.25	0.85	-	-	-

* 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 and ESOS-20 entitles 1 equity share of ₹ 2 each.

38.4 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.)	4.33%	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)	₹ 221.84	₹ 275.40	₹ 1,035.91	₹ 474.56	₹ 238.79	₹ 307.28

The key assumptions used in Black-Scholes model for calculating fair value under ESOS-2020 granted during the year, are as follows:

Particulars	ESOS-2020 (Tranch - III)	ESOS-2020 (Tranch - IV)	ESOS-2020 (Tranch - V)
Financial Year	2021-22	2021-22	2021-22
Risk-free interest rate (p.a.)	5.41% - 5.84%	5.91% - 6.30%	6.00% - 6.41%
Expected life	Upto 5 years	Upto 5 years	Upto 5 years
Expected volatility of share price	20.55%	20.31%	23.96%
Dividend Yield (p.a.)	1.01%	1.01%	1.01%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 441.05	₹ 461.78	₹ 481.40

Volatility is a 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 ₹ **390.24 Crore** (Previous Year ₹ 338.42 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, 2022			As at March 31, 2021		
	Within 12 months	**After 12 months**	**Total**	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	565.49	-	565.49	769.97	-	769.97
Bank balance other than (a) above	226.99	0.45	227.44	317.42	57.36	374.78
Derivative financial instruments	153.54	1,169.26	1,322.80	417.14	1,737.34	2,154.48
Trade receivables	178.65	-	178.65	155.38	-	155.38
Loans	92,318.00	4,62,544.51	5,54,862.51	75,578.52	4,09,715.74	4,85,294.26
Investments	46,349.26	22,242.96	68,592.22	47,158.97	21,477.80	68,636.77
Other financial assets	2,340.14	3,233.40	5,573.54	1,325.98	2,055.44	3,381.42
Non-current financial assets held for sale	-	-	-	156.46	-	156.46
Non-financial assets						
Current tax asset	-	2,617.55	2,617.55	-	2,356.88	2,356.88
Deferred tax assets (net)	-	1,549.88	1,549.88	-	1,655.30	1,655.30
Investment property	-	2,685.74	2,685.74	-	840.57	840.57
Property, plant and equipment	-	1,073.94	1,073.94	-	986.42	986.42
Other intangible assets	-	369.91	369.91	-	369.46	369.46
Other non-financial assets	178.34	1,020.24	1,198.58	331.64	-	331.64
Non-current non-financial assets held for sale	44.21	-	44.21	134.79	-	134.79
Total assets	**1,42,354.62**	**4,98,507.84**	**6,40,862.46**	**1,26,346.27**	**4,41,252.31**	**5,67,598.58**
LIABILITIES						
Financial Liabilities						
Derivative financial instruments	10.59	3,813.77	3,824.36	69.87	1,590.99	1,660.86
Trade payables	344.17	-	344.17	339.15	-	339.15
Debt securities	23,596.46	1,72,333.17	1,95,929.63	26,807.35	1,55,247.38	1,82,054.73
Borrowings (Other than debt securities)	28,612.94	1,11,238.81	1,39,851.75	17,047.12	88,132.06	1,05,179.18
Deposits	48,527.33	1,12,372.43	1,60,899.76	55,400.33	94,730.80	1,50,131.13
Subordinated liabilities	-	3,000.00	3,000.00	1,000.00	3,000.00	4,000.00
Other financial liabilities	11,848.93	2,678.76	14,527.69	10,729.15	2,262.55	12,991.70
Non-financial liabilities						
Current tax liabilities (net)	441.30	-	441.30	441.29	-	441.29
Provisions	270.02	-	270.02	251.29	-	251.29
Other non-financial liabilities	1,454.90	67.88	1,522.78	1,156.90	609.70	1,766.60
Total liabilities	**1,15,106.64**	**4,05,504.82**	**5,20,611.46**	**1,13,242.45**	**3,45,573.48**	**4,58,815.93**
Net assets	**27,247.98**	**93,003.02**	**1,20,251.00**	**13,103.82**	**95,678.83**	**1,08,782.65**

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:

(a) Contingent liability in respect of income-tax demands, net of amounts provided for and disputed by the Corporation, amounts to ₹ **2,581.56 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.

(b) Contingent liability in respect of disputed dues towards wealth tax amounts to ₹ **0.11 Crore** (Previous Year ₹ 0.13 Crore).

(c) Contingent liability in respect of disputed dues towards Service tax not provided for by the Corporation amounts to ₹ **17.26 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 outstanding ₹ **367.83 Crore** (Previous Year ₹ 299.50 Crore).

b) Corporate undertakings for securitisation and assignment of loans aggregated to ₹ **1,152.72 Crore** (Previous Year ₹ 1,152.68 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 ₹ **345.55 Crore** (Previous Year ₹ 297.33 Crore).

40.5 Estimated amount of investment commitment on venture fund and alternative investment fund is ₹ **978.72 Crore** (Previous Year ₹ 564.59 Crore).

41. Movement in Impairment loss allowance (Expected Credit Loss)

Particulars	₹ in Crore
As at March 31, 2020	**10,997.86**
Arising during the year	3,416.00
Utilised during the year	(1,371.97)
As at March 31, 2021	**13,041.89**
Arising during the year	2,267.00
Utilised during the year	(1,784.26)
As at March 31, 2022	**13,524.63**

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 ₹ **335.00 Crore** (Previous Year ₹ 468.00 Crore) relating to interest on stage 3 accounts (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. Related party disclosures as per Ind AS 24 - Related Party Disclosures

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 Ltd. (Subsidiary of HDFC Life Insurance Company Ltd.) Exide Life Insurance Company Ltd. (Subsidiary of HDFC Life Insurance Company Ltd.) w.e.f. January 1, 2022 HDFC ERGO General Insurance Company Ltd. HDFC ERGO Health Insurance Ltd. (w.e.f. January 9, 2020, merged with HDFC ERGO General Insurance Company Ltd. with effect from November 13, 2020) 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 and 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. (up to March 9, 2022) Good Host Spaces Pvt. Ltd. (upto April 22, 2021) HDB Financial Services Ltd. (Subsidiary of HDFC Bank Ltd.) HDFC Securities Ltd. (Subsidiary of HDFC Bank Ltd.) Magnum Foundations Private Ltd. (Associate of HDFC Property Ventures Ltd.) (upto February 23, 2021) Renaissance Investment Solutions ARC Private Ltd. (w.e.f. November 24, 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 (Whole-time Directors)	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)

Notes forming part of the standalone financial statements (Continued)

Key Management Personnel (Non-executive Directors)	Mr. Nasser Munjee (up to July 20, 2021) Dr. J. J. Irani (up to July 20, 2021) Mr. U. K. Sinha Mr. Jalaj Dani Dr. Bhaskar Ghosh Ms. Ireena Vittal Mr. P. R. Ramesh (w.e.f. August 2, 2021) Mr. Rajesh Narain Gupta (w.e.f. August 2, 2021)
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 (up to July 20, 2021) Mr. Malav A. Dani Mrs. Geeta Varadan (w.e.f. August 2, 2021)
Entities where Directors/Close family members of Directors of the Corporation having control/ significant infiuence *(where there are transactions)*	Advaita Charitable Trust Ashwin Ina Charitable Trust Asian Paints Charitable Trust Dani Charitable Foundation Param Arth Charitable Trust Pious Charitable Trust Sir H N Hospital Trust Bai Avabai Beramji Charitable Foundation Sir Hurkisondas Nurrotamdas Hospital & Research Centre Sir Hurkisondas Nurrotamdas Medical Research Society
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.

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, 2022	March 31, 2021
Subsidiary	Dividend income	**918.48**	716.84
	Interest income	**1.50**	10.18
	Consultancy, fees & other income	**226.72**	193.98
	Rent income	**23.52**	23.55
	Deputation cost recovered	**6.63**	3.52
	Support cost recovered	**3.10**	2.75
	Other income	**0.39**	0.37
	Interest expense	**312.96**	272.57
	Other expenses/ payments (including DSA commission)	**663.71**	510.21
	Investments made	**4.50**	63.05
	Investments sold / redeemed	**91.16**	62.14
	Investments closing balance	**5,238.69**	5,306.50
	Trade receivable	**83.92**	71.93
	Other advances / receivables	**11.59**	14.46
	Purchase of fixed assets	**0.64**	0.02
	Deposits received	**189.72**	135.97
	Deposits repaid / matured	**127.74**	101.53
	Deposits closing balance	**115.93**	53.94
	Non-convertible debentures (Allotments under primary market/ received funds for partly paid up)	**100.00**	-
	Non-convertible debentures - redemption	**105.00**	109.00
	Non-convertible debentures - closing balance	**4,274.10**	4,075.00
	Other liabilities / payables	**244.94**	223.32
	Dividend paid	**2.63**	-
	Other income/ receipts	**1.35**	0.29
Associates ^	Dividend income	**562.00**	-
	Interest income	**21.03**	10.63
	Rent income	**1.30**	1.66
	Support cost recovered	**0.35**	0.39
	Assignment fees and other income	**597.86**	541.95
	Finance cost (derivative settlements)	**(135.12)**	(179.72)
	Interest expense	**0.20**	1.31
	Bank & other charges	**0.68**	1.33
	Other expenses/ payments (including DSA commission)	**452.58**	310.85
	Investments made	**0.25**	-
	Investments - closing balance	**14,050.49**	14,206.73
	Loans sold	**28,205.24**	18,979.78
	Loans given	**-**	11.00
	Loans - closing balance	**-**	11.00

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Nature of related party	Nature of Transactions	March 31, 2022	March 31, 2021
Associates ^	Bank deposits placed	**3,750.00**	1,100.00
	Bank deposits matured / withdrawn	**3,450.00**	910.00
	Bank balance and deposits closing balance	**650.39**	759.16
	Trade receivable	**2.01**	1.89
	Other advances / receivables	**185.41**	156.21
	Deposits received	**-**	100.00
	Deposits repaid / matured	**50.00**	50.00
	Deposits closing balance	**-**	50.00
	Other liabilities / payables	**62.34**	136.77
	Amounts payable - securitised / assigned loans	**363.58**	494.75
	Dividend paid	**0.30**	0.25
	Corporate undertakings for securitisation and assignment of loans	**1,054.88**	1,054.85
Entities over which control is exercised	Interest income	**1.31**	0.93
	Deputation cost recovered	**0.07**	0.06
	Interest expense	**0.71**	8.60
	Loans given	**6.70**	8.31
	Loans - closing balance	**19.31**	12.61
	CSR expenditure	**163.01**	112.73
	Deposits repaid / matured	**11.25**	140.00
	Deposits closing balance	**-**	11.25
	Other liabilities / payable	**-**	0.28
	Dividend paid	**0.14**	0.12
Entities over which Director/ closed family member of director having control/jointly control	Interest expense	**4.17**	-
	Deposits matured / repaid	**45.21**	-
	Deposits - closing balance	**46.51**	-
	Deposits received	**22.74**	-
	Other liabilities / payable	**0.43**	-
Post employment benefit plans of the Corporation or its related entities	Interest expense	**0.03**	0.11
	Contribution to provident fund & other funds	**61.60**	58.16
	Other advances / receivables	**0.23**	4.02
	Non-convertible debentures - redemption	**1.00**	0.80
	Non-convertible debentures - closing balance	**-**	1.00
	Other liabilities / payable	**6.43**	0.04
Key Management Personnel (Whole-time Directors)	Interest expense	**1.50**	1.22
	Remuneration #	**46.25**	40.42
	Share based payments $	**35.05**	30.71
	Loans repaid	**-**	0.02
	Deposits received	**0.24**	21.01
	Deposits repaid / matured	**0.04**	3.25
	Deposits - closing balance	**21.25**	21.05
	Interest accrued on deposits	**2.35**	1.01
	Dividend paid	**10.04**	7.73

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Nature of related party	Nature of Transactions	March 31, 2022	March 31, 2021
Key Management Personnel (Non whole-time Directors)	Interest expense	**0.02**	0.05
	Sitting fees	**1.21**	1.22
	Commission ^^	**6.85**	5.70
	Deposits received	**-**	1.00
	Deposits closing balance	**-**	1.00
	Dividend paid	**2.98**	2.47
Relatives of Key Management Personnel (Whole-time Directors)	Interest income	**0.02**	0.02
	Interest expense	**0.18**	0.09
	Loans repaid	**0.30**	0.03
	Loans - closing balance	**-**	0.30
	Deposits received	**0.35**	2.57
	Deposits repaid / matured	**-**	0.50
	Deposits - closing balance	**2.92**	2.57
	Other liabilities / payables	**0.23**	0.06
	Dividend paid	**1.51**	1.28
Relatives of Key Management Personnel (Non whole-time Directors)	Interest expense	**1.41**	1.36
	Deposits received	**6.48**	6.28
	Deposits repaid / matured	**6.29**	5.77
	Deposits closing balance	**18.30**	17.17
	Interest accrued on deposits	**2.31**	1.40
	Dividend paid	**3.70**	3.13

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, pension, leave encashment and leave travel allowance provisions are determined actuarially on overall Corporation basis at the end of each year and, accordingly, have not been considered in the above information.

^ Bank balance in current account with Associate is a book overdraft and hence not reported as related party transaction.

^^ 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.

$ Employee related share based payment charged to Statement of Profit and Loss over the vesting period in accordance with Ind AS 102 is reported above. Accordingly, transactions relating to exercise of ESOPs and allotment of shares is not reported as a related party transaction.

Notes forming part of the standalone financial statements (Continued)

43. Financial Instruments

43.1 Capital Management

The Corporation actively manages the capital base to cover risks inherent in its business and ensure maintenance of capital adequacy requirement as prescribed by the RBI. As against the minimum capital requirement of 14% as prescribed by the regulator, the Corporation is well capitalised and the capital adequacy ratio of the Corporation as at March 31, 2022 stood at 22.82% (Refer Note 53.3.1). The Corporation has complied in full with all its externally imposed capital requirements over the reported period.

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Net debt	**4,99,115.65**	4,40,595.07
Total equity	**1,20,251.00**	1,08,782.65
Net debt to equity ratio	**4.15 : 1**	**4.05 : 1**

Particulars	As at March 31, 2022	As at March 31, 2021
Total debt to total assets [Debt securities + Borrowings (other than debt securities) + Deposits + Subordinated liabilities] / Total assets	**0.78**	0.78

Loan Covenants

The Corporation has complied with the covenants under the terms of the major borrowing facilities throughout the reporting period.

43.2 Financial Risk Management

The Corporation manages various risks associated with its business. These risks include liquidity risk, foreign exchange risk, interest rate risk and counterparty risk.

The Corporation manages the aforesaid risk, on an ongoing basis, in accordance with the framework under the Board approved policies such as Financial Risk Management policy, Asset Liability Management policy.

Liquidity risks are managed through a combination of strategies like managing tenors in line with the Asset Liability Management policy and adequate liquidity cover is maintained in line with the RBI's Liquidity Risk Management Framework. Interest rate risks are managed by entering into interest rate swaps. The currency risk on borrowings is actively managed mainly through a combination of currency swaps, forward contracts and 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.

HDFC

Notes forming part of the standalone financial statements (Continued)

43.3 Categories of Financial Instruments

₹ in Crore

Particulars	As at March 31, 2022			As at March 31, 2021		
	FVTPL	FVOCI / Cash Flow Hedge Reserve	Amortised cost	FVTPL	FVOCI / Cash Flow Hedge Reserve	Amortised cost
Financial assets						
Investments						
Mutual funds	2,330.18	-	-	16,497.02	-	-
Government securities	-	-	36,906.05	-	-	22,567.13
Equity shares	1,321.20	6,018.08	-	1,099.19	7,025.68	-
Preference shares	-	-	3.84	-	-	3.50
Debentures	62.97	17.29	963.79	33.57	32.85	803.50
Pass-through certificates	-	-	14.32	-	-	18.33
Security receipts	139.49	-	-	175.00	-	-
Investment in units of venture capital fund and alternate investment fund	1,255.57	-	-	996.74	-	-
Investment in units of REIT	322.71	-	-	79.44	-	-
Derivative financial assets	674.20	648.60	-	1,229.01	925.47	-
Trade receivables	-	-	178.65	-	-	155.38
Loans	-	-	5,54,862.51	-	-	4,85,294.26
Other financial assets	-	-	5,573.54	-	-	3,381.42
Total financial assets	**6,106.32**	**6,683.97**	**5,98,502.70**	**20,109.97**	**7,984.00**	**5,12,223.52**
Financial liabilities						
Derivative financial liabilities	3,436.76	387.60	-	1,306.58	354.28	-
Trade payables	-	-	344.17	-	-	339.15
Debt securities	1,41,951.84	-	53,977.79	93,148.58	-	88,906.15
Borrowings	-	-	1,39,851.75	-	-	1,05,179.18
Deposits	-	-	1,60,899.76	-	-	1,50,131.13
Subordinated liabilities	-	-	3,000.00	-	-	4,000.00
Other financial liabilities	-	-	14,527.69	-	-	12,991.70
Total financial liabilities	**1,45,388.60**	**387.60**	**3,72,601.16**	**94,455.16**	**354.28**	**3,61,547.31**

Note: The table above, does not include Cash and Cash Equivalents, Bank Balances, Investments in Subsidiaries and Associates carried at cost.

Notes forming part of the standalone financial statements (Continued)

43.3.1 **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, 2022				
Financial assets				
Financial investments at FVTPL				
Mutual funds	2,330.18	-	-	2,330.18
Equity shares	842.86	-	478.34	1,321.20
Debentures	-	-	62.97	62.97
Security receipts	-	139.47	0.02	139.49
Investment in units of venture capital fund and alternate investment fund	-	-	1,255.57	1,255.57
Investment in units of REIT	322.71	-	-	322.71
Derivatives designated as fair value hedges				
- INR interest rate swaps	-	392.80	-	392.80
- USD interest swaps	-	281.40	-	281.40
Financial investments at FVOCI				
Equity shares	5,094.08	-	924.00	6,018.08
Debentures	-	-	17.29	17.29
Derivatives designated as cash flow hedges				
- Currency swaps	-	648.60	-	648.60
Total financial assets	**8,589.83**	**1,462.27**	**2,738.19**	**12,790.29**
Financial liabilities				
Debt securities	-	1,95,929.63	-	1,95,929.63
Derivatives designated as cash flow hedges				
- Interest rate swaps INR	-	3,436.76	-	3,436.76
- Interest rate swaps USD	-	0.64	-	0.64
- Forwards	-	8.44	-	8.44
- Currency swaps	-	378.52	-	378.52
Total financial liabilities	**-**	**1,99,753.99**	**-**	**1,99,753.99**

₹ 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

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
Debentures	-	-	33.57	33.57
Security receipts	-	174.70	0.30	175.00
Investment in units of venture capital fund	-	-	996.74	996.74
Investment in units of REIT	79.44	-	-	79.44
Derivatives designated as fair value hedges				
- Interest rate swaps	-	1,229.01	-	1,229.01
Financial investments at FVOCI				
Equity shares	6,294.71	-	730.97	7,025.68
Debentures	-	-	32.85	32.85
Derivatives designated as cash flow hedges				
- Currency swaps	-	925.47	-	925.47
Total financial assets	**23,684.33**	**2,329.18**	**2,080.46**	**28,093.97**
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
Total financial liabilities	-	**1,83,715.59**	-	**1,83,715.59**

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2022 and 2021, other than those disclosed in note 43.3.4.

43.3.2 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 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.

Notes forming part of the standalone financial statements (Continued)

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.

43.3.3 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)

43.3.4 Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items

₹ in Crore

Particulars	Equity Shares	Preference Shares	Debentures	Venture Funds	Security Receipts	Total
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 / Transfer to level 1	(214.23)	(1.43)	(58.83)	(68.74)	(0.71)	(343.94)
Gains/(losses) recognised in the statement of profit and loss (net)	87.00	0.65	(38.50)	101.33	(0.42)	150.06
Losses 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**	**2,080.44**
Acquisitions	0.40	-	24.98	199.48		224.86
Disposal	-	-	-	(111.81)	(0.79)	(112.60)
Gains recognised in the statement of profit and loss	192.30	-	4.42	171.17	0.51	368.40
Gains/(loss) recognised in other comprehensive income (net)	192.65	-	(15.56)	-	-	177.09
As at March 31, 2022	**1,402.34**	**-**	**80.26**	**1,255.57**	**0.02**	**2,738.19**
Unrealised Gains/(losses) recognised in the statement of profit and loss related to assets and liabilities held at the end of the reporting period.						
For the year ended March 31, 2022	192.30	-	4.42	171.17	0.51	368.40
For the year ended March 31, 2021	87.00	0.65	(38.50)	101.33	(0.42)	150.06

43.3.5 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 43.3.2 above for the valuation techniques adopted.

Particulars	Fair Value ₹ in Crore			Sensitivity	
	March 31, 2022	**March 31, 2021**	**Significant unobservable inputs***	**Favourable**	**Un-favourable**
Unquoted equity shares	**485.10**	290.24	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ **49.31 Crore** (Previous Year ₹ 29.83 Crore).	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ **49.07 Crore** (Previous Year ₹ 29.58 Crore).
Locked in shares of yes bank ltd	**917.24**	726.75	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ **91.73 Crore** (Previous Year ₹ 72.68 Crore).	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ **91.73 Crore** (Previous Year ₹ 72.68 Crore).
Convertible debentures	**80.26**	66.42	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ **8.03 Crore** (Previous Year ₹ 6.64 Crore).	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ **8.03 Crore** (Previous Year ₹ 6.64 Crore).
Venture funds	**1,255.57**	996.73	Net Asset Value	Increase in NAV by 10% increases the fair value by ₹ **113.88 Crore** (Previous Year ₹ 88.69 Crore).	Decrease in NAV by 10% reduces the fair value by ₹ **115.42 Crore** (Previous Year ₹ 89.02 Crore).
Security receipts	**0.02**	0.30	Net Asset Value	Increase in NAV by 10% increases the fair value by insignificant value (Previous Year ₹ 0.03 Crore).	Decrease in NAV by 10% reduces the fair value by insignificant value (Previous Year ₹ 0.03 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.

43.3.6 **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 March 31, 2022			As at March 31, 2021		
	Carrying Value	Fair Value	Fair Value hierarchy	Carrying Value	Fair Value	Fair Value hierarchy
Financial assets at amortised cost						
Government securities	36,906.05	35,616.04	Level 2	22,567.13	22,647.95	Level 2
Debentures	963.79	966.62	Level 3	803.50	818.51	Level 3
Pass-through certificates	14.32	13.83	Level 3	18.33	18.24	Level 3
Total financial assets	**37,884.16**	**36,596.49**		**23,388.96**	**23,484.70**	
Financial liabilities at amortised cost						
Non convertible debentures *	1,63,889.93	1,71,084.67	Level 2	1,48,474.04	1,54,281.10	Level 2
Synthetic rupee denominated bonds	1,800.00	1,838.29	Level 2	2,800.00	2,855.55	Level 2
Subordinated liabilities	3,000.00	3,232.04	Level 2	4,000.00	4,357.88	Level 2
Deposits	1,61,353.03	1,61,967.74	Level 2	1,50,501.61	1,52,323.81	Level 2
Total financial liabilities	**3,30,042.96**	**3,38,122.74**		**3,05,775.65**	**3,13,818.34**	

* For the purpose of above disclosure, Non Convertible Debentures of ₹ **1,41,954.84 Crore** (Previous Year ₹ 93,148.58 Crore), being hedged item classified as FVTPL has been considered.

43.3.6.1 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.

43.3.6.2 **Loans**

Substantially most of the loans are repriced frequently, with interest rates broadly in line with current interest rates, the carrying value of such loans amounting to ₹ **5,54,862.51 Crore** (Previous Year ₹ 4,85,294.26 Crore) approximates their fair value.

43.3.6.3 **Other Financial Assets and Liabilities**

With respect to Bank balances and Cash and cash equivalents (Refer Notes 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.

43.3.6.4 Fair value of Non Convertible Debentures has been computed using annualized Government bond yield provided by FBIL and corresponding fortnightly corporate bond spreads provided by FIMMDA.

Notes forming part of the standalone financial statements (Continued)

43.3.7 Equity instrument designated at FVOCI

Particulars	Quoted / Unquoted	As at March 31, 2022		As at March 31, 2021	
		Qty	₹ in Crore	Qty	₹ in Crore
Andhra Cements Ltd.	Quoted	2,48,54,376	**36.41**	2,57,42,546	13.90
Bandhan Bank Ltd.	Quoted	13,80,87,778	**4,244.82**	15,93,63,149	5,400.82
Citrus Processing India Pvt Ltd.	Unquoted	11,51,234	**1.51**	11,51,234	1.51
CL Educate Ltd.	Quoted	10,70,134	**13.37**	5,94,233	5.44
Clayfin Technologies Private Limited	Unquoted	6,87,614	**4.85**	6,87,614	2.71
DISH TV India Ltd.	Quoted	8,70,40,000	**142.31**	8,70,40,000	80.51
Eveready Industries India Limited	Quoted	22,44,663	**75.20**	22,44,663	60.61
Hindustan Oil Exploration Co. Ltd.	Quoted	84,63,850	**186.12**	1,40,86,303	136.85
Kerala Infrastructure Fund Management Limited	Unquoted	3,88,303	**0.39**	-	-
Mcleod Russel India Ltd.	Quoted	1,35,000	**0.31**	1,35,000	0.26
Reliance Capital Limited	Quoted	-	**-**	1,62,45,000	17.46
Reliance Communications Limited	Quoted	-	**-**	6,15,00,000	10.45
Reliance Infrastructure Limited	Quoted	-	**-**	2,15,32,488	75.58
Reliance Naval and Engineering Ltd.	Quoted	13,84,994	**0.44**	13,84,994	0.41
Reliance Power Limited	Quoted	-	**-**	14,29,87,901	62.20
Siti Networks Ltd.	Quoted	9,43,86,000	**26.90**	9,43,86,000	8.02
Yes Bank Limited (Refer Note 25.1)	Quoted	1,00,00,00,000	**1,224.75**	1,00,00,00,000	1,116.75
Zee Learn Ltd.	Quoted	1,58,05,000	**19.60**	1,58,05,000	16.36
Zee Media Corporation Ltd.	Quoted	2,47,60,000	**41.10**	2,47,60,000	15.84
Total			**6,018.08**		7,025.68

43.4 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 have delegated loan approving authority to branch sanctioning committees/ management committee/ committee of directors, depending upon the nature of loan (i.e. retail/non-individual) and also depending upon the value of the loan.

Credit Risk Assessment Methodology

43.4.1 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.

The 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.

43.4.2 **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.

43.4.3 **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)

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 timelines prescribed in the said Circular.

Emergency Credit Line Guarantee Scheme

During the previous 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.

43.4.4 **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.

Notes forming part of the standalone financial statements (Continued)

Retail

During the previous 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 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.

43.4.5 **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 Chief Risk Officer (CRO) of the Corporation also reviews high value credit proposals and evaluates sources and mitigation for external and internal risks.

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.

Notes forming part of the standalone financial statements (Continued)

43.4.6 **Collateral and other credit enhancements**

The carrying amount of loans as at March 31 2022 is ₹ **5,68,363.29 Crore** (Previous Year ₹ 4,98,298.03 Crore) which best represent the maximum exposure to credit risk, the related expected credit loss amount to ₹ **13,500.78 Crore** (Previous Year ₹ 13,003.77 Crore). The Corporation has right to sell or pledge the collateral in case borrower defaults.

43.5 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 March 31, 2022	0-1 year	>1-3 years	>3-5 years	>5 years	Total
Non-derivatives					
Debt securities	61,950.55	39,555.62	26,639.74	67,786.57	1,95,932.48
Borrowings (other than debt securities)	91,170.13	29,403.46	9,512.88	9,828.07	1,39,914.54
Deposits	81,684.18	57,754.71	16,361.35	5,552.80	1,61,353.04
Subordinated liabilities	-	3,000.00	-	-	3,000.00
Other financial liabilities	11,848.93	2,678.76	-	-	14,527.69
Trade payables	344.17	-	-	-	344.17
Total non-derivative liabilities	**2,46,997.96**	**1,32,392.55**	**52,513.97**	**83,167.44**	**5,15,071.92**
Derivatives (net settled)					
Foreign exchange forward contracts	8.44	-	-	-	8.44
Currency swaps	1.51	182.99	194.02		378.52
USD interest swaps	0.64	-	-	-	0.64
Interest rate swaps	-	224.26	926.87	2,285.63	3,436.76
Total derivative liabilities	**10.59**	**407.25**	**1,120.89**	**2,285.63**	**3,824.36**

₹ in Crore

Contractual maturities of financial liabilities March 31, 2021	0-1 year	>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
Options purchased (net)	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**

Notes forming part of the standalone financial statements (Continued)

43.6 Market Risk

43.6.1 Foreign Currency Risk

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 Corporation has overseas foreign currency borrowings and is exposed to foreign exchange risk primarily with respect to the USD and JPY. The Corporation uses a combination of currency swaps, forward contracts and option contracts to hedge its exposure to foreign currency risk. The objective of the hedges is to minimize 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 designates the intrinsic value of the forward and option contracts as hedging instruments. In case the hedge effectiveness is 100%, the change in the intrinsic value of the forward contracts and the change in carrying value of the underlying foreign currency liability are compared and the difference is recognized in cash flow hedge reserve. The changes in time value that relate to the forward and option contracts are deferred in the cost of hedging reserve and recognized against the related hedged transaction when it occurs. Amortization of forward points through cost of hedge reserve is recognized in the statement of profit and loss over life of the forward contracts. During the years ended March 31, 2022 and 2021, 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.

43.6.1.1 Foreign Currency Risk Exposure

The Corporation's exposure to foreign currency risk at the end of the reporting period expressed in INR Crore, are as follows:

₹ in Crore

Particulars	As at March 31, 2022					As at March 31, 2021				
	USD	**JPY**	**SGD**	**GBP**	**AED**	USD	JPY	SGD	GBP	AED
Financial liabilities										
Foreign currency loan and others	**(10,670.39)**	**(3,320.43)**	**(0.07)**	**(0.16)**	**(0.41)**	(10,141.54)	(3,529.74)	(0.04)	(0.14)	(0.33)
Exposure to foreign currency risk (liabilities) (a)	**(10,670.39)**	**(3,320.43)**	**(0.07)**	**(0.16)**	**(0.41)**	(10,141.54)	(3,529.74)	(0.04)	(0.14)	(0.33)
Financial assets										
Foreign currency denominated loans & others	**32.47**	**-**	**0.42**	**0.91**	**0.63**	91.62	-	0.32	0.97	0.57
Derivative assets										
Foreign exchange derivative contracts	**10,637.93**	**3,319.15**	**-**	**-**	**-**	10,049.93	3,528.45	-	-	-
Exposure to foreign currency risk (assets) - (b)	**10,670.40**	**3,319.15**	**0.42**	**0.91**	**0.63**	10,141.55	3,528.45	0.32	0.97	0.57
Net exposure to foreign currency risk c = (a) + (b)	**0.01**	**(1.28)**	**0.35**	**0.75**	**0.22**	0.01	(1.29)	0.28	0.83	0.24

Note: Foreign currency risk exposure is within the limit prescribed by the Corporation's risk management policy.

Notes forming part of the standalone financial statements (Continued)

43.6.1.2 **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, 2022	March 31, 2021
USD sensitivity		
INR/USD -Increase by 1% *	**(4.66)**	(0.71)
INR/USD -Decrease by 1% *	**4.66**	0.71
JPY sensitivity		
INR/JPY -Increase by 1% *	**0.30**	0.30
INR/JPY -Decrease by 1% *	**(0.30)**	(0.30)

* Holding all other variables constant

43.6.1.3 **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.

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
As at March 31, 2022						
INR USD - Forward exchange contracts	635.00	-	8.44	Derivative financial instruments	77.33	(55.89)
INR USD - Currency swaps	12,680.31	648.60	378.52		70.65	495.36
USD - Interest swaps	9,563.00	281.40	0.64		-	(435.28)
INR JPY - Currency swaps	2,058.87	-	-		0.66	93.44
USD JPY Currency swap	1,260.28	-	-		108.38	(68.82)
Total	**26,197.46**	**930.00**	**387.60**			**28.81**

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
As at March 31, 2021						
INR USD - Forward exchange contracts	1,054.00	-	64.33	Derivative financial instruments	78.35	547.08
USD 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 swaps	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**

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 *	
	March 31, 2022	March 31, 2021	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021
FCY Term Loans	**-**	1,196.24	**-**	-	**-**	1.52
External Commercial Borrowings (incl. ADB loans)	**171.25**	1,100.88	**(160.98)**	210.91	**128.67**	(125.81)
Total	**171.25**	2,297.12	**(160.98)**	**210.91**	**128.67**	**(124.29)**

* 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		Line in the statement of profit and loss that includes hegde ineffectiveness
	March 31, 2022	March 31, 2021	
Forward exchange contracts and Currency swaps	**(118.93)**	(75.77)	Finance Cost
Option purchased (net)	**-**	-	

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 - Liability		Line in the balance sheet		Change in fair value used for measuring ineffectiveness for the period	
	March 31, 2022	March 31, 2021	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021
Interest Rate Swap as at	**1,44,845.00**	93,160.00	**3,043.96**	77.57	Derivative financial instruments		**(2,966.39)**	(2,366.09)

Notes forming part of the standalone financial statements (Continued)

Hedged Item

₹ in Crore

Particulars	Notional amount		Accumulated fair value adjustment - Asset		Line in the balance sheet		Change in fair value used for measuring ineffectiveness for the period	
	March 31, 2022	March 31, 2021	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021
Fixed-rate borrowing as at	**1,44,845.00**	93,160.00	**2,893.16**	11.42	Derivative financial instruments		**2,881.74**	2,330.10

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, 2022	March 31, 2021	
Interest Rate Swap	**84.65**	35.99	Finance Cost

43.6.1.4 *Hedge Ratio*

The foreign exchange forward, options and currency 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.

43.6.2 Interest Rate Risk

The Corporation's core business is doing housing loans. The Corporation raises money from diversified sources like deposits, market borrowings, term loans and 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 macroeconomic developments, competitive pressures, regulatory developments and global factors. The rise or fall in interest rates impact the Corporation's Net Interest Income depending on whether the Balance sheet is net 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.

43.6.2.1 *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, 2022	March 31, 2021
Variable rate borrowings	**79%**	73%
Fixed rate borrowings	**21%**	27%
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.

43.6.2.2 *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, 2022 is ₹ **9.41 Crore** (Previous Year ₹ 29.87 Crore).

Notes forming part of the standalone financial statements (Continued)

43.6.3 **Price Risk**

43.6.3.1 ***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.

43.6.3.2 ***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, 2022	March 31, 2021	**March 31, 2022**	March 31, 2021
NSE Nifty 50 – increase 10%	**116.27**	89.04	**508.13**	627.90
NSE Nifty 50 – decrease 10%	**(116.27)**	(89.04)	**(508.13)**	(627.90)

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 though other comprehensive income.

43.6.4 **Interest Rate Benchmark Reform**

As on March 31, 2022, the Corporation has foreign currency borrowings of USD 1,404.28 million and JPY 53,200 million, on which it pays USD LIBOR (London Inter-bank Offered Rate) and TONA (Tokyo Overnight Average Rate) respectively. The Corporation has undertaken currency swaps and forward contracts of notional amount of USD 1,423.53 million and JPY 53,200 million, Coupon Only Swaps of ₹ 1,063 Crore, USD Interest rate Swaps of ₹ 9,563 Crore, and foreign currency arrangements of USD 4.28 million to hedge the foreign currency and interest rate risks. The valuations of these hedges are impacted by, among other variables, changes in USD LIBOR.

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 identified LIBOR replacement near risk free rates, and have been 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, was March 5, 2021.

The Corporation has been taking steps to ease into the transition of its LIBOR linked loans. It has transitioned from JPY LIBOR to TONA effective from January 01, 2022 for its JPY 53,200 million ECB loan. The Corporation has already adhered to the International Swaps and Derivatives Association (ISDA) 2020 IBOR Fallbacks Protocol and the IBOR Fallbacks 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.

Notes forming part of the standalone financial statements (Continued)

All the documentation for existing and forthcoming ECBs (External Commercial Borrowings) would follow the guidance by the Asia Pacific Loan Market Association (APLMA) to reflect these changes appropriately.

44. 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
(i) Respective amounts in SMA/overdue categories, where the moratorium / deferment was extended, in terms of paragraphs 2 and 3 of the above circular. **(Refer Note 44.1)**	19,742.16 #
(ii) Respective amounts in SMA/overdue categories, where the moratorium / deferment was extended, in terms of paragraphs 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.	-
(iii) Respective amount where asset classification benefits is extended. **(Refer Note 44.2)**	-
(iv) Provisions made during the quarter ended March 31, 2020 in terms of paragraph 5 of the above circular.	NA
(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 44.3)**	NA

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.

44.1 Outstanding as on March 31, 2021 on account of all loans where moratorium benefit was extended by the Corporation, that were in SMA/ overdue categories just before granting of Moratorium:

44.2 The Outstanding as on March 31, 2021 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. Post the moratorium period, the movement of ageing has been at actuals. There are no accounts where asset classification benefit is extended till March 31, 2021.

44.3 The Corporation has made adequate provision for impairment loss allowance (as per ECL model) for the year ended March 31, 2021.

45. Disclosure of Penalties imposed by NHB and other regulators

During, FY 2021-22, the National Housing Bank imposed a monetary penalty of ₹ 4,75,000 plus GST for technical non-compliance with NHB circular NHB(ND)/DRS/Pol-No.58/2013-14 dated November 18, 2013 and NHB(ND)/DRS/Policy Circular No.75/2016-17 dated July 1, 2016 pertaining to the financial year 2015-16. The Corporation has paid the said penalty simultaneously holding on to its reservations with respect to merits. 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.

46. Events after the reporting period

The Board of Directors of the Corporation at its meeting held on April 4, 2022 has approved a composite scheme of amalgamation for the amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, wholly-owned subsidiaries of the Corporation, into and with the Corporation and thereafter (ii) the Corporation into and with HDFC Bank Limited ("HDFC Bank") and their respective shareholders and creditors ('the Scheme') under Section 230 to 232 of the Companies Act, 2013 and other applicable laws and regulations, subject to requisite approvals from various regulatory and statutory authorities, respective shareholders and creditors. The share exchange ratio shall be 42 equity shares of face value of ₹ 1 each of HDFC Bank for every 25 equity shares of face value of ₹ 2 each of the Corporation.

The Appointed date for the amalgamation of the wholly-owned subsidiaries of the Corporation with and into the Corporation shall be the end of the day immediately preceding the Effective date and the Appointed date for the amalgamation of the Corporation with and into HDFC Bank shall be the Effective date.

Notes forming part of the standalone financial statements (Continued)

47. 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	5,30,237.81	1,374.36	5,28,863.45	2,081.07	(706.71)
	Stage 2	25,255.55	5,139.99	20,115.56	611.25	4,528.74
Subtotal		**5,55,493.36**	**6,514.35**	**5,48,979.01**	**2,692.32**	**3,822.03**
Non-Performing Assets (NPA)						
Substandard	Stage 3	3,793.79	1,312.49	2,481.30	804.97	507.52
Doubtful						
Up to 1 year	Stage 3	3,293.07	1,921.23	1,371.84	2,192.87	(271.64)
>1 to 3 years	Stage 3	3,114.83	1,558.64	1,556.19	2,086.46	(527.82)
More than 3 years	Stage 3	1,143.85	669.20	474.65	1,143.85	(474.65)
Subtotal for doubtful		**7,551.75**	**4,149.07**	**3,402.68**	**5,423.18**	**(1,274.11)**
Loss	Stage 3	1,529.50	1,529.50	-	1,529.50	-
Subtotal for NPA		**12,875.04**	**6,991.06**	**5,883.98**	**7,757.65**	**(766.59)**
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*	367.83	0.48	367.35	-	0.48
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**367.83**	**0.48**	**367.35**	**-**	**0.48**
Total	Stage 1	**5,30,605.64**	**1,374.84**	**5,29,230.80**	**2,081.07**	**(706.23)**
	Stage 2	**25,255.55**	**5,139.99**	**20,115.56**	**611.25**	**4,528.74**
	Stage 3	**12,875.04**	**6,991.06**	**5,883.98**	**7,757.65**	**(766.59)**
	Total	**5,68,736.23**	**13,505.89**	**5,55,230.34**	**10,449.97**	**3,055.92**

* 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 ₹ 8,247.03 Crore. The amounts tabulated above include ₹ 2,202.94 Crore towards unrealised interest on substandard accounts.

Notes forming part of the standalone financial statements (Continued)

Previous Year

₹ 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.

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)

48.1. Detail of resolution plan implemented under the Resolution Framework for COVID-19 related Stress as per RBI Circular dated August 6, 2020 (Resolution Framework – 1.0) and May 5, 2021 (Resolution Framework – 2.0) as at March 31, 2022 are given below.

₹ in Crore

Type of borrower	(A)	(B)	(C)	(D)	(E)
	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A) September 30, 2021	Of (A), aggregate debt that slipped into NPA during the current half-year	Of (A) amount written off during the current half-year	Of (A) amount paid by the borrowers during the current half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year# March 31, 2022
Personal Loans	4,548.65	168.42	-	79.99	4,300.24
Corporate persons*	2,682.44	-	-	2,609.02	73.42
Of which, MSMEs	72.64	-	-	(0.78)^	73.42
Others	2,609.80	-	-	2,609.80	-
Total	**7,231.09**	**168.42**	**-**	**2,689.01**	**4,373.66**

* Includes restructuring done in respect of request received as of September 30, 2021 processed subsequently.
# As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016
^ net disbursement against loan commitment

49. 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.

49.1 Funding Concentration based on significant counterparty (both deposits and borrowings)

₹ in Crore

Sr. No.	Type of Instruments	Number of Significant Counterparties	Current Year	% of Total Deposits	% of Total Liabilities
1	Deposits	1	5,386.00	3.35%	1.03%
2	Borrowings	15	1,94,222.21	NA	37.31%

49.2 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	**34,768.16**	21.61%

49.3 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	**1,61,215.31**	32.26%

Notes forming part of the standalone financial statements (Continued)

49.4 Funding Concentration based on significant instrument/product

₹ in Crore

Sr. No.	Name of the instrument/product	Current Year	% of Total Liabilities
1	Debt Securities	**1,95,929.63**	37.63%
2	Borrowings (other than debt securities)	**1,39,851.75**	26.86%
3	Deposits	**1,60,899.76**	30.91%
4	Subordinated liabilities	**3,000.00**	0.58%
	Total	**4,99,681.14**	95.98%
	Funding Concentration pertaining to insignificant instruments/ products	-	-
	Total borrowings under all instruments/products	**4,99,681.14**	95.98%

49.5 Stock Ratios

₹ in Crore

Particulars	Total public funds	Total liabilities	Total assets
(a) Commercial papers	6.05%	5.81%	4.72%
(b) Non-convertible debentures (original maturity of less than one year)	-	-	-
(c) Other short-term liabilities	24.89%	23.89%	19.41%

49.6 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 regulations, 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 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, as per Guidelines released by RBI, NBFC-HFCs are required to maintain the Liquidity Coverage Ratio (LCR) effective from December 1, 2021. 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, with the requirement as on December 1, 2021 being 50%. Thereafter, the requirement increases from December 1, 2022 onwards in a graded manner. The Corporation has put in place a liquidity risk management framework so as to adhere to the said LCR guidelines and timelines.

50. 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 **128 cases** (Previous Year 12 cases) of frauds reported during the year where amount involved was ₹ **32.79 Crore** (Previous Year ₹ 3.07 Crore) as on the date of identification of fraud.

Notes forming part of the standalone financial statements (Continued)

51. Disclosure in terms of RBI Circular No. RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 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 had 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 credited the required amount to the customers account.

52.1 **Details of loans transferred / acquired during the year ended March 31, 2022 under the Master Direction - RBI (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021 are given below:**

(i) Details of loans not in default transferred / acquired through assignment:

Particulars	Transferred		Acquired
	Retail	Non Retail	
Aggregate amount of loans transferred / acquired (₹ in Crore)	28,455.26	1,500.00	51.19
Weighted average maturity (in years)	14.36	9.00	16.00
Weighted average holding period (in years)	1.80	3.67	1.08
Retention of beneficial economic interest by the originator	10%	58%	20%
Tangible security coverage	100%	193%	100%
Rating-wise distribution of rated loans	NA	NA	NA

Previous Year (refer note below)

Particulars	Transferred		Acquired
	Retail	Non Retail	
Aggregate amount of loans transferred / acquired (₹ in Crore)	18,979.78	-	-
Weighted average maturity (in years)	13.76	-	-
Weighted average holding period (in years)	2.05	-	-
Retention of beneficial economic interest by the originator	10%	-	-
Tangible security coverage	100%	-	-
Rating-wise distribution of rated loans	NA	-	-

Note: Loans were assigned in accordance with revision to the guidelines on securitisation transactions dated May 07, 2012.

(ii) During the year, the Corporation has re-purchased 58 loans amounting to ₹ **11.45 Crore** (Previous Year ₹ Nil) (including interest) in compliance with paragraph 48 of Master Direction – RBI (Transfer of Loan Exposures) Directions, 2021.

(iii) Details of stressed loans transferred during the year

Particulars	To ARCs	To permitted transferees	To other transferees
Number of accounts	2	1	-
Aggregate principal outstanding of loans transferred (₹ in Crore)	523.98	52.31	-
Weighted average residual tenor of the loans transferred (in years)	3.25	-	-
Net book value of loans transferred (at the time of transfer) (₹ in Crore)	35.31	39.42	-
Aggregate consideration (₹ in Crore)	136.00	40.00	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-

Notes forming part of the standalone financial statements (Continued)

Previous Year

Particulars	To ARCs	To permitted transferees	To other transferees
Number of accounts	8	-	-
Aggregate principal outstanding of loans transferred (₹ in Crore)	388.43	-	-
Weighted average residual tenor of the loans transferred (in years)	9.53	-	-
Net book value of loans transferred (at the time of transfer) (₹ in Crore)	152.69	-	-
Aggregate consideration (₹ in crore)	173.16	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-

(iv) Details of Security Receipts held and credit rating.

Particulars	Current Year		Previous Year	
	Rating Agencies	Rating (Expected collections)	Rating Agencies	Rating (Expected collections)
Edelweiss Asset Reconstruction Fund - I Scheme 1 Series I & II	India Rating	NR 6 (ind) (0%-25%)	India Rating	NR 6 (ind) (0%-25%)
Edelweiss Asset Reconstruction Fund - I Scheme 2 Series I & II	India Rating	NR 6 (ind) (0%-25%)	India Rating	NR 6 (ind) (0%-25%)
Edelweiss Asset Reconstruction Fund - I Scheme 3 Series I & II	Fitch	NR 2 (ind) (100%-150%)	Fitch	NR 2 (ind) (100%-150%)
Edelweiss Asset Reconstruction Fund - I Scheme 4 Series I & II	Fitch	NR 2 (ind) (100%-150%)	Fitch	NR 2 (ind) (100%-150%)
Edelweiss Asset Reconstruction Fund - I Scheme 5 Series I	Brickwork	BWRR1+ (150%+)	Brickwork	BWRR1+ (150%+)
International Asset Reconstruction Fund - II Trust	India Rating & Research Pvt. Ltd.	NR1	India Rating & Research Pvt. Ltd.	NR1
JMFARC - PAN India 2016 - Trust Security Receipt - Series I	Brickworks	BWRR1 (100%-150%)	Brickworks	BWRR1 (100%-150%)
EARC TRUST SC - 427 Class B-Series I	N.A.	N.A.	Unrated	Unrated

ACTIONABLE INTELLIGENCE

Notes forming part of the standalone financial statements (Continued)

52.2 Disclosure under Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 24, 2021.

₹ in Crore

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
1	No. of SPEs holding assets for securitisation transactions originated by the originator	**2**	2
2	Total amount of securitised assets as per books of the SPEs	**423.15**	543.98
3	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	Corporate Guarantee	**97.83**	97.83
	b) On-balance sheet exposures		
	Investment in PTC	**14.24**	18.33
	Amount of exposures to securitisation transactions other than MRR	**Nil**	Nil

52.3 **Disclosure for Liquidity Coverage Ratio**

RBI vide Circular No. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 4, 2019 issued guidelines on liquidity risk framework for NBFCs/HFCs. Apart from various process related aspects of the Liquidity risk management framework, the regulations require NBFCs/HFCs to maintain a manadated Liquidity Coverage Ratio (LCR). The objective of the LCR is to promote short-term resilience in the liquidity risk profile of NBFCs/HFCs. It does this by ensuring that the Corporation has adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted easily and immediately into cash to meet its liquidity needs for a 30 calendar day liquidity stress scenario. Further, RBI vide Circular No. RBI/2020-21/60 DOR. NBFC (HFC).CC.No.118/03.10.136/2020-21 dated October 22, 2020, provided HFCs with time extension for minimum liquidity coverage ratio (LCR) of 50% to be maintained by December 2021, to be gradually increased to 100% by December 2025. The Corporation's Board approved Liquidity, Financial Risk Management & ALM Policy covers its Liquidity Risk Management policies and processes, LCR, stress testing, contingency funding plan, maturity profiling, Liquidity Risk Measurement – Stock approach, Currency Risk, Interest Rate Risk and Liquidity Risk Monitoring Tools.

The Corporation had LCR of 75% as of March 31, 2022 and 120% as of December 31, 2021, as against the LCR of 50% mandated by RBI. The monthly average LCR for the quarter ended March 31, 2022 was at 80%. The Corporation regularly reviews the maturity position of assets and liabilities and liquidity buffers, and ensures maintenance of sufficient quantum of High Quality Liquid Assets, most of which is in the form of government securities as of March 31, 2022.

Quantitative information on Liquidity Coverage Ratio (LCR) for the year ended March 31, 2022 is given below:

₹ in Crore

	Particulars	Quarter - 3 FY 2021-22		Quarter - 4 FY 2021-22	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets					
1	Total High Quality Liquid Assets (HQLA)	41,104.29	38,254.67	31,952.01	29,064.90
Cash Outflows					
2	Deposits (for deposit taking companies)	9,849.84	11,327.32	8,575.21	9,861.49
3	Unsecured wholesale funding	5,150.00	5,922.50	5,075.00	5,836.25

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Particulars		Quarter - 3 FY 2021-22		Quarter - 4 FY 2021-22	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
4	Secured wholesale funding	5,169.76	5,945.22	9,590.89	11,029.52
5	Additional requirements, of which	12,119.98	13,937.98	12,355.95	14,209.35
(i)	Outflows related to derivative exposures and other collateral requirements	2,487.98	2,861.18	2,232.31	2,567.16
(ii)	Outflows related to loss of funding on debt products	-	-	-	-
(iii)	Credit and liquidity facilities	9,632.00	11,076.80	10,123.64	11,642.19
6	Other contractual funding obligations	66.23	76.16	825.39	949.20
7	Other contingent funding obligations	-	-	-	-
8	**Total Cash Outflows**	**32,355.81**	**37,209.18**	**36,422.44**	**41,885.81**
Cash Inflows					
9	Secured lending	-	-	-	-
10	Inflows from fully performing exposures	6,926.14	5,194.60	6,860.94	5,145.71
11	Other cash inflows	205.78	154.34	756.88	567.66
12	**Total Cash Inflows**	**7,131.92**	**5,348.94**	**7,617.82**	**5,713.37**
			Total Adjusted Value		Total Adjusted Value
13	**Total HQLA**		**38,254.67**		**29,064.90**
14	**Total Net Cash Outflows**		**31,860.24**		**36,172.44**
15	**Liquidity Coverage Ratio (%)**		**120.07%**		**80.35%**

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, as amended.

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.

53.2 **Summary of Significant Accounting Policies** (refer note 3)

53.3.1 **Capital**

Particulars		Current Year	Previous Year
(i)	Capital to risk weighted assets ratio (CRAR) (%)	**22.82**	22.17
(ii)	CRAR – Tier I Capital (%)	**22.24**	21.45
(iii)	CRAR – Tier II Capital (%)	**0.58**	0.72
(iv)	Amount of subordinated debt raised as Tier- II Capital	**-**	-
(v)	Amount raised by issue of Perpetual Debt Instruments	**-**	-

Notes forming part of the standalone financial statements (Continued)

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	**5,727.42**	5,227.42
b)	Amount of Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 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
Addition / Appropriation / Withdrawal during the year			
Add :			
a)	Amount transferred under Section 29C of the NHB Act	**700.00**	500.00
b)	Amount of Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act	**2,100.00**	2,000.00
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, 1961 which has been taken into account for the purpose of provision under Section 29C of the NHB Act	-	-
		2,800.00	2,500.00
Balance at the end of the year			
a)	Statutory Reserve under Section 29C of the NHB Act	**6,427.42**	5,727.42
b)	Amount of Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act.	**20,214.95**	18,114.95
		26,642.37	23,842.37

Note: The Reserve Fund under Section 29C of the NHB Act includes all the transfers to Special Reserve No. II except for **₹ 302.00 Crore** that was transferred to Special Reserve No. II prior to the notification of Section 29C of the NHB Act.

53.3.3 Investments*

₹ in Crore

Particulars			Current Year	Previous Year
1	**Value of Investments**			
(i)	Gross value of Investments			
	(a)	In India	**69,209.17**	69,289.86
	(b)	Outside India	-	-
(ii)	Provisions for Depreciation			
	(a)	In India	**48.86**	64.27
	(b)	Outside India	-	-
(iii)	Net value of Investments			
	(a)	In India	**69,160.31**	69,225.59
	(b)	Outside India	-	-
2	**Movement of provisions held towards depreciation on investments**			
(i)	Opening balance		**64.27**	43.70
(ii)	Add: Provisions made		**9.62**	25.54
(iii)	Less: Write-off / Written-back of excess provisions during the year		**(25.03)**	(4.97)
(iv)	Closing balance		**48.86**	64.27

* Includes Investment and Investment Properties

Notes forming part of the standalone financial statements (Continued)

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 ^	**1,54,408.00**	1,01,882.00
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	**933.68**	1,897.80
(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	**(2,763.20)**	(232.11)

^ Includes USD IRS - Notional of **USD 1,260 million** (Previous Year USD 1,185 million) converted at year end exchange rate.

* Concentration of credit risk arising from swap is with banks and financial institutions.

Benchmark	Current Year	Previous Year	Terms
	Notional Principal (₹ in Crore)		
OIS	**1,22,870.00**	78,160.00	Fixed Receivable V/s Floating Payable
T-bill linked	**21,975.00**	-	Fixed Receivable V/s Floating Payable
INBMK	**-**	15,000.00	Fixed Receivable V/s Floating Payable
	Notional Principal (USD mn)		
USD LIBOR	**1,400.00**	1,185.00	Fixed Payable V/s Floating Receivable

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 ALM 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. As a part of Asset Liability Management, the Corporation has also entered into interest rate swaps wherein it has converted a portion of its fixed rate rupee liabilities into floating rate linked to various benchmarks. The currency risk on borrowings is actively managed mainly through a combination of currency swaps and forward contracts. Counter party 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. Credit Support Agreements (CSAs) are progressively entered into with banking counterparties to mitigate counterparty credit risk.

Constituents of Hedge Management Framework

Financial Risk Management of the Corporation constitutes the Audit & Governance Committee, Asset Liability Committee (ALCO), Derivative Committee and the Risk Management Committee.

The Corporation periodically monitors various counter party risk and market risk limits, within the risk architecture and processes of the Corporation.

Notes forming part of the standalone financial statements (Continued)

Hedging Policy

The Corporation has a Liquidity and Financial Risk Management framework and ALM 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 ₹ 3,043.96 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 cashflow hedges to cover currency risk on foreign currency loans and future interest on foreign currency borrowings is ₹ **16,634.46 Crore** (Previous Year ₹ 16,387.00 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	**(198.28)**	(180.59)
Credit/(Debit) in the Cash flow reserve	**278.30**	(17.69)
Closing Balance	**80.02**	(198.28)

B. Quantitative Disclosure

₹ in Crore

Particulars			**Currency Derivatives***		**Interest Rate Derivatives**	
			Current Year	Previous Year	**Current Year**	Previous Year
(i)	Derivatives (Notional Principal Amount)		**16,634.46#**	16,387.00#	**1,54,408.00^**	1,01,882.00^
(ii)	Marked to Market Positions					
	(a)	Assets (+)	**648.60**	925.47	**674.20**	1,229.01
	(b)	Liability (-)	**(386.96)**	(199.74)	**(3,437.40)**	(1,461.12)
(iii)	Credit Exposure		**2,351.30**	2,156.18	**4,265.71**	3,765.78
(iv)	Unhedged Exposures		**-**	-	**-**	-

* Currency Derivatives includes Forward contracts, Principal Only swaps, USD IRS Swaps.
^ Includes USD IRS - Notional of **USD 1,260 million** (Previous Year USD 1,185 million) converted at year end exchange rate.
# Includes COS - Notional of USD 140 million (Previous Year 140 million) converted at year end exchange rate.

Notes forming part of the standalone financial statements (Continued)

53.3.5 **Assets Liability Management (Maturity pattern of certain items of Assets Liabilities)**

₹ in Crore

Maturity Buckets	Liabilities			
	Deposits	Borrowings other than market borrowing and foreign currency	Market Borrowing	Foreign Currency Liabilities
1 to 7 days	-	8,800.27	-	-
8 to 14 days	1,813.43	170.00	-	-
15 to 30/31 days	2,030.39	900.00	1,920.87	-
Over one month to 2 months	4,486.31	994.00	3,993.97	1,518.00
Over 2 to 3 months	5,621.63	1,997.00	3,650.88	41.01
Over 3 to 6 months	16,114.71	4,385.29	6,847.41	-
Over 6 months to 1 year	18,460.84	9,807.37	7,183.34	-
Over 1 to 3 years	62,386.25	32,837.79	49,604.84	9,011.49
Over 3 to 5 years	32,489.07	21,908.41	36,361.71	3,415.66
Over 5 years	17,497.13	44,065.46	89,366.61	-
Total	**1,60,899.76**	**1,25,865.59**	**1,98,929.63**	**13,986.16**

₹ in Crore

Maturity Buckets	Assets		
	Advances	Investments	Foreign Currency Assets
1 to 7 days	-	9,000.00	-
8 to 14 days	3,098.32	4,500.00	-
15 to 30/31 days	4,180.63	3,504.05	-
Over one month to 2 months	6,631.05	6,500.00	-
Over 2 to 3 months	6,736.35	10,358.23	-
Over 3 to 6 months	20,588.33	6,618.93	-
Over 6 months to 1 year	51,083.31	6,243.15	-
Over 1 to 3 years	1,49,299.77	601.40	-
Over 3 to 5 years	1,11,664.12	16,336.70	-
Over 5 years	2,01,580.63	4,929.76	-
Total	**5,54,862.51**	**68,592.22**	**-**

Notes forming part of the standalone financial statements (Continued)

53.3.6 **Exposure to Sensitive Sector**

53.3.6.1 **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.		**4,12,009.38**	3,48,150.09
	(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		**1,12,074.78**	97,651.95
	(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures**			
		a)	Residential	**14.24**	18.33
		b)	Commercial Real Estate	-	-
b)	**Indirect Exposure**				
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).			**285.62**	120.98

53.3.6.2 **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; *	**1,762.40**	1,652.29
(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;	**30.01**	22.04
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	**148.41**	178.59
(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;	**17,011.02**	25,112.17
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	all exposures to Venture Capital Funds / Alternative Investment Funds (both registered and unregistered) **	**2,145.06**	1,852.77
	Total Exposure to Capital Market	**21,096.91**	**28,817.86**

* 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.

Notes forming part of the standalone financial statements (Continued)

53.3.6.3 **Details of financing of parent company products**

These details are not applicable since the Corporation is not a subsidiary of any company.

53.3.6.4 **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.

53.3.6.5 **Advances against Intangible Collateral**

₹ in Crore

Particulars		Advances against Intangible Collateral	Value of such Intangible Collateral
(i)	Corporate Loans	**2,491.19**	2,488.13
(ii)	Project Loans	**109.53**	192.66
Total		**2,600.72**	**2,680.79**

53.3.6.6 **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 45 for Disclosure of Penalties imposed by NHB and other regulators.

53.4.3 **Related party Transactions**

Details of all material transactions with related parties are disclosed in Note 42.

53.4.4 **Group Structure**

Refer Note 42 - Related party disclosures and Note 54 - Diagrammatic representation of group structure in accordance with the Ind AS.

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

Notes forming part of the standalone financial statements (Continued)

Instrument	Rating Agency	Ratings Assigned
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)**

All the subsidiaries of the Corporation have been consolidated as per Ind AS 110 Consolidated Financial Statements. Refer consolidated financial statements (CFS).

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	**9.62**	25.54
2.	Provision towards NPA	**934.06**	1,164.55
3.	Provision made towards Income tax	**3,504.13**	2,787.79
4.	Other Provisions and Contingencies	**(14.27)**	(0.26)
5.	Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)	**1,012.21**	1,783.72

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	**3,78,357.12**	3,28,682.06	**1,77,136.24**	1,58,021.32
	b)	Provisions made	**3,921.45**	4,680.23	**2,593.38**	2,287.44
Sub-Standard Assets						
	a)	Total Outstanding Amount	**2,909.33**	2,875.49	**884.46**	1,450.28
	b)	Provisions made	**1,149.28**	1,301.79	**163.21**	725.55
Doubtful Assets – Category-I						
	a)	Total Outstanding Amount	**1,666.86**	1,995.03	**1,626.21**	1,353.12
	b)	Provisions made	**891.85**	739.99	**1,029.38**	912.31
Doubtful Assets – Category-II						
	a)	Total Outstanding Amount	**1,998.88**	2,640.46	**1,115.95**	394.34
	b)	Provisions made	**804.51**	1,547.65	**754.13**	199.70
Doubtful Assets – Category-III						
	a)	Total Outstanding Amount	**798.42**	340.86	**345.43**	160.97
	b)	Provisions made	**443.30**	114.57	**225.90**	110.22
Loss Assets*						
	a)	Total Outstanding Amount	**1,419.13**	317.43	**110.37**	87.79
	b)	Provisions made	**1,419.13**	317.43	**110.37**	87.79
Total						
	a)	**Total Outstanding Amount**	**3,87,149.74**	**3,36,851.33**	**1,81,218.66**	**1,61,467.82**
	b)	**Provisions made**	**8,629.52**	**8,701.66**	**4,876.37**	**4,323.01**

53.5.2 **Draw Down from Reserves**

During FY 2021-22, 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	**7,544.87**	7,595.43
Percentage of Deposits of twenty largest depositors to Total Deposits of the Corporation	**7.51%**	8.03%

53.5.3.2 **Concentration of Loans & Advances**

₹ in Crore

Particulars	Current Year	Previous Year
Total Loans & Advances to twenty largest borrowers	**61,870.17**	54,502.97
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the Corporation	**10.89%**	10.94%

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	**65,419.66**	58,927.60
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	**10.45%**	10.69%

53.5.3.4 **Concentration of NPAs**

₹ in Crore

Particulars	Current Year	Previous Year
Total Exposure to top ten NPA accounts	**5,589.94**	5,337.74

53.5.3.5 **Sector-wise NPAs**

Sl. No.	Sector	Percentage of NPA to Total Advances in that Sector
A.	**Housing Loans:**	
1	Individual	1.03%
2	Builder/Project Loans	18.43%
3	Corporates	27.62%
B.	**Non-Housing Loans:**	
1	Individual	1.70%
2	Builder/Project Loans	2.94%
3	Corporates	2.24%

53.5.4 **Movement of NPAs**

₹ in Crore

Particulars			Current Year	Previous Year
(I)	Net NPAs to Net Advances (%)		**1.06%**	1.15%
(II)	Movement of NPAs (Gross)			
	a)	Opening balance	**11,615.77**	10,273.25
	b)	Additions during the year	**6,707.61**	5,625.57
	c)	Reductions during the year	**5,448.34**	4,283.05
	d)	Closing balance	**12,875.04**	11,615.77
(III)	Movement of Net NPAs			
	a)	Opening balance	**5,558.77**	5,380.80
	b)	Additions during the year	**4,031.38**	2,891.34
	c)	Reductions during the year	**3,706.17**	2,713.37
	d)	Closing balance	**5,883.98**	5,558.77
(IV)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	a)	Opening balance	**6,057.00**	4,892.45
	b)	Additions during the year	**2,676.23**	2,734.23
	c)	Reductions during the year	**1,742.17**	1,569.68
	d)	Closing balance	**6,991.06**	6,057.00

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	**0.59**	0.34
Fixed Assets	**0.12**	0.22
Advances and Prepaid Expenses	**1.37**	1.44

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

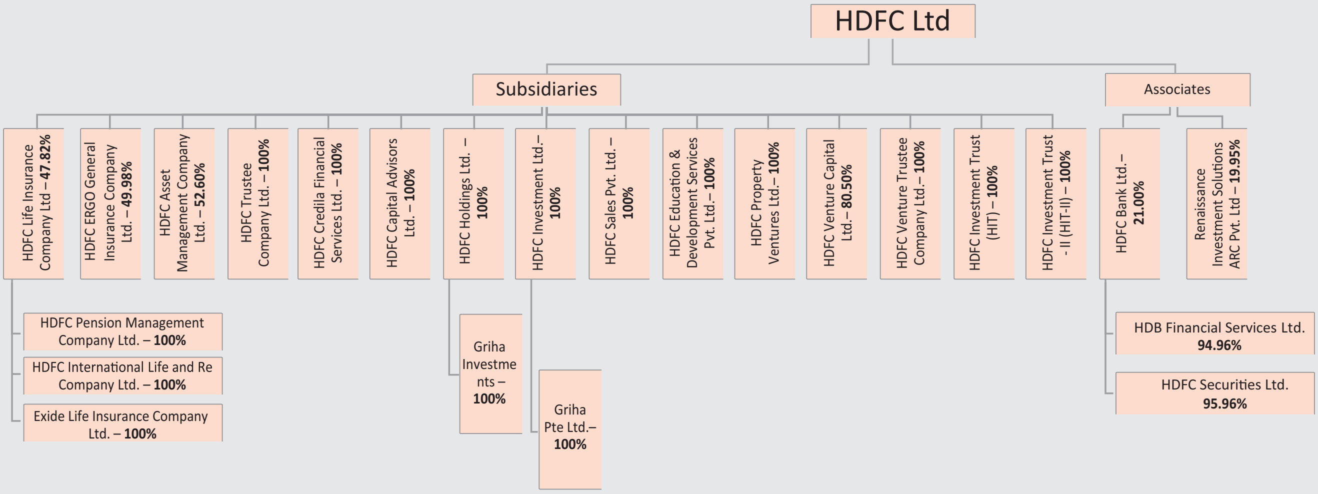
53.6 **Disclosure of Complaints**

53.6.1 **Customer Complaints***

Particulars		Current Year	Previous Year
a)	No. of complaints pending at the beginning of the year	**19**	24
b)	No. of complaints received during the year	**39,934**	72,439
c)	No. of complaints redressed during the year	**39,928**	72,444
d)	No. of complaints pending at the end of the year	**25**	19

*** 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 RBI, as updated.

Schedule to the Balance Sheet as at March 31, 2022

₹ 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	1,71,925.01	-
		: Unsecured	4,939.80	-
	(b)	Deferred Credits	-	-
	(c)	Term Loans	1,40,066.31	-
	(d)	Inter-corporate loans and borrowing	-	-
	(e)	Commercial Paper	30,238.35	-
	(f)	Public Deposits	1,04,316.96	-
	(g)	Other Loans - Other Deposits	62,673.40	-
(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	-	-
	(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c)	Other public deposits	1,04,316.96	-

Assets side				Amount outstanding
(3)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**			
	(a)	Secured		5,45,503.76
	(b)	Unsecured		22,859.53
(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	-
		(iii)	Units of mutual funds	2,330.18
		(iv)	Government Securities	1,037.14
		(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	-
	Long Term Investments			
	1.	Quoted		
		(i)	Share	
			(a) Equity	22,204.20
			(b) Preference	-
		(ii)	Debentures and Bonds	126.76
		(iii)	Units of mutual funds	-
		(iv)	Government Securities	35,868.91
		(v)	Others - Real Estate Investment Trust	322.71
		(vi)	Others - Security Receipts	139.45
	2.	Unquoted		
		(i)	Shares	
			(a) Equity	4,139.02
			(b) Preference	3.85
		(ii)	Debentures and Bonds	917.29
		(iii)	Units of mutual funds	-
		(iv)	Government Securities	-
		(v)	Others - Pass Through Certificates	14.32
		(vi)	Others - Security Receipts	0.03
		(vii)	Others - Venture Funds & Other Funds	1,503.31

(6)	**Borrower group-wise classification of assets financed as in (3) and (4) above:**					
	Category			Amount net of provisions as at March 31, 2022		
				Secured	Unsecured	Total
	1.	Related Parties				
		(a)	Subsidiaries	-	-	-
		(b)	Companies in the same group	-	-	-
		(c)	Other related parties	-	18.97	18.97
	2.	Other than related parties		5,32,405.31	22,437.89	5,54,843.20
	Total			**5,32,405.31**	**22,456.86**	**5,54,862.17**

Notes forming part of the standalone financial statements (Continued)

(7)	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**				₹ in Crore
	Category			**Market Value / Break-up or fair value or NAV**	**Book Value (Net of Provisions)**
	1.	Related Parties			
		(a)	Subsidiaries	1,00,911.24	5,187.46
		(b)	Companies in the same group	1,27,258.95	14,050.49
		(c)	Other related parties	-	-
	2.	Other than related parties		49,354.27	49,354.27
	Total			**2,77,524.46**	**68,592.22**

				₹ in Crore
(8)	**Other information**			**Amount**
	Particulars			
	(i)	Gross Non-Performing Assets		
		(a)	Related parties	-
		(b)	Other than related parties	12,875.04
	(ii)	Net Non-Performing Assets		
		(a)	Related parties	-
		(b)	Other than related parties	5,883.99
	(iii)	Assets acquired in satisfaction of debt*		2,631.31

* Excluding PPE held for own use and Investments.

56. Disclosure in terms of RBI Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021, as updated.

The RBI vide its circular number RBI/2020-21/60/DOR.NBFC (HFC) CC.NO 118/03.10.136/2020-21 dated October 22, 2020 defined the principal business criteria for HFCs. Further, it also states that those HFCs which does not fulfill the defined criteria as on October 22, 2020 has an option to submit a board approved plan including a roadmap to fulfill the defined criteria and timeline for transition to RBI within three months from the date of circular. In compliance with the above circular, the Corporation has submitted board approved plan along with roadmap to fulfill the defined criteria and timeline for transition to RBI on January 21, 2021.

Principal Business Criteria for the Corporation registered as "Housing Finance Company" as per the Paragraph 4.1.17 of the Master Direction is given below:

Criteria	**% As at March 31, 2022**	% As at March 31, 2021
% of total assets towards housing finance	**59.23%**	58.02%
% of total assets towards housing finance for individuals	**54.74%**	53.33%

Requirement as per Paragraph 4.1.17 of the Master Direction is given below:

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%

Notes forming part of the standalone financial statements (Continued)

57. Statutory disclosure required as per Schedule III Division III of the the Companies Act, 2013

(i) The Corporation has not entered any transactions with companies that were struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956 other than mention below:

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding	"Relationship with the Struck off company, if any."
Afchana Multi Trade Private Limited	Payable	0.00	None
Vijay Fininvest Limited	Shareholder, Number of shares held - 1 equity share	-	None
Samridhi Frozen Foods Private Limited	Loan	0.48	None
Sree Sai Management & Project consultants Private Limited	Loan	0.85	None
Envision Realty Management Private limited	Loan	0.24	None

'Note '0' denotes amount less than ₹ Fifty thousand.

(ii) The Corporation is in compliance with number of layers of companies, as prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

(iii) During the year, no scheme of arrangements in relation to the Corporation has been approved by the competent authority in terms of Sections 230 to 237 of the Companies Act, 2013. Accordingly, aforesaid disclosure are not applicable, since there were no such transaction (refer note 46).

(iv) The Corporation does not have any transactions which were not recoded in the books of accounts, but offered as income during the year in the income tax assessment.

(v) The Corporation has not traded or invested in Crypto currency or Virtual Currency during the financial year

(vi) (a) Capital to risk-weighted assets ratio (CRAR):

Ratio	Current Period	Previous Period
Capital to risk-weighted assets ratio (CRAR) %	22.82	22.17
Tier I CRAR %	22.24	21.45
Tier II CRAR %	0.58	0.72

(b) Liquidity Coverage Ratio - 80.35% (refer note 52.3)

58. Approval of financial statements

The financial statements were approved by the Board of Directors of the Corporation on May 02, 2022.

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

As per our report of even date attached.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Firms' Registration No: 301003E/E300005

per Viren Mehta
Partner
Membership No. 048749

For **G. M. Kapadia & Co.**
Chartered Accountants
Firms' Registration No: 104767W

Atul Shah
Partner
Membership No. 039569

Directors

Deepak S. Parekh
Chairman
(DIN: 00009078)

U. K. Sinha
(DIN: 00010336)

P. R. Ramesh
(DIN: 01915274)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

Ireena Vittal
(DIN: 05195656)

Jalaj Dani
(DIN: 00019080)

Bhaskar Ghosh
(DIN: 06656458)

Rajesh Narain Gupta
(DIN: 00229040)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

MUMBAI, May 02, 2022

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 at / for the period / year ended March 31, 2022) ₹ 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 per share	% of Shareholding
1	HDFC Life Insurance Company Ltd.	INR	-	2,115.94	13,369.97	2,10,389.25*	1,94,903.34*	2,04,170.42*	65,578.32#	1,180.14	(27.55)	1,207.69	1.70	47.82
2	HDFC Asset Management Co. Ltd.	INR	-	106.64	5,423.40	5,880.37	350.33	5,570.23	2,433.20	1,855.29	462.16	1,393.13	42.00	52.60
3	HDFC Trustee Co. Ltd.	INR	-	0.10	2.34	3.06	0.62	1.54	3.06	0.55	0.14	0.41	-	100.00
4	HDFC ERGO General Insurance Co. Ltd.	INR	-	712.78	2,864.70	21,290.45	17,712.97	18,397.05	8,164.48	667.77	167.64	500.13	-	49.98
5	Exide Life Insurance Co. Ltd.	INR	-	1,850.00	(523.65)	21,359.99	20,033.64	17,370.39	5,198.13	14.01	2.40	11.61		47.82
6	HDFC Venture Capital Ltd.	INR	-	0.50	(0.21)	0.32	0.03	0.26	0.01	(0.10)	-	(0.10)	-	80.50
7	HDFC Ventures Trustee Co. Ltd.	INR	-	0.05	1.28	1.38	0.05	1.06	0.14	0.05	0.01	0.04	-	100.00
8	HDFC Property Venture Ltd.	INR	-	1.00	(20.32)	29.60	48.92	25.52	35.02	17.77	4.37	13.40	-	100.00
9	HDFC Investments Ltd.	INR	-	26.67	252.33	304.74	25.74	285.14	200.70	199.97	17.30	182.67	-	100.00
10	HDFC Holdings Ltd.	INR	-	1.80	244.14	247.24	1.30	245.33	34.60	34.00	2.47	31.53	10.00	100.00
11	HDFC Sales Pvt. Ltd.	INR	-	122.00	55.20	384.98	207.78	7.95	726.66	83.13	4.47	78.66	2.05	100.00
12	HDFC Credila Financial Services Pvt. Ltd.	INR	-	131.80	1,228.81	9,107.01	7,746.40	189.01	823.60	277.53	71.15	206.38	1.00	100.00
13	HDFC Pension Management Co. Ltd.	INR	-	54.00	1.52	74.18	18.66	57.24	23.09	4.52	0.97	3.55	-	47.82
14	HDFC Education and Development Services Pvt. Ltd.	INR	-	154.00	(19.20)	137.26	2.46	-	10.02	1.14	-	1.14	-	100.00
15	Griha Investments	USD	75.75	0.20	56.99	57.34	0.15	-	1.63	(25.12)	-	(25.12)	-	100.00
16	Griha Pte. Ltd.	SGD	55.97	5.21	65.97	72.98	1.80	-	13.64	6.34	0.92	5.42	-	100.00
17	HDFC Capital Advisors Ltd.	INR	-	2.00	100.90	128.15	25.25	92.71	86.96	27.82	7.16	20.66	-	100.00
18	HDFC International Life And Re Company Ltd.	USD	75.75	208.71	(19.85)	305.42	116.56	241.34	122.53	(29.74)	-	(29.74)	-	47.82

Notes:

* Includes Investments of Shareholders', Policyholders' and Assets held to cover Linked Liability.

Includes Net Premium Income, Investment Income and other Income.

$ The Corporation holds less than 50% of the paid up share capital of HDFC ERGO General Insurance Co. Ltd. (HDFC ERGO) and HDFC Life Insurance Company Ltd. (HDFC Life). Although HDFC ERGO and 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 ERGO, HDFC Life and its wholly-owned subsidiaries i.e. HDFC Pension Management Company Ltd., Exide Life Insurance Co. Ltd. and HDFC International Life and Re Company Ltd. 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, 2022)

Name of Associates/Joint Ventures	HDFC Bank Ltd.	Renaissance Investment Solutions ARC Private Ltd.
Latest audited Balance Sheet Date	March 31, 2022	March 31, 2022
Shares of Associate/Joint Ventures held by Corporation and its subsidiaries of the year end		
Number	1,16,46,25,834	7,47,969
Amount of investment in Associates/Joint Venture (₹ in Crore)	14,123.06	0.75
Extend of Holding %	21.00	19.95
Description of how there is significant influence	%age holding more than 20% and representation on the board	%age holding close to 20%
Reason why associate/Joint venture is not consolidated	NA	NA
Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Crore)	63,207.04	0.47
Consolidate Profit/Loss for the year (₹ in Crore)	38,052.75	(0.56)
Considered in Consolidation (₹ in Crore)*	8,969.84	(0.11)
Not Considered in Consolidation (₹ in Crore)	29,082.91	(0.45)

* Excluding share of other comprehensive income

CONSOLIDATED
FINANCIAL STATEMENTS

Independent Auditors' Report

To the Members of
Housing Development Finance Corporation Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Housing Development Finance Corporation Limited (hereinafter referred to as "the Holding Company" or the "Corporation"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates comprising of the consolidated Balance sheet as at March 31 2022, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity 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 and on the other financial information of the subsidiaries and associates, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March 31, 2022, their consolidated profit including other comprehensive loss, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

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 for the financial year ended March 31, 2022. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditors' responsibilities for the audit of the Consolidated Financial Statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

A. Key audit matters of the Holding Company

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Impairment of loans to customers, including off balance sheet elements
1. Impairment of loans (expected credit losses) (refer note 3.2.5, note 3.2.6 and note 9 to the standalone financial statements)</td></tr>
<tr><td>Indian Accounting Standard (Ind AS) 109 Financial Instruments requires the Corporation to provide for impairment of its loans using the expected credit loss (ECL) approach. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions and other factors which could impact the credit quality of the Corporation's loans.

In the process, a significant degree of judgement and estimates have been applied by the management for:
• Staging of loans (i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories) based on past due status or qualitative assessment;
• Grouping of borrowers (retail loan portfolio) based on homogeneity for estimating probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD') on a collective basis;
• Estimation of PD, LGD and EAD for non-retail loan portfolio based on historical default experience and individual assessment, wherever necessary, of the borrower specific cash-flows, security and other relevant factors;
• Estimation of losses for loan products with no/ minimal historical defaults;
• Determining macro-economic and other factors impacting credit quality of loans.

The Corporation has also recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by the COVID-19 pandemic. Given the unique nature and scale of the economic impact of this pandemic, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated.

In view of the high degree of management's judgement involved in estimation of ECL and the overall significance of the impairment loss allowance to the financial statements, it is considered as a key audit matter.</td><td>• Read and assessed the Corporation's accounting policies for impairment of financial assets considering the requirements of Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020.
• Evaluated the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction, validation and computation.
• Assessed the criteria for staging of loans based on their past due status as per the requirements of Ind AS 109. Tested a sample of performing loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages.
• Involved internal experts for testing of the ECL model and computation, including factors that affect the PD, LGD and EAD considering various forward looking, micro and macro-economic factors. Involved internal valuation experts for testing the valuation of the underlying security for the non-retail loan portfolio.
• Tested assumptions used by the management in determining the overlay for macro-economic and other factors.
• Assessed disclosures included in the financial statements in respect of expected credit losses.</td></tr>
</table>

Key audit matters	How our audit addressed the key audit matter
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 43.6 to the standalone financial statements – Foreign currency risk)*	
The Corporation enters into derivative financial instruments for risk management purposes. The identified risks in relation to the borrowings are foreign exchange rate risk and interest risk. The Corporation enters into cash flow hedges or fair value hedges depending on the risk being hedged. Derivative and Hedge accounting is considered as a key audit matter, because of its significance to the operations and complexity involved in applying formal and technical requirements to the hedge accounting and also in valuing hedge instruments.	• Understood the risk management policies and procedures adopted by the Corporation and also obtained understanding about the accounting treatment of such transactions. • Evaluated the design and operating effectiveness of controls over accounting of derivative transactions and controls over designating hedging relationship including authorization and related documentation. • Obtained understanding of ongoing monitoring and tested hedge effectiveness. • Tested qualifying criteria for hedge accounting and also checked that the valuation of derivative instruments is in accordance with Ind AS 109. • Verified hedge documentation on sample basis. • Reviewed valuation reports obtained from experts to assess whether the assumptions used are in line with market practice. • Tested reconciliation of derivative instruments with independent confirmations obtained at the year-end. • Considered the appropriateness of disclosures made in the financial statements relating to financial risk management, derivative financial instruments and hedge accounting.
3. IT systems and controls	
The financial accounting and reporting systems of the Corporation are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	• The aspects covered in the assessment of IT General Controls comprised: (i) User Access Management; (ii) Program Change Management; (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls in respect of information systems that are important to financial reporting (“in-scope applications”). • Tested the changes that were made to the in-scope applications during the audit period to assess changes that have impact on financial reporting. • Tested the periodic review of access rights, inspected requests of changes to systems for appropriate approval and authorization.

Key audit matters	How our audit addressed the key audit matter
	• Performed tests of controls (including other compensatory controls, wherever applicable) on the IT application controls and IT dependent manual controls in the system. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

B. Key audit matters of Subsidiary Company – HDFC Life Insurance Company Limited ('HDFC Life') as provided by the auditor of HDFC Life

Key Audit Matters	How our audit addressed the key audit matter
1. Appropriateness of the Timing of Revenue Recognition in the proper period	
During the year, the Company has recognised premium revenue of ₹ 24,154.81 crore towards new business (first year premium and single premium). Out of the total revenue recognised, ₹ 14,421.26 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.	• 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 March 31, 2022. • 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. • 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.

Key Audit Matters	How our audit addressed the key audit matter
2. 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, 2022 is ₹ 202,414 crore). 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.	• Understood Management's process and controls to ensure proper classification and valuation of Investment. • Testing of key controls over investment classification and valuation. • 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. • 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.

C. Key audit matters of Subsidiary Company – HDFC Ergo General Insurance Company Limited ('HDFC Ergo') as provided by the auditor of HDFC Ergo

Key Audit Matters	How our audit addressed the key audit matter
1. Valuation of Investments	
• The carrying value of Investments amounting to ₹ 18,585 Crores (Policy holders and Shareholders) represents 69% of Total Assets (Financial Assets & Non-Financial 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	To ensure that the valuation of investments and impairment provision considered in the financial statements is adequate, we have performed the following procedures: • Verified 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. • Analysed 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.

Key Audit Matters	How our audit addressed the key audit matter
• 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.	• Assessed the management's view on classification of Instruments with respect to Ind AS. Accordingly based on our audit procedures, we noted no reportable matters regarding investments and its valuation.
2. 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 ₹ 66 Crores as at the year end. • "Outstanding premium" amounting to ₹ 1,642 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 ₹ 1.02 Crores net of provision (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.	The audit procedures performed by us included the following: • 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 • We have verified 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. • Verified 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". • We 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. Accordingly, based on our audit procedures, we noted no reportable matter.

Key Audit Matters	How our audit addressed the key audit matter
3. Provisions and Contingent liabilities:	
• As of March 31, 2022, the Company has disclosed pending litigations arising out of matters relating to Service tax contingent liabilities of ₹ 178 Crores and pending litigations arising out of matters relating to GST of ₹ 208 Crores (Schedule U) • The assessment of the existence of the present legal obligation, analysis of the probability of the related payment and analysis of a reliable estimate, requires management's judgement to ensure appropriate accounting or disclosures. • Due to the level of judgement relating to recognition, valuation and presentation of provisions and contingent liabilities, this is considered to be a key audit matter.	• As part of our audit procedures, we have assessed management's processes to identify new possible obligations and changes in existing obligations for compliance with the requirements of Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets. The audit procedures performed by us included the following: • Obtained listing from the management of the changes in litigation status as compared to prior year and obtained a detailed understanding of the disputes and also reviewed the analysis made by the management and assumptions used by them on how they concluded as required under IND AS 37. • Wherever the company had obtained external legal advice, the same were reviewed to gain an understanding of the management's view on the matters. • Used internal tax experts to gain an understanding of these disputes and also obtained their views on the possible outcome based on facts and current circumstances • Obtained legal representation letters on the material outstanding legal cases. • Examined the minutes of board meetings, including the sub-committees. Based on the audit evidence obtained, while noting the inherent uncertainty with such legal, regulatory and tax matters, we determined the level of provisioning and disclosure of contingent liabilities as at March 31, 2022 to be appropriate.

D. Key audit matters of Subsidiary Company – HDFC Asset Management Company Limited ('HDFC AMC') as provided by the auditor of HDFC AMC

Key Audit Matters	How our audit addressed the key audit matter
1. Revenue Recognition: Investment Management Fee	
Investment Management Fee is the most significant account balance in the Statement of Profit and Loss. Investment management fees from the Mutual fund consists of fees from various schemes which invest in different categories of securities like Equity, Debt etc.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: Test of Design and Operating Effectiveness of controls • Understood and evaluated the design and implementation of management review controls and other key controls relating to recognition of investment management fee;

Key Audit Matters	How our audit addressed the key audit matter
We have identified revenue from investment management fees as a key audit matter since: • the calculation of investment management fees is a percentage of the assets under management ('AUM') managed by the Company. There is a process of manual inputting of approved fee rate used for computation of Investment Management Fee income. AUM calculation is automatically done in the system. • multiple schemes of HDFC Mutual Fund require effective monitoring over key financial terms and conditions being captured and applied accurately. Any discrepancy in such computations could result in misstatement of investment management fee recognized in the financial statements.	• Test checked the operating effectiveness of management review controls, and other key controls over recognition of investment management fee. Substantive tests • Evaluated the appropriateness of revenue recognition in respect of investment management fee income based on the requirements of Ind AS 115; • Obtained and tested arithmetical accuracy of investment management fee calculations and reconciled investment management fee to amounts included in financial statements for completeness of income recognition; • Test checked that investment management fee rates were approved by authorised personnel; • Obtained and read the investment management fee certification reports, issued by the statutory auditors of mutual fund schemes, in accordance with generally accepted assurance standards for such work and reconciled the certified amounts with the accounting records; • Test checked the investment management fee invoices and reconciled with the accounting records; • Test checked the receipts of money of Investment Management fee income in the bank statements. • Evaluated the adequacy of disclosures relating to the investment management fee earned by the Company.

E. Key audit matters of Associate Company – HDFC Bank Limited ('HDFC Bank') as provided by the auditor of HDFC Bank

Key Audit Matters	How our audit addressed the key audit matter
1. 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	• Examined 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. • Involved specialists to test 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.

Key Audit Matters	How our audit addressed the key audit matter
• Calculation of probability of default / Loss given default/Credit conversion factor basis the portfolio segmentation. • Consideration of probability of forward looking macro-economic factors 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. The Management of the Bank also makes an assessment of the impact on borrowers' accounts which were restructured as per RBI Circulars issued to provide relief to the borrowers. We have identified the measurement of ECL as a key audit matter in view of the significant judgement and assumptions involved.	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. • Tested 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. • Tested the appropriate staging of assets basis their days past due and other loss indicators considering the MSME restructuring circular and Resolution Framework for Covid - 19 related stress circular for their compliance with the RBI directions on sample basis. • Tested 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.
2. 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	Our Audit procedures with respect to this matter included: 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 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.

Key Audit Matters	How our audit addressed the key audit matter
• Adequacy of disclosures of provision for liabilities and charges, and contingent liabilities The Bank assessment is supported by the facts of matter, their own judgment, experience, and advises from legal and independent tax consultants wherever considered necessary. 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.	• 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; • 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.
3. 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.	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. 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, 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.

Other Information

The Holding Company's Board of Directors is 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 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 such 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective 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 of the assets of the Group and of its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group and of its associates.

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 whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. 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.

- The respective joint auditors obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates of which the respective joint auditors are the independent auditors and whose financial information the respective joint auditors have audited, to express an opinion on the Consolidated Financial Statements. The respective joint auditors are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which the respective joint auditors 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.

The respective joint auditors communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which either of the joint auditors or one of the joint auditors, jointly with other auditors, 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 are identified during the 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 for the financial year ended March

31, 2022 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 Matter

We did not audit the financial statements and other financial information, in respect of 18 subsidiaries, whose financial statements include total assets of ₹ 38,837 crore as at March 31, 2022, total revenues of ₹ 6,184 crore and net cash inflows of ₹ 35 crore for the year ended on that date. These financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditors' reports have been furnished to us by the management. The Consolidated Financial Statements include the audited financial statements in respect of 2 subsidiaries, whose financial statements include total assets of ₹ 2,44,744 crore as at March 31, 2022, and total revenues of ₹ 84,746 crore and net cash inflows of ₹ 3,556 crore for the year ended on that date. These financial statements and other financial information have not been jointly audited by us and have been audited by one of us jointly with other auditors, which financial statements, other financial information and auditors' reports have been furnished to us by the management. The Consolidated Financial Statements also include the Group's share of net profit of ₹ 8,517 crore and other comprehensive loss of ₹ 397 crore for the year ended March 31, 2022, as considered in the Consolidated Financial Statements, in respect of 1 associate, whose consolidated financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us by the Management.

Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and the associate, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and the associate, is based solely on the reports of such other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information 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 Holding Company's management has converted the financial statements of such 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 Holding Company'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 the management of the Holding Company and audited by us.

The consolidated financial statements of the Holding Company for the year ended March 31, 2021, included in these Consolidated Financial Statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those financial statements on May 7, 2021.

The accompanying Consolidated Financial Statements include unaudited financial statements and other unaudited financial information in respect of an entity controlled by a subsidiary, whose financial statements and other financial information reflect total assets of ₹ 6 crore as at March 31, 2022, and total revenues of ₹ 0.02 crore and net cash inflows of ₹ 0.17 crore for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. The Consolidated Financial Statements also include the Group's share of net loss of ₹ 0.11 crore for the year ended March 31, 2022, as considered in the Consolidated Financial Statements, in respect of 2 associates, whose financial statements, other financial information have not been audited and whose unaudited financial statements and other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of the entity controlled by a subsidiary and associates, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid entity controlled by a subsidiary, and associates, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above 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 and other financial information certified by the Management.

The auditors of HDFC Life Insurance Company Limited ("HDFC Life"), a subsidiary, have reported that the actuarial valuation of liabilities of HDFC Life for life policies in force and for policies where premium has been discontinued but liability exists as at March 31, 2022 is the responsibility of HDFC Life's Appointed Actuary. The actuarial liabilities as on March 31, 2022 has been certified by HDFC Life's Appointed Actuary in accordance with the applicable regulations. HDFC Life's auditors have relied upon HDFC Life's Appointed Actuary's certificate for forming their opinion on the standalone financial statements of HDFC Life in this regard.

The auditors of Exide Life Insurance Company Limited ("Exide Life"), a subsidiary of HDFC Life, have reported that the actuarial valuation of liabilities of Exide Life for life policies in force and for policies where premium has been discontinued is the responsibility of Exide Life's Appointed Actuary and have been duly certified by Exide Life's Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines issued by the Insurance Regulatory and Development Authority of India ("IRDAI" / "Authority") and the Institute of Actuaries of India in concurrence with the Authority. Exide Life's auditors have relied upon Exide Life's Appointed Actuary's certificate for forming their opinion on the valuation of liabilities of Exide Life for life policies in force and for policies where premium has been discontinued but liability exists in the financial statements of Exide Life.

The auditors of HDFC ERGO General Insurance Company Limited ("HDFC ERGO"), a subsidiary, have reported that the actuarial valuation of outstanding claims Incurred But Not Reported (IBNR) including Incurred But Not Enough Reported claims (IBNER) and Premium Deficiency Reserve ("PDR") as at March 31, 2022, that are estimated using statistical methods, PDR and IBNR Reserve, have been duly certified by HDFC ERGO's Appointed Actuary and in his opinion, the norms and assumptions for such valuation are in accordance with the guidelines issued by the Insurance Regulatory and Development Authority of India ("IRDAI" / "Authority") and the Institute of Actuaries of India in concurrence with the Authority. HDFC ERGO's auditors have relied on HDFC ERGO's Appointed Actuary's certificate in this regard for forming their opinion on the valuation of liabilities for outstanding claim reserves and PDR contained in the standalone financial statements of HDFC ERGO.

Our opinion above on the Consolidated Financial Statements is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies and associate companies, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure 1" a statement on the matters specified in paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the

other auditors on separate financial statements and the other financial information of subsidiaries and associates, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon 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 consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the 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 Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and associate companies, none of the directors of the Group's companies and its associates, incorporated in India, is disqualified as on March 31, 2022 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 Consolidated Financial Statements of the Holding Company and its subsidiary companies and its associate companies, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and associates, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Holding Company, its subsidiaries and associates incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) 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, as amended, 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 report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associates, as noted in the 'Other matter' paragraph:

i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associates in its Consolidated Financial Statements – 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 accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts

– Refer (a) Note 6 to the Consolidated Financial Statements in respect of such items as it relates to the Group; and (b) the Group's share of net profit/loss in respect of its associates;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and associates, incorporated in India during the year ended March 31, 2022. Whilst the Holding Company transferred the unclaimed dividend, 2,371 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. a) The respective managements of the Holding Company and its subsidiaries and associates which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries and associate to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries and associates ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiaries and associates which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or any of such subsidiaries and associate from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries and associates shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries and associates which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v. The final dividend paid by the Holding Company, its subsidiaries and associate companies incorporated in India during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

Further, the interim dividend declared and paid by one of the subsidiaries incorporated in India, during the year and until the date of the audit report of such subsidiary is in accordance with section 123 of the Act.

As stated in note 28.8 to the Consolidated Financial Statements, the respective Board of Directors of the Holding Company, its subsidiaries and associate companies, incorporated in India have proposed final dividend for the year which is subject to the approval of the members of the respective companies at the respective ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Viren H. Mehta
Partner
Membership No.: 048749
UDIN: 22048749AIGRAH2499

Mumbai
May 2, 2022

For G. M. Kapadia & Co.
Chartered Accountants
ICAI Firm registration number: 104767W

Atul Shah
Partner
Membership No.: 039569
UDIN: 22039569AIGQVN2646

Mumbai
May 2, 2022

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Housing Development Finance Corporation Limited

In terms of the information and explanations sought by us and given by the Holding Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, and based on the consideration of reports of auditors in respect of subsidiaries and associates, we state that the qualifications or adverse remarks by the respective auditors in their reports on Companies (Auditor's Report) Order, 2020 of the companies included in the Consolidated Financial Statements are:

Sr. No.	Name	CIN	Holding Company/ Subsidiary/ Associate	Clause number of the CARO report which is qualified or is adverse
1.	Housing Development Finance Corporation Limited	L70100MH1977PLC019916	Holding Company	i (c) iii (c) iii (d) vii (a)
2.	HDFC Investments Limited	U65990MH1994PLC083933	Subsidiary	vii (a)
3.	HDFC Pension Management Company Limited	U66020MH2011PLC218824	Subsidiary	vii (a)
4.	HDFC Venture Capital Limited	U65991MH2004PLC149330	Subsidiary	xvii
5.	HDFC Ventures Trustee Company Limited	U65991MH2004PLC149329	Subsidiary	xvii
6.	HDFC Property Ventures Limited	U74140MH2006PLC165539	Subsidiary	xvii
7.	HDFC Credila Financial Services Limited	U67190MH2006PLC159411	Subsidiary	iii (c) iii (d)
8.	HDFC Sales Private Limited	U65920MH2004PTC144182	Subsidiary	vii (a)
9.	HDB Financial Services Limited	U65993GJ2007PLC051028	Subsidiary of an associate	vii (a) xi (a)

The report of the following component included in the consolidated financial statements has not been issued by its auditor till the date of our auditor's report:

Sr. No.	Name	CIN	Subsidiary/ Associate
1.	Renaissance Investment Solutions ARC Private Limited	U65999MH2020PTC348936	Associate

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Viren H. Mehta
Partner
Membership No.: 048749
UDIN: 22048749AIGRAH2499

Mumbai
May 2, 2022

For G. M. Kapadia & Co.
Chartered Accountants
ICAI Firm registration number: 104767W

Atul Shah
Partner
Membership No.: 039569
UDIN: 22039569AIGQVN2646

Mumbai
May 2, 2022

Annexure 2 to the Independent Auditors' Report of Even Date on the Consolidated Financial Statements of Housing Development Finance Corporation Limited

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

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 March 31, 2022, we have audited the internal financial controls with reference to Consolidated Financial Statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group and its associates, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to 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 controls 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.

Opinion

In our opinion, the Group and its associates, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

The auditors of HDFC Life Insurance Company Limited ("HDFC Life"), a subsidiary, have reported the actuarial valuation of liabilities for life policies in force and policies where premium is discontinued but liability exists as at March 31, 2022 is required to be certified by the Appointed Actuary as per the regulations, and has been relied upon by the auditors of HDFC Life. Accordingly, their opinion on the internal financial controls over financial reporting does not include reporting on the operating effectiveness of the management's internal controls over the valuation and accuracy of the aforesaid actuarial valuation.

The auditors of Exide Life Insurance Company Limited ("Exide Life"), a subsidiary of HDFC Life, have reported that the actuarial valuation of liabilities for the life policies in force and for policies in respect of which premium has been discontinued but liability exists as at March 31, 2022, is the responsibility of Exide Life's Appointed Actuary, (the "Appointed Actuary"). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at March 31, 2022, has been duly certified by the Appointed Actuary and in the opinion of the Appointed Actuary, the assumptions for such valuation are in accordance with the Authority. The auditors of Exide Life have relied upon the Appointed Actuary's Certificate in this regard for forming their opinion on the financial statements on Exide Life. Accordingly, their opinion on the internal financial controls with reference to the financial statements does not include reporting on the operating effectiveness of the Management's internal controls over the valuation and accuracy of liabilities for life policies certified by the Appointed Actuary and they have relied upon Appointed Actuary's certificate in this regard

The auditors of HDFC ERGO General Insurance Company Limited ("HDFC ERGO"), a subsidiary, have reported that the actuarial valuation of the outstanding claims incurred but Not Reported (IBNR) and Premium Deficiency Reserve (the "PDR") that the estimated using statistical method, PDR and IBNR reserve, as at March 31, 2022 have been duly certified by the Appointed Actuary and in the opinion of the Appointed Actuary, the norms and assumptions for such Valuation are in accordance with the guidelines issued by the Insurance Regulatory and Development Authority of India ("IRDAI"/"Authority") and the Institute of Actuaries of India in concurrence with the Authority. The auditors of HDFC Ergo have relied upon the Appointed Actuary's certificate in this regard for forming their opinion on the valuation of liabilities for outstanding claims reserves and PDR contained in the standalone financial statements of HDFC Ergo.

Our opinion is not modified in respect of the above matters.

Our 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 of the Holding Company, in so far as it relates to the 15 subsidiaries and 1 associate, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries and an associate incorporated in India.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Viren H. Mehta
Partner
Membership No.: 048749
UDIN: 22048749AIGRAH2499

Mumbai
May 2, 2022

For G. M. Kapadia & Co.
Chartered Accountants
ICAI Firm registration number: 104767W

Atul Shah
Partner
Membership No.: 039569
UDIN: 22039569AIGQVN2646

Mumbai
May 2, 2022

Housing Development Finance Corporation Limited
Consolidated Balance Sheet as at March 31, 2022

₹ in Crore

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	4	2,255.08	2,628.68
(b) Bank balances other than (a) above	5	374.37	406.79
(c) Derivative financial instruments	6	1,353.28	2,192.30
(d) Receivables	7		
a) Trade receivables		368.76	242.35
b) Other receivables		-	-
(e) Loans	8	5,63,920.32	4,90,947.80
(f) Investment in associates	9	63,207.49	55,395.12
(g) Other investments	10	56,249.16	55,399.30
(h) Assets of life insurance business			
- Investments	11.1	2,14,576.87	1,74,714.84
- Other assets	11.3	12,462.88	8,901.70
(i) Assets of general insurance business			
- Investments	11.2	18,450.05	16,971.48
- Other assets	11.3	7,716.98	6,550.96
(j) Other financial assets	12	6,042.11	3,851.70
(k) Non-current financial assets held for sale	9.1	-	141.00
Total financial assets		9,46,977.35	8,18,344.02
(2) Non-financial assets			
(a) Current tax assets (net)	13	3,261.67	2,920.28
(b) Deferred tax assets (net)	13	1,566.15	1,853.76
(c) Investment property	14	2,787.22	936.77
(d) Property, plant and equipment	15	1,882.39	1,738.69
(e) Other intangible assets	16	2,785.61	1,035.84
(f) Capital work in progress		1.35	9.76
(g) Intangible assets under development		37.94	37.54
(h) Goodwill on consolidation	16	5,289.44	1,600.73
(i) Other non-financial assets	17	1,715.87	742.72
(j) Non-current non-financial assets held for sale	14.3	44.21	134.79
Total non-financial assets		19,371.85	11,010.88
TOTAL ASSETS		9,66,349.20	8,29,354.90

Housing Development Finance Corporation Limited
Consolidated Balance Sheet as at March 31, 2022 (Continued)

₹ in Crore

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
(a) Derivative financial instruments	6	4,280.93	1,716.79
(b) Payables	18		
– Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		14.40	8.63
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		3,796.32	3,071.55
– 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		750.62	295.97
(c) Debt securities	19	1,97,783.56	1,83,710.48
(d) Borrowings (other than debt securities)	20	1,44,667.14	1,07,989.64
(e) Deposits	21	1,60,783.83	1,50,077.19
(f) Subordinated liabilities	22	4,225.00	5,233.65
(g) Liabilities pertaining to life insurance business	23	2,17,377.86	1,75,406.15
(h) Liabilities pertaining to general insurance business	23	21,936.39	19,836.12
(i) Other financial liabilities	24	15,079.10	13,390.13
Total financial liabilities		7,70,695.15	6,60,736.30
(2) Non-financial liabilities			
(a) Current tax liabilities (net)	25	482.08	469.64
(b) Deferred tax liabilities (net)	13	119.25	124.80
(c) Provisions	26	416.56	371.17
(d) Other non-financial liabilities	27	2,005.82	2,035.52
Total non-financial liabilities		3,023.71	3,001.13
TOTAL LIABILITIES		7,73,718.86	6,63,737.43
(3) EQUITY			
(a) Equity share capital	28	362.61	360.79
(b) Other equity	29	1,79,490.54	1,56,351.84
(c) Non-controlling interest		12,777.19	8,904.84
TOTAL EQUITY		1,92,630.34	1,65,617.47
TOTAL LIABILITIES AND EQUITY		9,66,349.20	8,29,354.90

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

As per our report of even date attached.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Firms' Registration No: 301003E/E300005

per Viren Mehta
Partner
Membership No. 048749

For G. M. Kapadia & Co.
Chartered Accountants
Firms' Registration No: 104767W

Atul Shah
Partner
Membership No. 039569

Directors

Deepak S. Parekh
Chairman
(DIN: 00009078)

U. K. Sinha
(DIN: 00010336)

P. R. Ramesh
(DIN: 01915274)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

Ireena Vittal
(DIN: 05195656)

Jalaj Dani
(DIN: 00019080)

Bhaskar Ghosh
(DIN: 06656458)

Rajesh Narain Gupta
(DIN: 00229040)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

MUMBAI, May 02, 2022

Housing Development Finance Corporation Limited
Statement of Consolidated Profit and Loss for the year ended March 31, 2022

₹ in Crore

Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
I. Revenue from operations			
(i) Interest income	30	45,124.54	44,461.55
(ii) Surplus from deployment in liquid instruments	30.2	561.40	812.78
(iii) Dividend income		58.64	38.45
(iv) Rental income	31	60.63	55.60
(v) Fees and commission income		2,280.76	1,967.72
(vi) Net gain on fair value changes	32.1	1,565.24	1,971.68
(vii) Profit / (loss) on sale of investment and investment properties (net)	9.1	70.60	(2.20)
(viii) Net gain on derecognised (assigned) loans	32.2	985.06	1,102.95
(ix) Income from life insurance operations - policyholder's funds	33.1		
- Premium and other operating income		56,006.25	45,241.74
- Net gain on investments		9,878.01	25,333.44
(x) Income from general insurance operations - policyholder's funds	33.2	19,334.63	18,050.28
Total Revenue from operations		1,35,925.76	1,39,033.99
II. Other income		42.32	37.25
Total Income (I + II)		1,35,968.08	1,39,071.24
III. Expenses			
(i) Finance costs	34	27,230.35	29,081.26
(ii) Impairment on financial instruments (expected credit loss)	35	2,043.14	3,030.76
(iii) Employee benefit expenses	36	2,082.11	1,700.67
(iv) Depreciation, amortisation and impairment	15	418.92	355.35
(v) Expense of life insurance operations - policyholder's funds	37		
- Claims and other operating expenses		41,192.71	28,625.91
- Changes in life insurance contract liabilities and surplus pending transfer		23,768.18	40,761.64
(vi) Expense of general insurance operations - policyholder's funds	37	18,760.97	17,196.87
(vii) Establishment and other expenses	38	1,189.67	1,002.95
Total Expenses		1,16,686.05	1,21,755.41
IV. Profit before share of profit of equity accounted investees (associates)		19,282.03	17,315.83
V. Share of profit of equity accounted investees (associates)	9	8,969.79	6,921.47
VI. PROFIT BEFORE TAX (IV + V)		28,251.82	24,237.30

Housing Development Finance Corporation Limited

Statement of Consolidated Profit and Loss for the year ended March 31, 2022 (Continued)

₹ in Crore

Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
VII. Tax expense			
- Current tax		**4,308.93**	3,937.98
- Deferred tax		**(99.24)**	(188.23)
Total tax expense	40	**4,209.69**	3,749.75
VIII. NET PROFIT AFTER TAX (VI - VII)		**24,042.13**	20,487.55
IX. Other comprehensive income	41		
(A) (i) Items that will not be reclassified to profit/(loss)		**(320.37)**	1,940.98
(ii) Income tax relating to items that will not be reclassified to profit/(loss)		**55.14**	(162.84)
Subtotal (A)		**(265.23)**	1,778.14
(B) (i) Items that will be reclassified to profit/(loss)		**(51.29)**	80.43
(ii) Income tax relating to items that will be reclassified to profit/(loss)		**(18.08)**	(20.11)
Subtotal (B)		**(69.37)**	60.32
(C) Share of other comprehensive income of an associate	9	**(396.61)**	(256.64)
OTHER COMPREHENSIVE INCOME (A+B+C)		**(731.21)**	1,581.82
TOTAL COMPREHENSIVE INCOME (VIII + IX)		**23,310.92**	22,069.37
PROFIT ATTRIBUTABLE TO:			
Owners of the corporation		**22,594.69**	18,740.06
Non-controlling interest		**1,447.44**	1,747.49
OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the corporation		**(539.93)**	1,565.22
Non-controlling interest		**(191.28)**	16.60
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the corporation		**22,054.76**	20,305.28
Non-controlling interest		**1,256.16**	1,764.09
Earnings per equity share	43		
Basic (₹)		**124.97**	105.59
Diluted (₹)		**123.65**	104.70

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

As per our report of even date attached.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Firms' Registration No: 301003E/E300005

per Viren Mehta
Partner
Membership No. 048749

For G. M. Kapadia & Co.
Chartered Accountants
Firms' Registration No: 104767W

Atul Shah
Partner
Membership No. 039569

Directors

Deepak S. Parekh
Chairman
(DIN: 00009078)

U. K. Sinha
(DIN: 00010336)

P. R. Ramesh
(DIN: 01915274)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

Ireena Vittal
(DIN: 05195656)

Jalaj Dani
(DIN: 00019080)

Bhaskar Ghosh
(DIN: 06656458)

Rajesh Narain Gupta
(DIN: 00229040)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

MUMBAI, May 02, 2022

HDFC

Housing Development Finance Corporation Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2022

A. Equity Share Capital

₹ in Crore

	Notes	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the reporting period		**360.79**	346.41
Changes in Equity Share Capital due to prior period errors		-	-
Restated balance at the beginning of the current reporting period	**28**	**360.79**	346.41
Changes in equity share capital during the current year		1.82	14.38
Balance at the end of the current reporting period		**362.61**	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	Other reserves	Investments through other comprehensive income	Effective portion of cash flow hedges	Cost of hedge	Others	Share based payment 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	-	-	1,321.17	-	-	-	-	-	-	-	-	-	-		-	-	1,321.17	-
Dividends including tax on dividend	-	-	(3,642.68)	-	-	-	-	-	-	-	-	-	-		-	-	(3,642.68)	-
Transfer from retained earnings	-	-	(5,235.12)	2,700.00	-	2,000.00	500.00	35.12	-	-	-	-	-	-	-	-	-	-
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**

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	Other reserves	Investments through other comprehensive income	Effective portion of cash flow hedges	Cost of hedge	Others	Share based payment reserve	Money received against share warrants	Total	Non controlling interest
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**
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	**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**
Profit for the year	-	-	22,594.69	-	-	-	-	-	-	-	-	-	-		-	-	**22,594.69**	**1,447.44**
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	(639.34)	288.71	(189.30)	-	-	-	**(539.93)**	**(191.28)**
Total Comprehensive Income for the year	**-**	**-**	**22,594.69**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(639.34)**	**288.71**	**(189.30)**	**-**	**-**	**-**	**22,054.76**	**1,256.16**
Transfer from OCI to retained earnings	-	-	(1,004.01)	-	-	-	-	-	-	-	1,004.01	-	-	-	438.69	-	**438.69**	-
Transfer of Securities premium on exercise of ESOP	-	236.87	-	-	-	-	-	-	-	-	-	-	-	-	(236.87)	-	-	-
Profit on sale of subsidiary (where control is retained)	-	-	162.28	-	-	-	-	-	-	-	-	-	-	-	-	-	**162.28**	-
Dividends distributed	-	-	(4,152.65)	-	-	-	-	-	-	-	-	-	-	-	-	-	**(4,152.65)**	-
Transfer from retained earnings	-	-	(2,828.01)	-	-	2,100.00	700.00	28.01	-	-	-	-	-	-	-	-	-	-
Received during the year (net)	-	4,347.70	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**4,363.78**	-
Utilised / Other Adjustments	-	16.08	(16.84)	(15.97)	-	(6.96)	-	-	(0.04)	7.50	209.74	6.95		87.46	-	-	271.84	2,616.19
Balance as at March 31, 2022	**44.59**	**49,741.22**	**76,259.66**	**28,986.72**	**51.23**	**20,516.95**	**6,443.78**	**202.59**	**0.03**	**(97.46)**	**(4,539.23)**	**77.11**	**(95.92)**	**116.23**	**1,476.01**	**307.03**	**1,79,490.54**	**12,777.19**

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

As per our report of even date attached.

Directors

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Firms' Registration No: 301003E/E300005

per Viren Mehta
Partner
Membership No. 048749

For G. M. Kapadia & Co.
Chartered Accountants
Firms' Registration No: 104767W

Atul Shah
Partner
Membership No. 039569

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Managing Director
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(DIN: 00019080)

Rajesh Narain Gupta
(DIN: 00229040)

Ajay Agarwal
Company Secretary
(FCS: 9023)

MUMBAI, May 02, 2022

Housing Development Finance Corporation Limited
Consolidated Cash Flow Statement for the year ended March 31, 2022

₹ in Crore

	Notes	Year ended March 31, 2022	Year ended March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		**28,251.82**	24,237.30
Adjustments for:			
Share of profit of equity accounted investees (associates)		**(8,969.79)**	(6,921.47)
Depreciation, amortisation and impairment		**418.92**	355.35
Impairment on financial instruments (expected credit loss)		**2,043.14**	3,030.76
Share based payments to employees		**454.77**	355.27
Net gain on fair value changes		**(1,565.24)**	(1,971.68)
Profit on sale of investments and investment properties (net)		**(70.60)**	2.20
Loss on sale of property, plant and equipment (net)		**0.23**	0.05
Interest expense		**26,968.52**	28,842.04
Interest income including surplus from deployment in liquid instruments		**(45,685.94)**	(45,274.33)
Utilisation of shelter assistance reserve		**(0.04)**	(0.03)
Upfront gain on derecognised (assigned) loans		**(606.50)**	(706.72)
Operating profit before working capital changes and adjustments for interest received and paid		**1,239.29**	1,948.74
Adjustments for:			
(Increase) / decrease in financial assets and non financial assets		**(1,721.42)**	4,078.06
Increase / (decrease) in financial and non financial liabilities		**5,392.11**	(240.20)
Increase in assets pertaining to insurance business		**(46,067.80)**	(49,943.75)
Increase in liabilities pertaining to insurance business		**44,071.98**	46,812.22
Cash from operations before adjustments for interest received and paid		**2,914.16**	2,655.07
Interest received including surplus from deployment in liquid instruments		**46,019.59**	44,493.69
Interest paid		**(26,934.20)**	(30,186.40)
Taxes paid (net of refunds)		**(4,300.68)**	(3,176.53)
Net cash from operations		**17,698.87**	13,785.83
Loans disbursed (at amortised cost) (net)		**(75,869.07)**	(47,590.31)
Redemption of mutual funds units (net)		**14,142.29**	6,528.05
NET CASH USED IN OPERATING ACTIVITIES	[A]	**(44,027.91)**	(27,276.43)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangibles		**(2,133.75)**	(158.68)
Sale proceeds from property, plant and equipment		**3.82**	5.83
Net cash used in property, plant and equipment and intangibles		**(2,129.93)**	(152.85)
Purchase of investment properties		**(1,598.13)**	(91.96)
Sale proceeds from investment properties		**124.80**	57.14
Net cash flow used in investment properties		**(1,473.33)**	(34.82)
Investments in associate companies		**(0.25)**	-
Investments (net)		**(16,494.21)**	(6,770.66)
Sale proceeds from investments in associate companies		**210.62**	-
NET CASH USED IN INVESTING ACTIVITIES	[B]	**(19,887.10)**	(6,958.33)

Housing Development Finance Corporation Limited
Consolidated Cash Flow Statement for the year ended March 31, 2022 (Continued)

₹ in Crore

	Notes	Year ended March 31, 2022	Year ended March 31, 2021
C. CASH FLOW FROM FINANCING ACTIVITIES			
Share capital - equity		**1.82**	14.38
Money received on issuance of warrants		**-**	307.03
Securities premium on issuance of equity shares (net)		**4,347.70**	11,901.83
Sale proceeds of investments in subsidiary companies		**236.45**	1,484.25
Proceeds from issuance of debt securities and subordinated liabilities		**1,05,493.08**	1,06,429.03
Repayment of debt securities and subordinated liabilities		**(92,433.56)**	(1,02,625.23)
Borrowings (other than debt securities) and subordinated liabilities (net)		**36,691.00**	126.55
Deposits (net)		**10,789.44**	18,142.87
Payment of lease liability		**(69.72)**	(45.36)
Dividend paid - equity shares		**(4,153.26)**	(3,642.68)
Change in non-controlling interest		**2,638.47**	(427.69)
NET CASH FROM FINANCING ACTIVITIES	[C]	**63,541.42**	31,664.98
Net decrease in cash and cash equivalents	[A+B+C]	**(373.60)**	(2,569.78)
Add : Cash and cash equivalents as at the beginning of the period		**2,628.68**	5,198.46
Cash and cash equivalents as at the end of the period		**2,255.08**	2,628.68
Components of cash and cash equivalents			
Cash on hand		**8.39**	0.50
In Current accounts		**1,445.46**	1,934.30
In Deposit accounts with original maturity of 3 months or less		**607.54**	312.78
Cheques on hand		**193.69**	381.10
Total		**2,255.08**	2,628.68

Note:

1. During the year, the Group has received dividend of ₹ **58.64 Crore** (Previous Year ₹ 38.45 Crore)
2. Net movement in Borrowings (including Debt Securities), Deposits and Subordinated Liabilities amounting to ₹ **60,448.57 Crore** (Previous Year ₹ 21,645.43 Crore) includes fresh issuance, repayments and effect of changes in foreign exchange rates.

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

As per our report of even date attached.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Firms' Registration No: 301003E/E300005

per Viren Mehta
Partner
Membership No. 048749

For G. M. Kapadia & Co.
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Executive Director &
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(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

MUMBAI, May 02, 2022

Notes forming part of the Consolidated Financial Statements

1. Overview

Housing Development Finance Corporation Limited ('HDFC' or 'the Corporation' or 'the Holding 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 BSE Limited, India, and the National Stock Exchange of India Limited (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 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 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 Act, 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 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.

HDFC Life Insurance Co. Ltd, HDFC ERGO General Insurance Co. Ltd. and Exide Life 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 accounting 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 Act, 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 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 Act, 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, 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., HDFC ERGO General Insurance Co. Ltd. and Exide Life Insurance Co. Ltd. being subsidiaries of Housing Development Finance Corporation Limited (the 'Corporation') and HDFC Bank Ltd being associate of 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.

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 maturity of assets and liabilities 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.

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 on 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 Group 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;
- 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, judgements and assumptions. Estimates and underlying assumptions are reviewed on an ongoing

Notes forming part of the Consolidated Financial Statements (Continued)

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, employee benefits and actuarial valuation for valuation of policy liabilities.

2.5 **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries together referred to as ("the Group") and Associates as at and for the year ended March 31, 2022. The Holding Company 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 Holding Company 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 Holding Company's voting rights and potential voting rights.
- The size of the Holding Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Holding Company 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 Holding Company obtains control over the subsidiary and ceases when the Holding Company 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 Holding Company gains control until the date the Holding Company 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 Group 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 March 31, 2022.

Notes forming part of the Consolidated Financial Statements (Continued)

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.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Holding Company'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.

If the Holding Company 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 Holding Company 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 Company's have been consolidated as per Ind AS 110 - Consolidated Financial Statements.

Notes forming part of the Consolidated Financial Statements (Continued)

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, 2022	March 31, 2021
1	HDFC Investments Ltd.	**100**	100
2	HDFC Holdings Ltd.	**100**	100
3	HDFC Asset Management Co. Ltd.	**52.60**	52.68
4	HDFC Trustee Co. Ltd.	**100**	100
5	HDFC Venture Capital Ltd.	**80.50**	80.50
6	HDFC Ventures Trustee Co. Ltd.	**100**	100
7	HDFC Life Insurance Co. Ltd.	**47.82**	49.99
8	HDFC Pension Management Co. Ltd. (Subsidiary of HDFC Life Insurance Co. Ltd.)	**47.82**	49.99
9	HDFC International Life and Re Company Ltd. (Subsidiary of HDFC Life Insurance Co. Ltd.)	**47.82**	49.99
10	Exide Life Insurance Company Ltd. (Subsidiary of HDFC Life Insurance Co. Ltd.) (w.e.f. January 1, 2022) (refer note 50)	**47.82**	-
11	HDFC ERGO General Insurance Co. Ltd.	**49.98**	50.56
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
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

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 **HDFC ERGO General Insurance Company Ltd.**

During the year, the Corporation has sold 44,12,000 equity shares of HDFC ERGO General Insurance Company Ltd. (HDFC ERGO). As at March 31, 2022, the Corporation’s equity shareholding in HDFC ERGO stood at 49.98% which is in compliance with the RBI requirement to reduce its shareholding to 50 percent or below. Further, the Board of Directors of the Corporation had approved the sale of 3,55,67,724 equity shares of ₹ 10 each, representing 4.99% stake in HDFC ERGO to HDFC Bank Ltd., which is pending due to regulatory approvals.

2.8 **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 Taxes 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 the statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

2.9 Investments in associates (Equity accounted)

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 'Non-current Assets Held for Sale and Discontinued Operations'.

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 Holding Company 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.

Notes forming part of the Consolidated Financial Statements (Continued)

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 the statement of profit and 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 the statement of profit and 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 the statement of profit and 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 amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECL)).

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 recognized 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.

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.

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

Notes forming part of the Consolidated Financial Statements (Continued)

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 the statement of profit and 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 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 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 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 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

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.

Notes forming part of the Consolidated Financial Statements (Continued)

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 the statement of profit and loss.

3.2.3.1.4 **Evaluation of business 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 3.2.3.1.5) and the business model test. 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 as at reporting date include loans for which an option is given to a third party to acquire certain quantum of 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, which is a fixed percentage of the aggregate value of loans sourced by it for the Group at a predetermined

Notes forming part of the Consolidated Financial Statements (Continued)

price. Accordingly, as per the arrangement, loans assigned are substituted by newly sourced loans by the third party which ensures contractual cash flows are collected by the Group. All such outstanding loans have been classified at amortised cost under the current Business model. Assignment of loans that occur for other reasons, such as assignment made to manage credit concentration risk (without an increase in the assets' credit risk), is consistent with a business model whose objective is to hold financial assets in order to collect contractual cash flows. In particular, such assignment is consistent with a business model whose objective is to hold financial assets in order to collect contractual cash flows.

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.

Equity instrument at FVOCI:

Gains and losses on equity instruments measured at FVOCI are recognised in Other Comprehensive Income and are never recycled to the statement of profit and loss. Dividends are recognised in the statement of profit and 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.

Notes forming part of the Consolidated Financial Statements (Continued)

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.
- 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 below.

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. 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 interest rate 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 total amount outstanding including accrued interest as of reporting 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. Historical default rate are further calibrated with forward looking macroeconomic factors to determine the PD.
- 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. 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 quantitative 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.

Notes forming part of the Consolidated Financial Statements (Continued)

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.

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.

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.

Pursuant to RBI Circular RBI/2021-22/125 DOR/STR/REC.68/21.04.048/2021-22 dated November 12, 2021, on "Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances -

Clarification" the Group has taken necessary steps to revise its process of NPA classification to flag the borrower as overdue as part of the day-end process for the due date.

Further to this, on February 15, 2022, RBI allowed deferment of para 10 of the aforesaid circular till September 30, 2022 pertaining to upgrade of non performing accounts. However, the Group has not opted for the deferment.

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

Notes forming part of the Consolidated Financial Statements (Continued)

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 behavioural 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 behaviour 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 the statement of profit and 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 the statement of profit and 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 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 FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the statement of profit and 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 the statement of profit and 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 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 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.

Notes forming part of the Consolidated Financial Statements (Continued)

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 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 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.

Notes forming part of the Consolidated Financial Statements (Continued)

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.

3.2.10 **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.

3.2.11 **Accounting for repo/reverse repo transactions**

The Repo/Reverse repo are accounted as collateralized lending and borrowing (classified as borrowing's) and lending transactions. Costs and revenues are accounted as interest expenditure / interest income, as the case may be. The underlying securities sold under repo but continue to be accounted as investment thereby reflecting continued economic interest in the securities during the repo period. Underlying securities against reverse repo (lending) is not included in Investment accounts.

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, 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.

Notes forming part of the Consolidated Financial Statements (Continued)

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 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 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. 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.

Notes forming part of the Consolidated Financial Statements (Continued)

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 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 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 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 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.

Brokerage or commission paid by the one of the subsidiary in accordance 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

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 equity shares

The Corporation recognises a liability to make cash distributions to equity shareholders of the Corporation when the dividend is authorised and the distribution is no longer at the discretion of the Corporation and a corresponding amount is recognised directly in equity. 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.

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

Notes forming part of the Consolidated Financial Statements (Continued)

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 **Finance costs**

Finance costs being interest expense calculated using the EIR on respective financial instruments/deposits and borrowings including external commercial borrowings is 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. Also refer 3.2.9 for accounting of hedges.

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.

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.

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.

Notes forming part of the Consolidated Financial Statements (Continued)

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 Group 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.

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 in force 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:

The policy liabilities are valued on policy by policy basis, i.e. each policy is valued separately.

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.

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.

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.

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.

The liabilities in respect of rider benefits are determined as the higher of unexpired premium reserves and reserves calculated by gross premium valuation method.

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**

The outbreak of the COVID-19 pandemic had led to a nationwide lockdown in April - May 2020. This was followed by localised lockdown in areas with significant number of COVID -19 cases. Following the easing of lockdown measures, there was an improvement in economic activity in the second half of fiscal 2021. Since then, our country experienced two waves of COVID - 19 pandemic following the discovery of mutant coronavirus variants. These waves led to temporary re-imposition of localised/regional lockdown, that were subsequently lifted.

The extent to which the pandemic may impact the Group's results, including impairment on financial instruments, will depend on future developments, which are uncertain, including amongst 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.

Notes forming part of the Consolidated Financial Statements (Continued)

4. Cash and cash equivalents

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Cash on hand	**8.39**	0.50
(ii) Balances with banks:		
- In current accounts	**1,445.46**	1,934.30
- In deposit accounts with original maturity of 3 months or less	**607.54**	312.78
(iii) Cheques, drafts on hand	**193.69**	381.10
Total	**2,255.08**	2,628.68

5. Bank Balances other than cash and cash equivalents

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
(i) In other deposit accounts		
- Original maturity more than 3 months	**291.01**	286.40
(ii) Earmarked balances with banks		
- In current accounts	**15.93**	15.31
- Earmarked balances - deposit account	**18.56**	23.74
- Unclaimed dividend account	**23.97**	24.67
- Other - against foreign currency loans	**20.97**	56.45
- Towards guarantees issued by banks	**3.93**	0.22
Total	**374.37**	406.79

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.

₹ in Crore

Particulars	As at March 31, 2022			As at March 31, 2021		
	Notional Amounts*	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts*	Fair Value - Assets	Fair Value - Liabilities
Part I						
(I) currency derivatives:						
- Forwards	1,394.00	28.13	8.44	1,790.00	16.47	64.33
- Currency swaps	15,999.46	648.61	378.52	15,333.00	925.47	135.41
Sub total (i)	**17,393.46**	**676.74**	**386.96**	17,123.00	941.94	199.74

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars	As at March 31, 2022			As at March 31, 2021		
	Notional Amounts*	**Fair Value - Assets**	**Fair Value - Liabilities**	Notional Amounts*	Fair Value - Assets	Fair Value - Liabilities
(ii) Interest rate derivatives						
- Interest rate swaps	1,65,652.47	392.80	3,890.60	1,08,351.53	1,250.36	1,348.08
- Options purchased (net)	10,722.00	283.74	3.37	9,458.00	-	168.97
Sub total (ii)	**1,76,374.47**	**676.54**	**3,893.97**	**1,17,809.53**	**1,250.36**	**1,517.05**
Total derivative financial instruments (i)+(ii)	**1,93,767.93**	**1,353.28**	**4,280.93**	**1,34,932.53**	**2,192.30**	**1,716.79**
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	1,65,652.47	392.80	3,890.60	1,08,351.53	1,250.36	1,348.08
Sub total (i)	**1,65,652.47**	**392.80**	**3,890.60**	**1,08,351.53**	**1,250.36**	**1,348.08**
(II) Cash flow hedging:						
- Currency derivatives	17,393.46	676.74	386.96	17,123.00	941.94	199.74
- Interest rate derivatives	10,722.00	283.74	3.37	9,458.00	-	168.97
Sub total (ii)	**28,511.46**	**960.48**	**390.33**	26,581.00	941.94	368.71
Total derivative financial instruments (i)+(ii)	**1,93,767.93**	**1,353.28**	**4,280.93**	1,34,932.53	2,192.30	1,716.79

* The notional amounts are not indicative of either the market risk or credit risk. Notional amounts of the respective currencies have been converted using exchange rates as at the balance sheet date. The notional on currency swaps includes ₹ **19.48 Crore** (Previous Year ₹ 54.97 Crore) on account of USD **60 million** (Previous Year USD 60 million) loan from Asian Development Bank naturally hedged by equivalent deposit in USD.

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 disclosures.

7. Receivables

Trade receivables

₹ in Crore

Particulars	**As at March 31, 2022**	As at March 31, 2021
Receivables considered good - unsecured	**372.74**	248.12
Receivables which have significant increase in credit risk	**-**	-
Less: Provision for expected credit loss	**3.98**	5.77
Total	**368.76**	242.35

Notes forming part of the Consolidated Financial Statements (Continued)

Trade receivables ageing schedules (net) (figures for the Previous Year in brackets)

₹ in Crore

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 6 months	>6 months - 1 year	>1-2 years	More than 3 years	
(i) Undisputed trade receivables – considered good	368.76 *(242.35)*	-	-	-	368.76 *(242.35)*
(ii) Undisputed trade receivables – which have significant increase in credit risk	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*
(iii) Undisputed trade receivables – credit impaired	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*
(iv) Disputed trade receivables – considered good	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*
(v) Disputed trade receivables – which have significant increase in credit risk	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*
(vi) Disputed trade receivables – credit impaired	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*
Total	**368.76** *(242.35)*	- *(-)*	- *(-)*	- *(-)*	**368.76** *(242.35)*

No trade or other receivable are due from directors or other officers of the Corporation or firms or private companies in which any director of the Corporation is a director or partner, either severally or jointly with any other person/entity other than those disclosed under related party.

There is no unbilled revenue receivable for the year ended March 31, 2022 (Previous Year Nil).

8. Loans

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Loans:		
Individual loans	4,40,662.15	3,74,494.23
Corporate bodies	1,30,679.12	1,22,706.60
Others	6,131.04	6,787.29
Total – Gross (A)	**5,77,472.31**	5,03,988.12
Less: Impairment loss allowance (expected credit loss)	13,551.99	13,040.32
Total – Net (A)	**5,63,920.32**	4,90,947.80
(a) Secured by tangible assets	5,42,379.45	4,70,664.98
(b) Secured by intangible assets	2,600.73	11,004.78
(c) Covered by bank / government guarantee / policies	3,838.03	1,953.30
(d) Unsecured	28,654.10	20,365.06
Total – Gross (B)	**5,77,472.31**	5,03,988.12
Less: Impairment loss allowance (expected credit loss)	13,551.99	13,040.32
Total – Net (B)	**5,63,920.32**	4,90,947.80
(I) Loans in India		
(i) Public sector	806.55	1,044.63
(ii) Others	5,76,665.76	5,02,943.49
Total (C) - Gross	**5,77,472.31**	5,03,988.12
Less: Impairment loss allowance (expected credit loss)	13,551.99	13,040.32
Total (C) (I) - Net	**5,63,920.32**	4,90,947.80
(II) Loans outside India	-	-
Less: Impairment loss allowance (expected credit loss)	-	-
Total (C) (II) - Net	**-**	-
Total (C) (I) and (II)	**5,63,920.32**	4,90,947.80

Notes forming part of the Consolidated Financial Statements (Continued)

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. Hypothecation of assets;
3. Bank guarantees, company guarantees or personal guarantees;
4. Assignment of receivables;
5. Lien on fixed deposit;
6. Negative lien;
7. Pledge of shares, units, other securities, assignment of life insurance policies;
8. Non disposal undertakings in respect of shares,
9. Liquidity support collateral [e.g. DSRA (Debt Service Reserve Account)].

There were no loans given against the collateral of gold jewellery.

8.2 Loans including installment and interest outstanding amounts to ₹ **1,255.39 Crore** (Previous Year ₹ 529.41 Crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 [SARFAESI].

8.3 **Expected credit loss**

For financial reporting, expected credit loss is a calculation of the present value of the amount expected not to be recovered on financial assets. 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 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 total amount outstanding including accrued interest as at the reporting date.
- 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 loans, individual, corporate and others.

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 impact analysis

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 at 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)

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 macro-economic 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 cash flows 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' Cashflows 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.

Notes forming part of the Consolidated Financial Statements (Continued)

- 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.

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, 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.

8.4 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lending is, as follows:

₹ in Crore

Particulars	2021-22				2020-21			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening 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
Increase in EAD - new assets originated or purchased / further increase in existing assets	**1,93,839.89**	**684.56**	**1,106.09**	**1,95,630.54**	1,42,772.56	1,702.75	727.66	1,45,202.97
Assets repaid in part or full (excluding write offs) $	**(79,814.70)**	**(8,555.04)**	**(2,196.81)**	**(90,566.55)**	(72,509.03)	(2,922.18)	(1,920.14)	(77,351.35)
Assets derecognised (loans assigned)	**(29,955.26)**	**-**	**-**	**(29,955.26)**	(18,979.78)	-	-	(18,979.78)
Assets written off	**-**	**-**	**(1,624.54)**	**(1,624.54)**	-	-	(1,367.12)	(1,367.12)
Transfers to stage 1	**4,601.71**	**(3,804.46)**	**(797.25)**	**-**	2,816.41	(2,450.04)	(366.37)	-
Transfers to stage 2	**(8,922.39)**	**9,064.64**	**(142.25)**	**-**	(13,495.45)	14,119.20	(623.75)	-
Transfers to stage 3	**(1,355.75)**	**(3,587.55)**	**4,943.30**	**-**	(1,177.47)	(3,752.83)	4,930.30	-
Gross carrying amount closing balance	**5,39,830.02**	**25,304.37**	**12,337.92**	**5,77,472.31**	4,61,436.52	31,502.22	11,049.38	5,03,988.12

$ Interest reversed on loans written off during the financial year amount to ₹ 440.72 Crore.

Notes forming part of the Consolidated Financial Statements (Continued)

8.5 Reconciliation of ECL balance is given below:

₹ in Crore

Particulars	2021-22				2020-21			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**1,109.47**	**5,883.24**	**6,047.61**	**13,040.32**	372.55	5,750.82	4,863.87	10,987.24
ECL remeasurements due to changes in EAD / assumptions [Net]	**871.25**	**518.28**	**746.22**	**2,135.75**	1,353.43	1,742.66	323.93	3,420.02
Assets written off	**-**	**-**	**(1,624.08)**	**(1,624.08)**	-	-	(1,366.94)	(1,366.94)
Transfers to stage 1	**226.18**	**(141.31)**	**(84.87)**	**-**	137.52	(101.14)	(36.38)	-
Transfers to stage 2	**(701.03)**	**721.05**	**(20.02)**	**-**	(653.35)	811.54	(158.19)	-
Transfers to stage 3	**(104.30)**	**(1,833.61)**	**1,937.91**	**-**	(100.68)	(2,320.64)	2,421.32	-
ECL allowance - closing balance	**1,401.57**	**5,147.65**	**7,002.77**	**13,551.99**	1,109.47	5,883.24	6,047.61	13,040.32

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, 2022**	As on March 31, 2021
EMI / interest amounts received in advance	**(300.32)**	(317.75)
Undisbursed loan (sanctioned) (after applying credit conversion factor)	**54,008.00**	47,620.30
Financial guarantees	**367.83**	299.50

8.6 Summary of impairment loss allowance (Expected Credit Loss)

₹ in Crore

Particulars	Stage 1	Stage 2	Stage 3	Total
March 31, 2022	**1,401.57**	**5,147.65**	**7,002.77**	**13,551.99**
March 31, 2021	1,109.47	5,883.24	6,047.61	13,040.32

Stage 1 - Loss allowance measured at 12 month expected credit losses.

Stage 2 and 3 - Loss allowance measured at life-time expected credit losses.

8.7 Ratio on consolidated basis

₹ in Crore

Particulars	**As at March 31, 2022**	As at March 31, 2021
(a) Gross stage III (%)	**2.14%**	2.19%
(b) Net stage III (%)	**0.95%**	1.02%
(c) Provision coverage ratio (%)	**56.76%**	54.73%

Notes forming part of the Consolidated Financial Statements (Continued)

8.8 Concentration of exposure

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Total loans to twenty largest borrowers*	**65,419.66**	58,927.60
Percentage of loans to twenty largest borrowers to total loans of the group	**10.30%**	10.69%

* 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, 2022	As at March 31, 2021
HDFC Bank Limited	India	Banking	Equity method	**21.00%**	21.13%
Truenorth Ventures Private Limited (upto March 9, 2022)	India	Venture capital	Equity method	-	21.51%
Good Host Spaces Private Limited (upto April 22, 2021)	India	Hospitality	Equity method	-	25.01%
Renaissance Investment Solutions ARC Pvt. Ltd. (w.e.f. November 24, 2020)	India	Assets reconstruction (awaiting regulatory approval)	Equity method	**19.95%**	19.95%

9.1 During the year, 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 resulting in a pre-tax adjusted gains of ₹ 69.63 Crore.

9.2 During the year, True North Ventures Private Limited ceased to be an associate on account of increase in total share capital of the entity.

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, 2022)	HDFC Bank Limited	True north Ventures Private Limited (refer note 9.2)	Renaissance Investment Solutions ARC Pvt. Ltd.	Total
Summarised statement of Net Assets				
Cash and cash equivalents	1,55,367.80	-	2.41	1,55,370.21
Other financial assets	19,62,131.00	-	-	19,62,131.00
Non-financial assets	25,216.00	-	0.10	25,216.10
Total assets (A)	**21,42,714.80**	**-**	**2.51**	**21,42,717.31**
Financial liabilities	18,66,595.00	-	0.16	18,66,595.16
Non-financial liabilities	18,223.60	-	0.01	18,223.61
Total liabilities (B)	**18,84,818.60**	**-**	**0.17**	**18,84,818.77**
Net Assets (A-B)	**2,57,896.20**	**-**	**2.34**	**2,57,898.54**
Group share in %	21.00%	-	19.95%	
Group share in amount	54,158.20	-	0.47	**54,158.67**
Goodwill and other adjustments	9,048.82	-	-	**9,048.82**
Carrying amount of investment	**63,207.02**	**-**	**0.47**	**63,207.49**
Summarised statement of Profit and Loss				
Interest income	1,35,755.10	-	-	**1,35,755.10**
Other income	-	-	-	**-**
Interest expenses	58,053.80	-	-	**58,053.80**
Depreciation and amortisation	2,784.10	-	-	**2,784.10**
Other expenses	6,509.10	-	0.56	**6,509.66**
Income tax	13,924.80	-	-	**13,924.80**
Profit before tax	54,483.30	-	(0.56)	**54,482.74**
Profit after tax	40,558.50	-	(0.56)	**40,557.94**
Other comprehensive income	(1,888.60)	-	-	**(1,888.60)**
Total comprehensive income	38,669.90	-	(0.56)	**38,669.34**
Group share in %	21.00%	-	19.95%	
Group share in profit and loss (A) (including dilution gains and other adjustments)	8,969.83	0.07	(0.11)	**8,969.79**
Group share in other comprehensive income (B)	(396.61)	-	-	**(396.61)**
Total group share in total comprehensive income (A+B)	8,573.23	0.07	(0.11)	**8,573.18**
Share of commitments and contingent liabilities	25,924.88	-	-	**25,924.88**

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars (as at March 31, 2021)	Good host Spaces Pvt. Ltd. (refer note 9.1)	HDFC Bank Limited	True north 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
Carrying amount of investment	**-**	**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	-	42,671.20	0.36	(0.84)	42,670.72
Profit after tax	-	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 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 other comprehensive income (B)	-	(256.64)	-	-	(256.64)
Total group share in total comprehensive income (A+B)	(13.17)	6,678.08	0.09	(0.17)	6,664.83
Share of commitments and contingent liabilities	-	21,416.67	-	-	21,416.67

Notes forming part of the Consolidated Financial Statements (Continued)

10. Other investments - other than investment by the life and general insurance companies

₹ in Crore

Investments	As at March 31, 2022				
	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	-	-	7,562.47	7,562.47	7,562.47
Government securities $	36,932.55	118.02	-	118.02	37,050.57
Equity shares	-	6,257.60	1,348.62	7,606.22	7,606.22
Preference shares	3.84	-	14.20	14.20	18.04
Debentures	1,804.13	5.94	271.60	277.54	2,081.67
Pass-through certificates	14.32	-	-	-	14.32
Security receipts	-	-	139.49	139.49	139.49
Investment in units of venture funds / alternate investment funds / REITs	-	-	1,777.60	1,777.60	1,777.60
Total – Gross (A)	**38,754.84**	**6,381.56**	**11,113.98**	**17,495.54**	**56,250.38**
(i) Investments outside India	-	79.72	-	79.72	79.72
(ii) Investments in India	38,754.84	6,301.84	11,113.98	17,415.82	56,170.66
Total (B)	**38,754.84**	**6,381.56**	**11,113.98**	**17,495.54**	**56,250.38**
Less: Allowance for impairment loss (C)	1.22	-	-	-	1.22
Total – Net (D) = (A)-(C)	**38,753.62**	**6,381.56**	**11,113.98**	**17,495.54**	**56,249.16**

$ Investment in Government Securities amounting to ₹ 8,997.51 Crore (Face Value), has been utilized towards Repurchase (REPO) Transactions. Further the Group has not recognised any provision under expected credit loss on investments in government securities.

₹ 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	23,982.80	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	23,982.80	31,210.01	55,321.63
Total (B)	24,111.62	7,305.57	23,982.80	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	23,982.80	31,288.37	55,399.30

$ The Group has not recognised any provision under expected credit loss on investments in government securities.

Notes forming part of the Consolidated Financial Statements (Continued)

10.1 **Debt asset swap**

During the year, the Holding Company has disposed off certain investment costing of ₹ **173.86 Crore** which were acquired through debt asset swap in earlier years. The gross carrying value (fair value) of Investments under debt asset swap as at March 31, 2022 stood at ₹ **305.85 Crore** (Previous Year ₹ 347.71 Crore).

11. Assets of insurance business

11.1 **Investment by life insurance business**

₹ in Crore

Investments	As at March 31, 2022				
	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	8,470.01	73,574.55	12,002.39	85,576.94	**94,046.95**
Equity shares	-	667.64	69,740.07	70,407.71	**70,407.71**
Preference shares	-	-	2.62	2.62	**2.62**
Debentures	2,550.35	28,226.30	6,308.34	34,534.64	**37,084.99**
Fixed deposits	-	370.00	-	370.00	**370.00**
Certificate of deposits	-	-	460.48	460.48	**460.48**
Commercial papers	-	-	783.42	783.42	**783.42**
Reverse repo instruments	791.77	5,298.25	4,179.02	9,477.27	**10,269.04**
Investment in units of venture capital fund / REITs	-	-	1,185.75	1,185.75	**1,185.75**
Total – Gross (A)	**11,812.13**	**1,08,136.74**	**94,662.09**	**2,02,798.83**	**2,14,610.96**
(i) Investments outside India	-	-	-	-	-
(ii) Investments in India	11,812.13	1,08,136.74	94,662.09	2,02,798.83	**2,14,610.96**
Total (B)	**11,812.13**	**1,08,136.74**	**94,662.09**	**2,02,798.83**	**2,14,610.96**
Less: Allowance for impairment loss (C)	-	34.09	-	34.09	**34.09**
Total – Net (D) = (A)-(C)	**11,812.13**	**1,08,102.65**	**94,662.09**	**2,02,764.74**	**2,14,576.87**
Investments of policyholders	11,780.62	97,981.54	94,662.09	1,92,643.63	**2,04,424.25**
Investments of shareholders	31.51	10,121.11	-	10,121.11	**10,152.62**
Total	**11,812.13**	**1,08,102.65**	**94,662.09**	**2,02,764.74**	**2,14,576.87**

Notes forming part of the Consolidated Financial Statements (Continued)

Previous Year

₹ 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	1,66,817.96	1,66,817.96
Investments of shareholders		6,523.24	1,373.64	7,896.88	7,896.88
Total	-	89,865.08	84,849.76	1,74,714.84	1,74,714.84

Notes forming part of the Consolidated Financial Statements (Continued)

11.2 Investments by - general insurance entities

₹ in Crore

Investments	As at March 31, 2022				
	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	-	-	662.15	662.15	662.15
Government securities and other approved securities	-	8,155.54	-	8,155.54	8,155.54
Equity shares	-	-	1,037.83	1,037.83	1,037.83
Debentures	-	8,567.12	-	8,567.12	8,567.12
Fixed deposits	27.41	-	-	-	27.41
Total – Gross (A)	**27.41**	**16,722.66**	**1,699.98**	**18,422.64**	**18,450.05**
(i) Investments outside India	-	-	-	-	-
(ii) Investments in India	27.41	16,722.66	1,699.98	18,422.64	18,450.05
Total (B)	**27.41**	**16,722.66**	**1,699.98**	**18,422.64**	**18,450.05**
Less: Allowance for impairment loss (C)	-	-	-	-	-
Total – Net (D) = (A)-(C)	**27.41**	**16,722.66**	**1,699.98**	**18,422.64**	**18,450.05**
Investments of policyholders	21.65	13,312.44	1,342.51	14,654.95	14,676.60
Investments of shareholders	5.76	3,410.22	357.47	3,767.69	3,773.45
Total	**27.41**	**16,722.66**	**1,699.98**	**18,422.64**	**18,450.05**

Previous Year

₹ 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
Subsidiaries - equity shares	-	-	-	-	-
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

Notes forming part of the Consolidated Financial Statements (Continued)

11.3 Assets of insurance business

₹ in Crore

Paticulars	Life Insurance		General Insurance	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Investments	**2,14,576.87**	1,74,714.84	**18,450.05**	16,971.48
Other assets				
Reinsurance assets	**8,318.98**	5,327.65	**3,817.69**	3,186.73
Outstanding premium	**468.35**	374.17	**1,641.80**	1,094.94
Due from other insurance companies	**-**	-	**65.72**	108.96
Reinsurance recovery on claims outstanding	**-**	-	**1,759.10**	1,772.96
Assets held for unclaimed amount of policyholders	**662.83**	697.76	**23.18**	19.26
Receivable for fund management charges from unit linked schemes	**69.83**	10.64	**-**	-
Income accrued on investments	**2,248.61**	2,321.59	**409.49**	368.11
Others	**694.28**	169.89	**-**	-
Total other assets	**12,462.88**	8,901.70	**7,716.98**	6,550.96

12. Other financial assets

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits	**148.10**	117.70
Receivables on securitised/assign loans*	**1,654.28**	1,383.65
Amounts receivable on swaps and other derivatives	**1,625.02**	1,459.77
Inter corporate deposits	**5.11**	64.97
Receivables on sale of investments (trade date accounting)	**623.01**	736.21
Receivable for ex-gratia interest - government scheme (refer note 12.1)	**-**	65.14
Others including mark to market on derivative - CSA	**2,005.20**	100.03
Total Other financial assets (gross)	**6,060.72**	3,927.47
Less: impairment loss allowance (expected credit loss)		
- Inter-corporate deposit	**5.11**	64.97
- Others	**13.50**	10.80
Total net of ECL	**6,042.11**	3,851.70

* includes retained access interest spread and servicing asset on assigned / derecognised loans.

12.1 During the previous year, 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 had implemented the Scheme and credited an amount to the eligible borrowers loan account as per the Scheme and during the current year received reimbursement from SBI - Nodal office in accordance with the relief scheme.

13. Current and deferred tax assets (net)

13 (a) Current tax assets (net)

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Advance tax (net of provision)	**3,261.67**	2,920.28
Total	**3,261.67**	2,920.28

Notes forming part of the Consolidated Financial Statements (Continued)

13 (b) **Deferred tax assets / (liabilities) (net)**

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax assets	**1,566.15**	1,837.67
MAT credit entitlement	**-**	16.09
Sub Total	**1,566.15**	1,853.76
Deferred tax liabilities	**(119.25)**	(124.80)
Total	**1,446.90**	1,728.96

Movements in deferred tax assets/(liabilities) (current year)

₹ in Crore

Particulars	As at March 31, 2021	Charge for the Current Year			Utilisations / Adjustments	As at March 31, 2022
		Profit or loss (a)	Other Comprehensive Income (b)	Total (a+b)		
Property, plant and equipment	4.14	36.85	-	36.85	(180.39)	**(139.40)**
Right of use asset and lease liabilities	0.86	1.32	-	1.32	-	**2.18**
Expected credit losses	2,778.47	356.67	-	356.67	-	**3,135.14**
Provisions other than those pertaining to expected credit loss	95.87	8.22	(0.12)	8.10	-	**103.97**
Financial assets at fair value through profit or loss	(1,079.46)	(136.82)	-	(136.82)	-	**(1,216.28)**
Financial assets at FVOCI	489.51	(0.05)	(80.99)	(81.04)	-	**408.47**
Remeasurements of employee benefits	7.98	11.95	(2.12)	9.83	-	**17.81**
Impact of accounting under Effective Interest Rate (EIR)	(748.41)	(188.97)	-	(188.97)	-	**(937.38)**
Effect of foreign exchange transactions and translations	113.64	23.99	(117.68)	(93.69)	-	**19.95**
MAT credit entitlement	16.09	(16.09)	-	(16.09)	-	**-**
Others	50.27	2.17	-	2.17	-	**52.44**
Total	**1,728.96**	**99.24**	**(200.91)**	**(101.67)**	**(180.39)**	**1,446.90**

Movements in deferred tax assets/(liabilities) (previous year)

₹ in Crore

Particulars	As at March 31, 2020	Charge for the Previous 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**
Impact of accounting under Effective Interest Rate (EIR)	(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**

Notes forming part of the Consolidated Financial Statements (Continued)

14. Investment property

₹ in Crore

Particulars		As at March 31, 2022	As at March 31, 2021
Gross carrying amount			
Opening gross carrying amount / deemed cost		705.11	727.98
Additions		51.35	73.45
Deduction / disposal		(46.83)	(13.27)
Transfer to fixed assets		(5.39)	(83.05)
Closing gross carrying amount	(a)	**704.24**	705.11
Accumulated depreciation			
Opening accumulated depreciation		31.12	23.61
Depreciation charge		10.68	12.56
Depreciation on sale		(3.70)	(0.90)
Transfer to fixed assets		(1.98)	(4.15)
Closing accumulated depreciation	(b)	**36.12**	31.12
Accumulated impairment			
Opening accumulated impairment		21.65	21.65
Impairment charge		(19.87)	
Closing accumulated impairment	(c)	**1.78**	21.65
Investment property - under construction	(d)	**2,120.88**	284.43
Investment property - including under construction	(a - b - c + d)	**2,787.22**	936.77

The Holding Company has entered into debt assets swap, wherein the net carrying amount of the Investment properties including properties held for sale taken over stood as at March 31, 2022 stood at ₹ **2,631.99 Crore** (Previous Year ₹ 910.50 Crore), the properties taken over by the corporation are mix of residential and commercial properties located in key metro cities. The properties are being held for capital appreciation, which the Corporation will dispose off at an appropriate time in accordance with the applicable regulations.

14.1 Fair value (level 3)

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Fair value of investment property (excluding properties under construction)	**1,189.03**	1,111.83
Net carrying value of investment property	**568.09**	588.82

The fair value of the Corporation's investment properties as at March 31, 2022 and March 31, 2021 has been arrived at on the basis of valuation by registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017 or internal valuation basis (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.

Notes forming part of the Consolidated Financial Statements (Continued)

14.2 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, 2022	As at March 31, 2021
Less than one year	**45.37**	49.55
Between one and two years	**33.56**	38.17
Between two and three years	**17.36**	32.67
Between three and four years	**9.93**	16.12
Between four and five years	**4.70**	7.54
More than five years	**-**	3.54
Total	**110.92**	147.59

14.3 The Corporation has entered in to agreement to sell / memorandum of understanding to sell certain Investment properties against which part consideration has been received as at the year end, accordingly the same has been classified as Non-Current Assets held for sale in compliance with the Ind AS 105 on 'Non Current assets held for sale and Discontinuing Operation'.

14.4 Investment Property Under Construction represent rights acquired by the Group in properties under construction. These properties are part of the projects being developed by respective real estate developers and not by the Group. Accordingly, disclosures relating to Investment Property Under Development in terms of paragraph WB of General Instructions for preparation of Balance Sheet prescribed in division III of Schedule III to the Companies Act, 2013 are not applicable.

14.5 Title deed of all investment properties are held in name of the Group, however in respect of:

a) Farm House Located at Village Mehrauli, Tehsil Hauz Khas, New Delhi, gross carrying value amounting to ₹ 42.00 Crore, the Corporation has a duly executed agreement for sell in its favour. A suit for specific performance was successfully decreed in favour of the Corporation by the High Court in the month of January 2020 and in terms thereof the possession of the property was handed over to the Corporation. The Corporation has approached the High Court for execution of the sale deed and the same is expected to be undertaken at the soonest by the High Court through the Court Commissioner.

b) Plot No 4, Echelon Institutional Sector 32, Gurgaon, gross carrying value amounting to ₹ 72.10 Crore, the Corporation has acquired this property under a debt asset swap arrangement in the month of December 2015. The Holding Company holds a duly executed agreement to sell (along with power of attorney) in its favour and is in possession of the Property. The existing tenancy was duly attorned in favour of the Corporation as well. Necessary representation to the authority was made to enable execution of sale deed in favour of the Corporation. Since the relevant matter is at the Supreme Court presently, the Corporation has accordingly, made appropriate representation to enable the sale deed executed in its favour. Further, the acquisition of these properties was in the normal course of business and none of the directors, or their relatives are associated with these transactions in any manner.

15. Property, plant and equipment

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2021	Additions	Adjustments	Deductions	As at March 31, 2022	As at March 31, 2021	For the year	Adjustments	Deductions	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Land :												
Freehold	100.63	-	-	-	**100.63**	-	-	-	-	-	**100.63**	100.63
Right to use	354.40	0.03	-	(0.29)	**354.14**	38.75	10.18	-	(0.24)	**48.69**	**305.45**	315.65
Buildings :												
Own use	712.50	0.71	1.08	-	**714.29**	59.43	31.59	0.04	(0.39)	**90.67**	**623.62**	653.07
Right to use	621.46	209.29	120.44	(74.20)	**876.99**	263.01	136.14	69.34	(68.41)	**400.08**	**476.91**	358.45
Leasehold improvements	92.47	16.86	51.13	(2.95)	**157.51**	45.03	15.94	42.37	(2.38)	**100.96**	**56.55**	47.44
Computer hardware	257.25	83.88	53.22	(54.35)	**340.00**	137.31	64.46	36.57	(53.99)	**184.35**	**155.65**	119.94
Furniture & fittings	87.46	11.98	12.90	(3.44)	**108.90**	30.53	11.61	11.85	(3.19)	**50.80**	**58.10**	56.93
Office equipment etc.	109.08	24.34	21.95	(4.33)	**151.04**	47.78	16.97	20.24	(3.69)	**81.30**	**69.74**	61.30
Vehicles	51.17	22.44	1.22	(8.09)	**66.74**	25.89	11.23	1.22	(7.34)	**31.00**	**35.74**	25.28
Total	2,386.42	369.53	261.94	(147.65)	**2,870.24**	647.73	298.12	181.63	(139.63)	**987.85**	**1,882.39**	1,738.69

Notes

(1) Net of depreciation for the year amounting to ₹ **76.59 Crore** (Previous Year ₹ 70.68 Crore) included in other expenses pertaining to Insurance Business.

(2) Depreciation for the financial year excludes ₹ **10.68 Crore** (Previous Year ₹ 12.56 Crore) being depreciation charge and ₹ **19.87** (Previous Year ₹ Nil) being reversal of impairment charge on Investment in Properties.

₹ 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	-	(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

15.1 Title deed of the Immovable Properties are held in name of the Group, further the Group has not revalued its Property, Plant and Equipment (including Right-of-Use Assets).

15.2 The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

15.3 The Corporation has entered into debt assets swap, whereby the net carrying amount of the PPE / intangible assets (including capital advance) taken over stood at ₹ **1,202.88 Crore** as at March 31, 2022 (Previous Year ₹ 521.33 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.

ACTIONABLE INTELLIGENCE

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, 2021	Additions	Adjustments	Deductions	As at March 31, 2022	As at March 31, 2021	For the year	Adjustments	Deductions	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Computer software	334.57	123.32	59.93	(35.09)	**482.73**	217.06	62.52	55.26	(35.08)	**299.76**	**182.97**	117.51
Goodwill	6.04	-	-	-	**6.04**	-	-	-	-	**-**	**6.04**	6.04
Non compete fees	10.92	-	-	-	**10.92**	10.92	-	-	-	**10.92**	**-**	-
Development rights	350.15	-	-	-	**350.15**	-	28.01	-	-	**28.01**	**322.14**	350.15
Customer relationships	334.49	-	130.30	-	**464.79**	41.07	33.34	-	-	**74.41**	**390.38**	293.42
Distribution network - bancassurance	40.59	-	-	-	**40.59**	16.61	13.52	-	-	**30.13**	**10.46**	23.98
Distribution network - agency	295.99	-	180.80	-	**476.79**	72.68	63.72	-	-	**136.40**	**340.39**	223.31
Non - compete agreement	36.29	-	-	-	**36.29**	14.86	12.12	-	-	**26.98**	**9.31**	21.43
Policy in force	-	-	1,563.00	-	**1,563.00**	-	39.08	-	-	**39.08**	**1,523.92**	0.00
Total	1,409.04	123.32	1,934.03	(35.09)	**3,431.30**	373.20	[(1)] 252.31	55.26	(35.08)	**645.69**	**2,785.61**	1,035.84

₹ 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	16.54	3.34	217.06	117.51	112.99
Goodwill	6.04	-	-		6.04	-	-	-	-	-	6.04	6.04
Non compete fees	10.92	-	-	-	10.92	10.92	-	-	-	10.92	-	-
Development rights	350.00	0.15		-	350.15	-	-	-	-	-	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
Total	1,322.37	76.71	38.17	(28.21)	1,409.04	172.92	[(1)] 180.40	16.54	3.34	373.20	1,035.84	1,149.45

Notes

[(1)] Net of depreciation for the year amounting ₹ **45.73 Crore** (Previous Year ₹ 47.82 Crore) included in other expenses pertaining to Insurance Business.

The Corporation has not acquired Other Intangible Assets through business combination, further none of the Intangible Assets has been revalued during the current year and previous year.

B) Goodwill on consolidation

₹ in Crore

Particulars	**As at March 31, 2022**	As at March 31, 2021
Balance at the beginning of the year	**1,600.73**	1,600.73
Goodwill arising on acquisition of subsidiary (refer note 50.1)	**3,691.28**	-
Other adjustments	**(2.57)**	-
Balance at the end of year	**5,289.44**	1,600.73

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, 2022	As at March 31, 2021
Unsecured; considered good		
Capital advances	**1,001.53**	142.50
Other advances	**526.73**	460.41
Prepaid expenses	**187.66**	139.88
Total Gross	**1,715.92**	742.79
Less: Provision for expected credit loss (ECL)	**0.05**	0.07
Total	**1,715.87**	742.72

18. Payables

18 (a) Trade payables

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises	**14.40**	8.63
Total outstanding dues of creditors other than micro enterprises and small enterprises	**3,796.32**	3,071.55

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, 2022	As at March 31, 2021
a) Principal amount and the interest due thereon	**14.40**	8.63
b) The amount of interest paid	**-**	-
c) Amounts paid after appointed date during the year	**0.14**	-
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	**14.54**	**8.63**

18 (b) Other payables

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises	**-**	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**750.62**	295.97

Notes forming part of the Consolidated Financial Statements (Continued)

18 (c). Trade payables aging schedule

(figures for the Previous Year in brackets)

₹ in Crore

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled	Less than 1 year	>1-2 years	>2-3 years	More than 3 years	
(i) MSME	5.99 (0.71)	8.41 (7.91)	- -	- -	- (0.01)	14.40 (8.63)
(ii) Others	228.83 (209.08)	3,534.99 (2,861.87)	20.93 (0.13)	2.49 (0.43)	9.08 (0.04)	3,796.32 (3,701.55)
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - others	-	-	-	-	-	-
Total	**234.82**	**3,543.40**	**20.93**	**2.49**	**9.08**	**3810.72**

19. Debt securities

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Bonds	**4.20**	12.40
Non-convertible debentures	**1,65,648.75**	1,50,058.41
Synthetic rupee denominated bonds	**1,800.00**	2,800.00
Commercial papers	**30,336.61**	30,850.37
Less: Unamortised borrowing cost	**(6.00)**	(10.70)
Debt securities net of unamortised borrowing cost	**1,97,783.56**	1,83,710.48
Debt securities in India	**1,95,989.56**	1,80,921.18
Debt securities outside India	**1,800.00**	2,800.00
Less: Unamortised borrowing cost	**(6.00)**	(10.70)
Debt securities net of unamortised borrowing cost	**1,97,783.56**	1,83,710.48

19.1 All secured debts are secured by negative lien on the assets of the Holding Company 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.

19.2 The Holding Company had issued Synthetic Rupee Denominated Bonds of ₹ 11,100 Crore to overseas investors of which ₹ **1,800.00 Crore** remains outstanding as at March 31, 2022 (Previous Year ₹ 2,800.00 Crore). The Corporation had also established a Medium Term Note Programme (MTN Programme) for USD 2,800 million so as to enable the Corporation to issue debt instruments in the international capital markets. The Corporation had raised ₹ 6,100 Crore under the MTN Programme in accordance with the RBI guidelines. The Corporation was the first Indian corporate issuer of such bonds. These bonds are listed on the London Stock Exchange. These bonds are unsecured and the currency risk is borne by the investors.

19.3 The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Corporation shall;

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Corporation (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

19.4 The Group does not have any charges or satisfaction which are yet to be registered with Registrar of Companies beyond the statutory period. However, in the earlier years, the Holding Company had redeemed in full certain secured Non-convertible debentures (Series 2, 4, 5 and 6) aggregating to ₹ 365 Crore (Previous Year ₹ 365 Crore), which were issued in the financial year 1998-1999 and 1999-2000 and were secured by way of immovable property or any interest therein. Necessary forms for satisfaction of charges were filed for the said series within the prescribed time limits with the Registrar of Companies, Mumbai (ROC). However, the ROC has not taken such filings on records and the Holding Company has not received any communication for the same.

Notes forming part of the Consolidated Financial Statements (Continued)

19.5 Terms of redemption of Nominal value of bonds and debentures and repayment terms as at March 31, 2022

₹ in Crore

Particulars	0-1 year	>1-3 years	>3-5 years	>5 years	Total
Debt securities					
Bonds					
7.00% to 8.00%	4.20	-	-	-	4.20
Non convertible debentures					
4.50% to 5.00%	2,000.00	9,693.00	-	-	11,693.00
5.01% to 6.00%	5,250.00	4,694.64	11,679.74	-	21,624.38
6.01% to 7.00%	9,989.48	1,250.00	4,919.74	9,676.94	25,836.16
7.01% to 8.00%	10,245.00	10,512.64	4,372.06	32,303.34	57,433.04
8.01% to 9.00%	2,465.00	1,945.47	6,267.80	26,509.19	37,187.46
9.01% to 10.00%	400.00	5,979.74	-	2,949.61	9,329.35
10.00% to 10.50%	-	-	-	73.72	73.72
Coupon linked to 3 months T-Bill Rate as published by FBIL	-	5,299.76	-	-	5,299.76
Total	**30,349.48**	**39,375.25**	**27,239.34**	**71,512.80**	**1,68,476.87**
Synthetic rupee denominated bonds					
6.73% to 8.75%	1,300.00	500.00	-	-	1,800.00
Commercial papers					
3.51% to 4.00%	5,883.99	-	-	-	5,883.99
4.01% to 5.00%	20,304.72	-	-	-	20,304.72
5.01% to 7.00%	4,147.90	-	-	-	4,147.90
Total	**30,336.61**	**-**	**-**	**-**	**30,336.61**

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%	22,322.19	35,122.87	17,688.03	18,018.40	93,151.49
8.01% to 9.00%	6,399.69	2,464.00	3,046.57	21,333.48	33,243.74
9.01% to 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**
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**

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, 2022	As at March 31, 2021
Term loans from scheduled banks - secured	**1,04,182.34**	70,658.60
Term loans from other - secured		
Asian Development Bank	**41.02**	117.99
National Housing Bank	**12,960.11**	16,202.65
Sub total	**13,001.13**	16,320.64
Total - term loans - secured	**1,17,183.47**	86,979.24
Term loans from banks - unsecured		
Scheduled banks	**4,050.00**	7,050.00
External commercial borrowing - Low cost affordable housing	**13,945.15**	13,280.41
External commercial borrowing - others	**759.00**	736.01
Sub total	**18,754.15**	21,066.42
REPO Borrowings - secured	**8,800.27**	-
Total Borrowings Gross	**1,44,737.89**	1,08,045.66
Less: Unamortised borrowing cost	**(70.75)**	(56.02)
Net Borrowings net of unamortised borrowing cost	**1,44,667.14**	1,07,989.64
Borrowings in India	**1,29,995.51**	93,916.82
Borrowings outside India	**14,742.38**	14,128.84
Total Borrowings	**1,44,737.89**	1,08,045.66
Less: Unamortised borrowing cost	**(70.75)**	(56.02)
Net Borrowings net of unamortised borrowing cost	**1,44,667.14**	1,07,989.64

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. Further the Group is not declared as wilful defaulter by any bank or financial Institution or other lender.

20.2 The Group do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period for borrowings.

20.3 The Corporation has total External Commercial Borrowing (ECBs) of USD 1,400.00 million and JPY 53,200 million for financing prospective owners of low cost affordable housing units or for on-lending towards green housing in accordance with the guidelines issued by the RBI. The borrowing has maturity of upto five years. In accordance with RBI guidelines, most of the borrowings have been swapped into rupees for the entire maturity by way of principal only swaps and forward contracts. The foreign currency exposure on interest has been partially hedged by way of forward contracts.

20.4 As at March 31, 2022, the Holding Company has foreign currency borrowings of **USD 1,404.28 million** and **JPY 53,200 million** (Previous Year USD 1,377.45 million and JPY 53,200 million). The Holding Company has undertaken currency swaps and forward contracts of a notional amount of **USD 1,400.00 million** and **JPY 53,200 million** (Previous Year USD 1,365.00 million and JPY 53,200 million) and foreign currency arrangements of **USD 4.28 million** (Previous Year USD 12.45 million) to hedge the foreign currency risk.

Notes forming part of the Consolidated Financial Statements (Continued)

As a part of asset liability management, the Holding Company has entered into INR interest rate swaps of a notional amount of ₹ **1,44,845.00 Crore** (Previous Year ₹ 93,160.00 Crore) and USD Interest rate swaps of ₹ **9,563.00 Crore** as on March 31, 2022 (Previous Year ₹ 8,722.00 Crore) for varying maturities, linked to various benchmarks.

Terms of borrowings and repayment as at March 31, 2022

₹ 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%	73,101.80	8,156.67	416.64	99.95	81,775.06
5.01% to 6.00%	1,592.71	5,049.12	4,009.33	306.12	10,957.28
6.01% to 7.00%	-	2,700.00	-	2,000.00	4,700.00
7.01% to 8.00%	-	-	-	6,750.00	6,750.00
Total	**74,694.51**	**15,905.79**	**4,425.97**	**9,156.07**	**1,04,182.34**
Term loans from others					
Asian Development Bank					
USD LIBOR + 40 bps	41.02	-	-	-	41.02
National Housing Bank					
3.0% to 4.00%	222.27	592.72	592.72	240.36	1,648.07
4.01% to 5.00%	819.05	1,296.51	664.73	22.92	2,803.21
5.01% to 6.00%	57.00	152.00	133.82	-	342.82
6.01% to 7.00%	1,491.36	3,796.96	1,635.53	814.79	7,738.64
8.01% to 9.00%	103.17	268.62	55.58	-	427.37
Total Secured	**2,692.85**	**6,106.81**	**3,082.38**	**1,078.07**	**12,960.11**
Term loans from Banks - unsecured					
4.60% to 5.00%	3,950.00	-	-	-	3,950.00
5.01% to 5.15%	100.00	-	-	-	100.00
Total	**4,050.00**	**-**	**-**	**-**	**4,050.00**
External commercial borrowing - Low cost affordable housing & others					
1 MonthLibor + 50 bps to 140 bps	759.00	5,692.50	-	-	6,451.50
3 MonthLibor + 85 bps	1,518.00	-	-	-	1,518.00
6 MonthLibor + 85 bps	-	-	3,415.50	-	3,415.50
1 Month TONA + 0.63%	-	3,319.15	-	-	3,319.15
Total ECB	**2,277.00**	**9,011.65**	**3,415.50**	**-**	**14,704.15**
REPO borrowings					
3.00% to 4.05%	8,800.27	-	-	-	8,800.27
Total borrowings	**92,555.65**	**31,024.25**	**10,923.85**	**10,234.14**	**1,44,737.89**

Notes forming part of the Consolidated Financial Statements (Continued)

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 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% to 2.70%	294.40	-	-	-	294.40
Total	**55,909.88**	**11,290.30**	**3,232.09**	**226.33**	**70,658.60**
Term loans from others					
Asian Development Bank					
USD LIBOR + 40 bps	-	117.99	-	-	117.99
National Housing Bank					
3.0% to 4.00%	222.27	592.72	592.72	536.72	1,944.43
4.01% to 5.00%	2,494.04	1,317.46	1,077.89	274.24	5,163.63
5.01% to 6.00%	804.13	1,813.12	1,786.64	669.62	5,073.51
6.01% to 7.00%	684.63	1,818.56	764.62	-	3,267.81
7.01% to 9.00%	431.78	211.76	109.73	-	753.27
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**
Total borrowings	**70,356.73**	**28,418.33**	**7,563.69**	**1,706.91**	**108,045.66**

21. Deposits - at amortised cost

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Deposits		
(i) Public deposits	**99,879.59**	93,603.88
(ii) From Banks	**5.75**	326.00
(iii) From others - secured	**6,327.35**	11,191.02
(iv) From others - unsecured	**55,024.42**	45,326.77
Less: Unamortised transaction cost - deposits	**(453.28)**	(370.48)
Total	**1,60,783.83**	1,50,077.19

Notes forming part of the Consolidated Financial Statements (Continued)

21.1 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.

21.2 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.

22. Subordinated liabilities - at amortised cost

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Non-convertible subordinated debentures	**3,957.06**	4,963.17
Perpetual debt	**267.94**	270.48
Total	**4,225.00**	5,233.65
Subordinated liabilities in India	**4,225.00**	5,233.65
Subordinated liabilities outside India	**-**	-
Total	**4,225.00**	5,233.65

Non-convertible subordinated debentures

Terms of borrowings and repayment as at March 31, 2022

₹ in Crore

Particulars	0-1 years	>1-3 years	>3-5 years	>5 years	Total
8.01% to 10.00%		**3,000.00**	**99.85**	**857.21**	**3,957.06**

Terms of issuance and repayment as at March 31, 2021

₹ in Crore

Particulars	0-1 years	>1-3 years	>3-5 years	>5 years	Total
8.01% to 10.00%	1,000.00	-	3,713.98	249.19	4,963.17

Perpetual Debt

Terms of issuance and repayment as at March 31, 2022

₹ in Crore

Particulars	0-1 years	>1-3 years	>3-5 years	>5 years	Total
8.00% to 10.00%	-	-	-	118.11	118.11
10.01% to 11.00%	-	-	99.88	-	99.88
11.01% to 12.00%	-	-	49.95	-	49.95
Total	**-**	**-**	**149.83**	**118.11**	**267.94**

Terms of issuance and repayment as at March 31, 2021

₹ in Crore

Particulars	0-1 years	>1-3 years	>3-5 years	>5 years	Total
8.00% to 10.00%	-	-	-	124.62	124.62
10.01% to 12.00%	-	-	95.95	49.91	145.86
Total	**-**	**-**	**95.95**	174.53	270.48

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, 2022	As at March 31, 2021	**As at March 31, 2022**	As at March 31, 2021
Insurance contract liabilities	**1,83,263.22**	1,38,077.99	**-**	-
Dues to policyholders'	**2,206.57**	2,694.54	**32.77**	30.89
Funds for future appropriation	**940.91**	990.58	**-**	-
Reserve for unexpired risk	**-**	-	**4,551.42**	4,323.98
Investment contract liabilities	**29,140.71**	27,307.39	**-**	-
Policyholders' surplus yet to be allocated	**774.08**	4,964.88	**-**	-
Unallocated premium (policyholders)	**512.23**	497.88	**672.00**	585.20
Reserve for claims	**-**	-	**12,559.54**	11,064.78
Premium received in advance	**-**	-	**868.53**	893.82
Due to other insurance companies	**13.51**	2.62	**3,252.13**	2,937.45
Purchase of investments pending settlement	**506.97**	844.36	**-**	-
Deferred origination fees	**19.66**	25.91	**-**	-
Total liabilities of insurance business	**2,17,377.86**	1,75,406.15	**21,936.39**	19,836.12

24. Other financial liabilities

₹ in Crore

Particulars	**As at March 31, 2022**	As at March 31, 2021
Interest accrued but not due on debt securities and deposits	**11,238.66**	11,146.09
Book overdraft	**1,904.00**	2.31
Amounts payable on assigned / securitised loans	**421.61**	563.11
Security and other deposits received	**31.79**	35.51
Unclaimed dividend	**24.24**	24.85
Unclaimed matured deposits including interest accrued and due thereon	**697.66**	1,087.18
Lease liabilities	**545.54**	391.42
Other deposits and payables	**215.60**	139.66
Total	**15,079.10**	13,390.13

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 Holding Company has transferred ₹ **2.67 Crore** (Previous Year ₹ 2.30 Crore) being unpaid dividend, underlying **86,465 equity shares** of ₹ **2** each (Previous Year: 65,928) and ₹ **5.04 Crore** (Previous Year ₹ 4.00 Crore) being unclaimed deposits to the Investor Education and Protection Fund (IEPF). As of March 31, 2022, no amount was due for transfer to the IEPF. However, 2,371 equity shares (Previous Year 2,148) 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, 2022**	As at March 31, 2021
Provision for tax (net of advance tax)	**482.08**	469.64
Total	**482.08**	469.64

Notes forming part of the Consolidated Financial Statements (Continued)

26. Provisions

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits	**415.46**	370.99
Other provisions	**1.10**	0.18
Total	**416.56**	371.17

27. Other non-financial liabilities

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Amount/Income received in advance	**427.34**	542.29
Deferred gain on fair valuation (Initial recognition)	**355.25**	710.50
Statutory dues	**921.94**	699.20
Others	**301.29**	83.53
Total	**2,005.82**	2,035.52

The Holding Company had invested in 100 Crore equity shares of Yes Bank Limited at ₹ 10 each on March 14, 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 FVOCI. During the current year ₹ **355.25 Crore** (Previous Year ₹ 355.25 Crore) has been recognised in accordance with AS 109 on Financial Instruments.

28. Equity share capital

₹ in Crore

	As at March 31, 2022	As at March 31, 2021
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
ISSUED, SUBSCRIBED AND FULLY PAID UP		
181,30,28,276 (As at March 31, 2021 180,39,46,433) Equity Shares of ₹ 2 each	**362.61**	360.79

28.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	₹ in Crore	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**180,39,46,433**	**360.79**	173,20,51,189	346.41
Shares allotted pursuant to exercise of stock options	**90,81,843**	**1.82**	1,50,77,063	3.02
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	**181,30,28,276**	**362.61**	180,39,46,433	360.79

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, 2022 and March 31, 2021.

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 previous 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 in Financial Year 2021.

28.6 As at March 31, 2022, **8,27,34,888 shares** (Previous Year 9,18,16,731 shares) were reserved for issuance as follows:

a) **6,56,77,488 shares** of ₹ 2 each (Previous Year: 7,47,59,331 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: 1,70,57,400) of ₹ 2 each towards outstanding warrants.

28.7 The Corporation does not have Promoter, accordingly disclosure relating to shareholding of promoters is not applicable.

28.8 The Board of Directors of the Holding Company, its subsidiaries and associate companies, incorporated in India have proposed final dividend for the year, as disclosed below, and is subject to the approval of the members of the respective companies at the respective ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

Name of the Company	Dividend per share in ₹
Housing Development Finance Corporation Limited	30.00
HDFC Asset Management Company Limited	42.00
HDFC Life Insurance Company Limited	1.70
HDFC Sales Private Limited	2.05
HDFC Holdings Limited	10.00
HDFC Bank Limited	15.50

Notes forming part of the Consolidated Financial Statements (Continued)

29. Other equity

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Capital reserve on consolidation	**44.59**	44.59
Securities premium	**49,741.22**	45,140.57
Retained earnings	**76,259.66**	61,504.20
General reserve	**28,986.72**	29,002.69
Special reserve I	**51.23**	51.23
Special reserve II	**20,516.95**	18,423.91
Statutory reserve	**6,443.78**	5,743.78
Special reserve U/s 45-IC of The Reserve Bank of India Act, 1934	**202.59**	174.58
Shelter assistance reserve	**0.03**	0.07
Investments through other comprehensive income	**(4,539.23)**	(5,113.64)
Effective portion of cash flow hedges	**77.11**	(218.55)
Cost of cash flow hedges	**(95.92)**	93.38
Translation of foreign operations	**116.23**	28.77
Share-based payment reserve	**1,476.01**	1,274.19
Translation reserve	**6.66**	(1.47)
Capital redemption reserve	**23.80**	23.84
Debenture redemption reserve	**21.16**	20.01
Capital reserve	**(149.08)**	(147.34)
Money received against share warrants	**307.03**	307.03
TOTAL	**1,79,490.54**	1,56,351.84

29.1 **Capital reserve:** The Corporation had forfeited equity shares on non payment of call money, profit on reissue of those shares were credited as Capital Reserve.

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 (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 in terms of Section 36(1)(viii) of the Income-tax Act.

Special reserve no. II relates to the amounts transferred after Financial Year 1996-97 in terms of Section 36(1)(viii) of the Income-tax Act.

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 ₹ **2,100 Crore** (Previous Year ₹ 2,000 Crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of ₹ **700 Crore** (Previous Year ₹ 500.00 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**

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.

29.8 **Share-based payment reserve**

The Group 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.

29.9 **Translation of foreign operations:**

The Group has translated in its operations in foreign jurisdictions and the effects of such translation has been considered in the Other Comprehensive income under the head as translation of foreign operations.

30. Interest income

₹ in Crore

Particulars	**For the year ended March 31, 2022**	For the year ended March 31, 2021
On financial assets measured at amortised cost		
Interest on loans	**42,794.91**	43,077.25
Interest income from investments	**2,142.21**	1,329.93
Interest on deposits	**21.21**	20.87
Other interest income	**119.25**	7.11
Sub total	**45,077.58**	44,435.16
On financial assets classified at fair value through profit or loss		
Interest income from investments	**14.65**	25.87
On financial assets classified at fair value through other comprehensive income		
Interest income from investments	**32.31**	0.52
Total	**45,124.54**	44,461.55

30.1 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 had 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. During the current year, the Corporation has credited the required amount to the customers account.

30.2 The surplus on deployment in liquid instruments represents return on investments where underlying securities yield fixed income such as Government Securities/Treasury Bills, Commercial Paper and Certificate of Deposit.

31. Rental Income includes ₹ **59.61 Crore** (Previous Year ₹ 54.11 Crore) from investment properties.

Notes forming part of the Consolidated Financial Statements (Continued)

32.1 **Net gain/(loss) on fair value changes**

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net gain on financial instruments at fair value through profit or loss		
- Investments	**1,472.62**	1,922.72
- Derivatives	**0.98**	(3.04)
- Others reclassified from OCI	**91.64**	52.00
Total net gain on fair value changes	**1,565.24**	1,971.68
Fair value changes:		
- Realised	**281.71**	311.77
- Unrealised	**1,283.53**	1,659.91
Total net gain on fair value changes	**1,565.24**	1,971.68

32.2 The Corporation has derecognised Individual loans of ₹ **28,455.26 Crore** and Non Individual loan of ₹ **1,500.00 Crore** (Previous Year Individual loan of ₹ 18,979.78 Crore) (measured at amortised cost) on account of assignment transactions resulting in total income of ₹ **985.06 Crore** (Previous Year ₹ 1,102.95 Crore) including upfront gains of ₹ **606.50 Crore** (Previous Year ₹ 706.72 Crore).

As at March 31, 2022, the outstanding amount in respect of individual loans sold was ₹ **83,880.24 Crore** (Previous Year ₹ 71,420.87 Crore). The Corporation continues to service these loans.

33.1 **Incomes pertaining to life insurance business**

₹ in Crore

Particulars	Note	Life Insurance	
		For the year ended March 31, 2022	For the year ended March 31, 2021
Premium income from insurance business		**46,108.92**	37,659.11
Income from investments - dividend		**644.81**	482.27
Interest income from investments	33.3	**7,420.40**	6,201.24
Income from investments - rent		**70.12**	-
Fees and commission income		**0.77**	-
Income from reinsurance		**1,472.43**	623.77
Other operating income from insurance business		**288.80**	275.35
Total premium and other operating income		**56,006.25**	45,241.74
Net fair value changes on investments	33.4	**9,878.01**	25,333.44
Total incomes of life insurance business		**65,884.26**	70,575.18

33.2 **Incomes pertaining to general insurance business**

₹ in Crore

Particulars	Note	General Insurance	
		For the year ended March 31, 2022	For the year ended March 31, 2021
Premium income from insurance business		**13,015.91**	12,040.24
Income from investments - dividend		**9.18**	3.37
Interest income from investments	33.3	**862.76**	835.75
Net fair value changes on investments	33.4	**182.53**	190.03
Income from reinsurance		**5,257.89**	4,968.28
Other operating income from insurance business		**6.36**	12.61
Total incomes of general insurance business		**19,334.63**	18,050.28

Notes forming part of the Consolidated Financial Statements (Continued)

33.3 Interest income from investments of insurance entities

₹ in Crore

Particulars	Life Insurance		General Insurance	
	For the year ended March 31, 2022	For the year ended March 31, 2021	**For the year ended March 31, 2022**	For the year ended March 31, 2021
Interest income on financial assets:				
On financial assets measured at amortised cost	**106.23**	0.02	**0.80**	10.16
On financial assets measured at FVTPL	**1,087.29**	1,200.31	**-**	-
On financial assets measured at FVTOCI	**6,226.88**	5,000.91	**861.96**	825.59
Total	**7,420.40**	6,201.24	**862.76**	835.75

33.4 Net fair value changes on investments

₹ in Crore

Particulars	Life Insurance		General Insurance	
	For the year ended March 31, 2022	For the year ended March 31, 2021	**For the year ended March 31, 2022**	For the year ended March 31, 2021
Net gain/(loss) on financial instruments at fair value through profit or loss				
Investments	**9,927.05**	25,132.82	**102.32**	106.55
Derivatives	**(132.00)**	(108.95)	**-**	-
Others reclassified from OCI	**82.96**	309.57	**80.21**	83.48
Total Net gain/(loss) on fair value changes	**9,878.01**	25,333.44	**182.53**	190.03
Fair Value changes:				
- Realised	**5,917.96**	4,057.32	**145.10**	100.56
- Unrealised	**3,960.05**	21,276.12	**37.43**	89.47
Total Net gain on fair value changes	**9,878.01**	25,333.44	**182.53**	190.03

34. Finance Costs

₹ in Crore

Particulars	**For the year ended March 31, 2022**	For the year ended March 31, 2021
On financial liabilities measured at amortised cost		
Interest on debt securities	**10,561.84**	11,459.98
Interest on borrowings	**6,034.18**	6,364.26
Interest on deposits	**9,864.80**	10,447.25
Interest on subordinated liabilities	**474.54**	539.95
Interest on lease liabilities	**33.16**	30.60
Other charges	**261.83**	239.22
Total finance costs	**27,230.35**	29,081.26

Notes forming part of the Consolidated Financial Statements (Continued)

35. Impairment on financial instruments (Expected credit loss)

₹ in Crore

Particulars	For the year ended March 31, 2022		For the year ended March 31, 2021	
	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	-	1,948.04	-	3,000.99
Investments	93.41	1.69	30.03	0.07
Others		-	-	(0.33)
Total	**93.41**	**1,949.73**	30.03	3,000.73
Grand Total	**2,043.14**		3,030.76	

35.1 The details relating to movement in Impairment on Loans (Expected credit loss) is disclosed in note 8.5

35.2 Impairment on loans excludes impairment of ₹ **335.32 Crore** (Previous Year ₹ 469.10 Crore) relating to interest on Credit Impaired Assets, which is netted off from interest income.

36. Employee benefits expenses

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and bonus	**1,496.18**	1,231.72
Contribution to provident fund and other funds	**106.84**	98.76
Staff training and welfare expenses	**24.32**	14.92
Share based payments to employees	**454.77**	355.27
Total	**2,082.11**	1,700.67

37. Expenses pertaining to insurance business

₹ in Crore

Particulars	Life Insurance	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Acquisition cost	**1,898.64**	1,627.81
Impairment on financial instruments [refer note 37.1]	**(4.49)**	19.22
Employee benefits expenses [refer note 37.2]	**2,144.22**	1,719.45
Depreciation, amortisation and impairment	**64.46**	56.97
Other expenses [refer note 37.3]	**3,927.47**	3,134.88
Premium on reinsurance ceded	**573.54**	461.74
Gross benefits paid	**32,588.87**	21,605.84
Claims and other operating expenses	**41,192.71**	28,625.91
Net change in insurance contract liabilities	**24,527.11**	39,009.35
Change in policy holders' surplus to be allocated	**(709.25)**	1,644.74
Change in funds for future appropriation - participating fund	**(49.68)**	107.55
Changes in life insurance contract liabilities and surplus pending transfer	**23,768.18**	40,761.64
Total	**64,960.89**	69,387.55

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars	General Insurance	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Acquisition cost	**1,085.13**	975.68
Impairment on financial instruments [refer note 37.1]	**(0.16)**	(4.87)
Employee benefits expenses [refer note 37.2]	**667.32**	541.88
Depreciation, amortisation and impairment	**57.86**	61.54
Other expenses [refer note 37.3]	**1,186.66**	1,387.55
Premium on reinsurance ceded	**6,168.12**	5,654.39
Gross benefits paid	**9,596.04**	8,580.70
Total	**18,760.97**	17,196.87

37.1 Impairment on financial instruments - pertaining to insurance business

₹ in Crore

Particulars	Life Insurance		General Insurance	
	For the year ended March 31, 2022	For the year ended March 31, 2021	**For the year ended March 31, 2022**	For the year ended March 31, 2021
Investments				
- Amortised cost	**2.06**	0.98	**-**	-
- Fair value through other comprehensive income	**(8.91)**	16.26	**(0.16)**	(4.87)
Other standard and non standard assets	**2.36**	1.98	**-**	-
Total	**(4.49)**	19.22	**(0.16)**	(4.87)

37.2 Employee benefits expenses - pertaining to insurance business

₹ in Crore

Particulars	Life Insurance		General Insurance	
	For the year ended March 31, 2022	For the year ended March 31, 2021	**For the year ended March 31, 2022**	For the year ended March 31, 2021
Salaries and bonus	**2,044.05**	1,608.52	**615.05**	495.53
Contribution to provident fund and other funds	**77.86**	69.29	**31.33**	35.63
Share based payments to employees	**22.31**	41.64	**20.94**	10.72
Total	**2,144.22**	1,719.45	**667.32**	541.88

Notes forming part of the Consolidated Financial Statements (Continued)

37.3 **Other expenses - pertaining to insurance business**

₹ in Crore

Particulars	Life Insurance		General Insurance	
	For the year ended March 31, 2022	For the year ended March 31, 2021	**For the year ended March 31, 2022**	For the year ended March 31, 2021
Rent, rates & taxes	**113.13**	97.75	**32.65**	44.71
Repairs and maintenance	**5.73**	5.50	**21.10**	20.45
Communication expenses	**23.63**	20.34	**10.24**	7.87
Printing & stationery	**16.36**	8.69	**12.59**	11.13
Advertising and publicity	**1,887.58**	1,410.11	**426.71**	577.97
Legal and professional charges	**214.89**	181.81	**479.55**	459.11
Travel, conveyance and vehicle running expenses	**21.15**	5.30	**24.48**	12.37
Auditors remuneration	**1.60**	1.24	**1.02**	1.16
Bank charges	**25.49**	18.41	**45.83**	46.61
Information technology expenses	**174.88**	139.24	**70.96**	88.60
General office and other expenses	**96.94**	77.84	**41.21**	69.85
Training expenses	**73.90**	95.27	**20.32**	47.72
Medical cost	**24.70**	20.35	**-**	-
Acquisition cost for financial instruments designated as FVTPL	**56.91**	58.55	**-**	-
Stamp duty expense	**117.30**	98.60	**-**	-
Business development expenses	**705.82**	545.74	**-**	-
Goods and service tax expense	**367.46**	350.14	**-**	-
Total	**3,927.47**	3,134.88	**1,186.66**	1,387.55

Notes forming part of the Consolidated Financial Statements (Continued)

38. Establishment and other expenses

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Establishment expenses (refer note 38.1 & 38.2)		
Rent	**2.49**	-
Rates and taxes	**13.69**	6.86
Repairs and maintenance - buildings	**8.32**	6.66
General office expenses	**5.86**	4.28
Electricity charges	**29.08**	23.20
Insurance charges	**5.22**	3.83
Other expenses		
Travelling and conveyance	**22.44**	12.69
Printing and stationery	**23.32**	18.62
Postage, telephone and fax	**51.43**	45.95
Advertising	**51.12**	40.69
Business development expenses	**64.21**	54.53
Brokerage and commission expenses relating to mutual fund schemes	**21.04**	10.60
Loan processing expenses	**95.77**	74.89
Manpower outsourcing	**129.77**	108.74
Repairs and maintenance - other than buildings	**22.28**	18.07
Office maintenance	**78.21**	70.06
Legal expenses	**57.26**	43.32
Computer expenses	**69.49**	50.09
Directors' fees and commission	**16.85**	15.45
Miscellaneous expenses	**162.55**	135.52
Auditors' remuneration [refer note 38.3]	**9.68**	8.89
CSR expenses [refer note 39]	**249.59**	250.01
Total	**1,189.67**	1,002.95

38.1 Direct Operating Expenses arising from Investment Property

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Direct operating expenses arising from investment property that generated rental income	**3.44**	2.39
Direct operating expenses arising from investment property that did not generate rental income	**1.36**	1.71
Total	**4.80**	4.10

38.2 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.

Notes forming part of the Consolidated Financial Statements (Continued)

Rights to use assets

Right to use assets relates to office premises obtained on leases that are presented within Property, plants and equipment.

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening balance	**358.45**	428.15
Additions	**269.37**	120.00
Deductions	**(10.44)**	(51.53)
Depreciation charge (including adjustments) for the year	**(140.47)**	(138.17)
Closing balance	**476.91**	358.45

Amount recognised in statement of profit & loss account towards operating leases

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on lease liabilities	**38.96**	31.17
Depreciation charge for the period	**131.47**	134.70
Total	**170.43**	165.87

Cash out flow on account of lease payment is ₹ **174.88 Crore** (Previous Year ₹ 157.40 crore).

The following table sets out a maturity analysis of lease payments showing the undiscounted lease payment after the reporting period

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Not later than one year	**166.99**	139.22
Later than one year but not later than three years	**293.39**	128.94
Later than three years but not later than five years	**100.57**	153.21
Later than five years	**85.67**	65.98
Total	**646.62**	487.35

38.3 **Auditors' remuneration (including fees paid to previous statutory auditors)**

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Audit / review fee*	**8.91**	8.50
Tax audit	**1.48**	1.09
Other matters and certification	**1.83**	2.80
Reimbursement of expenses	**0.08**	0.14
Total	**12.30**	12.53
Less: Auditors remuneration included in other expenses pertaining to Insurance business	**2.62**	2.40
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	**9.68**	8.89

* Includes audit fees of ₹ **6.38 Crore** (Previous Year ₹ 5.96 Crore) and fees for quarterly limited review of ₹ **2.53 Crore** (Previous Year ₹ 2.54 Crore). Auditors' remuneration is excluding Goods and Service Tax (GST).

Notes forming part of the Consolidated Financial Statements (Continued)

39. Expenditure incurred for corporate social responsibility

As per Section 135 of the Companies Act, 2013, the Group is required to spent an amount of ₹ **253.59 Crore** (Previous Year ₹ 225.19 Crore) including ₹ **4.89 Crore** unspent of previous year in case of a subsidiary on CSR activities during the year.

During the year, the Board of Directors of the Corporation and respective subsidiaries has approved an amount of CSR ₹ **252.21 Crore** (Previous Year ₹ 251.22 Crore, including brought forward CSR Obligation of FY 2015-16 ₹ 20.06 Crore).

The details of amounts spent towards CSR are as under: ₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
a) Construction/acquisition of any asset *	**79.57**	44.41
b) On purposes other than (a) above	**173.53**	206.81

* Includes capital assets amounting to ₹ **16.36 Crore** (Previous Year ₹ 39.46 Crore) under construction.

The Corporation has paid ₹ **163.01 Crore** (Previous Year 112.73 Crore) for CSR expenditure to H T Parekh Foundation, a section 8 company under the Companies Act, 2013 controlled by the Corporation.

Excess amount spent as per Section 135 (5) of the Companies Act, 2013 ₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening balance **	**5.97**	20.06
Amount required to be spent during the year	**249.51**	225.19
Amount spent during the year	**248.71**	251.22
Closing balance	**6.77**	5.97

** brought forward CSR obligation of FY 2015-16 ₹ 20.06 Crore in Previous Year.

Details of ongoing projects

Particulars	FY 2021-22		FY 2020-21	
	With Group	In Separate CSR Unspent A/c	With Group	In Separate CSR Unspent A/c
Opening balance	**4.89**	-	-	-
Amount required to be spent during the year	**65.31**	-	95.40	-
Amount spent during the year	**67.17**	-	90.51	-
Closing balance	**3.03**	-	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, 2022	For the year ended March 31, 2021
Current tax		
In respect of the current year	**4,308.93**	3,937.98
In respect of prior years	-	-
Deferred tax		
In respect of the current year	**(99.24)**	(188.23)
Deferred tax reclassified from equity to profit or loss	-	-
Total Income tax expense recognised in the current year relating to continuing operations	**4,209.69**	3,749.75

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, 2022	For the year ended March 31, 2021
Profit before tax	**19,282.03**	17,315.83
Income tax expense calculated at **25.168%** (Previous Year 25.168%)	**4,852.90**	4,358.05
Effect of expenses that are not deductible in determining taxable profit	**191.15**	210.29
Effect of incomes which are taxed at different rates	**(94.21)**	(51.52)
Effect of incomes which are exempt from tax	**(579.78)**	(451.21)
Deduction under Section 36(1)(viii) of the Income tax Act, 1961	**(459.32)**	(428.61)
Others	**298.95**	112.75
Income tax expense recognised in statement of profit and loss	**4,209.69**	3,749.75

The tax rate used for the reconciliations above is the corporate tax rate of 25.168% for the year 2021-22 and 2020-21 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, 2022	Year ended March 31, 2021
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in fair value of FVOCI equity instruments	**(310.07)**	1,926.34
Remeasurements of post-employment benefit obligations	**(10.30)**	14.64
Remeasurements of post-employment benefit obligations - pending transfer to shareholders	**-**	-
Total	**(320.37)**	1,940.98
Income tax relating to these items	**55.14**	(162.84)
Items that may be reclassified to profit or loss		
Changes in fair value of FVOCI debt instruments	**(3,368.48)**	(156.18)
Changes in fair value of FVOCI debt instruments - pending transfer to shareholders	**3,186.16**	156.55
Deferred gains/(losses) on cash flow hedges	**383.99**	(19.36)
Deferred costs of hedging	**(252.96)**	99.42
Total	**(51.29)**	80.43
Income tax relating to these items	**(18.08)**	(20.11)
Share of other comprehensive income of an associate [refer note 9]	**(396.61)**	(256.64)
Other comprehensive income for the year	**(731.21)**	1,581.82

Notes forming part of the Consolidated Financial Statements (Continued)

42. Employee benefits plan

A. Defined contribution plans

The Holding Company recognised ₹ **15.47 Crore** (Previous Year ₹ 14.36 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.

A separate trust fund is created to manage the superannuation plan and the contribution to the trust fund is done in accordance with Rule 87 of the Income Tax Rules, 1962.

B. Defined benefits plan

Provident fund

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ **679.45 Crore** and ₹ **666.06 Crore** respectively (Previous Year ₹ 597.96 Crore and ₹ 583.60 Crore respectively). In accordance with an actuarial valuation, there is no deficit in the interest cost as the present value of the expected future earnings on the fund is more than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of **8.10%**. The actuarial assumptions include discount rate of **7.25%** (Previous Year 6.82%) and an average expected future period of **14 years** (Previous Year 14 years). Expected guaranteed interest rate (weighted average yield) is **8.07%** (Previous Year 8.83%).

The Holding Company has recognised ₹ **30.01 Crore** (Previous Year ₹ 25.79 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.

Gratuity

The Holding Company has a defined benefit gratuity plan in India for its employees (funded). The Holding Company 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 and curtailments.

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.

ii. Risks associated with defined benefit plan

Provident fund and Gratuity are 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.

Notes forming part of the Consolidated Financial Statements (Continued)

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.

e. **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.

C. **Other post retirement benefit plan**

The details of the Group'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, 2022**	As at March 31, 2021
Discount rate	**5.75 to 7.25%**	5.5 to 7%
Return on plan assets	**6.5 to 7.25%**	5.5 to 7%
Salary escalation	**5 to 10%**	5 to 10%

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, 2022**	For the year ended March 31, 2021
Service cost:		
Current service cost	**46.16**	50.65
Interest cost	**10.30**	12.64
Components of defined benefit costs recognised in profit or loss	**56.46**	63.29
Remeasurement on the net defined benefit liability:		
Actuarial (gains)/losses on obligation for the period	**(0.40)**	(15.48)
Return on plan assets, excluding interest income	**(2.60)**	(1.37)
Components of defined benefit costs recognised in other comprehensive income	**(3.00)**	(16.85)
Total	**53.46**	46.44

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 Group's obligation in respect of its defined benefit plan is as follows:

₹ in Crore

Particulars	**As at March 31, 2022**	As at March 31, 2021
Present value of funded defined benefit obligation	**591.25**	546.68
Fair value of plan assets	**462.95**	427.08
Net Liability arising from defined benefit obligation	**128.30**	119.60

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	As at March 31, 2022	As at March 31, 2021
Opening defined benefit obligation	**546.68**	507.85
Current service cost	**46.16**	50.65
Interest cost	**36.26**	34.99
Benefits paid	**(37.83)**	(36.04)
Actuarial gains - due to change in financials assumptions	**(9.50)**	10.03
Actuarial losses - due to experience	**9.28**	(23.80)
Other adjustments	**0.20**	3.00
Closing defined benefit obligation	**591.25**	546.68

The Liability at the end of the year ₹ **375.06 Crore** (Previous Year ₹ 348.83 Crore) includes ₹ **79.55 Crore** (Previous Year ₹ 78.46 Crore) in respect of an unfunded plan.

Movement in the fair value of the plan assets are as follows:

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Opening fair value of plan assets	**427.08**	358.20
Expected return on plan assets	**28.21**	24.33
Contributions	**28.84**	58.86
Actuarial loss on plan assets	**(3.81)**	1.45
Benefits paid	**(17.52)**	(15.76)
Other adjustments	**0.15**	-
Closing fair value of plan assets	**462.95**	427.08

Investment pattern

% Invested

Particulars	As at March 31, 2022	As at March 31, 2021
Central government securities	**3.68%**	2.13%
State government securities/securities guaranteed by state/central government	**28.34%**	27.80%
Public sector/financial institutional bonds	**6.12%**	6.46%
Private sector bonds	**19.24%**	19.88%
Deposits with banks and financial institutions	**0.76%**	0.80%
Insurance fund	**34.07%**	35.45%
Others (including bank balances)	**7.79%**	7.48%
Total	**100.00%**	100.00%

Compensated absences

The actuarial liability of compensated absences of privilege leave of the employees of the Corporation is ₹ **222.01 Crore** (Previous Year ₹ 205.67 Crore).

Notes forming part of the Consolidated Financial Statements (Continued)

Sensitivity analysis gratuity fund

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Projected benefit obligation on current assumptions	**431.04**	468.22
Delta effect of +1% change in rate of discounting	**(108.06)**	(92.78)
Delta effect of -1% change in rate of discounting	**136.23**	125.79
Delta effect of +1% change in rate of salary increase	**136.16**	125.40
Delta effect of -1% change in rate of salary increase	**(108.55)**	(93.09)
Delta effect of +1% change in rate of employee turnover	**93.24**	86.78
Delta effect of -1% change in rate of employee turnover	**(97.39)**	(82.90)

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.

Projected benefits payable in future years from the date of reporting

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
1st following year	**64.74**	66.22
2nd following year	**39.12**	48.36
3rd following year	**36.44**	35.29
4th following year	**59.02**	31.75
5th following year	**35.99**	40.39
Sum of years 6 to 10	**172.15**	149.65
Sum of years 11 and above	**643.29**	533.42

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 attributable to owners of the Corporation ₹ **22,594.69 Crore** (Previous Year ₹ 18,740.06 Crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **0.04 Crore** (Previous Year ₹ 0.03 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	**124.97**	105.59
Effect of outstanding stock options & warrants	**(1.32)**	(0.89)
Diluted earnings per share	**123.65**	104.70

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 / Warrants 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	**180.80**	177.48
Effect of outstanding stock options & warrants	**1.93**	1.50
Weighted average number of shares for computation of diluted earnings per share	**182.73**	178.98

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:

(a) Contingent liability in respect of income-tax demands, net of amounts provided for and disputed by the Group, amounts to ₹ **2,589.48 Crore** (Previous Year ₹ 2,069.68 Crore). The said amount has been paid/ adjusted and will be received as refund if the matters are decided in favour of the Corporation.

(b) 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 Group amounts to ₹ **297.18 Crore** (Previous Year ₹ 296.35 Crore).

(c) 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 ₹ **368.18 Crore** (Previous Year ₹ 299.86 Crore).

b) Corporate undertakings for securitisation of receivables aggregated to ₹ **931.20 Crore** (Previous Year ₹ 929.79 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.

Notes forming part of the Consolidated Financial Statements (Continued)

44.4 Estimated amount of contracts remaining to be executed on capital account and investment commitment on venture fund, alternative investment fund not provided for (net of advances) is ₹ **2,699.06 Crore** (Previous Year ₹ 2,681.26 Crore).

44.5 Claims not acknowledged as debt and other contingent liabilities in respect of a subsidiary company amounts to ₹ **40.74 Crore** (Previous Year ₹ 40.52 Crore).

44.6 The Group's share in commitments and contingent liabilities in relation to associates is disclosed in Note no 9.

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, 2022

₹ in Crore

Particulars	Loans	Life Insurance	General Insurance	Asset Management	Others	Inter-segment adjustments	Unallocated	Total
Segment revenue	**48,813.81**	**66,786.09**	**19,637.69**	**2,238.09**	**971.99**	**(2,802.70)**	**323.11**	**1,35,968.08**
Segment result	**17,523.84**	**1,303.18**	**692.62**	**1,519.90**	**318.18**	**(2,398.80)**	**323.11**	**19,282.03**
Share of profit of associates							**8,969.79**	**8,969.79**
Current tax							**4,308.93**	**4,308.93**
Deferred tax							**(99.24)**	**(99.24)**
Total profit after tax	**17,523.84**	**1,303.18**	**692.62**	**1,519.90**	**318.18**	**(2,398.80)**	**5,083.21**	**24,042.13**
Segment assets	**6,25,490.95**	**2,37,218.71**	**28,268.72**	**6,609.64**	**726.29**	**-**	**68,034.89**	**9,66,349.20**
Segment liabilities	**5,26,910.39**	**2,22,420.60**	**23,254.50**	**321.26**	**210.78**	**-**	**601.33**	**7,73,718.86**
Capital employed	**98,580.56**	**14,798.11**	**5,014.22**	**6,288.38**	**515.51**	**-**	**67,433.56**	**1,92,630.34**
Other information								
Capital expenditure	**1,677.43**	**1,878.25**	**88.42**	**12.86**	**55.68**	**-**	**-**	**3,712.64**
Depreciation	**175.21**	**112.28**	**176.14**	**45.66**	**31.95**	**-**	**-**	**541.24**
Non cash expenses other than depreciation	**2,337.51**	**35.81**	**13.68**	**66.56**	**0.40**	**-**	**-**	**2,453.96**

For the year ended March 31, 2021

₹ in Crore

Particulars	Loans	Life Insurance	General Insurance	Asset Management	Others	Inter-segment adjustments	Unallocated	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
Current tax							3,937.98	3,937.98
Deferred tax							(188.23)	(188.23)
Total profit after tax	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
Capital employed	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

Notes forming part of the Consolidated Financial Statements (Continued)

a) The Group identifies primary segments based on the dominant source, nature of risks and returns, the internal organisation and management structure. The operating segments are the segments for which separate 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 including education loans through its wholly-owned subsidiary HDFC Credila Financial Services Limited.

f) Asset Management segment includes portfolio management, mutual fund and property investment management.

g) Others include project management and investment consultancy.

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	2021-2022	2020-2021
India	**1,35,830.72**	1,38,974.96
United Arab Emirates	**122.52**	78.74
Singapore	**13.22**	16.56
Mauritius	**1.62**	0.98
Total	**1,35,968.08**	1,39,071.24

Assets other than financial instruments and tax assets:

₹ in Crore

Particulars	2021-2022	2020-2021
India	**14,540.64**	6,234.11
United Arab Emirates	**3.24**	2.25
Singapore	**0.15**	0.48
Mauritius	**-**	-
Total	**14,544.03**	6,236.84

No single customer represents 10% or more of the Group's total revenue for the year ended March 31, 2022 and March 31, 2021.

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 Holding Company's Stock Options Schemes and outstanding as on date are as under:

Particulars	ESOS-20	ESOS-17	ESOS-14	ESOS-08	ESOS-07
Plan period	2020-24	2017-20	2014-17	2008-11	2007-10
Quantum of Options	4,40,96,531	5,09,10,564	62,73,064	57,90,000	54,56,835
Equivalent number of shares of FV of ₹ 2 per share	4,40,96,531	5,09,10,564	3,13,65,320	2,89,50,000	2,72,84,175
Method of accounting	Fair Value	Fair Value	Intrinsic value	Intrinsic value	Intrinsic value
Vesting period	1-4 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
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
Grant date	04-Sep-20 02-Feb-21 26-Jul-21 29-Jan-22 22-Mar-22	01-Jun-17 30-Oct-17 29-Jan-18 16-Mar-18 02-Aug-19	8-Oct-14	25-Nov-08	12-Sep-07
Grant / Exercise price (₹ per Option)	₹ 1,808.75 to ₹ 2,579.25	₹ 1,569.85 to ₹ 2,086.80	₹ 5,073.25	₹ 1,350.60	₹ 2,149.00
Value of equity shares as on date of grant of original option (₹ per share)	₹ 1,808.75 to ₹ 2,579.25	₹ 1,569.85 to ₹ 2,086.80	₹ 5,073.25	₹ 1,350.60	₹ 2,149.00

Method used for accounting for share based payment plan:

The stock options granted to employees pursuant to the Holding Company 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, 2022

Number of options

Particulars	ESOS-20	ESOS-17	ESOS-14*	ESOS-08*	ESOS-07*
Outstanding at the beginning of the year	**3,81,89,944**	**3,05,10,943**	**13,977**	**4,874**	**5,287**
Granted during the year	**2,66,000**	-	-	-	-
Exercised during the year	**13,42,515**	**76,81,003**	**11,665**	-	-
Lapsed during the year	**3,36,905**	**14,045**	**29**	-	-
Outstanding at the end of the year	**3,67,76,524**	**2,28,15,895**	**2,283**	**4,874**	**5,287**
Unvested at the end of the year	**1,99,49,473**	**1,57,000**	-	-	-
Exercisable at the end of the year	**1,68,27,051**	**2,26,58,895**	**2,283**	**4,874**	**5,287**
Weighted average price per option (₹)	**1,813.68**	**1,573.22**	**5,073.25**	**1,350.60**	**2,149.00**
Weighted average remaining contractual life (Years)	**5.02**	**1.26**	**0.13**	-	-

Notes forming part of the Consolidated Financial Statements (Continued)

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 (Years)	5.99	2.25	0.85	-	-	-

* 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.)	20.00%	20%	20%	20%	20%	20%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 221.84	₹ 275.40	₹ 1,035.91	₹ 474.56	₹ 238.79	₹ 307.28

* The stock based compensation expense determined under fair value based method and charged to the statement of profit and loss is ₹ **390.24 Crore** (Previous Year ₹ 338.42 Crore).

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.

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

True North Ventures Private Limited (upto March 24, 2022)

HDFC Securities Limited (Subsidiary of HDFC Bank Limited)

HDB Financial Services Limited (Subsidiary of HDFC Bank Limited)

Renaissance Investment Solutions ARC Pvt. Limited

Magnum Foundation Pvt. Ltd. (Associate of HDFC Property Venture's Ltd.) (upto February 23, 2021)

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

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 (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 (upto July 20, 2021)

Dr. J. J. Irani (upto July 20, 2021)

Mr. U. K. Sinha

Ms. Ireena Vittal

Dr. Bhaskar Ghosh

Mr. Jalaj Dani

Mr Rajesh Narain Gupta (w.e.f. August 2, 2021)

Mr. P. R. Ramesh (w.e.f. August 2, 2021)

Investing Party and its Group Companies

ERGO International AG

Munich Re

Standard Life Investments Limited

Standard Life (Mauritius Holdings) 2006 Limited

Entities where Directors/Close family members of Directors of the Corporation have control / significant infiuence

(where there are transactions)

Advaita Charitable Trust

Ashwin Ina Charitable Trust

Asian Paints Charitable Trust

Dani Charitable Foundation

Param Arth Charitable Trust

Pious Charitable Trust

Sir H N Hospital Trust

Bai Avabai Beramji Charitable Foundation

Sir Hurkisondas Nurrotamdas Hospital & Research Centre

Sir Hurkisondas Nurrotamdas Medical Research Society

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 (upto July 20, 2021)

Mrs.Geeta Varadan (w.e.f. 2 August 2021)

Mr. Gopal Vittal

Relatives of Key Management Personnel (Whole-time Directors)

(where there are transactions)

Mr Singhal Nikhil

Mr. Ashok Sud

Mr. Bharat Karnad

Ms. Smita D Parekh

Ms. Arnaaz K Mistry

Ms. Tinaz K Mistry

Ms. S. Abhinaya Rangan

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, 2022	March 31, 2021
Investing Party and its Group Companies	Consultancy, fees & other income	**0.45**	0.45
	Reinsurance income	**1,132.71**	796.59
	Other income / receipts	-	2.84
	Interest expense	**11.22**	16.28
	Other expenses / payments	**9.02**	2.51
	Reinsurance expenses	**1,754.72**	1,534.42
	Other advances / receivables	-	0.57
	Non-convertible debentures - closing balance	**40.00**	210.00
	Other liabilities / payables	**1,186.35**	839.21
	Dividend paid	**267.27**	230.08
Associates^	Dividend income	**757.01**	-
	Rent income	**1.30**	1.66
	Support cost recovered (prorata building maintainence cost)	**0.35**	0.39
	Premium received	**175.19**	144.40
	Interest income	**41.53**	108.13
	Reimbursement of cost	**1.88**	2.09
	Other income / receipts	**597.86**	542.01
	Interest expense	**0.20**	56.51
	Finance cost (derivative settlements)	**(135.12)**	(179.72)
	Bank & other charges	**22.66**	39.58
	Provision for diminution in the value of investments	-	-8.02
	Other expenses / payments (including dsa commission)	**2,856.49**	2,370.79
	Investments made	**353.10**	21.55
	Investments sold / redeemed	-	13.12
	Securities sold of other entities	-	11.43
	Investments - closing balance	**1,077.22**	1,022.20
	Securities purchased of other entities	-	2,945.12
	Loans given	-	11.22
	Loans repaid	**11.00**	27.45
	Loans sold	**28,205.24**	18,979.78
	Loans - closing balance	-	11.00
	Bank deposits placed	**4,295.74**	2,457.11
	Bank deposits matured / withdrawn	**4,060.19**	2,638.82
	Bank balance and deposits closing balance	**1,755.58**	2,147.50
	Trade receivable	**2.01**	1.89
	Other advances / receivable	**248.73**	198.79

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Nature of related party	Nature of Transaction/s	March 31, 2022	March 31, 2021
Associates^	Prepaid premium	**0.11**	0.44
	Deposits received	**-**	100.00
	Deposits - closing balance	**-**	50.00
	Other liabilities / payable	**208.28**	293.43
	Amounts payable - securitised / assigned loans	**363.58**	494.75
	Deposits repaid / matured	**50.00**	50.00
	Dividend paid	**0.30**	0.25
	Corporate undertakings for securitisation and assignment of loans	**1,054.88**	1,054.85
	Guarantees	**-**	2.83
Entities over which control is exercised	Support cost recovered (deputation cost recovered)	**0.07**	0.06
	Interest expense	**0.71**	8.60
	CSR expenditure	**163.01**	112.73
	Deposits repaid / matured	**11.25**	140.00
	Deposits - closing balance	**-**	11.25
	Other liabilities / payable	**-**	0.28
	Loans given	**6.70**	8.31
	Loans - closing balance	**19.31**	12.61
	Dividend paid	**0.14**	0.12
Entities over which Director/ closed family member of director having control/ jointly control	Interest expense	**4.17**	-
	Deposits received	**22.74**	-
	Deposits repaid / matured	**45.21**	-
	Deposits - closing balance	**46.51**	-
	Other liabilities / payable	**0.43**	-
Post employment benefit plans of the Corporation or its related entities	Interest expense	**0.03**	0.11
	Contribution to provident fund & other funds	**77.16**	82.37
	Investments - closing balance	**22.74**	59.00
	Other advances / receivables	**-**	4.02
	Non-convertible debentures - redemption	**1.00**	0.80
	Non-convertible debentures - closing balance	**-**	1.00
	Other liabilities / payable	**6.20**	0.04
Key Management Personnel (Whole-time directors)	Premium received	**0.08**	0.09
	Interest expense	**1.50**	1.22
	Remuneration#	**46.25**	40.42
	Sitting fees	**1.18**	0.99
	Share based payments$	**35.05**	30.71
	Other expenses/ payments	**0.20**	-
	Consultancy, fees & other income	**0.53**	0.60
	Loans repaid	**-**	0.02
	Deposits received	**0.24**	21.01
	Deposits repaid / matured	**0.04**	3.25
	Deposits - closing balance	**21.25**	21.05
	Interest accrued on deposits	**2.35**	1.01
	Dividend paid	**10.54**	7.73

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Nature of related party	Nature of Transaction/s	March 31, 2022	March 31, 2021
Key Management Personnel (Non whole-time director)	Premium received	**10.01**	10.00
	Interest expense	**0.02**	0.05
	Sitting fees	**1.10**	1.13
	Commission^^	**6.85**	4.50
	Other expenses / payments	**0.85**	0.66
	Consultancy, fees & other income	**0.18**	0.20
	Deposits received	-	1.00
	Deposits - closing balance	-	1.00
	Dividend paid	**3.25**	2.47
Relatives of Key Management Personnel (Whole-time directors)	Premium received	**1.03**	1.00
	Interest income	**0.02**	0.02
	Interest expense	**0.18**	0.09
	Loans repaid	**0.30**	0.03
	Loans - closing balance	-	0.30
	Deposits received	**0.35**	2.57
	Deposits repaid / matured	-	0.50
	Deposits - closing balance	**2.92**	2.57
	Other liabilities / payable	**0.23**	0.06
	Dividend paid	**1.51**	1.28
Relatives of Key Management Personnel (Non-executive directors)	Premium received	**0.20**	0.20
	Interest expense	**1.41**	1.36
	Other expenses / payments	**0.13**	-
	Deposits received	**6.48**	6.28
	Deposits repaid / matured	**6.29**	5.77
	Deposits - closing balance	**18.30**	17.17
	Interest accord on deposits	**2.31**	1.40
	Dividend paid	**3.70**	3.13

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.

^ Bank balance in current account with Associate is a book overdraft and hence not reported as related party transaction

^^ 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.

$ Employee related share based payment charged to Statement of Profit and Loss over the vesting period in accordance with Ind AS 102 is reported above. Accordingly, transactions relating to exercise of ESOPs and allotment of shares is not reported as a related party transaction.

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, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	2,255.08	-	2,255.08	2,628.68	-	2,628.68
Bank balance other than (a) above	315.92	58.45	374.37	329.34	77.45	406.79
Derivative financial instruments	184.02	1,169.26	1,353.28	436.59	1,755.71	2,192.30
Trade receivables	368.76	-	368.76	172.53	69.82	242.35
Loans	94,350.58	4,69,569.74	5,63,920.32	76,981.05	4,13,966.75	4,90,947.80
Investments	51,122.17	68,334.48	1,19,456.65	48,906.35	61,888.07	1,10,794.42
Assets pertaining to life insurance business	28,353.41	1,98,686.34	2,27,039.75	22,015.22	1,61,601.32	1,83,616.54
Assets pertaining to general insurance business	3,651.57	22,515.46	26,167.03	6,424.67	17,097.77	23,522.44
Non current financial assets held for sale	-	-	-	141.00	-	141.00
Other financial assets	3,358.46	2,683.65	6,042.11	2,460.89	1,390.81	3,851.70
Non-financial assets						
Current tax asset	-	3,261.67	3,261.67	-	2,920.28	2,920.28
Deferred tax assets (net)	-	1,566.15	1,566.15	-	1,853.76	1,853.76
Investment property	-	2,787.22	2,787.22	-	936.77	936.77
Property, plant and equipment	-	1,882.39	1,882.39	-	1,738.69	1,738.69
Other intangible assets	-	2,785.61	2,785.61		1,035.84	1,035.84
Capital work-in-progress	-	1.35	1.35		9.76	9.76
Intangible assets under development	-	37.94	37.94		37.54	37.54
Other non-financial assets	1,186.72	529.15	1,715.87	726.37	16.35	742.72
Non current non financial assets held for sale	44.21	-	44.21	134.79	-	134.79
Goodwill on consolidation	-	5,289.44	5,289.44	-	1,600.73	1,600.73
Total assets	1,85,190.90	7,81,158.30	9,66,349.20	1,61,357.48	6,67,997.42	8,29,354.90
LIABILITIES						
Financial liabilities						
Derivative financial instruments	135.47	4,145.46	4,280.93	69.87	1,646.92	1,716.79
Trade and other payables	4,178.28	383.06	4,561.34	3,237.79	138.36	3,376.15
Debt securities	23,744.81	1,74,038.75	1,97,783.56	27,062.66	1,56,647.82	1,83,710.48
Borrowings (other than debt securities)	29,990.49	1,14,676.65	1,44,667.14	17,232.30	90,757.34	1,07,989.64
Deposits	48,527.33	1,12,256.50	1,60,783.83	55,400.34	94,676.85	1,50,077.19
Subordinated liabilities	-	4,225.00	4,225.00	1,026.67	4,206.98	5,233.65
Liabilities pertaining to life insurance business	34,944.84	1,82,433.02	2,17,377.86	33,805.20	1,41,600.95	1,75,406.15
Liabilities pertaining to general insurance business	12,523.80	9,412.59	21,936.39	11,507.33	8,328.79	19,836.12
Other financial liabilities	12,791.15	2,287.95	15,079.10	11,874.53	1,515.60	13,390.13
Non-financial liabilities						
Current tax liabilities (net)	482.08	-	482.08	469.64	-	469.64
Deferred tax liabilities (net)	-	119.25	119.25	-	124.80	124.80
Provisions	295.78	120.78	416.56	275.78	95.39	371.17
Other non-financial liabilities	1,738.29	267.53	2,005.82	1,386.34	649.18	2,035.52
Total liabilities	1,69,352.32	6,04,366.54	7,73,718.86	1,63,348.45	5,00,388.98	6,63,737.43
Net assets	15,838.58	1,76,791.76	1,92,630.34	(1,990.97)	1,67,608.44	1,65,617.47

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	As at March 31, 2022	As at March 31, 2021
Net debt	**5,05,204.45**	4,44,382.28
Total equity	**1,92,630.34**	1,65,617.47
Net debt to equity ratio	**2.62 : 1**	2.68 : 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	As at March 31, 2022			As at March 31, 2021		
	FVTPL	**FVOCI / Cash flow hedge reserve**	**Amortised cost**	FVTPL	FVOCI / Cash flow hedge reserve	Amortised cost
Financial assets						
Mutual funds	**7,562.47**	**-**	**-**	21,048.82	-	-
Government securities	**-**	**118.02**	**36,932.55**	-	29.94	22,552.38
Equity shares	**1,348.62**	**6,257.60**		1,115.72	7,242.78	
Preference shares	**14.20**	**-**	**3.84**	7.85	-	3.50
Debentures	**270.38**	**5.94**	**1,804.13**	460.09	32.85	1,537.41
Pass-through certificates	**-**	**-**	**14.32**	-	-	18.33
Security receipts	**139.49**	**-**		175.00	-	
Investment in units of venture capital fund	**1,777.60**	**-**	**-**	1,174.63	-	-

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars	As at March 31, 2022			As at March 31, 2021		
	FVTPL	FVOCI / Cash flow hedge reserve	Amortised cost	FVTPL	FVOCI / Cash flow hedge reserve	Amortised cost
Derivative financial assets	1,353.28	-	-	1,252.39	939.91	-
Trade receivables	-	-	368.76	-	-	242.35
Loans	-	-	5,63,920.32	-	-	4,90,947.80
Other financial assets	96,362.07	1,24,825.31	38,061.51	86,505.87	1,04,790.92	19,693.89
Total financial assets	**1,08,828.11**	**1,31,206.87**	**6,41,105.43**	**1,11,740.37**	**1,13,036.40**	**5,34,995.66**
Financial liabilities						
Derivative financial liabilities	-	4,280.93	-	-	1,716.79	-
Trade and other payables	-	-	4,561.34	-	-	3,376.15
Debt securities	1,43,056.19	-	54,727.37	94,026.29	-	89,684.19
Borrowings	-	-	1,44,667.14	-	-	1,07,991.95
Deposits	-	-	1,60,783.83	-	-	1,50,077.19
Subordinated liabilities	-	-	4,225.00	-	-	5,233.65
Other financial liabilities	-	-	2,54,393.35	-	-	2,08,630.09
Total financial liabilities	**1,43,056.19**	**4,280.93**	**6,23,358.03**	**94,026.29**	**1,716.79**	**5,64,993.22**

Note: The table above does not include Cash and Cash Equivalents, Bank Balances and Investments in Associates.

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	Level 1	Level 2	Level 3	Total
As at March 31, 2022				
Financial Assets				
Financial investments at FVTPL				
Mutual funds	7,562.47	-	-	7,562.47
Equity shares	1,348.62	-	-	1,348.62
Preference shares	-	-	14.20	14.20
Debentures	-	-	270.38	270.38
Security receipts	-	-	139.49	139.49
Investment in units of venture funds/alternate investment funds/REITs		-	1,777.60	1,777.60
Other financial assets	87,001.71	8,002.53	1,357.83	96,362.07
Derivatives designated as hedges				
- Interest rate swaps	-	1,353.28	-	1,353.28
Financial investments at FVOCI				
Equity investments	6,257.60	-	-	6,257.60
Government securities	118.02	-	-	118.02
Debentures	-	-	5.94	5.94
Other financial assets	96,770.26	28,002.23	52.82	1,24,825.31
Derivatives designated as hedges				
- Forwards				-
- Currency swaps - principal only swaps	-	-	-	-
- Options purchased (net)	-	-	-	-
Total financial assets	**1,99,058.68**	**37,358.04**	**3,618.26**	**2,40,034.98**

Notes forming part of the Consolidated Financial Statements (Continued)

Financial assets and liabilities measured at fair value	Level 1	Level 2	Level 3	Total
As at March 31, 2022				
Financial liabilities				
Debt securities	-	143,056.19	-	143,056.19
Derivatives classified as FVOCI				-
- Interest rate swaps INR	-	3,888.70	-	3,888.70
- Interest rate swaps USD	-	0.64	-	0.64
- Forwards	-	13.08	-	13.08
- Currency swaps	-	378.52	-	378.52
Total financial liabilities	**-**	**147,337.13**	**-**	**147,337.13**

₹ 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 and alternate investment funds	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 FVOCI				
Equity investments	6,338.09	-	904.69	7,242.78
Government securities	29.94	-	-	29.94
Debentures	-	-	32.85	32.85
Other financial assets	75,481.43	29,309.50	-	1,04,790.92
Derivatives designated as hedges				
- Currency swaps - principal only swaps	-	939.91	-	939.91
Total financial assets	**1,78,949.41**	**42,127.74**	**3,699.63**	**2,24,776.78**
Financial liabilities				
Debt securities	-	94,026.29	-	94,026.29
Derivatives classified as FVOCI				
- Interest rate swaps INR	-	1,318.95	-	1,318.95
- Interest rate swaps USD	-	198.10	-	198.10
- Forwards	-	64.33	-	64.33
- Currency swaps		135.41		135.41
Total financial liabilities	**-**	**95,743.08**	**-**	**95,743.08**

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 Group 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 and other valuation models.

The Group measures financial instruments, such as investments (other than equity investments in Subsidiaries, Joint Ventures and Associates) at fair value.

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.

Notes forming part of the Consolidated Financial Statements (Continued)

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.

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 observable inputs used in level 3 fair value measurements. See above for the valuation techniques adopted.

Particulars	Sensitivity		Fair Value ₹ in Crore		Significant unobservable inputs*
	Favourable	Un-favourable	March 31, 2022	March 31, 2021	
Unquoted equity shares	A positive change in the Valuation Factor by 10% increases the fair value by ₹ **49.31 Crore** (Previous Year ₹ 29.83 Crore).	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ **49.07 Crore** (Previous Year ₹ 29.58 Crore).	**485.10**	290.24	Valuation Factor
Locked in Shares of Yes Bank Ltd	A positive change in the Valuation Factor by 10% increases the fair value by ₹ **91.73 Crore** (Previous Year ₹ 72.68 Crore).	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ **91.73 Crore** (Previous Year ₹ 72.68 Crore).	**917.24**	726.75	Valuation Factor
Convertible Debentures	A positive change in the Valuation Factor by 10% increases the fair value by ₹ **8.03 Crore** (Previous Year ₹ 6.64 Crore).	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ **8.03 Crore** (Previous Year ₹ 6.64 Crore).	**80.26**	66.42	Valuation Factor
Venture Funds	Increase in NAV by 10% increases the fair value by ₹ **113.88 Crore** (Previous Year ₹ 88.69 Crore).	Decrease in NAV by 10% reduces the fair value by ₹ **115.42 Crore** (Previous Year ₹ 89.02 Crore).	**1,255.57**	996.73	Net Asset Value
Security Receipts	Increase in NAV by 10% increases the insignificant value (Previous Year ₹ 0.03 Crore).	Decrease in NAV by 10% reduces the fair value is insignificant (Previous Year ₹ 0.03 Crore).	**0.02**	0.30	Net Asset Value

** There were no significant inter-relationships between unobservable inputs that materially affect fair values.*

Notes forming part of the Consolidated 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.

Fair value of the financial assets that are not measured at fair value and fair value hierarchy. ₹ in Crore

Particulars	As at March 31, 2022			As at March 31, 2021		
	Carrying value	Fair value	Fair value hierarchy	Carrying value	Fair value	Fair value hierarchy
Financial assets at amortised cost						
Government securities	**36,932.55**	**35,616.04**	**Level 2**	22,552.38	22,632.29	Level 2
Preference shares	**3.84**	**-**	**Level 3**	3.50	3.50	Level 3
Debentures	**1,804.13**	**1,804.13**	**Level 3**	1,537.41	1,604.40	Level 3
Pass-through certificates	**14.32**	**13.83**	**Level 3**	18.33	18.24	Level 3
Total financial assets	**38,754.84**	**37,573.98**		24,111.62	24,258.43	
Financial liabilities						
Non-convertible debentures	**1,63,889.93**	**1,71,084.67**	**Level 2**	1,49,195.95	1,55,050.04	Level 2
Synthetic rupee denominated bonds	**1,800.00**	**1,838.29**	**Level 2**	2,800.00	2,855.55	Level 2
Deposits	**1,61,353.03**	**1,61,967.74**	**Level 2**	1,50,501.61	1,52,323.81	Level 2
Subordinated liabilities	**3,000.00**	**3,232.04**	**Level 2**	4,731.73	5,099.75	Level 2
Total financial liabilities	**3,30,042.96**	**3,38,122.74**		3,07,229.29	3,15,329.15	

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 force or liquidation sale.

For the purpose of above disclosure, Non convertible debentures amounting to ₹ **1,41,954.84 Crore** (Previous Year ₹ 93,148.58 Crore), being hedged item, is classified as FVTPL.

Loans

Substantially all loans reprice frequently, with interest rates reflecting current market pricing, the carrying value of these loans amounting to ₹ **5,63,920.32 Crore** (as at March 31, 2021 ₹ 4,90,947.80 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.

Fair value of Non-convertible debentures has been computed using Government bond yield provided by FBIL and corresponding fortnightly spreads provided by FIMMDA.

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 includes:

- 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.

Notes forming part of the Consolidated Financial Statements (Continued)

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 timelines 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.

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.

Notes forming part of the Consolidated Financial Statements (Continued)

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 colloateral. 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 ₹ **5,77,472.31 Crore** (as at March 31, 2021 ₹ 5,03,988.12 Crore) which best represent the maximum exposure to credit risk, the related Expected credit loss amount to ₹ **13,551.99 Crore** (as at March 31, 2021 ₹ 13,040.32 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 March 31, 2022	0-1 year	>1-3 years	>3-5 years	>5 years	Total
Non-derivatives					
Debt securities	61,990.29	39,875.25	27,239.34	71,512.80	2,00,617.68
Borrowings (other than debt securities)	83,755.38	31,024.25	10,923.85	10,234.14	1,35,937.62
Deposits	81,684.18	57,754.71	16,361.35	5,552.79	1,61,353.03
Subordinated liabilities	-	3,000.00	249.68	975.32	4,225.00
Other financial liabilities	60,259.79	35,889.96	72,226.90	96,642.66	2,65,019.31
Trade payables	4,561.34	-	-	-	4,561.34
Total non-derivative liabilities	**2,92,250.98**	**1,67,544.17**	**1,27,001.12**	**1,84,917.71**	**7,71,713.98**
Derivatives					
Forward rate contracts	8.44	-	-	-	8.44
Currency swaps	1.51	182.99	194.02	-	378.52
Options	3.37	-	-	-	3.37
Interest rate swaps	122.15	489.74	934.09	2,344.62	3,890.60
Total derivative liabilities	**135.17**	**672.73**	**1,128.11**	**2,344.62**	**4,280.93**

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Contractual maturities of financial liabilities March 31, 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	1,08,047.98
Deposits	93,981.51	37,505.65	15,721.15	3,239.36	1,50,447.67
Subordinated liabilities	1,000.00	-	3,809.94	423.72	5,233.66
Other financial liabilities	57,184.75	31,534.88	69,013.60	50,896.85	2,08,630.08
Trade payables	3,376.15	-	-	-	3,376.15
Total non-derivative liabilities	**2,90,436.78**	**1,41,249.93**	**1,18,923.70**	**1,08,846.31**	**6,59,456.72**
Derivatives					
Forward rate contracts	64.33	-	-	-	64.33
Currency swaps	-	135.41	-	-	135.41
Options purchased	5.53	149.00	-	-	154.53
Interest rate swaps	-	14.44	381.04	967.04	1,362.52
Total derivative liabilities	**69.86**	**298.85**	**381.04**	**967.04**	**1,716.79**

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, 2022 and 2021, 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 Group's exposure to foreign currency risk at the end of the reporting period expressed in INR Crore, 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, 2022	**USD**	**32.47**	**11,396.93**	**(11,429.65)**	**(0.25)**
	JPY	**-**	**3,319.15**	**(3,320.43)**	**(1.28)**
	SGD	**0.42**	**-**	**(0.07)**	**0.35**
	GBP	**0.91**	**-**	**(0.16)**	**0.75**
	AED	**0.63**	**-**	**(0.41)**	**0.22**
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

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, 2022	March 31, 2021
USD sensitivity		
INR/USD - increase by 1% *	**(4.38)**	(0.55)
INR/USD - decrease by 1% *	**4.38**	0.55
JPY sensitivity		
INR/JPY - increase by 1% *	**0.30**	0.30
INR/JPY - decrease by 1% *	**(0.30)**	(0.30)

** Assuming all other variables are 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, 2022					
INR USD - Forward exchange contracts	**635.00**	**-**	**8.44**	**77.33**	**(55.89)**
INR USD - Currency swaps	**13,439.31**	**676.75**	**378.52**	**70.65**	**507.01**
USD Interest swaps	**10,322.00**	**283.75**	**0.64**	**-**	**(418.50)**
INR JPY - Currency swaps	**2,058.87**			**0.66**	**93.44**
USD JPY Currency swap	**1,260.28**	**-**		**108.38**	**(68.82)**
Total	**27,715.46**	**960.50**	**387.60**		**57.24**
March 31, 2021					
INR USD - Forward exchange contracts	1,054.00	-	64.33	78.35	547.08
USD JPY - Forward exchange contracts	-	-	-	-	2.25
INR USD - Currency swaps (incl. EXIM swap)	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**

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
March 31, 2022			
FCY term loans	-	-	-
External commercial borrowings (incl. ADB loans)	**148.25**	**(160.98)**	**85.24**
March 31, 2021			
FCY term loans	1,196.24	-	1.52
External commercial borrowings (incl. ADB loans)	1,080.18	190.48	(125.81)

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, 2022	March 31, 2021	**March 31, 2022**	March 31, 2021
Forward exchange contracts and Currency swaps	**(90.55)**	(92.78)	**-**	-
Option purchased (net)	**-**	-	**-**	-

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 - liability (net)	Change in fair value used for measuring ineffectiveness for the period
Interest rate swap as at			
March 31, 2022	**1,46,520.00**	**3,115.53**	**(2,996.46)**
March 31, 2021	94,585.00	119.07	(2,416.59)

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 (net)	Change in fair value used for measuring ineffectiveness for the period
Fixed-rate borrowing as at			
March 31, 2022	**1,44,845.00**	**2,893.16**	**(2,881.74)**
March 31, 2021	66,525.00	49.95	(2,377.56)

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, 2022	March 31, 2021
Interest rate swap	**85.63**	32.95

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, 2022	March 31, 2021
Variable rate borrowings	**79%**	73%
Fixed rate borrowings	**21%**	27%
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, 2022 is ₹ **43.13 Crore** (Previous Year ₹ 31.65 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, 2022	March 31, 2021	**March 31, 2022**	March 31, 2021
NSE Nifty 50 – increase 10%	**116.27**	89.04	**508.13**	627.90
NSE Nifty 50 – decrease 10%	**(116.27)**	(89.04)	**(508.13)**	(627.90)

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 two subsidiaries (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, 2022	March 31, 2021	**March 31, 2022**	March 31, 2021
Interest rate - increase by 100 basis points* ^	-	-	**(6,161.40)**	(4,902.26)
Interest rate - decrease by 100 basis points* &	-	-	**6,161.40**	4,902.26

* Holding all other variable constant.

^ Impact on OCI does not include impact of ₹ **(2,084.77) Crore** for FY 22 and ₹ (2,070.75) Crore for FY21 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 ₹ **2,084.77 Crore** for FY 22 and ₹ 2,070.75 Crore for FY21 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, 2022	March 31, 2021	**March 31, 2022**	March 31, 2021
AED Sensitivity	-	-	-	-
INR/AED - increase by 3.12% (March 31, 2021 1.92%)	**1.41**	0.01	-	-
INR/AED - decrease by 3.12% (March 31, 2021 1.92%)	**(1.41)**	(0.01)	-	-

(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, 2022	March 31, 2021	**March 31, 2022**	March 31, 2021
If equity prices had been 30% higher^	**2,785.22**	976.08	-	-
If equity prices had been 30% lower&	**(2,785.22)**	(976.08)	-	-

^ Impact on Profit before tax does not include impact of ₹ **3,090.40 Crore** for FY 22 and ₹ 2,617.34 Crore for FY21 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 ₹ **(3,090.40) Crore** for FY 22 and ₹ (2,617.34) Crore for FY21 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.

Notes forming part of the Consolidated Financial Statements (Continued)

- 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.

Notes forming part of the Consolidated Financial Statements (Continued)

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.

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, 2022 is **201%** and as at March 31, 2021 201%.

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.

Notes forming part of the Consolidated Financial Statements (Continued)

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.
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.

HDFC Life has also assessed its solvency position as at the Balance sheet date and is at 176%, 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 contact 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.

Notes forming part of the Consolidated Financial Statements (Continued)

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 in force 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:

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).

Notes forming part of the Consolidated Financial Statements (Continued)

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.

Notes forming part of the Consolidated Financial Statements (Continued)

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.

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.

Notes forming part of the Consolidated Financial Statements (Continued)

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 March 31, 2022		As at March 31, 2021	
	Minimum	Maximum	Minimum	Maximum
a) Individual Business				
Participating Policies	**66%**	**168%**	66%	198%
Non Participating Policies	**30%**	**792%**	24%	384%
Annuities	**36%**	**52%**	32%	48%
Unit Linked	**30%**	**75%**	30%	78%
Health Insurance	**68%**	**83%**	68%	83%
b) Group Business (Unit Linked)	**25%**	**438%**	36%	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.

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.

Notes forming part of the Consolidated Financial Statements (Continued)

- 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, 2022		As at March 31, 2021	
Individual business	**Maximum**	**Minimum**	Maximum	Minimum
Life - participating policies	**6.10%**	**5.80%**	5.80%	5.70%
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%**	6.45%	6.45%
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	**Maximum**	**Minimum**	Maximum	Minimum
Life – non-participating policies (exclude one year term policies)	**6.45%**	**5.90%**	6.45%	5.95%
Unit linked	**5.20%**	**5.20%**	5.20%	5.20%

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.

IX. Deferred acquisition cost

Particulars	₹ in Crore
As at April 1, 2020	4.90
Expenses deferred	-
Amortisation	(1.28)
As at March 31, 2021	3.62
Expenses deferred	-
Amortisation	(0.89)
As at March 31, 2022	**2.73**

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

Notes forming part of the Consolidated Financial Statements (Continued)

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.

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.

Notes forming part of the Consolidated Financial Statements (Continued)

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, 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.

c. Sensitivities

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.

Notes forming part of the Consolidated Financial Statements (Continued)

The table provided below, demonstrates the impact on the HDFC Ergo General's liabilities due to change in assumptions by 10%.

Assumptions	Change in Assumption	Increase/ (Decrease) on Gross Liabilities		Increase/ (Decrease) on Net Liabilities	
		2021-2022	2020-2021	2021-2022	2020-2021
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, 2022	March 31, 2021
Opening balance	**19,836.12**	17,423.31
Claims o/s including IBNR (net)	**1,494.76**	2,057.92
Reserve for unexpired risk	**228.23**	98.71
Unallocated premium	**92.98**	(58.84)
Premium received in advance	**(25.29)**	135.93
Due to other insurance companies	**307.70**	175.10
Due to policyholders	**1.89**	3.99
Closing balance	**21,936.39**	19,836.12
Assets pertaining to general insurance business		₹ in Crore
Particulars	March 31, 2022	March 31, 2021
Opening balance	**6,550.96**	6,136.41
Outstanding premium	**588.22**	(354.77)
Due from other insurance companies	**(43.24)**	(32.66)
Ri recovery on claims outstanding	**617.11**	801.16
Other accruals / receivables	**3.93**	0.82
Closing balance	**7,716.98**	6,550.96

(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.

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. As at FY 22, 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, 2022, would have deviated by ₹ **20.05 Crore** (Previous Year ₹ 6.08 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, 2022. 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.

Notes forming part of the Consolidated Financial Statements (Continued)

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, 2022	AY12 & prior	AY13	AY14	AY15	AY16	AY17	AY18	AY19	AY20	AY21	AY22
End of first year	1,964.00	1,065.00	2,178.00	2,636.00	2,923.00	5,007.00	5,616.00	7,049.00	8,236.00	9,099.00	10,681.00
One year later	2,023.00	1,103.00	2,323.00	2,547.00	2,980.00	4,788.00	5,332.00	6,951.00	7,661.00	8,147.00	
Two years later	2,024.00	1,050.00	2,293.00	2,535.00	3,112.00	4,874.00	5,284.00	6,981.00	7,588.00		
Three years later	1,987.00	1,116.00	2,289.00	2,638.00	3,121.00	4,860.00	5,290.00	6,966.00			
Four years later	2,010.00	1,080.00	2,363.00	2,636.00	3,120.00	4,854.00	5,297.00				
Five years later	2,031.00	1,144.00	2,369.00	2,621.00	3,134.00	4,820.00					
Six years later	2,039.00	1,150.00	2,376.00	2,623.00	3,108.00						
Seven years later	2,063.00	1,149.00	2,384.00	2,623.00							
Eight years later	2,062.00	1,163.00	2,384.00								
Nine years later	2,079.00	1,165.00									
Ten years later	2,076.00										

Gross unpaid losses and loss adjustment expenses ₹ in Crore

As at March 31, 2022	AY12 & prior	AY13	AY14	AY15	AY16	AY17	AY18	AY19	AY20	AY21	AY22
End of first year	1,120.00	548.00	1,263.00	1,390.00	1,808.00	2,071.00	2,706.00	3,882.00	3,810.00	3,612.00	5,298.00
One year later	1,606.00	840.00	1,801.00	2,020.00	2,387.00	3,779.00	4,191.00	5,310.00	5,561.00	5,692.00	
Two years later	1,758.00	903.00	1,928.00	2,186.00	2,594.00	4,224.00	4,373.00	5,903.00	5,857.00		
Three years later	1,812.00	948.00	2,000.00	2,279.00	2,725.00	4,307.00	4,480.00	6,069.00			
Four years later	1,847.00	973.00	2,053.00	2,350.00	2,807.00	4,374.00	4,565.00				
Five years later	1,876.00	1,006.00	2,098.00	2,397.00	2,834.00	4,430.00					
Six years later	1,907.00	1,025.00	2,132.00	2,418.00	2,870.00						
Seven years later	1,930.00	1,071.00	2,150.00	2,450.00							
Eight years later	1,947.00	1,082.00	2,170.00								
Nine years later	1,957.00	1,091.00									
Ten years later	1,968.00										

Notes forming part of the Consolidated Financial Statements (Continued)

Gross incurred losses and allocated expenses (ultimate movement) ₹ in Crore

As at March 31, 2022	AY12 & prior	AY13	AY14	AY15	AY16	AY17	AY18	AY19	AY20	AY21	AY22
End of First year	844.00	516.00	915.00	1,246.00	1,115.00	2,936.00	2,910.00	3,167.00	4,426.00	5,487.00	5,383.00
One year later	417.00	264.00	522.00	527.00	593.00	1,009.00	1,141.00	1,641.00	2,100.00	2,455.00	
Two years later	265.00	146.00	366.00	349.00	517.00	649.00	911.00	1,078.00	1,731.00		
Three years later	174.00	168.00	289.00	359.00	395.00	553.00	810.00	897.00			
Four years later	163.00	107.00	309.00	286.00	312.00	480.00	732.00				
Five years later	156.00	138.00	272.00	224.00	301.00	390.00					
Six years later	132.00	125.00	243.00	205.00	238.00						
Seven years later	133.00	78.00	234.00	173.00							
Eight years later	115.00	81.00	214.00								
Nine years later	122.00	73.00									
Ten years later	107.00										

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. Pranay Sethi (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.

Notes forming part of the Consolidated Financial Statements (Continued)

50. Business combinations

50.1 Acquisition of Exide Life Insurance Company Limited

During the year, the Board of Directors of HDFC Life Insurance Company Limited (HDFC Life), a subsidiary of the Corporation under Ind AS 110, had approved the Share Purchase and Share Swap Agreement between HDFC Life, Exide Industries Limited and Exide Life Insurance Company Limited (Exide Life), in connection with the acquisition of 100% of the equity share capital and subsequent merger of Exide Life into HDFC Life for a total consideration of ₹ 6,687 Crore. Pursuant to the agreement, on January 1, 2022, HDFC Life has paid ₹ 726 Crore and issued 8,70,22,222 equity shares at an issue price of ₹ 685 per share as consideration, subsequent to receipt of regulatory approvals. Accordingly, Exide Life has become a wholly owned subsidiary of HDFC Life with effect from January 1, 2022. Further, HDFC Life has filed the scheme for amalgamation of Exide Life with and into HDFC Life and their respective shareholders and creditors under Sections 230 to 232 of the Act and Section 35 to 37 of the Insurance Act, 1938 and other applicable laws including the rules and regulations, subject to requisite approvals from various regulatory and statutory authorities, their respective shareholders and creditors.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	₹ in Crore
Paid in cash	725.78
Issuance of 8,70,22,222 equity shares @ 685 per share	5,961.22
Total Consideration	6,687.00

The Assets and liabilities recognised as a result of the acquisition are as follows:

Particulars of assets and liabilities taken over	₹ in Crore
Cash and bank balances	96.80
Investments	19,988.80
Non financial assets	1,119.30
Customer relationships (incl. value of in force policies)	1,693.30
Distribution network	180.80
Financial liabilities	(18,572.60)
Non financial liabilities	(1,510.68)
Net identified assets acquired	**2,995.72**

Calculation of goodwill	₹ In crore
Consideration transferred	6,687.00
Non-controlling interest in acquired entity	-
Less: net identified assets acquired	(2,995.72)
Goodwill	**3,691.28**

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, 2022)

₹ 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 Ltd.		13,742.18		33.86		13,776.04
Less: Inter Company eliminations		1,505.64		-		(1,505.64)
Net of eliminations	**50.90%**	**12,236.54**	**-4.63%**	**33.86**	**52.63%**	**12,270.40**
Subsidiaries - Indian						
HDFC Life Insurance Co. Ltd.	7.69%	1,848.18	18.36%	(134.25)	7.35%	1,713.93
HDFC ERGO General Insurance Co. Ltd.	3.05%	734.29	43.08%	(314.98)	1.80%	419.31
HDFC Asset Management Co. Ltd.	8.61%	2,069.83	-0.03%	0.25	8.88%	2,070.08
HDFC Trustee Co. Ltd.	0.00%	0.42	0.00%	-	0.00%	0.42
HDFC Investment Trust	0.01%	1.37	0.00%	-	0.01%	1.37
HDFC Investment Trust - II	-0.16%	(38.12)	0.00%	-	-0.16%	(38.12)
HDFC Venture Capital Ltd.	0.00%	(0.10)	0.00%	-	0.00%	(0.10)
HDFC Ventures Trustee Co. Ltd.	0.00%	(0.05)	0.00%	-	0.00%	(0.05)
HDFC Property Ventures Ltd.	-0.08%	(18.93)	0.00%	(0.03)	-0.08%	(18.96)
HDFC Pension Management Co. Ltd.	0.02%	5.38	0.01%	(0.06)	0.02%	5.32
HDFC Capital Advisors Ltd.	0.08%	19.36	0.02%	(0.15)	0.08%	19.21
HDFC Investments Ltd.	-0.05%	(12.32)	-2.62%	19.19	0.03%	6.87
HDFC Holdings Ltd.	0.13%	31.47	2.77%	(20.28)	0.05%	11.19
HDFC Sales Pvt. Ltd.	-2.63%	(631.99)	0.08%	(0.57)	-2.71%	(632.56)
HDFC Credila Financial Services Pvt. Ltd.	0.87%	208.15	-1.36%	9.93	0.94%	218.08
HDFC Education and Development Services Pvt. Ltd.	0.00%	0.92	0.00%	(0.01)	0.00%	0.91
Exide Life Insurance Co. Ltd.	0.35%	84.33	16.24%	(118.78)	-0.15%	(34.45)
Subsidiaries - Foreign						
Griha Investments	-0.01%	(2.56)	0.00%	-	-0.01%	(2.56)
Griha Pte. Ltd.	0.04%	9.81	0.00%	-	0.04%	9.81
HDFC International Life and Re Company Ltd.	-0.11%	(26.20)	0.00%	-	-0.11%	(26.20)
Share of Minorities	-6.02%	(1,447.44)	-26.16%	191.28	-5.39%	(1,256.16)
Associates (Investment as per the equity method) - Indian						
HDFC Bank Ltd.	37.31%	8,969.83	54.24%	(396.61)	36.78%	8,573.22
True North Ventures Pvt. Ltd.	0.00%	0.07	0.00%	-	0.00%	0.07
Renaissance Investment Solutions ARC Pvt. Ltd.	0.00%	(0.11)	0.00%	-	0.00%	(0.11)
Total	**100.00%**	**24,042.13**	**100.00%**	**(731.21)**	**100.00%**	**23,310.92**

Notes forming part of the Consolidated Financial Statements (Continued)

As on / for the year ended March 31, 2022

₹ 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 Ltd.		1,20,251.00
Less: Inter Company eliminations		19,445.75
Net of eliminations	**52.32%**	**1,00,805.25**
Subsidiaries - Indian		
HDFC Life Insurance Co. Ltd.	3.45%	6,653.58
HDFC ERGO General Insurance Co. Ltd.	1.66%	3,189.63
HDFC Asset Management Co. Ltd.	1.59%	3,058.13
HDFC Trustee Co. Ltd.	0.00%	2.44
HDFC Investment Trust	0.05%	96.70
HDFC Investment Trust - II	0.09%	168.59
HDFC Venture Capital Ltd.	0.00%	0.23
HDFC Ventures Trustee Co. Ltd.	0.00%	1.30
HDFC Property Ventures Ltd.	0.01%	23.85
HDFC Pension Management Co. Ltd.	0.03%	54.67
HDFC Capital Advisors Ltd	0.05%	88.29
HDFC Investments Ltd.	0.10%	200.53
HDFC Holdings Ltd.	0.13%	245.72
HDFC Sales Pvt. Ltd.	(0.02%)	(45.23)
HDFC Credila Financial Services Pvt. Ltd.	0.73%	1,401.23
HDFC Education and Development Services Pvt. Ltd.	0.07%	129.80
Exide Life Insurance Co. Ltd.	0.12%	228.79
Subsidiaries - Foreign		
Griha Investments	0.03%	57.19
Griha Pte. Ltd.	0.04%	71.17
HDFC International Life and Re Company Ltd.	0.11%	213.79
Share of Minorities	6.63%	12,777.19
Associates (Investment as per the equity method) - Indian		
HDFC Bank Ltd.	32.81%	63,207.02
Renaissance Investment Solutions ARC Pvt. Ltd.	0.00%	0.47
Total	**100.00%**	**1,92,630.34**

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, 2022)	HDFC Life Insurance Co. Ltd.	HDFC Ergo General Insurance Co. Ltd.	HDFC Asset Management Co. Ltd.
Proportion of interest held by non-controlling entities	**52.19%**	**50.02%**	**47.40%**
Accumulated balances of material non-controlling interest	**8,187.35**	**1,864.26**	**2,621.36**
Summarised financial information for the balance sheet			
Financial assets	**2,16,059.06**	**26,450.74**	**5,684.01**
Non-financial assets	**1,664.70**	**569.69**	**196.36**
Financial liabilities	**6,854.08**	**23,218.59**	**218.88**
Non-financial liabilities	**1,95,176.19**	**74.74**	**131.45**
Dividend paid to non-controlling interest	**213.09**	**115.87**	**343.40**
Summarised financial information for the statement of profit and loss			
Revenue from operations	**64,834.15**	**19,631.32**	**2,433.20**
Profit for the year	**1,097.03**	**518.73**	**1,393.13**
Other comprehensive income	**(89.01)**	**(209.91)**	**0.49**
Total comprehensive income	**1,008.02**	**308.82**	**1,393.62**
Summarised financial information for cash flows			
Net cash inflows from operating activities	**5,540.00**	**415.95**	**1,253.73**
Net cash inflows from investing activities	**(1,408.26)**	**(522.55)**	**(508.01)**
Net cash inflows from financing activities	**(237.80)**	**(231.60)**	**(745.53)**
Net cash inflow / (outflow)	**3,893.94**	**(338.21)**	**0.19**

(₹ 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

Notes forming part of the Consolidated Financial Statements (Continued)

(₹ in Crore)

Particulars (As at March 31, 2021)	HDFC Life Insurance Co. Ltd.	HDFC Ergo General Insurance Co. Ltd.	HDFC Asset Management Co. Ltd.
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)

53. Statutory disclosure required as per Schedule III Division III of the Companies Act, 2013

The Group has entered into following transactions with companies that were subsequently struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

(₹ in Crore)

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding	Relationship with the Struck off company, if any.
Afchana Multi Trade Private Limited	Payable	0.00	None
Vijay Fininvest Limited	Shareholder, Number of shares held - 1 share held	-	None
Samridhi Frozen Foods Private Limited	Loan	0.48	None
Sree Sai Management & Project consultants Private Limited	Loan	0.85	None
Envision Realty Management Private limited	Loan	0.24	None

Note: '0' denotes amount less than ₹ Fifty thousand.

The Group is in compliance with number of layers of companies, as prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

During the year, no scheme of arrangements in relation to the Group has been approved by the competent authority in terms of Section 230 to 237 of the Companies Act, 2013. Accordingly, aforesaid disclosure are not applicable, since there were no such transaction (refer note 54).

The Group does not have any transactions which were not recoded in the books of accounts, but offered as income during the year in the income tax assessment.

The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

Notes forming part of the Consolidated Financial Statements (Continued)

54. Events after the reporting period

The Board of Directors of the Corporation at its meeting held on April 4, 2022 has approved a composite scheme of amalgamation for the amalgamation of: (i) HDFC Investments Limited and HDFC Holdings Limited, wholly-owned subsidiaries of the Corporation, into and with the Corporation and thereafter (ii) the Corporation into and with HDFC Bank Limited ("HDFC Bank") and their respective shareholders and creditors ("the Scheme") under Section 230 to 232 of the Companies Act, 2013 and other applicable laws and regulations, subject to requisite approvals from various regulatory and statutory authorities, respective shareholders and creditors. The share exchange ratio shall be 42 equity shares of face value of ₹ 1 each of HDFC Bank for every 25 equity shares of face value of ₹ 2 each of the Corporation.

The Appointed date for the amalgamation of the wholly-owned subsidiaries of the Corporation with and into the Corporation shall be the end of the day immediately preceding the Effective date and the Appointed date for the amalgamation of the Corporation with and into HDFC Bank shall be the Effective date.

55. Approval of financial statements

The Consolidated financial statements were approved by the Board of Directors of the Corporation on May 02, 2022.

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

As per our report of even date attached.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
Firms' Registration No: 301003E/E300005

per Viren Mehta
Partner
Membership No. 048749

For G. M. Kapadia & Co.
Chartered Accountants
Firms' Registration No: 104767W

Atul Shah
Partner
Membership No. 039569

Directors

Deepak S. Parekh
Chairman
(DIN: 00009078)

U. K. Sinha
(DIN: 00010336)

P. R. Ramesh
(DIN: 01915274)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

Ireena Vittal
(DIN: 05195656)

Jalaj Dani
(DIN: 00019080)

Bhaskar Ghosh
(DIN: 06656458)

Rajesh Narain Gupta
(DIN: 00229040)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

MUMBAI, May 02, 2022

Shareholders' Information

45th Annual General Meeting (AGM)

Day/Date	Thursday, June 30, 2022
Time	2:00 p.m.
Mode	Video-Conference (VC)
Remote e-voting period	
Starts	Monday, June 27, 2022 at 10:00 a.m.
Ends	Wednesday, June 29, 2022 at 5:00 p.m.
Cut-off date for e-voting	Thursday, June 23, 2022 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	Wednesday, June 1, 2022 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	₹ 30 per equity share of ₹ 2 each
Date of payment	Friday, July 1, 2022 onwards
Financial Year	April 1 to March 31

Tax Deducted at Source (TDS) on Dividend

The Corporation is 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*.

Change in Registrar and Share Transfer Agent

The Board of Directors of the Corporation at its meeting held on November 1, 2021 for operational convenience, approved the appointment of Link Intime India Private Limited (Link Intime) as the Registrar and Share Transfer Agent (RTA) of the Corporation effective April 1, 2022 and consequently, the in-house share transfer facility was withdrawn from the said date.

In view of the change in RTA, all the share related activities effective April 1, 2022 are being provided by Link Intime. The shareholders of the Corporation holding shares in physical form are requested to contact Link Intime at the below mentioned address for various services such as dematerialisation/ transmission of shares, issue of duplicate share certificates, servicing of unclaimed dividend, etc., which were earlier provided by the erstwhile Investor Services Department (ISD) of the Corporation.

Address for correspondence with Link Intime:

Ms. Supriya Mirashi
Link Intime India Private Limited
Unit: Housing Development Finance Corporation Limited
C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083.
Tel No. : +91 22-4918 6151
E-mail : *rnt.helpdesk@linkintime.co.in*
Website : *www.linkintime.co.in*

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.

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) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. Tel. Nos.: +91 22-2272 1233/4 E-mail : *is@bseindia.com* Website : *www.bseindia.com*	**National Stock Exchange of India Limited (NSE)** 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

ISIN	INE001A13049
Listed on	BSE and NSE
Outstanding Warrants (as on March 31, 2022)	1,70,57,400 Each Warrant can be exchanged with one equity share of ₹ 2 each of the Corporation.
Warrant Exercise Price	₹ 2,165 per equity share of ₹ 2 each
Date of Exercise	On or before August 10, 2023

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 on March 31, 2022.

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 Rating

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, 2022 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 2022-23. The requisite fees have also been paid to LSE.

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, 2021, transfer of securities is not permitted under any circumstances to be processed unless the securities are held in electronic form.

SEBI vide notification/circular dated January 24, 2022 and January 25, 2022 has prohibited the issue of physical share certificates and has stated that all new share certificates shall be issued only in dematerialised form.

The Board of Directors has delegated the authority for approving transmission, dematerialisation, issue of duplicate share certificate etc., to Share Transfer Committee. A summary of transactions approved by the committee is shared with the board on a quarterly basis.

While SEBI has clarified that the shareholders are not prohibited from holding the shares in physical form, shareholders holding shares in physical form are requested to consider dematerialisation of their shares.

Investors' Grievances

The Corporation is committed to providing effective and prompt service to its investors. The investors can also escalate their grievance in case of non redressal of the same 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		
	2019-20	2020-21	2021-22
Stock Exchanges and SEBI including SCORES	4	5	6
NHB/RBI, MCA and others	-	-	-
Directly received from investors	-	-	-
Total No. of complaints received	**4**	**5**	**6**
Total No. of complaints redressed	**4**	**4**	**7***
No. of complaints pending	-	1	-

** Includes one complaint pertaining to FY 2020-21 which was resolved during FY 2021-22.*

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' account, who have updated their bank account details with the Corporation/DP.

Despite the above initiatives, unclaimed dividend amounting to ₹ 2,67,48,344 in respect of dividend for the financial year 2013-14 and ₹ 45,29,634 in respect of interim dividend for the financial year 2014-15 were transferred to the Investor Education and Protection Fund (IEPF) on August 30, 2021 and April 26, 2022 respectively, 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 final dividend for financial year 2014-15 is August 26, 2022, 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, 2022 and last date for claiming the same from the Corporation, prior to its transfer to IEPF, are as under:

Financial Year	No. of members who have not claimed their dividend	Dividend per share (₹)	Unclaimed dividend as at March 31, 2022 (₹)	Unclaimed dividend as % to total dividend	Date of declaration	Last date for claiming the dividend from the Corporation prior to its transfer to IEPF
2014-15 – Final	3,319	13	2,46,21,298.00	0.12	July 28, 2015	August 26, 2022
2015-16 – Interim	4,924	3	74,87,313.00	0.16	March 21, 2016	April 19, 2023
2015-16 – Final	4,013	14	3,24,31,882.00	0.15	July 27, 2016	August 25, 2023
2016-17 – Interim	4,608	3	75,54,633.00	0.16	March 3, 2017	April 1, 2024
2016-17 – Final	3,961	15	3,59,60,940.00	0.15	July 26, 2017	August 24, 2024
2017-18 – Interim	4,258	3.50	54,14,213.00	0.09	March 16, 2018	April 16, 2025
2017-18 – Final	3,351	16.50	2,35,47,595.50	0.08	July 30, 2018	August 28, 2025
2018-19 – Interim	3,959	3.50	57,67,968.50	0.10	March 6, 2019	April 6, 2026
2018-19 – Final	3,415	17.50	2,56,25,425.00	0.08	August 2, 2019	August 31, 2026
2019-20	4,449	21	2,91,19,103.00	0.10	July 30, 2020	August 28, 2027
2020-21	6,492	23	3,24,93,393.00	0.09	July 20, 2021	August 20, 2028

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, 2022, the Corporation neither received any claims from its shareholders for transfer of shares from Unclaimed Suspense Account nor were any shares transferred from Unclaimed Suspense Account to

IEPF. The status of the unclaimed shares as at March 31, 2022 was same as at March 31, 2021 i.e. 2 shareholders holding 3,000 equity shares of ₹ 2 each.

The concerned shareholders are requested to write to Link Intime to claim the said equity shares. On receipt of such claim, additional documents may be called upon. Link Intime 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 2021, the Corporation transferred 86,465 equity shares of ₹ 2 each corresponding to the unclaimed dividend for the financial year 2013-14 to IEPF. The Corporation had sent reminders to concerned shareholders and published notices in newspapers prior to transfer of corresponding shares to IEPF.

The status of shares transferred to IEPF as at March 31, 2022, is detailed as under:

Particulars	No. of shares
Balance as at April 1, 2021	15,27,206
Transferred during financial year 2021-22	86,465
Claims processed by IEPF Authority during the financial year 2021-22	(30,700)
Balance as at March 31, 2022	15,82,971

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 complete set of documents shall submit its e-verification report to IEPF Authority within the timeline prescribed under the IEPF Rules. Upon submission of e-verification report by the Corporation, the corresponding action shall solely be at the discretion of IEPF Authority.

The Corporation has appointed a nodal officer and two deputy nodal officers for co-ordination with IEPF Authority, the details of which are available on the Corporation's website.

Updation of KYC Details

In terms of SEBI Circular dated November 3, 2021, folios wherein certain details like PAN, nomination, mobile number, email address, specimen signature, bank details are not available, are required to be freezed with effect from April 1, 2023. Accordingly, shareholders who have not yet submitted the said details are requested to kindly provide the same to Link Intime at the earliest but not later than March 31, 2023, failing which their folio shall be frozen.

Further, in terms of SEBI Circular dated April 20, 2018, 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 shareholders on the same. Shareholders who have not updated their bank account details are requested to update the same with Link Intime (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 to their bank account.

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 certain investor related services are made available on the Corporation’s website.

Shareholder Feedback

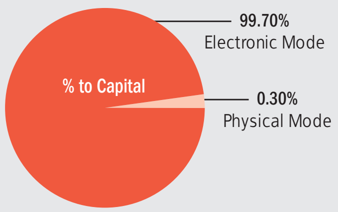
In furtherance to the Corporation’s endeavour to engage with its shareholders and to receive insight into their perception on the Corporation, an online feedback form seeking their views on various matters relating to investor services was provided on the website of the Corporation. The summary of feedback provided by the shareholders was placed before the Stakeholders Relationship Committee of Directors of the Corporation.

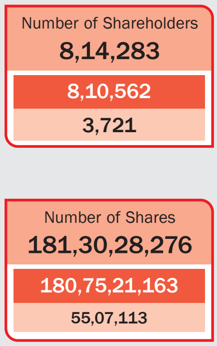
Control of the Corporation

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. The Corporation also does not have any significant beneficial owner.

Dematerialisation of Shares and Liquidity as at March 31, 2022

	No. of shareholders	% to total no. of shareholders	No. of shares of ₹ 2 each	% to Capital
Held in electronic mode				
a. NSDL	3,39,723	41.72	177,12,72,983	97.70
b. CDSL	4,70,839	57.82	3,62,48,180	2.00
Sub Total (a+b)	**8,10,562**	**99.54**	**180,75,21,163**	**99.70**
Held in physical mode	3,721	0.46	55,07,113	0.30
Total	**8,14,283**	**100**	**181,30,28,276**	**100**





The shares of the Corporation are widely traded on the stock exchanges.

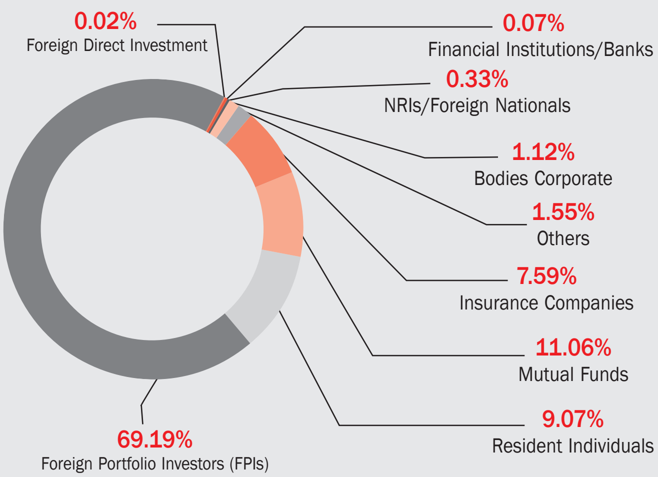
Distribution of Shareholding as at March 31, 2022

Range of shares held	Total no. of shares	% to Capital	No. of shareholders	% to total no. of shareholders
1	97,945	0.01	97,945	12.03
2 – 10	18,06,539	0.10	3,24,351	39.83
11 – 100	1,05,23,074	0.58	2,81,315	34.55
101 – 200	50,43,395	0.28	33,494	4.11
201 – 500	1,03,43,011	0.57	30,072	3.69
501 - 1,000	1,45,20,504	0.80	17,828	2.19
1,001 - 5,000	5,13,64,079	2.83	23,637	2.90
5,001 - 10,000	1,54,51,331	0.85	2,206	0.27
10,001 - 50,000	3,99,92,576	2.21	1,794	0.22
50,001 - 1,00,000	3,11,11,953	1.72	444	0.06
1,00,001 and above	163,27,73,869	90.05	1,197	0.15
Total	**181,30,28,276**	**100**	**8,14,283**	**100**

Shareholding Pattern as at March 31, 2022

Category	No. of Shareholders	No. of shares	% to Capital
Resident Individuals	7,77,225	16,44,83,722	9.07
Foreign Portfolio Investors (FPIs)	1,879	125,44,34,780	69.19
Foreign Direct Investment	1	2,86,394	0.02
Insurance Companies	40	13,76,58,927	7.59
Bodies Corporate	3,334	2,03,03,970	1.12
Mutual Funds	36	20,05,31,170	11.06
Financial Institutions/ Banks	15	13,01,141	0.07
NRIs/Foreign Nationals	16,109	58,98,336	0.33
Others*	15,644	2,81,29,836	1.55
Total	**8,14,283**	**181,30,28,276**	**100**

* *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, 2021		Shareholding as at March 31, 2022	
	No. of shares	% to capital	No. of shares	% to capital
Life Insurance Corporation of India*	8,37,70,642	4.64	7,33,93,929	4.05
Invesco Developing Markets Fund*	7,02,97,956	3.90	6,85,62,996	3.78
SBI-ETF Nifty 50*	4,44,27,065	2.46	5,94,86,159	3.28
Government of Singapore*	4,71,76,565	2.62	5,05,73,181	2.79
ICICI Prudential Bluechip Fund#	1,28,02,656	0.71	2,46,35,775	1.36
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds*	2,35,76,167	1.31	2,42,26,727	1.34
UTI – Nifty Exchange Traded Fund#	1,88,37,301	1.04	2,27,71,452	1.26
HDFC Trustee Company Ltd. A/C HDFC Top 100 Fund#	1,13,46,397	0.63	2,26,02,330	1.25
Vanguard Total International Stock Index Fund*	2,17,32,990	1.20	2,24,34,878	1.24
ICICI Prudential Life Insurance Company Limited#	1,70,07,986	0.94	1,95,90,768	1.08
Government Pension Fund Global - Norway*	1,88,87,621	1.05	1,88,53,946	1.04
Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund*	1,88,99,369	1.05	1,85,38,723	1.02
JP Morgan Funds - Emerging Markets Equity Fund*	1,94,30,513	1.08	1,84,04,103	1.02
Kuwait Investment Authority Fund 601@	1,88,84,232	1.05	1,81,05,872	0.99

* Common top 10 shareholders as at April 1, 2021 and March 31, 2022

@ Top 10 shareholders only as at April 1, 2021

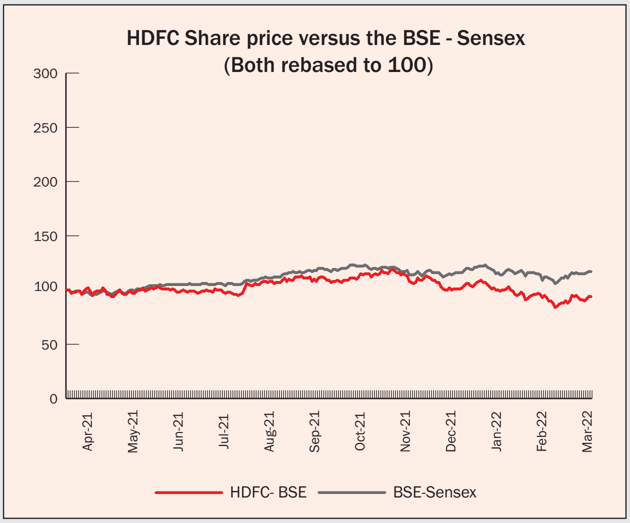
\# Top 10 shareholders only as at March 31, 2022

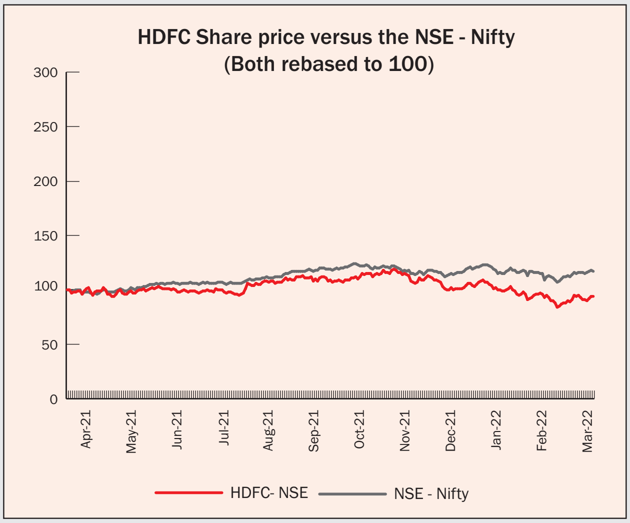
Stock Market Price Data

The monthly high and low price and the volume of shares traded on BSE and NSE during the financial year 2021-22 are as under:

Month	BSE			NSE		
	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded
April-21	2,628.00	2,373.30	49,07,691	2,628.00	2,373.00	7,00,23,230
May-21	2,583.00	2,354.10	29,52,052	2,580.35	2,354.00	7,18,69,640
June-21	2,635.00	2,453.45	28,47,062	2,635.40	2,451.00	5,83,55,014
July-21	2,557.05	2,380.50	51,43,233	2,558.00	2,380.00	5,40,90,668
August-21	2,810.00	2,425.40	16,17,172	2,812.00	2,425.10	6,95,33,106
September-21	2,876.00	2,717.60	29,55,705	2,875.85	2,717.70	5,67,57,432
October-21	2,947.40	2,694.05	43,69,562	2,948.00	2,693.60	5,27,28,936
November-21	3,021.10	2,658.00	9,68,629	3,021.10	2,656.00	6,99,27,871
December-21	2,877.30	2,507.00	17,93,929	2,877.75	2,506.05	5,60,11,363
January-22	2,761.95	2,448.45	14,46,871	2,762.00	2,448.60	6,84,87,691
February-22	2,623.50	2,286.45	96,78,887	2,623.30	2,286.85	10,24,24,930
March-22	2,450.00	2,046.30	36,46,634	2,459.00	2,046.00	10,20,11,494

Source: www.bseindia.com and www.nseindia.com





Web Links

As required under the various provisions of the Companies Act, 2013, 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 link 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 2021-22.	https://www.hdfc.com/investor-relations#annual-reports
2.	Anti-Bribery and Anti-Corruption Policy	The Policy emphasizes HDFC's zero tolerance towards bribery and corruption practices.	https://www.hdfc.com/allpolicies/HDFC%20Limited%20-%20Anti%20Bribery%20&%20Anti%20Corruption%20Policy-Final.pdf
3.	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
4.	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
5.	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
6.	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
7.	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
8.	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
9.	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
10.	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
11.	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
12.	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
13.	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
14.	Policy on Related Party Transactions	The Policy outlines the mechanism for dealing with related party transactions.	https://www.hdfc.com/allpolicies/Policy%20on%20Related%20Party%20Transactions_Final.pdf

Sr. No.	Document	Purpose	Web links
15.	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
16.	Policy on Determination of Materiality	The 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
17.	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_0.pdf
18.	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_0.pdf
19.	Business Responsibility & Sustainability Report 2021-22	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
20.	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_2022_revised.pdf
21.	Disclosure under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021	Provides disclosures with respect to the various Employee Stock Option Schemes of the Corporation.	https://www.hdfc.com/investor-relations#annual-reports
22.	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
23.	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
24.	Internal Guidelines on Corporate Governance	This 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
25.	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_0.pdf

Sr. No.	Document	Purpose	Web links
26.	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
27.	Policy on Health and Safety of Employees	The Policy provides guidelines for protection and improvement of health and safety of its employees at workplace.	https://www.hdfc.com/allpolicies/policy-on-health-and-safety-of-employees.pdf
28.	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
29.	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
30.	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
31.	Credit Rating	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
32.	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
33.	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
34.	Memorandum and Articles of Association	–	https://www.hdfc.com/sites/default/files/memorandum-and-article-of-association.pdf
35.	Policy on Appointment of Statutory Auditors	The Policy provides a framework and set standards for the appointment of Statutory Auditors who fulfill the eligibility criteria and other conditions prescribed under RBI Guidelines and applicable laws.	https://www.hdfc.com/allpolicies/Policy_on_Appointment_of%20Auditors%20-%20FINAL-%20clean.pdf
36.	Equal Opportunity Policy	The Policy aims to provide practical guidance on the management of disability issues at workplace.	https://www.hdfc.com/allpolicies/Equal-Opportunity-Policy-at-HDFC.pdf
37.	Environmental, Social and Governance (ESG) Policy Framework	The policy reiterates the Corporation's commitment to oversee and implement sustainable strategies, policies and practices as a responsible corporate citizen.	https://www.hdfc.com/allpolicies/HDFC%20ESG%20Framework.pdf

Policy on Related Party Transactions

1. **Scope and Purpose**

The Companies Act, 2013 (the "Act") and the rules framed thereunder as well as the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") contain detailed provisions relating to Related Party Transactions.

This Policy on Related Party Transactions (this "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 by the Corporation and its subsidiaries with their related parties, as required under the Listing Regulations.

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021 dated November 9, 2021, this Policy has been amended and approved by the Board of Directors of the Corporation, based on the recommendation of the Audit and Governance Committee, at its meeting held on March 22, 2022. It is hereby clarified that the amendments introduced in the Listing Regulations that would come into force with effect from April 1, 2023 would be incorporated in this Policy as and when they become applicable.

2. **Applicability**

In accordance with the Listing Regulations, this Policy shall govern the Related Party Transactions by the Corporation and the subsidiaries of the Corporation to the extent applicable to them.

This Policy shall be effective from April 1, 2022.

3. **Interpretation**

All words and expressions used herein, unless defined herein, shall have the same meaning as assigned to them in the Applicable Law under reference.

"Applicable Law" includes (a) the Act and rules made thereunder as amended from time to time; (b) the Listing Regulations, as amended from time to time; (c) Indian Accounting Standards; and (d) any other statute, law, standards, regulations or other governmental circulars, notifications or instructions (including circulars, notifications and guidance issued by the Securities and Exchange Board of India from time to time) relating to Related Party Transactions as may be applicable to the Corporation.

"Material Modifications" shall mean a 10% or more increase in the original value/consideration of any Related Party Transaction which was approved by the Audit and Governance Committee/ Shareholders of the Corporation, as the case may be.

4. **Approval Matrix**

All prospective Related Party Transactions will be subject to following approval matrix, as may be applicable:

Particulars of transactions	Approving Authority		
	Audit and Governance Committee	Board of Directors	Shareholders
Related Party Transactions wherein the Corporation is a Party	All	Material Related Party Transactions i.e. Aggregate value per related party > ₹ 1,000 crore	
Related Party Transactions wherein the Subsidiary is a Party and the Corporation is not a Party	Aggregate value per related party > ₹ 1,000 crore		

Notes:

(a) The above approval matrix is subject to any applicable exceptions stipulated under the Listing Regulations, the Act and/or other Applicable Law.

(b) The turnover or net worth (as applicable) of the Corporation is to be calculated as per the last audited financial statements of the Corporation. The limit of 10% of annual consolidated turnover of the Corporation specified in the Listing Regulations is higher than the limit of ₹ 1,000 crore and hence the limit of '10% of annual consolidated turnover' has not been considered in the above-mentioned approval matrix. The term "Aggregate value" in the above-mentioned approval matrix would mean the value of transaction per related party to be entered into either individually or taken together with the previous transactions during a financial year.

(c) In case of shareholders' resolution to approve a material Related Party Transaction and any Material Modifications thereof, no Related Party shall vote to approve such resolution whether or not the entity is a related party to the particular transaction, unless permitted under Applicable Law.

(d) Any transaction with related parties under Section 188 of the Act (i.e., which is not on an arm's length or not in ordinary course of business), irrespective of the specified materiality threshold, will require an approval from the Board of Directors of the Corporation. Such transactions that are above the threshold specified in the relevant rules framed under Section 188 of the Act, will also require an approval of the Shareholders of the Corporation by way of an ordinary resolution.

(e) Material Modifications to Related Party Transactions will require prior approval of the Audit and Governance Committee. Material Modifications to material Related Party Transactions will require prior approval of the Shareholders of the Corporation. Further, any other modifications to transactions entered into by the Corporation with its related parties will require the approval of the Audit and Governance Committee notwithstanding that such modification is a Material Modification.

(f) In case an approval of the Audit and Governance Committee of the Corporation is required for a Related Party Transaction to which the subsidiary of the Corporation is a party and the Corporation is not, then prior approval of the audit committee/board of directors of the respective subsidiary has to be taken before recommending such transaction for the approval of the Audit and Governance Committee of the Corporation.

5. Process for identification of Related Parties

(a) The Corporation shall identify and keep on record its related parties as per Applicable Law.

(b) The Corporation shall obtain, on a quarterly basis, disclosure of related parties from its Directors/Key Managerial Personnel. The list of related parties maintained by the Corporation would be based on disclosures received by it from Directors/Key Managerial Personnel and other concerned entities/individuals.

(c) Each subsidiary company of the Corporation shall furnish an updated list of its related parties to the Corporation on a quarterly basis.

(d) The Corporation shall update the list of its related parties whenever necessary, which shall be reviewed at least once a quarter.

6. Process for identification of Related Party Transactions

(a) The list of related parties of the Corporation and the consolidated list of related parties of the subsidiaries shall be furnished, on a quarterly basis, to the concerned departments of the Corporation and to all subsidiary companies.

(b) The subsidiary companies shall provide to the Corporation on a half-yearly basis information regarding the transactions entered into with any of the related parties of the Corporation or of any of the subsidiary companies for the purpose of disclosure to the stock exchanges.

(c) The subsidiary companies shall provide to the Corporation, from time to time, information on any proposed material Related Party Transactions and any Material Modifications, for purposes of obtaining necessary approvals from the Corporation.

(d) No subsidiary company shall enter into any material Related Party Transaction (including any Material Modification), unless the same has been approved by the audit Committee/board of the subsidiary and the Audit and Governance Committee and Shareholders of the Corporation, as required under the Listing Regulations.

(e) All the Related Party Transactions wherein the Corporation is not a party but a listed subsidiary is a party (irrespective of the other party) is exempted for approval of Audit and Governance Committee and Shareholders of the Corporation if Regulations 15(2) and 23 of the Listing Regulations is applicable to such listed subsidiary. However, the listed subsidiary shall obtain approval of its audit committee in case of any transactions with related parties of the Corporation or of any of its subsidiaries in excess of ₹ 1,000 crore or 10% of the annual consolidated turnover of the Corporation, whichever is lower.

7. Ascertaining whether Related Party Transactions are in the Ordinary Course of Business

(a) 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 Act. Based on judicial precedents, the following principles may be relied upon:

i. A habit system and continuity is required to satisfy the test of regular or ordinary course of business.

ii. Even though furnishing a security may be one of normal business practices, it would become a part of 'ordinary course of business' of a particular corporate entity only if it falls in place as part of 'the undistinguished common flow of business done'; and is not arising out of 'any special or particular situation'.

iii. 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.

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 Corporation to conduct its business operations and activities.

b) Whether it is permitted by the Memorandum and Articles of Association of the Corporation.

c) Whether the transaction is required to be undertaken in order to conduct the routine or usual transactions of the Corporation.

d) Any of the following conditions are met:

   i. the transaction is in the nature of 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 or acquisition of any securities; or

   ii. 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.

e) The transaction is not:

   i. an exceptional or extra ordinary activity as per applicable accounting standards or financial reporting requirements; or

   ii. 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.

(b) 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.

(c) 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.

8. Ascertaining whether Related Party Transactions are on an Arm's Length Basis

(a) The Corporation has in place a Pricing Policy which stipulates pricing criteria for transactions entered into by it with related parties. The Audit and Governance Committee of the Corporation shall refer to the said Pricing Policy for determining the arm's length pricing for Related Party Transactions entered into/to be entered into by the Corporation. The Pricing Policy shall be updated annually or as may be deemed necessary by the Audit and Governance Committee.

(b) In case of transactions that are not covered under the Pricing Policy, 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 in order to determine the optimum arm's length price –

   i. Comparable Uncontrolled Price method (CUP method)

   ii. Resale Price method

   iii. Cost Plus method

   iv. Profit Split method

   v. Transactional Net Margin method

   vi. Other method as prescribed by the Central Board of Direct Taxes

(c) The Audit and Governance Committee shall be entitled to rely on professional opinion or representation from the counter party in this regard.

(d) Notwithstanding the above, whether a particular transaction is on arm's length basis or not, is a decision to be taken by the Audit and Governance Committee of the Corporation. Once the Audit and Governance Committee determines that the relevant transaction has taken place on arm's length basis, so long as it has a reasonable basis for the same, its decision shall be final.

9. **Procedure for approval and review of Related Party Transactions**

(a) Approval of Audit and Governance Committee:

i. All Related Party Transactions and Material Modifications thereto require the prior approval of the Audit and Governance Committee in accordance with the approval matrix mentioned in this Policy, provided however, any other modifications to transactions entered into by the Corporation with its related parties will require the approval of the Audit and Governance Committee notwithstanding that such modification is a Material Modification.

ii. All relevant facts pertaining to a Related Party Transaction, including but not limited to, name of the related party, nature of relationship and value of transaction, shall be placed before the Audit and Governance Committee along with such other details as prescribed under Applicable Law from time to time or otherwise relevant or important for the Audit and Governance Committee to take a decision on the proposed Related Party Transaction.

iii. Audit and Governance Committee shall be entitled to call for such additional 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.

iv. In determining whether approval can be accorded to a Related Party Transaction, the Audit and Governance Committee may consider the following and any other relevant factors as prescribed under Applicable Law from time to time:

1. whether the Related Party Transaction is in the ordinary course of business of the Corporation;

2. whether the terms of the Related Party Transaction is on arm's length basis;

3. 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;

4. whether there is any potential reputational/regulatory risks that may arise as a result of or in connection with the proposed Related Party Transaction; and

5. whether the Related Party Transaction would affect the independence or 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.

v. 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 chooses to review any such matter or it is mandatory under any Applicable Law or required under this Policy for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and the considerations set forth above shall apply to the Board's review and approval of the Related Party Transaction, with such modification as may be considered necessary or appropriate by the Board under the circumstances.

vi. In case a Related Party Transaction or subsequent modification that has been commenced without the required prior approval, the Audit and Governance Committee or Board or the shareholders, as appropriate, may ratify the transaction or modification if permitted under Applicable Law and/or take direct actions including, but not limited to, rendering such Related Party Transaction voidable, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification if permitted under Applicable Law. It shall be open to the Corporation to proceed against its director or any other employee who had entered into such Related Party Transaction in contravention with Applicable Law.

vii. 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.

viii. The Audit and Governance Committee may grant an omnibus approval for Related Party Transactions which shall be valid for a period of 1 year. The conditions for according omnibus approvals will be as follows:

1. The Related Party Transactions are repetitive in nature or foreseeable and are in the interest of the Corporation;

2. The Related Party Transactions under the omnibus approval route shall be reported to the Audit and Governance Committee on a quarterly basis for its noting; and

3. Where the need for Related Party Transactions 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 per related party. Such transactions shall also be reported to the Audit and Governance Committee on a quarterly basis for its noting.

ix. Notwithstanding the generality of foregoing, Audit and Governance Committee shall not grant omnibus approval for following transactions:

  i. Transactions which are not in ordinary course of business or not on arm's length and covered under Section 188(1) of the Act;

  ii. Transactions in respect of selling or disposal of an undertaking of the Corporation;

  iii. Transactions which are not in the interest of the Corporation; and

  iv. Such other transactions specified under Applicable Law from time to time.

x. Exceptions stipulated under Applicable Law for Related Party Transactions shall be exempted from the scope of this Policy unless the Audit and Governance Committee/Board of Directors of the Corporation decide otherwise.

(b) Approval of Shareholders:

i. All material Related Party Transactions and Material Modifications thereto require the prior approval of the Shareholders of the Corporation in accordance with this Policy and Applicable Law.

ii. The Audit and Governance Committee and Board of Directors of the Corporation shall approve all material Related Party Transactions before recommending the same for approval of the Shareholders.

iii. None of the related parties of the Corporation, whether or not such related party(ies) is a party to the Related Party Transactions, shall vote to approve material Related Party Transactions, unless permitted under Applicable Law.

(c) General:

i. Nothing in this Policy shall override any provisions of Applicable Law made in respect of any matter stated in this Policy and in case of conflict between the provisions of Applicable Law and this Policy, the provisions of Applicable Law shall prevail.

ii. A certificate shall be obtained from the Statutory Auditors of the Corporation or any practicing chartered accountant/firm 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.

iii. The Board of Directors of the Corporation shall, on an annual basis, review consolidated list of transactions with related parties.

10. Disclosures

As mandated under the Applicable Law, 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 and in the manner and format prescribed therein.

11. 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.

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:

ABOHAR Tel: 01634-500054 AGARTALA Tel: 0381-2328772 AGRA Tel: 0562-4007130/32/64 AGRA 2 Tel: 0562 – 4302614/ 4303372/4301661 AHMEDABAD (Navrangpura) Tel: 079-66307000 AHMEDABAD (Gandhinagar) Tel: 7227011275 AHMEDABAD (Maninagar) Tel: 7227011281 AHMEDABAD (Nikol) Tel: 7227011287 AHMEDABAD (Science City) Tel: 7227011295 AHMEDABAD (Satellite) Tel: 7227011293 AHMEDABAD (Zundal) Tel: 6358865041 AHMEDABAD (South Bhopal) Tel: 7227097771 AHMEDABAD (Vastral) Tel: 7227097775 AHMEDABAD (Palanpur) Tel: 7227084671 AHMEDNAGAR Tel: 0241-2415222/23/24 AJMER Tel: 0145-2641164 AKOLA Tel: 0724-2403454 ALAPPUZHA Tel: 0477-2269460 ALIGARH Tel: 0571-2408542 ALLAHABAD(Prayagraj) Tel: 0532-2260325 ALMORA Tel: 05962-235556 ALWAR Tel: 0144-2702739 AMALNER Tel: 02587-222224 AMBALA Tel: 0171-2601762/2630880 AMBALA CITY (EMD) Tel: 0171-3500046 AMRAVATI Tel: 0721-2666009 AMRITSAR Tel: 0183-2500851 ANGAMALY (EMD) Tel: 9995558243 ANAND Tel: 02692-297552/53/54 ANANTAPUR Tel: 08554-220043 ANGUL Tel: 7205000448 ANKLESHWAR Tel: 02646-255771/72 AURANGABAD (Seven Hills) Tel: 0240-6710 610 AURANGABAD (Waluj) Tel: 0240-2555561 NORTH - AURANGABAD Tel: 0240- 6667000/01 BAHADURGARH Tel: 01276-297423 BARAMATI Tel: 02112-220150 BARDOLI Tel: 02622-223155 BAREILLY Tel: 0581-2451169/2477496 BARNALA (EMD) Tel: 9803114255 BEAWAR Tel: 01462-251691 BELAGAVI Tel: 0831-2427091 BENGALURU (Kasturba Road) Tel: 080-41183000 BENGALURU (Electronic City) Tel: 080-28523953 BENGALURU (Jayanagar) Tel: 080-26592839 BENGALURU (Kalyan Nagar) Tel: 080-42200034 BENGALURU (Kanakapura Road) Tel: 080-26861501 BENGALURU (Kengeri) Tel: 080-28485355/56 BENGALURU (Koramangala) Tel: 080-25501083 BENGALURU (Mahadevpura) Tel: 080-28510021 BENGALURU (Marathahalli) Tel: 080-25400232 BENGALURU (Rajajinagar) Tel: 080-23506416 BENGALURU (RMV 2nd Stage) Tel: 080-23513810/11 BENGALURU (Sahakara Nagar) Tel: 080-48540161 BENGALURU (Sarjapur Road) Tel: 080-25746771 BENGALURU (Whitefield) Tel: 080-28451020 BENGALURU (Yelahanka) Tel: 080-28460911/13 BENGALURU (Shimoga) Tel: 080-64807999 BENGALURU (HSR Layout) Tel: 9632352534 BERHAMPUR Tel: 0680-2220844 BHANIYAWALA Tel: 0135-241 2223, 241 2233 BHARUCH Tel: 02642-238444/555 BHATINDA Tel: 0164-5012219 BHAVNAGAR Tel: 7227011298 BHILAI Tel: 0788-4075203 BHIWADI Tel: 9982550744 BHILWARA Tel: 01482-232902 BHIWANI (EMD) Tel: 01664-249200 BHOPAL (ISBT) Tel: 0755-6487099 BHOPAL (Sonagiri) Tel: 0755- 2688000/4229990 BHOPAL (Kolar Road) Tel: 0755-2422001/06 BHOPAL (Indrapuri) Tel: 0755-2688000/422999 VIDISHA (EMD Office) Tel: 8962376367 BHUBANESWAR Tel: 0674-6633300 BHUBANESWAR (Patia) Tel: 0674-7205000152 BIKANER Tel: 0151-2206677 BILASPUR Tel: 07752-432300 BULANDSHAHR Tel: 0573-2255526 CALICUT Tel: 0495-2367656 /2367657 CALICUT (Malaparamba) Tel: 0495 -2377656/57 CHALISGAON Tel: 9404379345 CHANDIGARH Tel: 0172-6761000 CHANDIGARH (Call Centre) Tel: 0172-6761000 CHANDIGARH (Sector 41) Tel: 0172 -4046287 CHANDIGARH (Mullanpur) Tel: 8728909098 CHANDRAPUR Tel: 07172-271563 CHENNAI (Anna Salai) Tel: 044-28599300 CHENNAI (Adyar) Tel: 044-23452000/1/2 CHENNAI (Ambattur) Tel: 044-23452077/78 CHENNAI (Anna Nagar) Tel: 044-23451998/99 CHENNAI (Egmore) Tel: 044-23452070/71 CHENNAI (DLF) Tel: 044-49595216 CHENNAI (Kodambakkam) Tel: 044-24815656/5005 CHENNAI (Madhavaram) Tel: 044-25557430/8430 CHENNAI (Maraimalai Nagar) Tel: 044-27456430 CHENNAI (Medavakkam) Tel: 040-22770401 CHENNAI (Tambaram) Tel: 044-23453006/7 CHENNAI (TH Road) Tel: 044-48070517 CHENNAI (OMR) Tel: 044-23454003/4 CHENNAI (Porur) Tel: 044-26793381 CHENNAI (Ramanujan IT City) Tel: 98401 44800 CHENNAI (Vanagram) Tel: 044-26531150 CHENNAI (Velacherry) Tel: 044-22463711/12 CHIPLUN Tel: 02355-250035 COIMBATORE (Kamaraj Road) Tel: 0422-6480799 COIMBATORE (Ganapathy) Tel: 0422-4200211 COIMBATORE (Sai Baba Colony) Tel: 0422-4301100 COIMBATORE (Kallakurchi) EMD Tel: 8122421117 COIMBATORE (Kovaipudur) EMD Tel: 96291778877 COIMBATORE (Sulur) EMD Tel: 9944625269 COIMBATORE(Namakkal) EMD Tel: 9698552296 CUTTACK Tel: 72050 02679 DAVANAGERE Tel: 08192-222394 DEHRADUN (Rajpur Road) Tel: 0135-6480799 DEHRADUN (BEHL Chowk) Tel: 0135-2741025/23 DEHRADUN (GMS Road) Tel: 0135-2769869/2621031 DERABASSI Tel: 9888623523 DEWAS Tel: 07272-402600/02 DHANBAD Tel: 0326-2300631 DHARMAPURI Tel: 04342 -232324 DHULE Tel: 02562-273500/600 DINDIGUL Tel: 0451-2433040/42 DURGAPUR Tel: 0343-2549776/8 ELURU Tel: 08812-222400 ERODE Tel: 0424-2240928 FAIZABAD Tel: 0527-28180/228280 FARIDABAD Tel: 0129-4315125 FIROZABAD Tel: 9810397918 GAYA Tel: 0631–2999299 GANDHIDHAM Tel: 7227011272 GHAZIABAD (Lohia Nagar) Tel: 0120-2721593 GHAZIABAD (Vaishali) Tel: 0120-4233253/4 GOA (Panaji) Tel: 0832-2234172 GOA (Margao) Tel: 0832-2700473 GODHRA Tel: 02672-265043/63 GORAKHPUR Tel: 0551-2200167 GREATER NOIDA (Pari Chowk) Tel: 0120-4151092/93 GREATER NOIDA (West) Tel: 0120-4230355 GUNTUR Tel: 0863-2247301 GURGAON (Mehrauli - Gurgaon Road) Tel: 0124-4061772/3 GURGAON (Sector 14) Tel: 0124-4367801/2/3 GURGAON (Sector 66) Tel: 0124-9319244113/116 GUWAHATI (Six Mile) Tel: 0361-7101800

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- Awarded “Leadership in Employee Development” Category at ESG India Leadership Awards 2021 by ESGRisk.ai - India's first ESG ratings company and part of Acuité Ratings & Research Limited.
- Awarded “FIs/NBFCs/Financial Services” Category at the Dun & Bradstreet Corporate Awards 2021.
- Awarded “Leading Housing Finance Company” at the Dun & Bradstreet BFSI & Fintech Awards 2022.

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