Ref. No.: SE/2023-24/132

June 30, 2023

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

Kind Attn: **Sr. General Manager**
DCS - Listing Department

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

Kind Attn: **Head - Listing**

Dear Sir/ Madam,

Sub: Disclosure under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") – Annual Report and Business Responsibility & Sustainability Report for FY 23.

Re: Effectiveness of the composite scheme of amalgamation ("Scheme") for the amalgamation of: (i) HDFC Investments Limited ("HDFC Investments"), and HDFC Holdings Limited ("HDFC Holdings"), wholly owned subsidiaries of the Housing Development Finance Corporation Limited ("Corporation"), with and into the Corporation; and (ii) the Corporation, with and into HDFC Bank Limited ("HDFC Bank").

This is in connection with our letter dated April 04, 2022 informing about the decision taken by the Board of Directors of the Corporation approving the Scheme under Sections 230 to 232 of the Companies Act, 2013, and rules and regulations thereunder, subject to receipt of various statutory and regulatory approvals.

This is also in connection with our letter sent earlier today informing that the board of directors of the Corporation at its meeting held today i.e., June 30, 2023 has inter alia noted that Saturday, July 1, 2023, to be the 'Effective Date' of the Scheme and accordingly the Corporation would be dissolved without being wound up with effect from July 1, 2023.

In view of the above, the Corporation would not be able to convene an Annual General Meeting of its Shareholders. However, from a good governance perspective, we have prepared the 46th Annual Report of the Corporation in respect of the financial year 2022-23 and Business Responsibility & Sustainability Report for the said financial year.

Please find enclosed the said reports, which are also being uploaded on the website of the Corporation for the information of all its shareholders as well as general public.

We wish to once again thank all our shareholders for showing support and trust to the Corporation over the last four and half decades.

Thanking you,

Yours faithfully,
For **Housing Development Finance Corporation Limited**

AJAY GIRIDHARILAL AGARWAL
Digitally signed by AJAY GIRIDHARILAL AGARWAL
Date: 2023.06.30 22:08:25 +05'30'

Ajay Agarwal
Company Secretary
Encl: a/a.

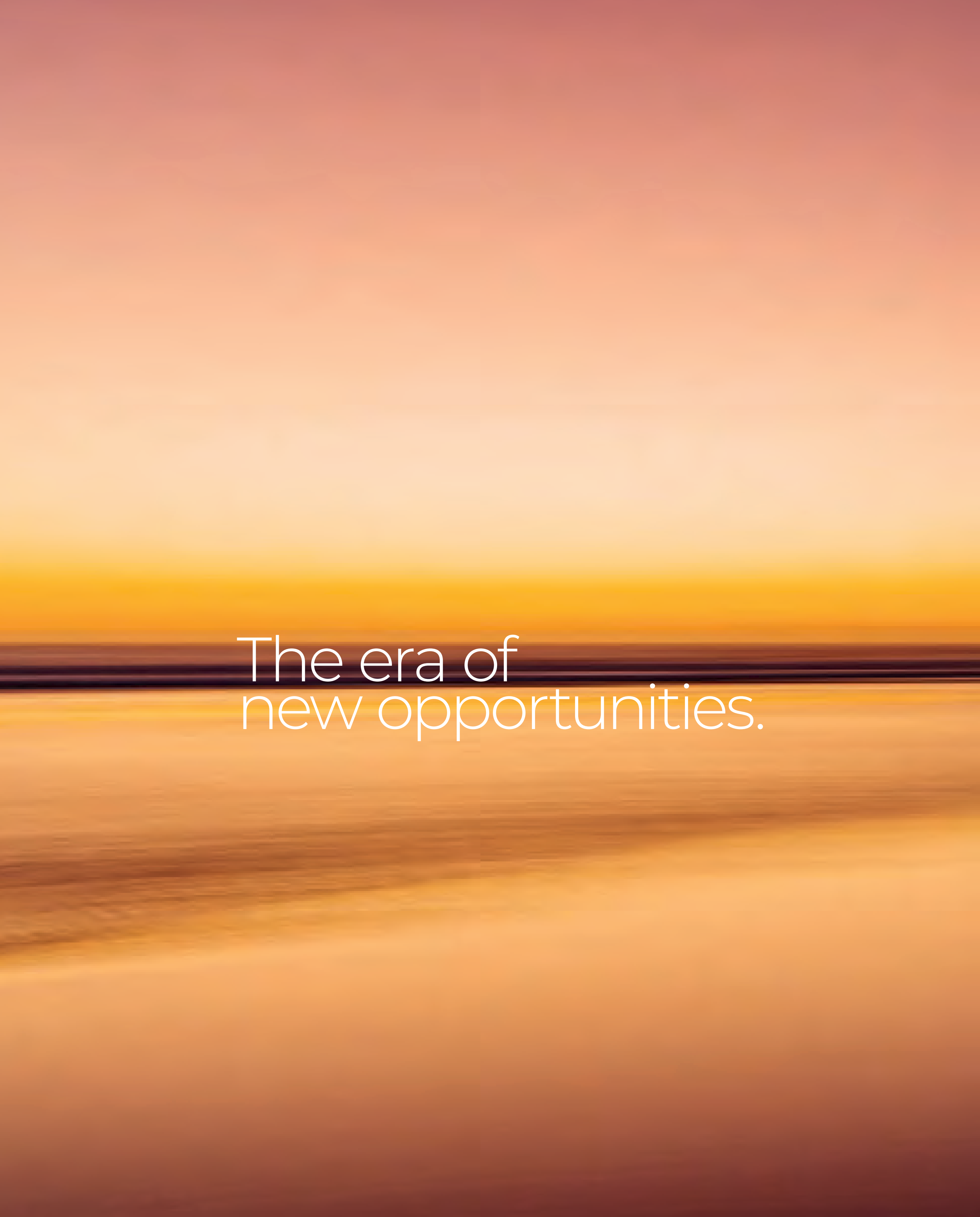
CC: London Stock Exchange
10, Paternoster Square, London, EC4M 7LS

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

HDFC

Broadening Horizons.
Exceeding Expectations.

FORTY SIXTH ANNUAL REPORT 2022-23


The era of
new opportunities.

As times change, new avenues open. With change comes the fear of the unknown but with patience, resilience and adaptability, every new challenge transforms into an opportunity. At HDFC, we welcome the new with open arms. Continuing this journey with renewed vigour, dedication, and persistence, we look forward to a brighter future.

FINANCIAL HIGHLIGHTS

(₹ in Crore)

Particulars	Indian GAAP				Ind-AS					
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Gross Income	24,198	27,471	30,957	33,160	40,707	43,378	58,763	48,176	47,990	60,224
Profit After Tax	5,440	5,990	7,093	7,443	10,959[1]	9,632	17,770[3]	12,027	13,742	16,239
Shareholders' Funds	27,955	30,970	34,121	39,645	65,265	77,355	86,158	1,08,783	1,20,251	1,33,985
Loans from Banks and Financial Institutions	32,952	26,194	42,802	37,270	46,802	77,548	1,04,909	1,05,179	1,39,851	1,59,955
Market Borrowings	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	2,56,156
Deposits	56,578	66,706	74,670	86,574	91,269	1,05,599	1,32,324	1,50,131	1,60,900	1,52,111
Loans Under Management[2]	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	7,23,988
Loans Outstanding	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	6,20,507
Dividend (%)	700	750	850	900	1,000	1,050	1,050	1,150	1,500	2,200
Book Value per Share (₹)	179	197	216	250	389	449	497	603	663	730
Earnings per Share (₹)	35	38	44	46	67[1]	57	103[3]	68	76	89

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

[2] Inclusive of outstanding loans sold.

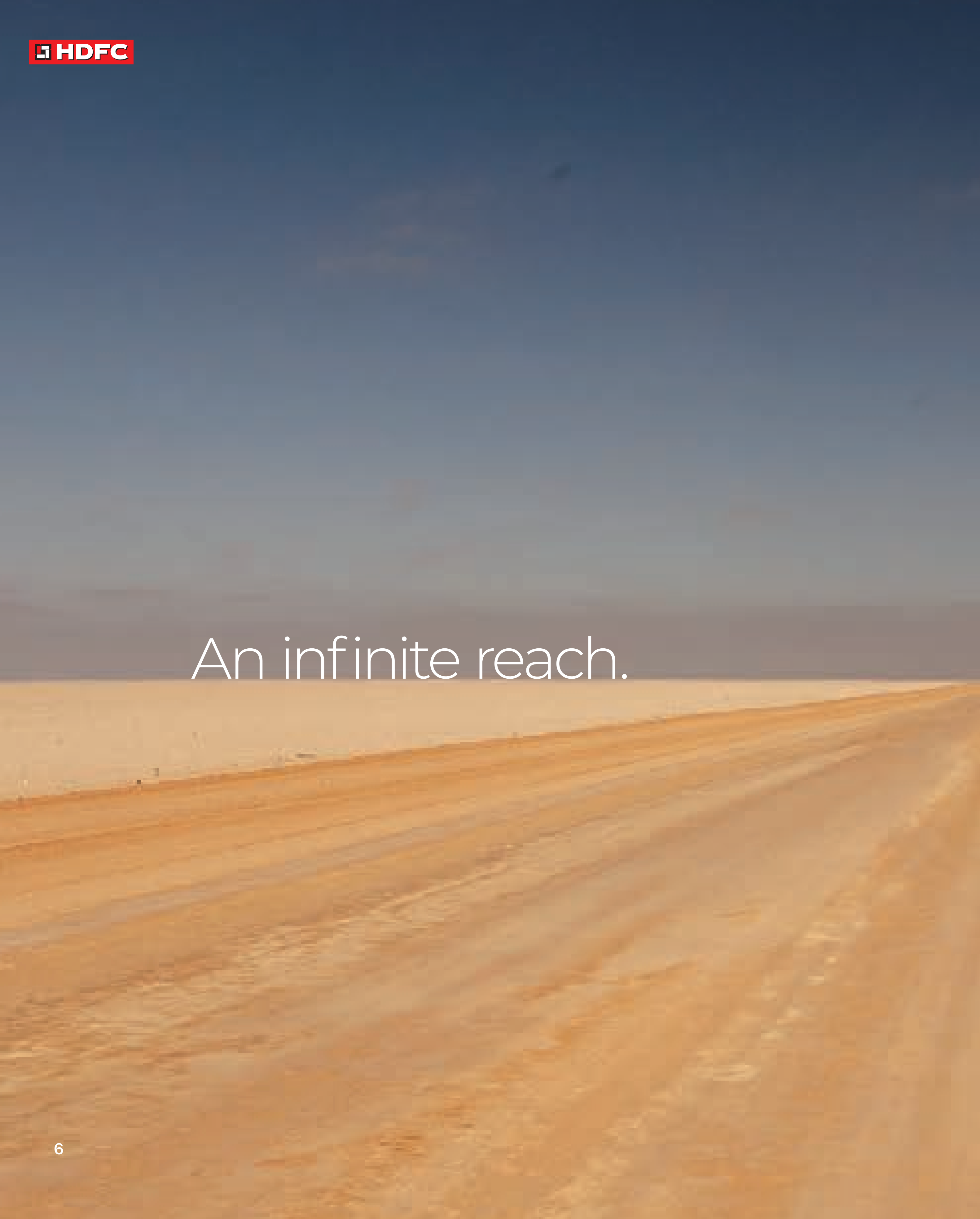
[3] Includes fair value gain consequent to merger of GRUH Finance Limited with Bandhan Bank Limited.

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

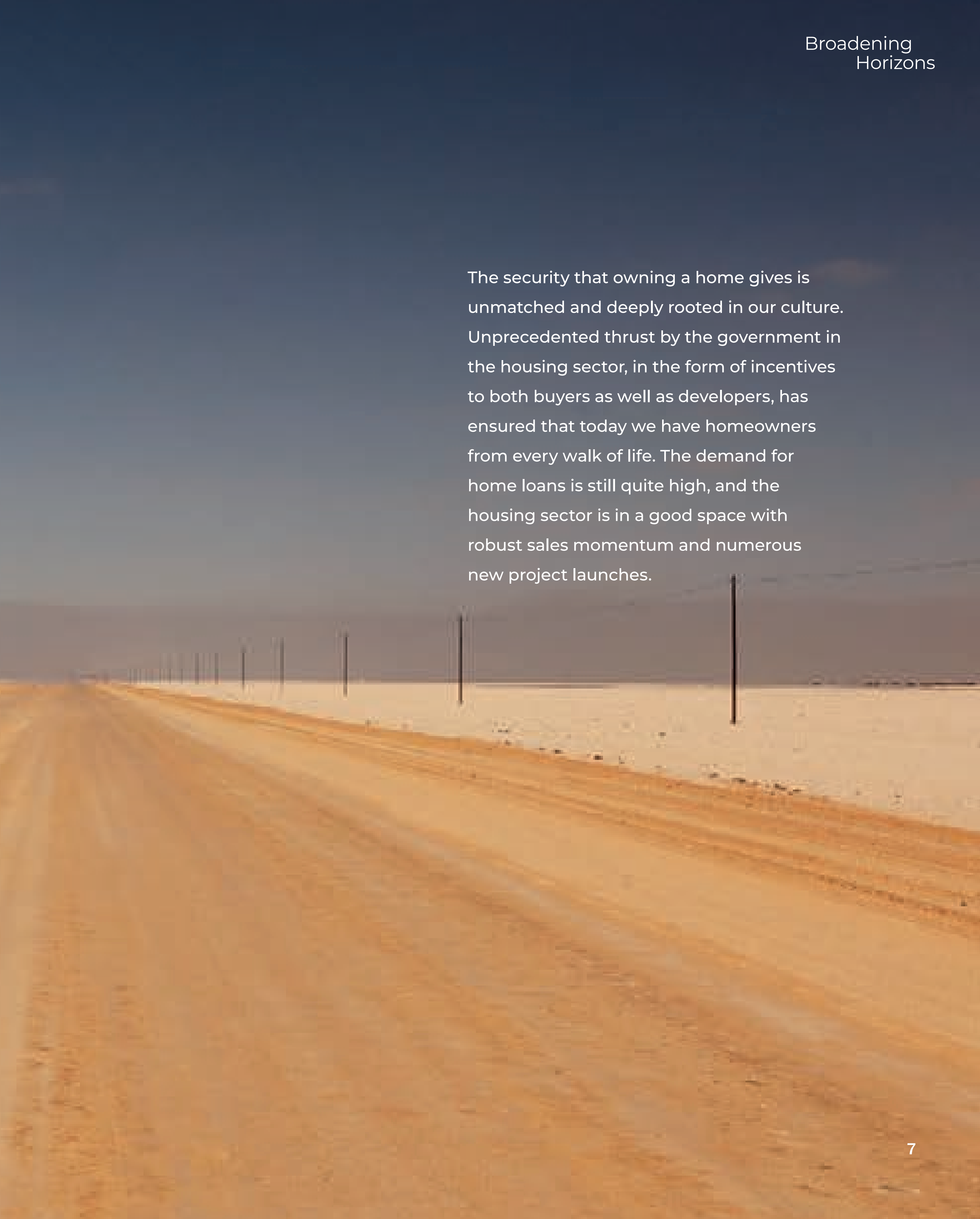
CONTENTS

A sky of possibilities.

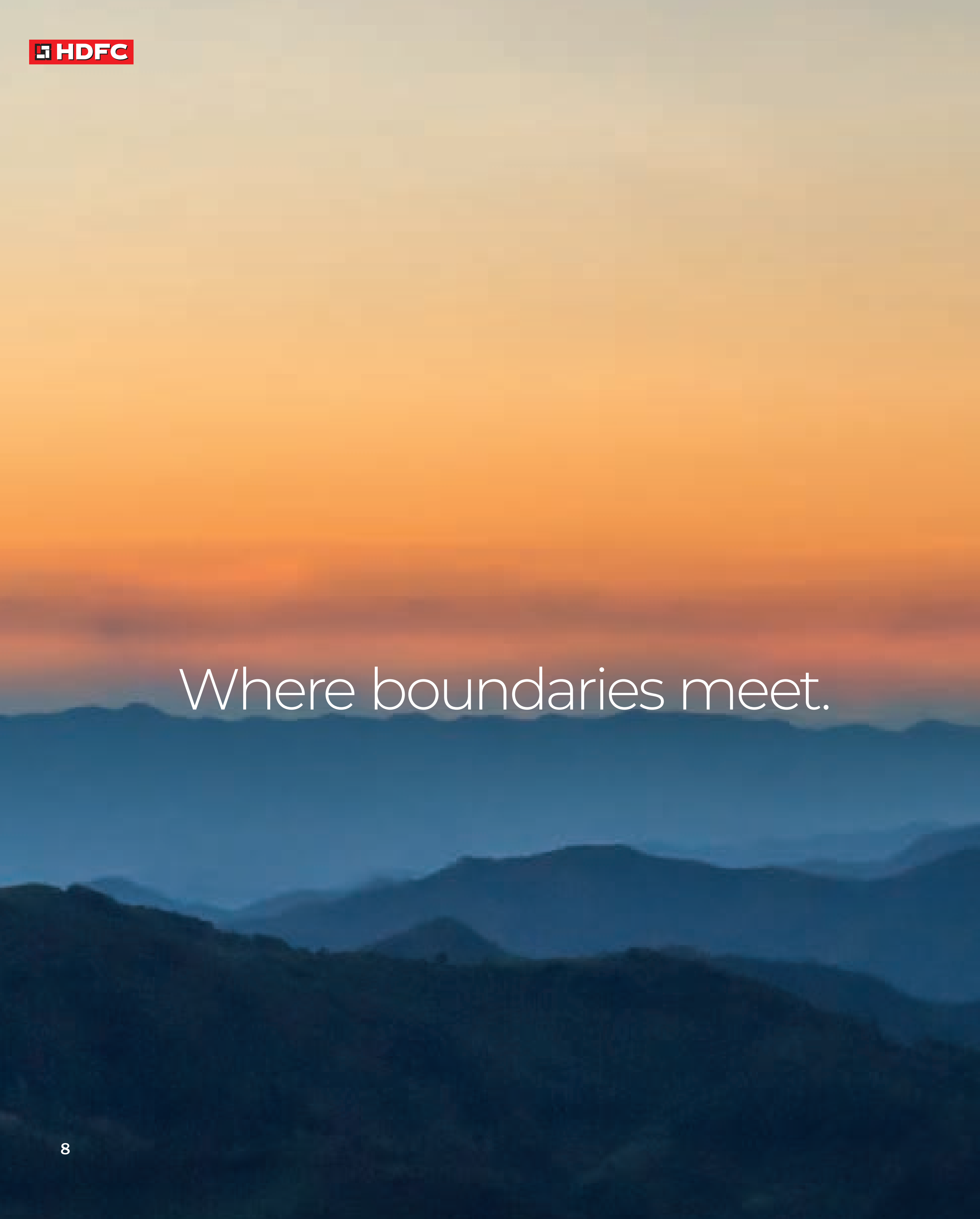
Technology has permeated every aspect of our life. As we move on, technological breakthroughs such as A.I., Cloud Banking, Blockchain, and other advancements are significantly altering the face of business in every sector. HDFC has been leveraging advances in technology to provide customers with convenience, better service, and faster turnaround times. With multitudes still dreaming of owning a home, HDFC is committed to meeting their requirements by offering easy and efficient channels to connect and avail our services.



An infinite reach.



The security that owning a home gives is unmatched and deeply rooted in our culture. Unprecedented thrust by the government in the housing sector, in the form of incentives to both buyers as well as developers, has ensured that today we have homeowners from every walk of life. The demand for home loans is still quite high, and the housing sector is in a good space with robust sales momentum and numerous new project launches.



Where boundaries meet.

At HDFC, being mindful has always been a way of life. We have always created a culture that fosters empowerment and empathy for our customers as well as other stake holders. We are always eager to embrace new experiences and new approaches. May it be our peers or our customers, we look at everyone as family and move ahead as one team.

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

*ceased to be a director w.e.f. April 29, 2023

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, HDFC Asset Management Company Limited and HDFC Life Insurance Company Limited - Non-Executive Chairman.

- **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 and the Nomination and Remuneration 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 strategies such as growth and investment, 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, finance, cyber security, consumer behaviour, sales & marketing, risk management and strategic thinking. He has vast experience in information technology sector.

  Directorships in Other Listed Companies

  - HDFC Life Insurance Company Limited - Additional Independent Director

- **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, the Nomination and Remuneration Committee of Directors, a member of the Audit and Governance Committee of Directors and the Corporate Social Responsibility Committee of Directors. She was a partner with McKinsey & Co. for 16 years where she served global companies on issues of growth and sustainable scale up. She has co-authored several studies relating to agriculture and urbanisation. She is among India's most respected consultants. She has also served government and public institutions to design and implement solutions core to India's development, such as inclusive urban development and sustainable rural growth. She is a recognised thought partner to consumer facing companies looking to build large-scale, profitable businesses in emerging markets.

Key Skills and Competencies

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

Directorship in Other Listed Companies

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

- **Mr. 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 the Chairman of the Audit and Governance Committee of Directors and a member of the Stakeholders Relationship Committee of Directors and the Nomination and Remuneration 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 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 was 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. He chairs the banking and finance sub-committee of the CII National Committee on Legal services 2022- 2023. He is also a member of Sustainable Development Goals (SDG) committee of SIDBI.

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 & 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.

Directorship in Other Listed Companies

- Nestle India Limited, Crompton Greaves Consumer Electricals Limited, Cipla Limited and Tejas Networks 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.

Directorship 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.

Directorship 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.

▶ **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 a member of the Primary Markets Advisory Committee set up by the Securities and Exchange Board of India (SEBI). He is the Chairman of the sub-group constituted by SEBI to 'Review the Reverse Book Building Process and Review the Compulsory Delisting Framework Adopted by Stock Exchanges'. Mr. Mistry was also the Chairman of the sub-group constituted by SEBI to 'Review the SEBI Buyback Regulations'. He was a member on the Committee of Corporate Governance set up by the SEBI in 2017. Mr. Mistry was the Chairman of the CII National Council of Corporate Governance for five years (2016-17 to 2017-18 and 2019-20 to 2021-22). He was also a member of the CII Economic Affairs Council for 2021-22. 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.

Directorship 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 AND GOVERNANCE COMMITTEE

Mr. Rajesh Narain Gupta – Chairman
Independent Director

Dr. Bhaskar Ghosh
Independent Director

Ms. Ireena Vittal
Independent Director

NOMINATION AND REMUNERATION COMMITTEE

Ms. Ireena Vittal – Chairperson
Independent Director

Dr. Bhaskar Ghosh
Independent Director

Mr. Rajesh Narain Gupta
Independent Director

STAKEHOLDERS RELATIONSHIP COMMITTEE

Ms. Ireena Vittal – Chairperson
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

Ms. Ireena Vittal
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

Ms. Renu Sud Karnad
Managing Director

Mr. Dilip Shetty
Member of Executive Management

Mr. Abhijit Singh
Member of Executive Management (Chief Information and Technology Officer)

Mr. Dipta Bhanu Gupta
Associate Member of Executive Management

Mr. Milind Marathe
General Manager (Information Technology)

Mr. Guruprasad Mandrawadkar
General Manager (Data Analytics)

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

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

SENIOR EXECUTIVES

MEMBERS OF EXECUTIVE MANAGEMENT

Mr. Conrad D'Souza
Ms. Madhumita Ganguli
Mr. Sudhir Kumar Jha
Mr. Mathew Joseph
Mr. K Suresh Kumar
Mr. Vinayak R Mavinkurve
Mr. Suresh Menon
Mr. Rajeev Sardana
Mr. Dilip Shetty
Mr. Abhijit Singh

ASSOCIATE MEMBERS OF EXECUTIVE MANAGEMENT

Mr. Praveen Kumar Bhalla
Mr. Dipta Bhanu Gupta

COMPANY SECRETARY

Mr. Ajay Agarwal

SENIOR GENERAL MANAGERS

Ms. Harini Anand
Mr. Satrajit Bhattacharya
Mr. Santosh Gopalkrishnan
Mr. Ankur Gupta
Mr. Arjun Gupta
Mr. Sanjay Joshi
Mr. Rajiv Mittal
Ms. Anjalee S Tarapore
Mr. K V Vishwanathan

DEBENTURE TRUSTEES

IDBI Trusteeship Services Ltd.
Universal Insurance Building,
Ground Floor, Sir P. M. Road
Fort, 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.

SOLICITORS & ADVOCATES

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

STATUTORY AUDITORS

S.R. Batliboi & Co. LLP
Chartered Accountants

G. M. Kapadia & Co.
Chartered Accountants

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 400 083
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

When I wrote to you last year, we had just commenced our journey of working towards the merger of HDFC and HDFC Bank. Financial year 2023 marked a year of many happenings. We have been working relentlessly on the merger, whilst continuing to focus on 'business as usual' in a global macro-economic environment that has been exceptionally volatile.

The optimism on India continues with renewed vigour. The country has demonstrated resilience with its broad-based recovery. India's position has been further strengthened with cyclical and structural tailwinds. The country's GDP growth rate is likely to be more than double that of global growth. We are extremely confident that the runway for housing finance in India will remain immense for several years to come.

During the year, we have made substantial progress on the merger. Personally, if I were to summarise the year in one word, it would be ***'gratitude'.***

When we announced the merger, we knew we had hard deadlines to meet and a maze of complex transactions to navigate through. Being one of the world's largest merger announcements in recent times, each milestone has been closely followed by all stakeholders. We have been unwavering in our commitment of being transparent throughout this process and have engaged deeply with our stakeholders to keep them abreast of the progress of the merger.

Working on a merger of this scale has been challenging and rewarding. Encountering hurdles is par for the course in such transactions. Yet, what amazed us the most has been the immense goodwill and strong relationships that HDFC as a group has. Whenever and wherever we reached out for guidance, doors opened and help was at hand instantly. We have worked with possibly the country's best legal teams, chartered accountants, valuers, bankers, advisors and other specialised professionals. The collective knowledge and experience of all these parties is unparalleled.

The approvals by the Competition Commission of India, the National Company Law Tribunal, the shareholders and the regulators were important merger milestones. In all our dealings pertaining to the merger, the HDFC group has been treated in a fair and just manner. We stand committed to adhering to the prerequisites as stipulated by the regulators, respecting the fact that these decisions are made keeping in mind the best interests of the Indian financial ecosystem.

As we approach the tail end of the merger process, the effectiveness of the preparatory work undertaken will be tested. For over ten months, the Integration Committee has been labouring on ensuring a seamless transition. This is a painstaking exercise given the many moving parts of this complex merger. Cross functional teams are hard at work to ensure that the execution plan and strategic objectives are upheld in the merged entity.

As HDFC hands the baton, my wish is that our core founding values of kindness, fairness, efficiency and effectiveness gets woven deeper into the fabric of the HDFC group.

Working towards the common goal of executing the merger has helped both sides get to know each other better. It has been a phase of working jointly to tackle issues on hand, but more importantly, it has enabled HDFC Bank to have a deeper understanding of the underlying dynamics of the home loan business.

Over the course of the year, both HDFC and HDFC Bank have gone to great lengths to explain the rationale of the merger, which has been well received by our stakeholders. An oft-repeated question is what happens to the culture of HDFC? My answer to this is that mergers are inherently about change. The work culture will be an amalgamation of the best of both organisations. Culture at the workplace is always a shared responsibility. It needs daily reinforcement through the demonstration effect with the tone set at the top. What remains steadfast is the underlying ethics and value systems of both entities.

The confidence I derive is the agreed tenet of this integration – preserving the fabric of the '***HDFC way of working***'. This has also been publicly articulated by the leadership at HDFC Bank.

No institution in India has the richness of 46 years of understanding the needs of a home loan customer. Home loans are always different from other financial products. It is the single largest investment a person makes in his or her lifetime. Home loans as a financial product evokes a strong emotional quotient.

No doubt, the housing finance industry is a competitive one today. Yet, HDFC will always have the distinction of being the institution that introduced retail housing finance to the country.

Over the years, we have, in no small measure, helped chart the course for housing finance to be recognised as an integral part of development of the country.

'HDFC home loans' is an invaluable intangible. Since inception, HDFC has been committed to building a customer centric organisation. We pride ourselves on our deep expertise in understanding real estate markets at the micro level, the relationships we have nurtured with developers and our ability to provide value added services such as legal and technical appraisals in-house.

Our experience has taught us that every home loan customer has their own story and it is the empathy factor that is the key differentiator between housing finance providers. Dealing with home loan customers requires immense patience. It is about understanding the needs and feelings of a home loan customer, assuaging their anxiety during this complex transaction, customising solutions, explaining financial implications of a mortgage product and lending responsibly to ensure a customer is not over stretched.

Home loans will now be complemented with HDFC Bank's core strengths -- its sales engine, execution capabilities at scale and deep insights on consumer behaviour. For HDFC Bank, a home loan customer marks the beginning of a journey of having a customer in perpetuity. HDFC Bank is excited at the prospect of cross selling an array of asset and liability products to home loan customers. This will be done seamlessly on their digitalisation platforms – all through a one click experience.

HDFC Bank's vast distribution network will be better harnessed for both home loans and the group companies. As a natural progression, the synergies between HDFC Bank and the group companies will deepen with HDFC Bank taking on the mantle of ownership.

What the future holds, only time will tell. The biggest risk organisations face today is staying with the status quo, believing what worked well yesterday will continue in the future. Change takes courage as it displaces one from the cocoon of comfort and familiarity. Yet, with change comes the power of adaptability, growth and new aspirations. The orchestration of this merger is to ensure that the future is not constrained for any of our stakeholders.

As HDFC hands the baton, my wish is that our core founding values of *kindness, fairness, efficiency and effectiveness* gets woven deeper into the fabric of the HDFC group.

To all our employees transitioning to HDFC Bank, know that you will always carry the indelible mark of 'HDFC' with you. This is your era of new possibilities. Embrace change, continue to work as close-knit teams, be kind and have each other's back. The future is yours to grasp.

Our senior management and leadership team over the years have been the torchbearers and crusaders, ensuring that our core values percolate down to every level within the organisation. More importantly, to all our employees, past and present, I personally salute each and all of you who built the foundation, the walls and then the floors brick by brick with solid mortar. Some have been true HDFC lifers, others have dispersed, but none will be forgotten. They are the fulcrum upon which this institution has stood on.

Governance has been the cornerstone of HDFC and for that, I am grateful to all our directors who have supported and guided us through the decades.

To all our shareholders, thank you for your trust and belief in us. HDFC's new home is about strategising and building for the long-term.

I deeply acknowledge the pivotal role and contribution of the Chairman of HDFC Bank, Mr. Atanu Chakraborty along with the other board members during this merger process.

With the proven execution capabilities of HDFC Bank, we are confident that Sashi, together with the leadership team will forge an era of new opportunities for the combined entity.

It is my time to hang my boots with both anticipation and hope for the future. While this will be my last communication to shareholders of HDFC, rest assured we now stride tall into a very exciting future of growth and prosperity.

The HDFC experience is invaluable. Our history cannot be erased and our legacy will be taken forward.

Directors' Report

TO THE MEMBERS

Your directors are pleased to present the forty-sixth annual report of your Corporation with the audited accounts for the year ended March 31, 2023.

Financial Results	**For the year ended March 31, 2023 ₹ in crore**	**For the year ended March 31, 2022 ₹ in crore**
Profit Before Sale of Investments, Dividend and Provision for Expected Credit Loss	**18,889.98**	**17,404.30**
Profit on Sale of Investments	183.81	263.02
Dividend	2,735.25	1,510.99
Impairment on Financial Instruments (Expected Credit Loss)	(1,795.00)	(1,932.00)
Profit Before Tax	**20,014.04**	**17,246.31**
Tax Expense	(3,774.68)	(3,504.13)
Net Profit After Tax	**16,239.36**	**13,742.18**
Other Comprehensive Income (OCI)	(786.12)	33.86
Total Comprehensive Income	**15,453.24**	**13,776.04**
Retained Earnings		
Opening Balance	23,108.86	17,328.59
Profit for the year	16,239.36	13,742.18
Re-measurement of Net Defined Benefit Plans through OCI	(19.27)	(5.25)
Amount Available for Appropriations	**39,328.95**	**31,065.52**
Appropriations:		
Special Reserve No. II	2,200.00	2,100.00
Statutory Reserve (Under Section 29C of the National Housing Bank Act, 1987)	1,100.00	700.00
Transfer from retained earnings	1,366.17	1,004.01
Final Dividend Paid	5,442.70	4,152.65
Closing Balance Carried Forward	**29,220.08**	**23,108.86**

Dividend

Based on the performance of the Corporation and in accordance with Section 123(3) of the Companies Act, 2013, the Board of Directors at its meeting held on May 4, 2023, declared an interim dividend of ₹ 44 per equity share of ₹ 2 each for the financial year ended March 31, 2023. Accordingly, no final dividend has been recommended for the year ended March 31, 2023.

In the previous year, the Corporation had declared a final dividend of ₹ 30 per equity share.

The dividend pay-out ratio for the year ended March 31, 2023 is 49.7% compared to 39.6% in the previous year.

The dividend declared 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: Ongoing Scheme of Amalgamation

The Board of Directors of the Corporation at its meeting held on April 4, 2022, subject to requisite approvals/ consents, approved a composite scheme of amalgamation (Scheme) for the amalgamation of: (i) HDFC Investments Limited (HDFC Investments) and HDFC Holdings Limited (HDFC Holdings), 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, subject to requisite approvals/consents, the Board of Directors of HDFC Investments and HDFC Holdings had approved the amalgamation of their respective companies with and into the Corporation.

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 every 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. Further, HDFC Bank will be 100% owned by public shareholders and existing shareholders of the Corporation will own 41% of HDFC Bank upon the Scheme becoming effective.

During the year, the Corporation received various no-objection/approval letters regarding the Scheme from the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI), the Competition Commission of India, the Pension Fund Regulatory and Development Authority, the National Housing Bank (NHB) and the stock exchanges. Further, during the year, the resolution approving the Scheme was passed by the shareholders of the Corporation. On March 17, 2023, the Hon'ble National Company Law Tribunal, Mumbai Bench approved the Scheme.

As of date, certain approvals are awaited from regulators of a few subsidiary/associate companies of the Corporation in respect of change in control/transfer of shares to HDFC Bank. The Scheme shall become effective upon receiving all such requisite approvals, fulfilment of conditions prescribed therein and upon filing of the certified copy of the order with the Registrar of Companies, Mumbai (ROC) by all the companies involved in the Scheme.

Upon the Scheme coming into effect, HDFC Investments, HDFC Holdings and the Corporation would be dissolved without being wound up.

Conversion of 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 with 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 of date, 3,600 warrants have been converted into equity shares. The warrants are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

As per the Scheme, the warrants outstanding on the Effective Date shall continue in the amalgamated company i.e. HDFC Bank. The number of equity shares of HDFC Bank that the warrant holders shall be entitled to upon exercise of such warrants shall be on the basis of the Share Exchange Ratio. There will be no other changes to the terms of the warrants in the amalgamated company.

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 Business Responsibility and Sustainability Report (BRSR) has been placed on the Corporation's website.

Key Regulatory Changes

The RBI's 'Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs' came into effect from October 1, 2022. Scale based regulation 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, senior management compensation and adoption of core financial services solution, amongst others.

On September 30, 2022, the RBI released a list of NBFCs that qualified under the NBFC Upper Layer (NBFC-UL). RBI stated that the top 10 NBFCs based on asset size would qualify as NBFC-UL. RBI, however, clarified that despite the Corporation qualifying in terms of asset size to be included in NBFC-UL, it was not being considered in this category in light of the impending amalgamation. The Corporation is in compliance with the necessary requirements as applicable under Scale Based Regulation.

As mandated under Scale Based Regulation, the Corporation has adopted a board approved policy for Internal Capital Adequacy Assessment Process (ICAAP). The objective of ICAAP is to ensure availability of adequate capital to support all risks in business as also to develop and use better internal risk management techniques for monitoring and managing risks.

The Corporation is in compliance with the applicable provisions of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (RBI HFC Directions) and other directions/ guidelines issued by RBI/NHB, as applicable.

Further details on regulatory issues are elucidated in the MD&A.

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.

Lending operations of the Corporation continued seamlessly during the year, with the demand for individual housing continuing to remain strong.

During the year, individual loan approvals and disbursements grew by 13% and 16% respectively.

The Assets Under Management (AUM) as at March 31, 2023 amounted to ₹ 7,23,988 crore as compared to ₹ 6,53,902 crore in the previous year – a growth of 11%.

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

The Corporation’s outstanding loan book stood at ₹ 6,20,507 crore as at March 31, 2023, compared to ₹ 5,68,363 crore in the previous year.

During the year, the Corporation assigned individual loans amounting to ₹ 36,910 crore compared to ₹ 28,455 crore in the previous year.

As at March 31, 2023, the outstanding amount in respect of individual loans sold was ₹ 1,02,071 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 RBI HFC Directions, and other regulations as may be applicable. 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, 2023 amounted to ₹ 1,52,111 crore as compared to ₹ 1,60,900 crore in the previous year.

CRISIL and ICRA have for the twenty-eighth consecutive year, reaffirmed their ‘CRISIL AAA/Stable’ and ‘ICRA AAA/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, 2023, public deposits amounting to ₹ 42 crore pertaining to 1,392 deposit accounts had matured and was not repaid by the Corporation. These cases were claimed, but could not be repaid by the Corporation for pending legal matters or instances where the depositor is deceased and the nominee/legal heir has not claimed the deposit or the succession certificate is awaited. Other than these cases, there were no unclaimed deposits as at March 31, 2023. Since then, 50 deposit accounts amounting to ₹ 0.27 crore have been settled. The Corporation continues to make concerted efforts to resolve these issues.

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 ₹ 5.32 crore was transferred to the IEPF.

Capital Adequacy Ratio

As at March 31, 2023, the Corporation’s capital adequacy ratio (CAR) stood at 24.3%, of which Tier I capital was 23.8% and Tier II capital was 0.5%.

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. Other sectors included environment, supporting persons with disability and heritage restoration.

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 as well as the annual financial statements and 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.

HDFC Asset Management Company Limited (HDFC AMC)

On May 27, 2022, HDFC AMC International (IFSC) Limited (HDFC AMC International) was incorporated as a wholly-owned subsidiary of HDFC AMC, a subsidiary of the Corporation, in Gujarat International Finance Tec-City (Gift City).

On August 16, 2022, abrdn Investment Management Limited (abrdn), formerly Standard Life Investments Limited, (one of the promoters of HDFC AMC), sold 1,28,00,000 equity shares of ₹ 5 each representing 6% of its issued and paid-up capital in HDFC AMC. Post the sale, the shareholding of abrdn of HDFC AMC has reduced from 16.21% to 10.21%.

In December 2022, abrdn intimated their intention to sell their entire stake in HDFC AMC, subject to applicable regulatory approvals. In February 2023, SEBI permitted abrdn to reduce its shareholding in HDFC AMC to less than 10%, subject to HDFC AMC complying with the requirements specified under SEBI (Mutual Fund) Regulations, 1996. Post compliance of the said requirements by HDFC AMC and reduction of stake by abrdn in HDFC AMC to less than 10%, abrdn will cease to be a co-sponsor of HDFC Mutual Fund.

HDFC Life Insurance Company Limited (HDFC Life)

On September 16, 2022, the NCLT approved the Scheme of Amalgamation for amalgamation of Exide Life Insurance Company Limited (Exide Life) with and into HDFC Life, under Sections 230 to 232 of the Companies Act, 2013, subject to the final approval of the Insurance Regulatory and Development Authority of India (IRDAI). On October 13, 2022, IRDAI provided its final approval to the said Scheme. The Appointed Date of the Scheme was April 1, 2022 and the Scheme became effective from end of day on October 14, 2022. Accordingly, Exide Life was dissolved without being wound up from the said effective date.

HDFC Capital Advisors Limited (HDFC Capital)

On May 25, 2022, the Corporation completed sale of 2,35,019 equity shares of ₹ 10 each of HDFC Capital, representing 10% of its fully diluted paid-up share capital, to a wholly-owned subsidiary of Abu Dhabi Investment Authority at a price of ₹ 7,843 per equity share, aggregating to ₹ 184 crore. Pursuant to the said sale, HDFC Capital ceased to be a wholly-owned subsidiary of the Corporation, though it continues to remain a subsidiary of the Corporation.

HDFC Venture Capital Limited (HDFC Venture)

On August 4, 2022, the Corporation acquired 97,500 equity shares of ₹ 10 each of HDFC Venture, a subsidiary of the Corporation, representing 19.50% of its paid-up equity share capital from State Bank of India, at a consideration of ₹ 9,75,000 and pursuant to the said acquisition, HDFC Venture became a wholly-owned subsidiary of the Corporation.

Amalgamation of HDFC Property Ventures Limited (HDFC Property) and HDFC Venture Capital Limited (HDFC Venture) with and into HDFC Capital Advisors Limited (HDFC Capital)

The board of directors of HDFC Property and HDFC Venture, wholly-owned subsidiaries of the Corporation and HDFC Capital, a subsidiary of the Corporation, at their respective meetings held on August 25, 2022 approved a Scheme of Amalgamation (Scheme of subsidiary companies) for the amalgamation of HDFC Property and HDFC Venture with and into HDFC Capital, under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, subject to receipt of requisite approvals.

The NCLT vide its order dated March 3, 2023 approved the Scheme of subsidiary companies. Since the companies are still under discussions on various aspects pertaining to the amalgamation, an application has been filed with the NCLT seeking an extension of 60 days for filing of the certified true copy of order with the ROC.

HDFC Ventures Trustee Company Limited (HDFC Ventures Trustee)

During the year, HDFC Ventures Trustee, a wholly-owned subsidiary of the Corporation stepped down as trustee to 3E Education Trust and Maharashtra 3E Education Trust, HDFC Property Fund, HDFC Investment Trust and HDFC Investment Trust II and wound-up its trusteeship business.

The Board of Directors of HDFC Ventures Trustee has approved the change of name of the company to Savoir Trustee Limited, subject to approval of the shareholders.

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 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 4,017 employees as of March 31, 2023. During the year, 19 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 rules made thereunder. 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, three complaints were received by the ICC which were reviewed and disposed of and accordingly, there were no complaints pending as at March 31, 2023.

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, 2023 (note 9).

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 related party transactions. Pursuant to applicability of certain amendments to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective April 1, 2023 with respect to related party transaction norms, the said policy was amended to align it with all 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, 2023, earnings in foreign currency stood at ₹ 0.63 crore and expenditure in foreign currency stood at ₹ 970 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. Further details are available in the BRSR.

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 60,38,952 options under ESOS-20. Of this, 59,33,952 options were granted to all employees of the Corporation equally on May 2, 2022. The balance 1,05,000 options were granted to a few employees who subsequently joined the Corporation during the year. The exercise prices for all such stock options were the latest available closing prices of the equity shares of the Corporation on NSE, prior to the date of the respective meetings of the Nomination and Remuneration Committee at which the stock options were granted.

The vesting and exercise schedule is the same as earlier grants under ESOS-2020.

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

Unclaimed Dividend and Shares

As at March 31, 2023, dividend amounting to ₹ 23 crore had not been claimed by shareholders of the Corporation.

The Corporation undertakes 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.

During the year, unclaimed dividend amounting to ₹ 3 crore for FY15 was transferred to the IEPF. Further, in compliance with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the Corporation transferred 78,279 equity shares of ₹ 2 each (corresponding to dividend for FY15 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 FY16 must be claimed by shareholders on or before August 25, 2023, failing which the unclaimed dividend and corresponding shares would be required to be transferred to the IEPF within a period of 30 days from the said date.

Directors

Mr. U. K. Sinha and Mr. Jalaj Dani retired as the independent directors of the Corporation with effect from April 29, 2023 on completion of their respective tenures. The board placed on record its sincere appreciation for the wise counsel and contributions made by Mr. Sinha and Mr. Dani to the Corporation during their respective tenures.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Corporation, Mr. Keki M. Mistry and Ms. Renu Sud Karnad are liable to retire by rotation and are eligible for re-appointment. The brief profiles of Mr. Mistry and Ms. Karnad are provided elsewhere in the annual report.

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

The members of the Corporation vide resolution passed by way of postal ballot on November 10, 2021, had appointed Messrs S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. 301003E/ E300005) and Messrs G. M. Kapadia & Co., Chartered Accountants (Firm Registration No. 104767W), as joint statutory auditors of the Corporation for a period of three 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 as per the provisions of the Companies Act, 2013 to Messrs S.R. Batliboi & Co. LLP and its network firm entities and Messrs G. M. Kapadia & Co. was ₹ 4.03 crore and ₹ 3.65 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 36.3 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 FY23. 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, RBI imposed a monetary penalty of ₹ 5 lac on the Corporation for non-compliance with certain provisions of 'The Housing Finance Companies (NHB) Directions, 2010' issued by the National Housing Bank (NHB) read with the press release dated August 13, 2019 issued by RBI on 'Transfer of Regulation of Housing Finance Companies (HFCs) to Reserve Bank of India.'

The Corporation paid the penalty on March 29, 2023. The Corporation maintains that this is not significant or material in nature.

There were no significant or material orders passed by the regulators or courts or tribunals against the Corporation during the year under review.

Directors' Responsibility Statement

In accordance with the provisions of Section 134(3)(c) and Section 134 (5) 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, 2023 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 Controls

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 Annual Return in Form No. MGT-7 for FY23 is uploaded on the Corporation's website.

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

There are no material changes and commitments affecting the financial position of the Corporation which have occurred after March 31, 2023 till the date of this report.

Acknowledgements

The directors place on record their gratitude for the support of various regulatory authorities including RBI, NHB, NCLT, Competition Commission of India, SEBI, IRDAI, 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 deeply acknowledges the invaluable contribution of the lawyers, chartered accountants, financial advisors, registered valuers, tax advisors, amongst others who have helped the Corporation and HDFC Bank navigate through the complexities of the amalgamation process. The Corporation also appreciates the co-operation of all its subsidiary and associate companies during the year.

The board of directors collectively place their gratitude to all key stakeholders of the Corporation – its shareholders, borrowers, channel partners, depositors, deposit agents, lenders and regulators for their unstinting support that has contributed to the successful track record of the Corporation over the years.

Finally, the greatest appreciation goes to the efforts of each and every employee – past and present who for forty-six long years truly demonstrated the power of ordinary people building an extra-ordinary company.

On behalf of the Board of Directors

MUMBAI
May 4, 2023

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 FY23

Name	Designation	Ratio of remuneration to the median employees' remuneration
Mr. Deepak S. Parekh	Chairman	28
Mr. U. K. Sinha	Independent Director	6
Mr. Jalaj Dani	Independent Director	7
Dr. Bhaskar Ghosh	Independent Director	7
Ms. Ireena Vittal	Independent Director	7
Mr. P. R. Ramesh	Non-Executive Non-Independent Director	4
Mr. Rajesh Narain Gupta	Independent Director	5
Mr. V. Srinivasa Rangan	Executive Director	106
Ms. Renu Sud Karnad	Managing Director	141
Mr. Keki M. Mistry	Vice Chairman & CEO	160

Notes:

1. Remuneration to non-executive directors includes sitting fees and commission paid.
2. 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 FY23

Key Managerial Personnel

Name	Designation	Increase in Remuneration (%)
Mr. Keki M. Mistry	Vice Chairman & CEO	8
Ms. Renu Sud Karnad	Managing Director	8
Mr. V. Srinivasa Rangan	Executive Director	6
Mr. Ajay Agarwal	Company Secretary	39

Non-Executive Directors

During FY23, the commission to each non-executive director (other than the Chairman) was increased to ₹ 75 lac from ₹ 60 lac in the previous year. Further, the Nomination and Remuneration Committee at its meeting held on March 27, 2023 having appreciated the critical role played by Mr. Deepak S. Parekh, Chairman of the Corporation whilst guiding on the contours of the ongoing amalgamation of the Corporation with HDFC Bank Limited, approved an increase in the commission payable to him from ₹ 3.30 crore to ₹ 5.42 crore for FY23. 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

The Corporation had 4,017 employees as of March 31, 2023.

Percentage increase in the median remuneration of employees in FY23

The percentage increase in the median remuneration of employees in FY23 stood at 5%.

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 15% in FY23. The average increase in remuneration of whole-time directors stood at 8% and that of other employees was 16%.

The average increase in the remuneration of both, the managerial and non-managerial personnel was determined based on the overall performance of the Corporation and is as per the remuneration policy 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 2022- March 2023	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 4, 2023

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 22nd January, 2021, the CSR Policy has been amended and approved by the Board at its meeting held on 7th May, 2021; the amended Policy shall be effective from 1st April, 2021.

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 Corporation has been making consistent efforts over the years towards economic and social upliftment of the marginalized and vulnerable sections of society. It continually seeks ways to bring about an overall positive impact on the society and environment wherein it operates. The Corporation implements its CSR initiatives primarily through the H T Parekh Foundation (Foundation), a Section 25 registered charitable institution set up by the Corporation in October 2012.

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, Solar energy and Urban ecological restoration projects, also form part of its CSR activities. Further, projects in Livelihoods focused on women and migrant workers and supporting Persons with Disabilities as target groups have also been undertaken.

The CSR Policy of the Corporation is available on the Corporation's website at www.hdfc.com

2. Composition of CSR Committee *(as at March, 31, 2023)*:

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 executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.**

Pls refer Annexure A for the executive summary of Impact Assessments undertaken during the year.

The reports can be viewed at: https://www.hdfc.com/about-us/corporate-social-responsibility

5.

Sr. No.		₹ crore
5 a)	Average net profit of the company as per sub-section (5) of section 135	10,688.02
5 b)	Two percent of average net profit of the company as per sub-section (5) of section 135	213.76
5 c)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years	2.15
5 d)	Amount required to be set off for the financial year, if any	3.50
5 e)	Total CSR obligation for the financial year (5b+5c-5d)	212.41

6.

Sr. No.		₹ crore
6 a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)	211.73
6 b)	Amount spent in Administrative Overheads (Note 1)	–
6 c)	Amount spent on Impact Assessment, if applicable	0.97
6 d)	Total amount spent for the Financial Year [(a)+(b)+(c)]	212.70

Note 1: Administrative expenses have been incurred from the interest income earned during the year by the implementing agency viz, H T Parekh Foundation.

6. (e) 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
212.70	–	–	–	–	–

6. (f) Excess amount for set-off, if any:

Sr. No.	Particular	Amount (₹ crore)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135 *(less amount set off from previous FY – ₹ 3.50 crore)*	210.26
(ii)	Total amount spent for the Financial Year	212.70
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	2.44
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	2.15
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	0.29

7. **Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:**

1	2	3	4	5	6		7	8
Sr. No.	**Preceding Financial Year(s)**	**Amount transferred to Unspent CSR Account under sub- section (6) of section 135 (in ₹)**	**Balance Amount in Unspent CSR Account under sub-section (6) ofsection 135 (in ₹)**	**Amount Spent in the Financial Year (in ₹)**	**Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub- section (5) of section 135, if any**		**Amount remaining to be spent in succeeding Financial Years (in ₹)**	**Deficiency, if any**
					Amount (in ₹)	Date of Transfer		
1	FY-1	–	–	–	–		–	–
2	FY–2	–	–	–	–		–	–
3	FY-3	–	–	–	–		–	–

8. **Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Yes**

If Yes, enter the number of Capital assets created/acquired: 1,719

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sr. No.	**Short particulars of the property or asset(s) [including complete address and location of the property]**	**Pincode of the property or asset(s)**	**Date of creation**	**Amount of CSR amount spent (₹ crore)**	**Details of entity/Authority/beneficiary of the registered owner**		
1	2	3	4	5	6		
				(Note 2)	**CSR Registration Number, if applicable**	**Name**	**Registered address**
1	High precision Cancer screening and treatment equipment - Big bore RT CT scan machine (Model: Siemens SOMATOM Confidence 20) Saroj Gupta Cancer Centre and Research Institute, Mahatma Gandhi Rd, Greater Bakul Bithi, Thakurpukur, Kolkata, West Bengal.	700063	26 April 2022	3.97	CSR00000498	Saroj Gupta Cancer Centre and Research Institute	Mahatma Gandhi Road, Greater Bakul Bithi, Thakurpukur, Kolkata-700063, West Bengal.
2	75 Desktop Computers for a charitable computer training centres across 8 cities in India – (Dell Vostro 3710, Dell 19 inch Monitor)		15 December 2022	0.40	CSR00009636	Bharatiya Vidya Bhavan	Munshi Sadan, K. M. Munshi Marg, Chowpatty, Mumbai, MH 18, 400007, Maharashtra
	1) Bhavans College, Bhavans Gandhi Institute, Vidyashram School, K. M. Munshi Marg, Opp. Dainik Bhaskar Newspaper Jaipur 4A2Al5, Rajasthan	302015					
	2) Bharatiya Vidya Bhavan, Chennai Kendra, P. B. No: 2946, New No: 18,20 & 22, Old No 37/39, East Mada Street, Mylapore, Chennai, Tamil Nadu.	600004					
	3) Bharatiya Vidya Bhavan, Kulpati Munshi Sadan, 5-9-l105, Basheerbagh, King Koti Road, Hyderabad, Telangana.	500029					

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ crore)	Details of entity/Authority/beneficiary of the registered owner		
1	2	3	4	5	6		
				(Note 2)	CSR Registration Number, if applicable	Name	Registered address
	4) Bharatiya Vidya Bhavan, Gandhi Institute of Computer Education & IT Kulapati K. M. Munshi Marg, Chowpatty, Mumbai, Maharashtra.	400007			CSR00009636	Bharatiya Vidya Bhavan	Munshi Sadan, K. M. Munshi Marg, Chowpatty, Mumbai, MH 18, 400007, Maharashtra
	5) Bhavans Gandhi Institute, Subhas Mandal, Subhash Road, Cotton Market, Near Jaishree Talkies, Nagpur, Maharashtra.	440018					
	6) Bhavans College, Bharatiya Vidya Bhavan, Mehta Sadan, Kasturba Gandhi Marg, New Delhi.	110001					
	7) Bhavans Gandhi Institute, Bhavans College Campus, Near Cama Hotel, Khanpur, Ahmedabad, Gujarat.	380001					
	8) Bharatiya Vidya Bhavan, Kamaleswar Barau Bhavan, House No. 5, Kanchan Path, Opp. Bora Service, Ulubari, Guwahati, Assam.	781007					
3	Mitti café, a food kiosk run by persons with disabilities Hansraj College, University of Delhi, Mahatma Hansraj Marg, Malka Ganj, New Delhi	110007	4 February 2023	0.31	CSR00001413	Mitti Social Initiatives Foundation	63/1, Amarjyothi Layout, Ashwat Nagar, Thanisandra, Bangalore North, Bengaluru Urban-560077, Karnataka.
4	Museum of Art and Photography (MAP) Sua House, 26/1, Kasturba Cross Road, Bengaluru, Karnataka	560001	18 February 2023	7.50	CSR00000053	Art & Photography Foundation	3/1/1, Poddar Niset, Bengaluru-560052 Karnataka.
5	Vehicle (Bolero Camper 4WD, White Color) for transport to remotely located government schools in Sikkim 1st Floor, Laxmi House, Upper Sicchey Link Road, Gangtok, Sikkim.	737101	15 March 2023	0.11	CSR00002404	17000 Ft Foundation	Q-139, South City 1, Sector 40, Gurgaon-122001, Haryana.
6	Rooftop solar panel systems of total 384 kW capacity along with essential medical equipment for 44 health centres in Manipur		31 March2023	5.56			
	1) Moirang, Moirang Block, Bishnupur District, Manipur	795133			-	CHC Moirang	Moirang, Moirang Block, Bishnupur District-795133, Manipur.

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ crore)	Details of entity/Authority/beneficiary of the registered owner		
1	2	3	4	5	6		
				(Note 2)	CSR Registration Number, if applicable	Name	Registered address
	2) Nambol, Nambol Block, Bishnupur District, Manipur	795134			–	CHC Nambol	Nambol, Nambol Block, Bishnupur District-795134, Manipur.
	3) Chakpikarong, Chakpikarong Block, Chandel District, Manipur	795102			–	CHC Chakpikarong	Chakpikarong, Chakpikarong Block, Chandel District-795102, Manipur.
	4) Sagolmang, Sawombung Block, Imphal East District, Manipur	795114			–	CHC Sagolmang	Sagolmang, Sawombung Block, Imphal East District-795114, Manipur.
	5) Sekmai, Haorang Sabal (Sekmai) Block, Imphal West District, Manipur	795136			–	CHC Sekmai	Sekmai, Haorang Sabal (Sekmai) Block, Imphal West District-795136, Manipur.
	6) Wangoi Block, Imphal West District, Manipur	795009			–	CHC Wangoi	Wangoi Block, Imphal West District-795009, Manipur.
	7) Saikul - Molkon Rd, East Sadar Hills Block, Kangpokpi, Manipur	795118			–	CHC Saikul	Saikul - Molkon Rd, East Sadar Hills Block, Kangpokpi-795118, Manipur.
	8) Kakching, Kakching Block, Kakching District, Manipur	795103			–	CHC Kakching	Kakching, Kakching Block, Kakching District-795103, Manipur.
	9) Sugnu, Kakching Block, Kakching District, Manipur	795101			–	CHC Sugnu	Sugnu, Kakching Block, Kakching District-795101, Manipur.
	10) Kamjong, Kamjong Block, Kamjong District, Manipur	795145			–	CHC Kamjong	Kamjong, Kamjong Block, Kamjong District-795145, Manipur.
	11) Kangpokpi, West Sadar Hills Block, Kangpokpi District, Manipur	795129			–	CHC Kangpokpi	Kangpokpi, West Sadar Hills Block, Kangpokpi District-795129, Manipur.
	12) Nungba, Nungba Block, Noney District, Manipur	795147			–	CHC Nungba	Nungba, Nungba Block, Noney District-795147, Manipur.

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ crore)	Details of entity/Authority/beneficiary of the registered owner		
1	2	3	4	5	6		
				(Note 2)	CSR Registration Number, if applicable	Name	Registered address
	13) Parbung, Tipaimukh Block, Pherzwal District, Manipur	795143			–	CHC Parbung	Parbung, Tipaimukh Block, Pherzwal District-795143, Manipur.
	14) Mao, Mao Maram Block, Senapati District, Manipur	795150			–	CHC Mao	Mao, Mao Maram Block, Senapati District-795150, Manipur.
	15) Lilong Haoreibi, Lilong Block, Thoubal Block, Manipur	795130			–	CHC Lilong Haoreibi	Lilong Haoreibi, Lilong Block, Thoubal Block-795130, Manipur.
	16) Heirok, Thoubal Block, Thoubal District, Manipur	795138			–	CHC Heirok	Heirok, Thoubal Block, Thoubal Distrct-795138, Manipur
	17) Yairipok, Thoubal Block, Thoubal Distrct, Manipur	795149			–	CHC Yairipok	Yairipok, Thoubal Block, Thoubal Distrct-795149, Manipur
	18) Ningthoukhong, Bishnupur Block, Bishnupur District, Manipur	795133			–	PHC Ningthoukhong	Ningthoukhong, Bishnupur Block, Bishnupur District-795133, Manipur
	19) Leimapokpam, Nambol Block, Bishnupur Disrict, Manipur	795134			–	PHC Leimapokpam	Leimapokpam, Nambol Block, Bishnupur Disrict-795134, Manipur
	20) Akampat, Keirao Bitra Block, Imphal East District, Manipur	795008			–	PHC Akampat	Akampat, Keirao Bitra Block, Imphal East District-795008, Manipur.
	21) Bashikhong, Keirao Bitra Block, Imphal East District, Manipur	795008			–	PHC Bashikhong	Bashikhong, Keirao Bitra Block, Imphal East District-795008, Manipur.
	22) Keirao Bitra Block, Imphal East District, Manipur	795008			–	PHC Keirao Makting	Keirao Bitra Block, Imphal East District-795008, Manipur.
	23) Keirao Bitra Block, Imphal East District, Manipur	795149			–	PHC Nongpok Keithelmanbi	Keirao Bitra Block, Imphal East District-795149, Manipur.

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ crore)	Details of entity/Authority/beneficiary of the registered owner		
1	2	3	4	5	6		
				(Note 2)	CSR Registration Number, if applicable	Name	Registered address
	24) Near Electricity Office, Kakwa Bazar, Wangoi Block, Imphal West, Manipur	795008			–	PHC Kakwa	Near Electricity Office, Kakwa Bazar, Wangoi Block, Imphal West-795008, Manipur.
	25) Khonghampat, Haorang Sabal Block, Imphal West District, Manipur	795115			–	PHC Khonghampat	Khonghampat, Haorang Sabal Block, Imphal West District-795115, Manipur.
	26) Adjacent To Jr. High School, Sekmaijin, Wangoi Block, Imphal West, Manipur	795132			–	PHC Mayang Imphal	Adjacent To Jr. High School, Sekmaijin, Wangoi Block, Imphal West-795132, Manipur.
	27) Salam, Wangoi Block Imphal West District Manipur	795113			–	PHC Salam	Salam, Wangoi Block Imphal West District-795113, Manipur.
	28) Serou Mayai Leikai Block, Kakching Block, Kakching District, Manipur	795101			–	PHC Serou	Serou Mayai Leikai Block, Kakching Block, Kakching District - 795101, Manipur.
	29) Komlathabi, Chandel District, Manipur	795135			–	PHC Komlathabi	Komlathabi, Chandel District-795135, Manipur.
	30) T. Waichong, I. T. Road, Near Bazar, Sadar Hills West, Senapati, Manipur	795112			–	PHC T Waichong	T. Waichong, I. T. Road, Near Bazar, Sadar Hills West, Senapati-795112, Manipur.
	31) Longmai - III P. O. P. S. Noney Block: Haochong Manipur	795159			–	PHC Noney	Longmai - III P. O. P. S. Noney Block: Haochong-795159, Manipur.
	32) Thanlon Village Block: Thanlon. District: Pherzawl, Manipur	795143			–	PHC Thanlon	Thanlon Village Block: Thanlon, District: Pherzawl-795143, Manipur.
	33) Khongdei Senapati, Manipur	795007			–	PHC Khongdei	Khongdei Senapati-795007, Manipur.
	34) Tengnoupal, Manipur	795135			–	PHC Machi	Tengnoupal-795135, Manipur.

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ crore)	Details of entity/Authority/beneficiary of the registered owner		
1	2	3	4	5	6		
				(Note 2)	CSR Registration Number, if applicable	Name	Registered address
	35) Langmeidong Village, Kakching, Thoubal, Manipur	795103			–	PHC Langmeidong	Langmeidong Village, Kakching, Thoubal-795103, Manipur.
	36) Near Leishangthem Bazar, Lilong, Thoubal, Manipur	795130			–	PHC Leisangthem	Near Leishangthem Bazar, Lilong, Thoubal-795130, Manipur.
	37) Khoirom Kangjeibung Block: Thoubal, District: Thoubal, Manipur	795149			–	PHC Khoirom	Khoirom Kangjeibung Block: Thoubal District-795149, Manipur.
	38) Sangaiyumpham Idigah Block: Thoubal, Manipur	795148			–	PHC Sangaiyumpham	Sangaiyumpham Idigah Block: Thoubal-795148, Manipur.
	39) Ukhrul Central, Ukhrul district, Manipur	795142			–	PHC Khangkhui Khullen	Ukhrul Central, Ukhrul District-795142, Manipur.
	40) Somdal, Ukhrul Central, Lhungchong Meiphai Block, Ukhrul District, Manipur	795142			–	PHC Somdal	Somdal, Ukhrul Central, Lhungchong Meiphai Block, Ukhrul District-795142, Manipur.
	41) Singjamei Chingmakhong Near Super Market, Manipur	795008			–	UPHC Singjamei	Singjamei Chingmakhong, Near Super Market-795008, Manipur.
	42) Tarung Village, Imphal, Manipur	795002			–	UPHC Langol Tarung	Tarung Village, Imphal-795002 Manipur.
	43) Mantripukhri Bengali Colony, Imphal, Manipur	795002			–	UPHC Mantripukhri	Mantripukhri Bengali Colony, Imphal-795002 Manipur.
	44) Kangjang Village, Senapati, Manipur	795007			–	THC Kangjang	Kangjang Village, Senapati-795007, Manipur.
7	State of the art digital studio hub at NCPA NCPA Marg, Nariman Point, Mumbai	400021	31 March 2023	4.98	CSR00007882	National Centre for the Performing Arts	NCPA Marg, Nariman Point, Mumbai-400021, Maharashtra
8	4-Bed Bone Marrow Transplant (BMT) ward at Dr B Borooah Cancer Institute Gopinath Nagar, A K Azad Road, Guwahati, Assam	781016	31 March 2023	4.90	CSR00001287	Dr. Bhubaneswar Borooah Cancer Institute	Gopinath Nagar, A K Azad Road, Guwahati-781016, Assam.

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ crore)	Details of entity/Authority/beneficiary of the registered owner		
1	2	3	4	5	6		
				(Note 2)	CSR Registration Number, if applicable	Name	Registered address
9	100-Bed pre-fabricated modular hospital Kakching district, Manipur	795103	31 March 2023	3.17	–	Government of Manipur Secretariat: Health Department	Babupara, Imphal West-795001, Manipur.
10	15 Sports grounds, 17 Playgrounds, 7 Mid-day meal Sheds and 3 Classrooms across 19 Government primary schools in Gujarat		31 March 2023	2.78			
	1) Village Kujad, Kathwada - Godhra Highway, Daskroi, Ahmedabad, Gujarat	382430			–	Kujad Primary School 2	Village Kujad, Kathwada - Godhra Highway, Daskroi, Ahmedabad-382430, Gujarat.
	2) Village Kuha, Kathwada - Godhra Highway, Daskroi, Ahmedabad, Gujarat	382433			–	Kuha Primary School	Village Kuha, Kathwada - Godhra Highway, Daskroi, Ahmedabad-382433, Gujarat.
	3) Village Enasan, Dehgam Highway, Daskroi, Ahmedabad, Gujarat	382330			–	Enasan Primary School	Village Enasan, Dehgam Highway, Daskroi, Ahmedabad-382330, Gujarat
	4) Village Dharoda , Nr. Navagam Village, Kheda, Gujarat	387540			–	Dharoda Primary School	Village Dharoda , Nr. Navagam Village, Kheda-387540, Gujarat.
	5) Village Harniyav , Nr. Hirapur Cross Road, Hathijan Mehmdavad Highway, Daskroi, Ahmedabad, Gujarat	382435			–	Harniyav Primary School	Village Harniyav , Nr. Hirapur Cross Road, Hathijan Mehmdavad Highway, Daskroi, Ahmedabad-382435, Gujarat.
	6) Village Aslali , Nr. Aslali Ring Road, Daskroi, Ahmedabad, Gujarat.	382427			–	Aslali Primary School	Village Aslali , Nr. Aslali Ring Road, Daskroi, Ahmedabad - 382427, Gujarat.
	7) Village Chosar , Nr. S.P. Ring Road, Daskroi, Ahmedabad, Gujarat	382435			–	Chosar Primary School	Village Chosar , Nr. S.P. Ring Road, Daskroi, Ahmedabad-382435, Gujarat.
	8) Village Vasna Sogathi, Dehgam, Gandhinagar, Gujarat	382305			–	Vasna Sogathi Primary School	Village Vasna Sogathi , Dehgam, Gandhinagar-382305, Gujarat.

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				(Note 2)	CSR Registration Number, if applicable	Name	Registered address
	9) S.R.P. Campus, opp. BRTS Bus Stand, Krishnanagar, Ahmedabad, Gujarat	382345			-	SRP Gujarati School 1	S.R.P. Campus, opp. BRTS Bus Stand, Krishnanagar, Ahmedabad-382345, Gujarat
	10) Village Mamakana, Kathwada - Godhra Highway, Daskroi, Ahmedabad, Gujarat	382433			-	Mamakana Primary School	Village Mamakana, Kathwada - Godhra Highway, Daskroi, Ahmedabad-382433, Gujarat.
	11) Village Navrangpura, Kathwada - Godhra Highway, Daskroi, Ahmedabad, Gujarat	382430			-	Navrangpura Primary School	Village Navrangpura, Kathwada - Godhra Highway, Daskroi, Ahmedabad-382430, Gujarat.
	12) Village Vadodara, Nr Dabhoda Patiya, Gandhinagar, Gujarat	382305			-	Vadodara Primary School	Village Vadodara, Nr Dabhoda Patiya, Gandhinagar-382305, Gujarat.
	13) Village Valad, Chiloda Highway, Gandhinagar, Gujarat	382355			-	Valad Pay Center	Village Valad, Chiloda Highway, Gandhinagar-382355, Gujarat.
	14) Village Timba, Nr. Miroli Village, Daskroi, Ahmedabad, Gujarat	382425			-	Timba Primary School	Village Timba, Nr. Miroli Village, Daskroi, Ahmedabad-382425, Gujarat.
	15) Village Bhattpura, Nr. Amba Hotel, Kathawada - Godhara Highway, Daskroi, Ahmedabad, Gujarat	382433			-	Bhattpura Primary School	Village Bhattpura, Nr. Amba Hotel, Kathawada - Godhara Highway, Daskroi, Ahmedabad-382433, Gujarat.
	16) Village Kanij Vanta, Mehmdavad Highway, Kheda, Gujarat	387120			-	Kanij Vanta Primary School	Village Kanij Vanta, Mehmdavad Highway, Kheda-387120, Gujarat.
	17) Village Navi Chhipadi, Kathwada - Godhara Highway, Kheda, Gujarat	387635			-	Navi Chhipadi Primary School	Village Navi Chhipadi, Kathwada-Godhara Highway, Kheda-387635, Gujarat.
	18) Village Ratanpur, NR. Gift City, Chiloda, Gandhinagar, Gujarat	382355			-	Ratanpur Primary School	Village Ratanpur, NR. Gift City, Chiloda, Gandhinagar-382355, Gujarat.

<table>
<tr><th>Sr. No.</th><th>Short particulars of the property or asset(s) [including complete address and location of the property]</th><th>Pincode of the property or asset(s)</th><th>Date of creation</th><th>Amount of CSR amount spent (₹ crore)</th><th colspan="3">Details of entity/Authority/beneficiary of the registered owner</th></tr>
<tr><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th><th colspan="3">6</th></tr>
<tr><th></th><th></th><th></th><th></th><th>(Note 2)</th><th>CSR Registration Number, if applicable</th><th>Name</th><th>Registered address</th></tr>
<tr><td></td><td>19) Village Bhuvaladi, Nr Zanu Huka Road, Daskroi, Ahmedabad, Gujarat</td><td>382430</td><td></td><td></td><td>–</td><td>Bhuvaladi Primary School</td><td>Village Bhuvaladi, Nr Zanu Huka Road, Daskroi, Ahmedabad-382430, Gujarat.</td></tr>
<tr><td>11</td><td>Digital Radiology and Fluoroscopy System (Model: Siemens LUMINOS Impulse)
SRCC Centre for Child Development, 1-A, Haji Ali Park, K. Khadye Marg, Mumbai</td><td>400034</td><td>31 March 2023</td><td>2.55</td><td>CSR00003225</td><td>The Society for Rehabilitation of Crippled Children Society's Hospital</td><td>SRCC Centre for Child Development, 1-A, Haji Ali Park, K. Khadye Marg, Mumbai-400034, Maharashtra.</td></tr>
<tr><td>12</td><td>200 kW Solar system plant and 1500 kgs waste to biogas plant Orderly Bazar, Varanasi, Uttar Pradesh</td><td>221002</td><td>31 March 2023</td><td>1.72</td><td>CSR00000286</td><td>The Akshayapatra Foundation</td><td>Hare Krishna Hill, West of Chord Road, Rajajinagar, Bengaluru-560010, Karnataka.</td></tr>
<tr><td rowspan="2">13</td><td>a) 30 Kilolitre per day Faecal sludge and Septage Management (FSSM) Plant, rooftop solar panel system of 30 kW capacity, dewatering unit and prefabricated facility unit, one desludging truck of 3000 litre capacity (KAMVAC 3 L-C-5: Special purpose vehicle) SR.84, Songaon Comport Depot, Jakatwadi, Satara, Maharashtra</td><td>415002</td><td>31 March 2023</td><td>1.68</td><td>–</td><td>Satara Municipal Corporation</td><td>Guruwar Peth, Satara-415002, Maharashtra.</td></tr>
<tr><td>b) Two desludging trucks of 3000 litres each (KAMVAC 3 L-C-5: Special purpose vehicle), one Resource Centre & landscaped Garden at Kolhapur's Sewage treatment plant</td><td>416012</td><td></td><td></td><td>–</td><td>Kolhapur Municipal Corporation</td><td>B Subhash Road Kolhapur, Karvir, Kolhapur, Pin-416012, Maharashtra.</td></tr>
<tr><td>14</td><td>1200 Solar street lights of total 72 kW capacity in Raigad district of Maharashtra
<table>
<tr><th>Block Name</th><th>No. of solar street lights</th></tr>
<tr><td>Mahad</td><td>337</td></tr>
<tr><td>Mangaon</td><td>263</td></tr>
<tr><td>Mhasla</td><td>122</td></tr>
<tr><td>Poladpur</td><td>172</td></tr>
<tr><td>Shrivardhan</td><td>71</td></tr>
<tr><td>Tala</td><td>30</td></tr>
<tr><td>Sudhagad</td><td>205</td></tr>
<tr><td>Total</td><td>1200</td></tr>
</table></td><td></td><td>31 March 2023</td><td>1.50</td><td>–</td><td>Village Development Committee</td><td>87 villages in blocks of Mahad, Mangaon, Mhasla, Poladpur, Shrivardhan, Tala and Sudhagad in Raigad District, Maharashtra.</td></tr>
</table>

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15	Essential medical equipment for a 10-Bed satellite cancer hospital	788710	31 March 2023	1.19	CSR00003079	The Cachar Cancer Hospital Society	Meherpur, Silchar-788014, Assam.
	• SonoSite EDGE II compact color Doppler ultrasound system						
	• FUJIFILM 3500 HD Electronic Video Fully Digital HD System with Digital (DVI) Output						
	• Ambulance (Model-Force CRUISER (12+D) FM 2.6 BS6 PS PW ABS)						
	• Vertical Autoclave Cylindrical (Double Walled) Model: STXVAP100 Delux (100 Litres)						
	• Fully Automated Random Access Bio-Chemistry Analyzer (Model: EM200) and Electrolyte Analyzer (Model: EC90)						
	• Fully Automated 3-Part Differential Hematology Analyzer (Model: Erba H360)						
	• X-Ray Machine: MARS 4.2-SR (MARS 4.2 SR / RAD MOBILE (LITE-X) / GEN 4.2 KW SR / TUBE HEAD S.A. (MONOBLOCK) / STAND SBM LITE-X)						
	• IT supplies including computers, printers						
	• Furniture and Fixtures, including office tables and desks						
	Cachar Cancer Satellite Hospital, Baraigram, Karimganj, Assam.						
16	10 schools in North Sikkim, each with		31 March 2023	0.71			
	• Playgrounds with outdoor play equipment						
	• Digi Labs (Tablets, Servers, 32" LED TV, Charging Rack with UV Sanitization)						
	• Libraries (Books, Library racks, furnishings)						
	1) Village Nampatam, Mangan Block, North District, Sikkim.	737116			-	Nampatam Primary School	Village Nampatam, Mangan Block, North District-737116, Sikkim.

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				(Note 2)	CSR Registration Number, if applicable	Name	Registered address
	2) Village Upper Mangshilla, Mangan Block, North District, Sikkim.	737116			–	Upper Mangshilla Primary School	Village Upper Mangshilla, Mangan Block, North District-737116, Sikkim.
	3) Village Lower Mangshilla, Mangan Block, North District, Sikkim.	737116			–	Lower Mangshilla Primary School	Village Lower Mangshilla, Mangan Block, North District-737116, Sikkim.
	4) Village Namok, Mangan Block, North District, Sikkim.	737116			–	Namok Junior High School	Village Namok, Mangan Block, North District-737116, Sikkim.
	5) Village Swayem, Mangan Block, North District, Sikkim.	737116			–	Swayem Upper Primary School	Village Swayem, Mangan Block, North District-737116, Sikkim.
	6) Village Tingda, Kabi Block, North District, Sikkim.	737117			–	Tingda Primary School	Village Tingda, Kabi Block, North District-737117, Sikkim.
	7) Village Phamtam, Kabi Block, North District, Sikkim.	737116			–	Phamtam Junior High School	Village Phamtam, Kabi Block, North District-737116, Sikkim.
	8) Village Tanek, Kabi Block, North District, Sikkim.	737116			–	Tanyek Primary School	Village Tanek, Kabi Block, North District-737116, Sikkim.
	9) Village Mangzing, Passingdong Block, North District, Sikkim.	737116			–	Mangzing Primary School	Village Mangzing, Passingdong Block, North District-737116, Sikkim.
	10) Village Taryang, Passingdong Block, North District, Sikkim.	737017			–	Taryang Primary School	Village Taryang, Passingdong Block, North District-737017, Sikkim.
17	65 composting machines of 240 kgs capacity each & 2 shredders		31 March 2023	0.66			
	1) Plot No. 2 A, Sri Sathya Sai Sanjeevani Centre For Child Heart Care, Sector 38, Kharghar, Navi Mumbai, Maharashtra	410208			CSR00001048	Sri Sathya Sai Sanjeevani Hospital	Plot No. 2 A, Sri Sathya Sai Sanjeevani Centre For Child Heart Care, Sector 38, Kharghar, Navi Mumbai-410208, Maharashtra.

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				(Note 2)	CSR Registration Number, if applicable	Name	Registered address
	2) Building No 12, Abhyudaya Nagar Rd, Cotton Green, Dock Labour Colony, Abhyudaya Nagar, Mumbai, Maharashtra	400033			CSR00001574	Jai Vakeel Foundation & Research Centre	Building No 12, Abhyudaya Nagar Rd, Cotton Green, Dock Labour Colony, Abhyudaya Nagar, Mumbai-400033, Maharashtra
	3) Cement Pipe Factory, At.Nandkar, Taluka, Bhiwandi, Maharashtra	421302			-	DB Jadhav School	Cement Pipe Factory, At.Nandkar, Taluka, Bhiwandi-421302, Maharashtra
	4) Aryan Plaza, Valley, NH 9, Hadapsar, Pune, Maharashtra	411028			CSR00003160	Janseva Foundation Orphanage	Aryan Plaza, Valley, NH 9, Hadapsar, Pune-411028, Maharashtra
	5) Taloja Panchanand, Sector 38, Kharghar, Navi Mumbai, Maharashtra	410210			-	Rapid Action Force Camp	Taloja Panchanand, Sector 38, Kharghar, Navi Mumbai-410210, Maharashtra
	6) Juhu Tara Rd, Daulat Nagar, Santacruz West, Mumbai, Maharashtra	400049			-	SNDT Women's University	Juhu Tara Rd, Daulat Nagar, Santacruz West, Mumbai-400049, Maharashtra
	7) Old D N Nagar, Munshi Nagar, Andheri West, Mumbai, Maharashtra	400058			CSR00009636	S. P. Jain Institute of Management and Research	Old D N Nagar, Munshi Nagar, Andheri West, Mumbai-400058, Maharashtra
	8) Cotton Green Campus, Ground Floor, Mumbai Port Trust Colony ABC Colony (Rajas Nagar), Zakaria Bunder Rd, Sewri, Mumbai, Maharashtra	400033			CSR00001026	St. Jude India Child Care Centres	Cotton Green Campus, Ground Floor, Mumbai Port Trust Colony ABC Colony (Rajas Nagar), Zakaria Bunder Road, Sewri, Mumbai-400033, Maharashtra
18	53 Mobile fetal monitoring devices (Keyar DT Carrycase) for Primary Health Centres (PHC), Community Health Centres (CHC), Primary Health Sub-Centres (PHSC), and District Hospitals (DH) to monitor and detect high risk pregnancies.		31 March 2023	0.64			

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	1) CHC Moirang, Moirang Mairenbam Leikai, Opp. to Moirang College Gate, Manipur.	795133			–	CHC Moirang	Moirang Mairenbam Leikai Opp. to Moirang College Gate, 795133, Manipur.
	2) CHC Nambol, Nambol Chingmang, Manipur.	795134			–	CHC Nambol	Nambol Chingmang, 795134, Manipur.
	3) PHC Leimapokpam, Leimapokpam Awang Leikai, Manipur.	795135			–	PHC Leimapokpam	Leimapokpam Awang Leikai-795135, Manipur.
	4) CHC Sagolmang, Pukhao road, near Assam rifles camp, Sawombung, Manipur.	795114			–	CHC Sagolmang	Pukhao road, near Assam rifles camp, Sawombung-795114, Manipur.
	5) PHC Akampat, Akampat, Manipur.	795003			–	PHC Akampat	Akampat-795003, Manipur.
	6) PHC Lamlai, Kanghu chingjin road, Lamlai mayai leikai, Sawombung, Manipur.	795010			–	PHC Lamlai	Kanghu chingjin road, Lamlai mayai leikai, Sawombung-795010, Manipur.
	7) PHC Bashikhong, Meira Club, Basikhong Bazar, Keirao Bitra, Manipur.	795003			–	PHC Bashikhong	Meira Club, Basikhong Bazar, Keirao Bitra-795003, Manipur.
	8) PHC Keirao Makting, Keirao Makting Mayai Leikai, Keirao Bitra, Manipur.	795003			–	PHC Keirao Makting	Keirao Makting Mayai Leikai, Keirao Bitra-795003, Manipur.
	9) PHC Nongpok Keithel Manbi, Nongpok Keithel Manbi, Turel Maya- Keirao Bitra, Manipur.	795149			–	PHC Nongpok Keithelmanbi	Nongpok Keithel Manbi, Turel Maya-Keirao Bitra-795149, Manipur.
	10) CHC Wangoi, Wangoi Thounaojam Leikai, Manipur.	795009			–	CHC Wangoi	Wangoi Thounaojam Leikai-795009, Manipur.
	11) CHC Sekmai, Awang Sekmai, Manipur.	795136			–	CHC Sekmai	Awang Sekmai-795136, Manipur.
	12) PHC Salam, Haorang Sabal, Salam, Manipur.	795113			–	PHC Salam	Haorang Sabal, Salam-795113, Manipur.
	13) PHC Mayang Imphal, Mayang, Manipur.	795132			–	PHC Mayang Imphal	Mayang Imphal-795132, Manipur.
	14) CHC Lilong Haorcibi, Haoreibi Makha Leikai, Manipur.	795139			–	CHC Lilong Haorcibi	Haoreibi Makha Leikai-795139, Manipur.

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	15) CHC Heirok, Heirok part II Thouchom Leikai, Manipur.	795148			–	CHC Heirok	Heirok Part II Thouchom Leikai-795148, Manipur.
	16) CHC Yairipok, Yairipok Bazar, Manipur.	795149			–	CHC Yairipok	Yairipok Bazar-795149, Manipur.
	17) CHC Kakching, Kakching, Manipur.	795103			–	CHC Kakching	Kakching-795103, Manipur.
	18) CHC Sugnu, Sugnu Bazar, Manipur.	795101			–	CHC Sugnu	Sugnu Bazar-795101, Manipur.
	19) PHC Langmeidong, Langmeidong Mamang Leikai, Manipur.	795103			–	PHC Langmeidong	Langmeidong Mamang Leikai-795103, Manipur.
	20) PHC Serou, Serou Mayai Leikai, Manipur.	795101			–	PHC Serou	Serou Mayai Leikai-795101, Manipur.
	21) CHC Kangpokpi, Kangpokpi ward no.7 Sadar Hills west, Manipur.	795129			–	CHC Kangpokpi	Kangpokpi ward no.7 Sadar Hills west-795129, Manipur.
	22) CHC Saikul, Saikul, Sawongbung, Manipur.	795018			–	CHC Saikul	Saikul, Sawongbung-795018, Manipur.
	23) PHC T Waichong, T Waichong, Sadar Hills west, Manipur.	795112			–	PHC T Waichong	T Waichong, Sadar Hills west-795112, Manipur.
	24) CHC Chakpikarong, Chakpikaraong, Manipur.	795102			–	CHC Chakpikarong	Chakpikaraong-795102, Manipur.
	25) PHC Komlathabi, Komlathabi Manipur.	795127			–	PHC Komlathabi	Komlathabi-795127, Manipur.
	26) PHC Sajik Tampak, Sajik Tampak, Chakpikarong, Manipur.	795102			–	PHC Sajik Tampak	Sajik Tampak, Chakpikarong-795102, Manipur.
	27) PHSC Unopat, Pombikhok, Manipur.	795101			–	PHSC Unopat	Pombikhok-795101, Manipur.
	28) DH Chandel, Chandel, Manipur (3 units)	795127			–	DH Chandel	Chandel-795127, Manipur.
	29) PHC Saikot, Samulamlan, Manipur.	795117			–	PHC Saikot	Samulamlan-795117, Manipur.
	30) PHC Behiang, Behiang Village, Singngat, Manipur.	795139			–	PHC Behiang	Behiang Village, Singngat-795139, Manipur.
	31) PHC Sinzawl, Sinzawl Village, Thanlon, Manipur.	795143			–	PHC Sinzawl	Sinzawl Village, Thanlon-795143, Manipur.

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	32) PHC Henglep, Henglep, Churachandpur, Manipur.	795133			–	PHC Henglep	Henglep, Churachandpur-795133, Manipur.
	33) PHC Sagang, Sagang, Manipur.	795133			–	PHC Sagang	Sagang-795133, Manipur.
	34) CHC Singngat / Singhat, Singhat Village, Manipur.	795139			–	CHC Singngat / Singhat	Singhat, Singhat Village-795139, Manipur.
	35) DH Churachandpur, IB Road Churachandpur, Manipur. (3 units)	795128			–	DH Churachandpur	IB Road, Churachandpur-795128, Manipur.
	36) PHC Paomata, Paomata Centre, Manipur.	795106			–	PHC Paomata	Paomata Centre-795106, Manipur.
	37) PHC Oinam Hills, Purul, Senapati, Manipur.	795106			–	PHC Oinam Hills	Purul, Senapati-795106, Manipur.
	38) PHC Maram, Maram bazar, Manipur.	795105			–	PHC Maram	Maram bazar-795105, Manipur.
	39) PHSC Pudunamai, Pudunamai, Manipur.	795105			–	PHSC Pudunamai	Pudunamai-795105, Manipur.
	40) PHSC Punanamei, Punanamei, Manipur.	795150			–	PHSC Punanamei	Punanamei-795150, Manipur.
	41) CHC Kamjong, Kamjong-Baptist Church, Manipur.	795145			–	CHC Kamjong	Kamjong - Baptist Church-795145, Manipur.
	42) CHC Parbung, Parbung Village, Manipur.	795143			–	CHC Parbung	Parbung Village-795143, Manipur.
	43) PHC Tamei, Near Tamei Police Station, Manipur.	795125			–	PHC Tamei	Near Tamei Police Station-795125, Manipur.
	44) PHC Oinamlong, Oinamlong Part II, Tousem, Manipur.	795141			–	PHC Oinamlong	Oinamlong Part II, Tousem-795141, Manipur.
	45) PHC Tousem, Tousem Khunou, Manipur.	795141			–	PHC Tousem	Tousem Khunou-795141, Manipur.
	46) DH Tamenglong, Duigailong, Manipur (3 units)	795141			–	DH Tamenglong	Tamenglong, Duigailong-795141, Manipur.
	47) PHC Khumbong, Opposite to Veterinary Office, Mamang Leikai, Khumbong, Manipur.	795113			–	PHC Khumbong	Khumbong, Opposite to Veterinary Office, Mamang Leikai, Khumbong-795113, Manipur.

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19	Equipment and Furniture for digitizing, displaying and storing archival material at the Archives of Contemporary India, Ashoka University	131029	31 March 2023	0.55	–	Ashoka University	Plot no 2, Rajiv Gandhi Education City, Sonepat, 131029, Haryana
	• Zeutschel OS QO Large format overhead scanner, Raid server, Professional iMac system						
	• LED Screen with stand Plot no 2, Rajiv Gandhi Education City, Sonepat, Haryana.						
20	48 Motorable wheelchairs (NeoBolt) for individuals with physical disabilities manufactured & distributed through: NeoMotion Assistive Solutions Pvt. Ltd. C/o IIT Madras Incubation Cell, IIT Madras Research Park, Kanagam Road, Tharamani, Chennai, Tamil Nadu	600113	31 March 2023	0.48	–	48 Individuals0 *(Names available on request)*	The individual beneficiaries are residing in Bengaluru, Hossur, Chikkamagaluru, Kolar, Mandya (Karnataka), Kurnool, Cuddapah, Ananthpur (Andhra Pradesh), Chennai, Ramanathapuram, Madurai, Coimbatore, Tirunelveli (Tamil Nadu), Nashik, Thane, Navi Mumbai, Mumbai, Uran (Maharashtra) and Puducherry *(Addresses available on request)*
21	Solar rooftop system of 80 KW capacity at a medical diagnostics centre Mann Deshi Diagnostic, Megacity, Mhaswad, Man Taluka, Satara, Maharashtra	415509	31 March 2023	0.42	CSR00001923	Mann Deshi Foundation	Mhaswad, Mann Taluka, Satara - 415509, Maharashtra.
22	Equipment for specialized x-rays for cancer treatment -Digital Cone Beam Computerized Tomography (Model: CARESTREAM Dental CS 8200 3D 110V 230V) Sri Shankara Cancer Hospital and Research Centre, 1st Cross, Shankara Matt Premises, Shankarapuram, Basavanagudi, Bengaluru, Karnataka	560004	31 March 2023	0.39	CSR00004616	Sri Shankara Cancer Foundation	No. 1786, Srinikethana 34th Cross,14th Main Road, BSK 2nd Stage, Bengaluru- 560070, Karnataka.
23	Rooftop solar systems of total 22.1 Kw capacity for 11 schools		31 March 2023	0.26			

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ crore)	Details of entity/Authority/beneficiary of the registered owner		
1	2	3	4	5	6		
				(Note 2)	CSR Registration Number, if applicable	Name	Registered address
	1) R.Z.P. School, Koste Bk, Nizampur, Mangaon, Raigad, Maharashtra	402120			–	R.Z.P. School, Koste Bk	Koste Bk., Nizampur, Mangaon, Raigad-402120, Maharashtra.
	2) R.Z.P. School, Palasgaon Bk. & Boudhwadi, Mangaon, Raigad, Maharashtra	402104			–	R.Z.P. School, Palasgaon Bk.	Palasgaon Bk. & Boudhwadi, Mangaon, Raigad-402104, Maharashtra.
	3) R.Z.P. School, Nagloli, Nagaloli, Shrivardhan, Raigad, Maharashtra	402110			–	R.Z.P. School, Nagloli	Main Nagloli, Nagaloli, Shrivardhan, Raigad-402110, Maharashtra.
	4) R.Z.P School Bhale, Bhale, Mangaon, Raigad, Maharashtra	402120			–	R.Z.P School Bhale	Bhale, Bhale, Mangaon, Raigad-402120, Maharashtra.
	5) R.Z.P School Mazeri, Parmachi, Mahad, Raigad, Maharashtra	402306			–	R.Z.P School Mazeri	Mazeri, Parmachi, Mahad, Raigad-402306, Maharashtra.
	6) R.Z.P School Degaon, Degaon, Mangaon, Raigad, Maharashtra	402117			–	R.Z.P School Degaon	Degaon, Degaon, Mangaon, Raigad-402117, Maharashtra.
	7) R.Z.P.School Sumbekond, Rupavali, Mahad, Raigad, Maharashtra	402302			–	R.Z.P.School Sumbekond	Sumbekond, Rupavali, Mahad, Raigad-402302, Maharashtra.
	8) R.Z.P School Charai Sutarwadi, Charai, Poladpur, Raigad, Maharashtra	402303			–	R.Z.P School Charai Sutarwadi	Sutarwadi, Charai, Poladpur, Raigad-402303, Maharashtra.
	9) R.Z.P School Golegani, Golegani, Poladpur, Raigad, Maharashtra	402303			–	R.Z.P School Golegani	Golegani, Golegani, Poladpur, Raigad-402303, Maharashtra.
	10) R.Z.P.School Adi, Adi, Mahad, Raigad, Maharashtra	402103			–	R.Z.P.School Adi	Adi, Adi, Mahad, Raigad-402103, Maharashtra
	11) R.Z.P. School Sape T.Tudil, Nadgoan T. Tudil, Mahad, Raigad, Maharashtra	402115			–	R.Z.P. School Sape T.Tudil	Sape T. Tudil, Nadgoan T. Tudil, Mahad, Raigad-402115, Maharashtra.

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ crore)	Details of entity/Authority/beneficiary of the registered owner		
1	2	3	4	5	6		
				(Note 2)	CSR Registration Number, if applicable	Name	Registered address
24	Rapid Response Vehicle to address wildlife emergencies - 1 all-terrain vehicle (S-CAB HR) equipped with rescue equipment and accessories. 203, A wing, Creative Homes, Anupam society, Friends colony, Katol Road, Nagpur	440013	31 March 2023	0.20	CSR00040741	Society for Wildlife Conservation Education and Research	Plot No. 81, Yogendra Nagar, Behind Blue Diamond School, Police line Takali, Katol Road, Nagpur-440013, Maharashtra.
25	18 nos library solar systems and 14 solar street lights of total capacity of 7.65kW		31 March 2023	0.18			
	1) 1 Banariya Library, Village:1 no Banariya Chapori, PO: Ratanpur Gayon, District: Majuli, Assam	785110			-	Village Panchayat, Banariya	1 Banariya Library, Village 1 no. Banariya Chapori, PO: Ratanpur Gayon, District Majuli-785110, Assam.
	2) Alok Sandhani Granthagar, Kothomia Village - Kothomia, P.O- Bhakatiduar, P.S. - Jengeaimukh, District Majuli, Assam	785100			-	Village Panchayat, Kothomia	Alok Sandhani Granthagar, Kothomia Village Kothomia, P.O- Bhakatiduar, P.S - Jengeaimukh, District Majuli-785100, Assam.
	3) Chiram Deuri Library Village: Chiram Deori, PO: Mudoibil, District Majuli, Assam	785105			-	Village Panchayat, Chiram Deori	Chiram Deuri Library Village Chiram Deori, PO: Mudoibil, District Majuli-785105, Assam.
	4) Gosai Bari Library Village: Gosaibari, PO: Bhakati Duwar; District Majuli, Assam	785001			-	Village Panchayat, Gosai Bari	Gosai Bari Library Village Gosaibari, PO: Bhakati Duwar; District Majuli-785001, Assam.
	5) Kothalkhwa Library Kothalkhwa, PO: Ratanpur Gayon, District Majuli, Assam	785110			-	Village Panchayat, Kothalkhwa	Kothalkhwa Library Kothalkhwa, PO: Ratanpur Gayon, District Majuli-785110, Assam.
	6) Lachon Baligaon Library Village: Lachon Dhunaguri, PO: Sonowal Kachari, District Majuli, Assam	785110			-	Village Panchayat, Lachon Baligaon	Lachon Baligaon Library Village Lachon Dhunaguri, PO: Sonowal Kachari, District Majuli-785110, Assam.

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ crore)	Details of entity/Authority/beneficiary of the registered owner		
1	2	3	4	5	6		
				(Note 2)	CSR Registration Number, if applicable	Name	Registered address
	7) Moroliya Library Village: Morolia, PO:Kambong, Panigaon, Assam	787062			–	Village Panchayat, Moroliya	Moroliya Library Village Morolia, PO: Kambong, Panigaon, 787062, Assam.
	8) Ouguri Library Village: Morolia (Ouguri), PO: Kambong, Panigaon, Assam	787062			–	Village Panchayat, Ouguri	Ouguri Library Village Morolia (Ouguri), PO: Kambong, Panigaon - 787062, Assam.
	9) Sonapara Library Village: Sonapara, PO: Morituni, District Majuli Assam	785106			–	Village Panchayat, Sonapara	Sonapara Library Village Sonapara, PO: Morituni, District Majuli-785106, Assam.
	10) Namoni Jokaibuwa Village:- Namoni Jokaibuwa P.O:- Jokaibuwa P.S.- Garamur District- Majuli , Assam	785104			–	Village Panchayat, Namoni Jokaibuwa	Namoni Jokaibuwa Village Namoni Jokaibuwa PO: Jokaibuwa P.S.- Garamur District Majuli-785104, Assam.
	11) Garamur Balijaan Village: Balijaan, PO: Kambong, District Lakhimpur, Assam	787052			–	Village Panchayat, Balijaan	Garamur Balijaan Village Balijaan, PO: Kambong, District Lakhimpur-787052, Assam.
	12) Mudoibil Village- Mudoibill P.O.- Mudoibill District- Majuli P.S.- Jengraimukh, Assam	785105			–	Village Panchayat, Mudoibill	Mudoibil Village- Mudoibill PO: Mudoibill, District Majuli P.S.- Jengraimukh-785105, Assam.
	13) Azarguri, Village- Azarguri P.O.- Jokaibuwa P.S. Garamur District- Majuli, Assam	785104			–	Village Panchayat, Azarguri	Azarguri, Village - Azarguri P.O.- Jokaibuwa P.S. Garamur, District Majuli-785104, Assam.
	14) Mudoigaon, Village Mudoigaon, PO : Bongaon, District Majuli, Assam	785110			–	Village Panchayat, Mudoigaon	Mudoigaon, Village- Mudoigaon, PO: Bongaon, District Majuli-785110, Assam.
	15) Jamuoni Village, Jamuwani, PO: Karkichuk, PS : Jengraimukh, District: Majuli, Assam	785105			–	Village Panchayat, Jamuwani	Jamuoni Village - Jamuwani, PO: Karkichuk, P.S. Jengraimukh, District Majuli-785105, Assam.

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent (₹ crore)	Details of entity/Authority/beneficiary of the registered owner		
1	2	3	4	5	6		
				(Note 2)	CSR Registration Number, if applicable	Name	Registered address
	16) Dhodang Ujariati Village - Ujirati Gaon, District - Majuli, PO - Rowmara,PS - Dakhin Majuli, Assam	785614			–	Village Panchayat, Ujirati Gaon	Dhodang Ujariati Village - Ujirati Gaon, District - Majuli, PO - Rowmara, PS - Dakhin Majuli-785614, Assam.
	17) Jorbil Kathoniyati Village: Jorbil Kathoniati, PO : Rangachahi, PS : Garamur, Assam	785104			–	Village Panchayat, Jorbil Kathoniati	Jorbil Kathoniyati Village Jorbil Kathoniati, PO : Rangachahi, P.S. Garamur-785104, Assam.
	18) Malaya Chapori Village.- Malaya Chapori P.O.- Karati par Dist.- Majuli, Assam	785104			–	Village Panchayat, Malaya Chapori	Malaya Chapori Village.- Malaya Chapori PO- Karati par District Majuli-785104, Assam.
26	65 Solar street lights of total 3.9Kw capacity Bhagwati Nagar, Odhav, Ahmedabad, Gujarat	382430	31 March 2023	0.11	–	Bhagwati Nagar Slum Community Action Group	Bhagwati Nagar, Odhav, Ahmedabad-382430, Gujarat.
	Total			**46.92**			

Note 2: This amount represents the cumulative CSR spent on acquisition/creation of capital assets, until the date of completion. Of this, an amount of ₹ 34.65 crore has been spent in the current financial year.

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

Not Applicable

For Housing Development Finance Corporation Limited

Mr Keki M. Mistry
Vice Chairman & CEO

For CSR Committee

Mr Deepak S. Parekh
Chairman

Annex to Annual Report on CSR Activities – A

Executive Summary of Impact Assessment Reports – FY 2022-23

HDFC's CSR initiatives are undertaken primarily through its implementing agency H. T. Parekh Foundation ("Foundation"), a Section 25 (now Section 8) company incorporated in 2012 and direct partnerships with other implementing organisations. The key focus areas are Education, Healthcare, Environment and Supporting Persons with Disabilities (PwDs).

HDFC has appointed external agencies for undertaking 12 impact assessment studies as enumerated below, for completed CSR projects during FY 2022-23.

The detailed reports may be accessed at: https://www.hdfc.com/about-us/corporate-social-responsibility

I. EDUCATION

1.1 CSR Project: Library and Archives at Ashoka University

- **Impact Assessment agency:** Deloitte Touche Tohmastu India
- **Grant support:** ₹ 59.86 crore
- **Location:** Sonepat (Haryana)
- **Project Overview:** Since its establishment in 2011, Ashoka University has grown over the past decade into a multi-disciplinary university of choice for over 2,500 students. A three year grant was given to Ashoka University for the construction and set up of a world class Library space spread across 2 floors, covering an area of 30,000 square feet, with a seating capacity of 516 students. Additionally, an Archival section in the basement, occupying 15,228 square feet called the Archives of Contemporary India has also been supported. The Ashoka Library and Archives are housed within a marquee Library and Academic Building at the Ashoka University campus in Sonepat.

1.2 CSR Project: Foundational Learning: School Education Infrastructure Support

- **Impact Assessment agency:** Research Triangle Institute, India (RTI India)
- **Grant support:** ₹ 14.91 crore
- **Locations:** North district (Sikkim), Noney (Manipur), Ahmedabad (Gujarat), Kuppam (Andhra Pradesh) and Multiple districts across Himachal Pradesh, Tamil Nadu, West Bengal,
- **Project Overview:** Vibrant education spaces play a vital role in attracting and retaining students in schools. In partnership with 17000 ft Foundation, Sunbird Trust, Yuva Unstoppable, Water Sanitation and Hygiene Institute (WASHi) and Agastya International Foundation, this project has supported the upgradation of School & related infrastructure facilities, including libraries, playgrounds, digital labs and smart classes, toilet blocks, drinking water stations and dining / mid-day meal spaces, thus creating a safe, healthy and favourable learning environment for students.

1.3 CSR Project: Foundational Learning: Sampark Smart Shala

- **Impact Assessment agency:** Feedback Advisory Services Pvt. Ltd.
- **Grant support:** ₹ 11.27 crore
- **Location:** 8 districts (Jharkhand)
- **Project Overview:** Our partner Sampark Foundation partnered with the Government of Jharkhand and trained school teachers over five years to use innovative technology and customised teaching kits to effectively engage students in government primary schools in Jharkhand.

1.4 CSR Project: Odisha State-wide Vocational Education Project

- **Impact Assessment agency:** Deloitte Touche Tohmastu India
- **Grant support:** ₹ 3.20 crore
- **Location:** Multiple districts across Odisha
- **Project Overview:** Our partner Lend-A-Hand India (LAHI) set up a Project Management Unit (PMU) within the Odisha State Government Education department to systemically change the format of imparting vocational education (as part of mainstream education) in government schools of Odisha, over a period of three years.

II. HEALTHCARE

2.1 CSR Project: Supporting Health Infrastructure

- **Impact Assessment agency:** Research Triangle Institute India (RTI India)
- **Grant support:** ₹ 59.01 crore
- **Location:** Pan India
- **Project Overview:** Essential medical equipment aligned to national needs, was donated to government and charitable hospitals during the pandemic (ventilators, ambulances, PSA plants). Additionally, 7 high quality medical equipment for treatment of cancer and 108 dialysis units for chronic kidney ailments was provided to hospitals to improve healthcare service delivery at these locations.

2.2 CSR Project: Paediatric Surgeries & Treatments

- **Impact Assessment agency:** Social Audit Network India
- **Grant support:** ₹ 19.05 crore
- **Location:** Chennai & Coimbatore (Tamil Nadu), Delhi, Hyderabad & Secunderabad (Telangana), Bengaluru (Karnataka), Kochi (Kerala), Varanasi (Uttar Pradesh), Kolkata (West Bengal), Mumbai (Maharashtra), Guwahati (Assam).
- **Project Overview:** Quality and affordable healthcare was provided to 1,400+ underprivileged children across India facing life threatening illnesses like cancer and congenital heart disease. The surgeries and treatments were performed at hospitals such as Tata Memorial and Narayana Health, and in partnership with Genesis Foundation and Aishwarya Trust across multiple cities.

2.3 CSR Project: Eyecare Project for Avoidable Blindness

- **Impact Assessment agency:** Social Audit Network India
- **Grant support:** ₹ 11.25 crore
- **Location:** Mastichak (Bihar), Kolkata (West Bengal), Chennai (Tamil Nadu), Delhi
- **Project Overview:** Approximately 18,000 cataract and complex eye surgeries were performed for the underprivileged to address avoidable blindness and improve quality of life, in partnership with Yugrishi Shriram Sharma Acharya Charitable Trust (Akhand Jyoti hospital), Medical Research Foundation (Sankara Nethralaya hospital) and Dr Shroff's Charity Eye Hospital.

III. ENVIRONMENT

3.1 CSR Project: Sanitation and Waste Management Infrastructure

- **Impact Assessment agency:** Hashtag PerCapita Pvt. Ltd
- **Grant support:** ₹ 10.99 crore
- **Location:** Tiruchirappalli (Tamil Nadu), Delhi, Hyderabad (Telangana), Satara (Maharashtra)
- **Project Overview:** Two Faecal Sludge Treatment plants (FSTP) of 40 & 30 kilolitres per day were set up by Administrative Staff College of India (ASCI) in Hyderabad and by CEPT Research & Development Foundation in Satara, in partnership with the urban local bodies. Additionally, 195 public and community toilets were refurbished in Tiruchirappalli city through our partner Gramalaya and 5 new public toilets around Delhi Metro stations were constructed by Sulabh International.

3.2 CSR Project: Solar Energy Project

- **Impact Assessment agency:** Devinsights Pvt Ltd
- **Grant support:** ₹ 6.57 crore
- **Location:** Pune, Mumbai, Badlapur (Maharashtra), Raichur, Yadgir, Koppal, Haveri (Karnataka), Sambalpur (Odisha)
- **Project Overview:** Rooftop Solar systems totalling 200+ kW capacity were installed in Jai Vakeel Foundation for Special Needs Children, Adhar Special Needs Home and Maharashtra Police Wireless Training Centre by Centre for Environmental Research & Education. 200 primary health centres and community health centres in Karnataka and 35 in Odisha were equipped with solar water pumps and solar water heaters in partnership with Selco Foundation.

IV. PERSONS WITH DISABILITIES

4.1 CSR Project: Special Education & Healthcare services for PwD

- **Impact Assessment agency:** Dr Gunawathy Fernandez
- **Grant support:** ₹ 6.07 crore
- **Location:** Dehradun (Uttarakhand), Mumbai (Maharashtra), Bengaluru (Karnataka)
- **Project Overview:** Special education for children with disabilities was supported at the Early Intervention Centre of Latika Roy Foundation in Dehradun, the Jai Vakeel School in Mumbai and the Shradhanjali Integrated School in Bengaluru. Additionally, Ummeed trained 700+ professionals and caregivers through structured training programs to improve the quality of their services for children with disabilities.

4.2 CSR Project: Skilling for Youth with Disabilities

- **Impact Assessment agency:** Dr Gunawathy Fernandez
- **Grant support:** ₹ 1.97 crore
- **Location:** Coimbatore (Tamil Nadu), Pune (Maharashtra), Guwahati (Assam)
- **Project Overview:** Youth with disabilities were trained by Youth4Jobs Foundation at Coimbatore, Pune and Guwahati training centres to make them job ready and financially independent. They were subsequently placed in corporate sector jobs across service and manufacturing industries.

V. OTHER SECTORS

5.1 CSR Project: Public Area Improvement of Dhal Ni Pol

- **Impact Assessment agency:** CityCollab Private Limited
- **Grant support:** ₹ 1.25 crore
- **Location:** Ahmedabad (Gujarat)
- **Project Overview:** Gujarat Mahila Housing SEWA Trust (MHT) led the community mobilisation and development in the historic precinct of Dhal ni Pol in Ahmedabad city and upgraded the common infrastructure and heritage precincts along a stretch of 250 metres. The project was designed as a pilot to serve as a model for other heritage improvements in the city of Ahmedabad.

Annex to Directors' Report - 4

FORM NO. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

*[**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, 2023 (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 expressing our opinion thereon.

Based on our verification of the Corporation's books, papers, minute books, forms and returns filed, as also the soft copies of documents 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 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 during the Audit Period, according 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) Scale Based Regulation: A revised regulatory framework for NBFCs issued by the Reserve Bank of India (RBI);

(vi) The following Regulations and Guidelines 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;

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

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

    (f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

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

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

(vii) Other laws/Directions/Guidelines specifically applicable to the Corporation are:

(a) National Housing Bank Act, 1987 read with relevant guidelines, circulars, notifications, directions issued by National Housing Bank (NHB);

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

(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; and

(g) RBI Commercial Paper Directions, 2017 with reference to . issuance of commercial papers and applicable operating guidelines issued by FIMMDA (Fixed Income Money Market and Derivatives Association of India).

We have also examined compliance with the applicable clauses of the Secretarial Standards on board meetings, general meetings issued by The Institute of Company Secretaries of India (ICSI) and notified by the Central Govt under Section 118(10) of the Act. The Corporation has also voluntarily complied with the requirements of Secretarial Standard 3 relating to Dividend issued by the ICSI.

During the audit period, the Corporation has complied with the provisions of the Acts, Rules, Regulations and Bye-laws as mentioned above.

The RBI has, by its order dated March 13, 2023, has imposed a monetary penalty of ₹ 5 lakh (Rupees Five lakh only) on the Corporation for non-compliance with certain provisions of 'the Housing Finance Companies (NHB) Directions, 2010' issued by the NHB read with the press release dated August 13, 2019 issued by RBI on 'Transfer of Regulation of Housing Finance Companies (HFCs) to Reserve Bank of India'. This penalty has been imposed in exercise of powers vested in RBI under the provisions of clause (b) of sub-section (1) of Section 52A read with clause (aa) of sub-section (3) of Section 49 of the National Housing Bank Act, 1987. The Corporation has paid the said penalty on March 29, 2023.

Apart from the above, the Corporation has not received any show cause notice from any other regulatory authorities.

During the audit period, 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 a proper balance of Executive Directors, Non-Executive Directors and Independent Directors as on 31st March 2023 as under:

I. Three Executive Directors including one woman director;

II. Five Non-Executive Independent Directors including one woman Non-Executive Independent Director; and

III. Two Non-Executive Non-Independent Directors.

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

I. Mr. Deepak S. Parekh (DIN:00009078) was re-appointed as Non-Executive Director of the Corporation, liable to retire by rotation, by the Members of the Corporation at the 45th AGM held on 30th June 2022;

II. Ms. Renu Sud Karnad (DIN:00008064) was re-appointed as the Managing Director of the Corporation, liable to retire by rotation, by the Members of the Corporation at the 45th AGM held on 30th June 2022 for a period of two years with effect from September, 3, 2022 on the terms and conditions as set out in the Statement pursuant to Section 102 (1) of the Act, which has been annexed to the notice for the AGM; and

III. Mr. V. Srinivasa Rangan (DIN:00030248) was re-appointed as the Director of the Corporation, liable to retire by rotation, by the Members of the Corporation at the 45th AGM held on 30th June 2022. He is also holding the position of Chief Financial Officer of the Corporation.

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 at least 7 (seven) days in advance except in respect of one meeting of the Audit and Governance Committee and Board of Directors, for which consent of directors for holding the meetings at shorter notice was obtained.

A proper system exists for seeking and obtaining further information and clarifications on the agenda items before the meetings and to ensure meaningful participation of the Directors 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 in respect of any matter transacted at meetings of the Board held during the audit period as appears from the examination of the minutes of such meetings provided to us during the course of our audit.

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 the 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 2,15,27,112 equity shares of ₹ 2/- each fully paid-up under its existing Employee Stock Option Schemes and 600 equity shares of ₹ 2/- each fully paid-up pursuant to conversion of 600 warrants issued by the Corporation.
2. The Board of Directors of the Corporation at its meeting held on April 4, 2022, after considering the respective recommendations and reports of the Audit and Governance Committee of Directors and the Committee of Independent Directors, *inter alia* approved a composite scheme of amalgamation (“Scheme”) for the amalgamation of: (i) HDFC Investments Limited (“HDFC Investments”) and HDFC Holdings Limited (“HDFC Holdings”), wholly-owned subsidiaries of the Corporation, with and into the Corporation and (ii) the Corporation with and into HDFC Bank Limited (“HDFC Bank”), under Sections 230 to 232 of the Companies Act, 2013, the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other rules and regulations framed thereunder subject to receipt of approvals from the concerned authorities. During the Audit Period, the Corporation, HDFC Investments, HDFC Holdings and HDFC Bank have filed relevant applications with the concerned authorities seeking their approval on the Scheme.

Subsequent to the above, the Corporation has received the approvals from BSE Limited, National Stock Exchange of India Limited, Pension Fund Regulatory and Development Authority, National Housing Bank, the Competition Commission of India and the shareholders of the Corporation. In addition, HDFC Bank has received ‘no-objection’ for the Scheme from the RBI.

The subsidiaries and associate companies of the Corporation have submitted necessary intimations/ applications seeking necessary approvals from their respective regulators for the change in control/ transfer of shares from the Corporation to HDFC Bank as applicable in terms of the Scheme. Certain subsidiaries and associate companies of the Corporation have received approvals towards change in control/transfer of shares from the Corporation to HDFC Bank.

The National Company Law Tribunal (NCLT) on March 17, 2023 has passed an order sanctioning the Scheme for the amalgamation of (i) HDFC Investments and HDFC Holdings with and into the Corporation; and (ii) the Corporation with and into HDFC Bank with a direction to file a copy of the NCLT order along with a copy of the Scheme with the Registrar of Companies, Mumbai within 30 days from the receipt of the certified copy of the order, with a liberty to apply to NCLT for any directions that may be necessary, including for an extension of the above period.

The Corporation has vide an application dated April 12, 2023 sought from NCLT an extension of 90 days from receipt of the certified copy of the said Order (i.e. from April 27, 2023), to file a certified copy of the said Order along with the certified copy of the Scheme with the concerned Registrar of Companies.

3. The Corporation has allotted during the audit period Secured Redeemable Non-Convertible Debentures on private placement under different series in tranches for an aggregate value amounting to ₹ 78,415.20 crore which have been listed on the Stock Exchanges.

4. The Corporation has issued during the audit period commercial papers in tranches amounting to ₹ 95,605 crore which were listed on the Stock Exchanges and has redeemed commercial papers aggregating ₹ 82,035 crore as at the end of the financial year.

5. Pursuant to the approval granted by the Board of Directors, the Corporation has invested an amount aggregating to ₹ 2,000 crore in HDFC Life Insurance Company Limited, an associate company of the Corporation.

6. The Securities and Exchange Board of India on May 31, 2022 has approved the Corporation's application for surrender of its registration as Category II Share Transfer Agent and accordingly the Corporation's SEBI registration number INR000003159 stands canceled. The Corporation has appointed Link Intime India Private Limited as its Registrar and Share Transfer Agent with effect from April 1, 2022.

7. Due approval of the Audit Committee and the Board of the Corporation have been obtained in respect of related party transactions entered into by the Corporation during the audit period.

8. During the audit period, the Corporation completed sale of 2,35,019 equity shares of ₹ 10 each of HDFC Capital Advisors Limited ("HDFC Capital"), a subsidiary of the Corporation representing 10% of its fully diluted paid-up share capital, to a wholly-owned subsidiary of Abu Dhabi Investment Authority at a price of ₹ 7,841.49 per equity share, aggregating to ₹ 184.29 crore. Pursuant to the said sale, HDFC Capital has ceased to be a wholly-owned subsidiary of the Corporation. However, it continues to be a subsidiary of the Corporation.

9. During the audit period, the Corporation had acquired 1,38,664 equity shares of ₹ 10 each of HDFC Capital, representing 6.49% of the paid-up share capital of HDFC Capital, from some of its employees. The said shares that have been acquired from the employees, were allotted to them pursuant to exercise of stock options. Post the said acquisition, the Corporation holds 19,01,305 equity shares of ₹ 10 each of HDFC Capital representing 88.99% of its paid-up share capital.

10. The Corporation has conducted postal ballot vide Notice dated 27th March 2023, for increasing the borrowing limit of the Board of Directors. The e-voting commenced from 30th March, 2023 and would end on 28th April, 2023. The results will be announced by the Corporation by 29th April, 2023.

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

Kalidas Ramaswami
Partner
FCS No.: 2440
CP No.: 22856
UDIN:F002440E000172885

MUMBAI
April 24, 2023

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 the even date for the financial year ended March 31, 2023 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 by us 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 correct facts as reflected in secretarial and other records produced to us. 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 during the audit period.

6. The Secretarial Audit Report for the above period 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:F002440E000172885

MUMBAI
April 24, 2023

Annex to Directors' Report - 5

SECRETARIAL COMPLIANCE REPORT

SECRETARIAL COMPLIANCE REPORT OF HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED FOR THE YEAR ENDED MARCH 31, 2023

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 at BNP & Associates, Secretarial Auditors of the Corporation have examined:

(a) all the relevant documents and records made available to us through virtual data room/physically and explanations provided by Housing Development Finance Corporation Limited ("the listed entity"/"Corporation"),

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

(c) website of the listed entity,

(d) any other document/filing, as may be relevant, which has been relied upon to make this certification, for the year ended 31st March 2023 ("Review Period") in respect of the compliance with the provisions of:

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

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

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:

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

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

(c) the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(d) the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

(e) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;*

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

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

(h) the Securities and Exchange Board of India (Intermediaries) Regulations, 2008.

*Note *The Corporation has submitted the Compliance Certificate to Stock Exchanges with regard to maintenance of a Structured Digital Database pursuant to Regulations 3(5) and 3(6) of SEBI (Prohibition of Insider Trading) Regulations, 2015 for the quarters ended on 30th September, 2022 and 31st December, 2022. Further, we confirm that the Corporation was required to capture one (01) event during the quarter ended 31st March, 2023 and it has accordingly captured the said required event.*

and the circulars/guidelines issued thereunder; and based on the above examination, we hereby report that, during the review period:

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

(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 and no material subsidiaries. No actions have been taken against the listed entity, its directors 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.

(e) The listed entity has complied with the clauses 6(A) and 6(B) as mentioned in SEBI Circular No. CIR/CFD/ CMD1/114/2019 dated October 18, 2019 with regard to the Resignation of Statutory Auditors –There has been no resignation of Statutory Auditors in the FY 2022-23.

As per NSE Circulars NSE/CML/2023/21 dated 16th March, 2023 & NSE/CML/2023/30 dated 10th April, 2023 and BSE Circulars 20230316-14 dated 16th March, 2023 and 20230410-41 dated 10th April, 2023, we confirm the following -

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations/Remarks by PCS
1.	<u>Secretarial Standard:</u> The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI).	Yes	The Corporation has complied with the requirements of Secretarial Standard 1 and Secretarial Standard 2 respectively in respect of meetings of the Board and its Committees and General meetings of Members as notified by the Central Govt under Section 118(10) of the Companies Act, 2013. Further, it has complied voluntarily with the requirements of Secretarial Standard 3 relating to dividend.
2.	<u>Adoption and timely updation of the Policies:</u> • All applicable policies under SEBI Regulations are adopted with the due approval of Board of Directors of the listed entity • All the policies are in conformity with SEBI Regulations and has been reviewed and timely updated as per the regulations/circulars/ guidelines issued by SEBI	Yes	None

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations/Remarks by PCS
3.	Maintenance and disclosure on Website: • The Listed Entity is maintaining a functional website • Timely dissemination of the documents/ information under a separate section on the website • Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re-directs to the relevant document(s)/ section of the website	Yes	None
4.	Disqualification of Director: None of the Directors of the Company are disqualified under Section 164 of the Companies Act, 2013	Yes	The Listed Entity has provided the required confirmation on the same and reliance has been placed on the same.
5.	To examine details related to Subsidiaries of listed entities (a) Identification of material subsidiary companies (b) Requirements with respect to disclosure of material as well as other subsidiaries	Yes	None
6.	Preservation of Documents: The Listed Entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015	Yes	None
7.	Performance Evaluation: The Listed Entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations	Yes	None
8.	Related Party Transactions: (a) The Listed Entity has obtained prior approval of Audit Committee for all Related party transactions (b) In case no prior approval obtained, the listed entity shall provide detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit Committee	Yes	None

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations/Remarks by PCS
9.	<u>Disclosure of events or information:</u> The Listed Entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	None
10.	<u>Prohibition of Insider Trading:</u> The Listed Entity is in compliance with Regulation 3(5) & 3(6) of SEBI (Prohibition of Insider Trading) Regulations, 2015	Yes	None
11.	<u>Actions taken by SEBI or Stock Exchange(s), if any:</u> No Actions taken against the listed entity/its promoters/directors/subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/guidelines issued thereunder	NA	No actions were taken by SEBI or by Stock Exchanges during the Review Period including under the Standard Operating Procedures issued by SEBI through various circulars.
12.	<u>Additional Non-compliances, if any:</u> No any additional non-compliance observed for all SEBI regulation/circular/guidance note etc.	NA	No non-compliance has been observed during the Review Period in respect of all SEBI Regulations, circulars, guidance notes etc.

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

Kalidas Ramaswami
Partner
FCS: 2440
CP No. 22856
UDIN: F002440E000172907

Mumbai
24th April, 2023

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 Director 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, 2023 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
PR No.: 700/2020

Bhaskar Upadhyay
Partner
FCS: 8663
CP No.: 9625
UDIN: F008663E000177139

MUMBAI
April 24, 2023

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, 2023, 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: F000761E000189191

MUMBAI
April 25, 2023

Report of the Directors on Corporate Governance

The global environment is in a constant state of flux. Ongoing geo-political tensions, economic distress, the cost-of-living crisis, market turbulence and climate change related concerns, amongst others have a direct impact on the corporate governance landscape. Responding to evolving circumstances and building resilience have emerged as key priorities for corporate boards.

Today, boards need to be fully engaged and act as catalysts of change in order to preserve corporate resilience. 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.

Periodic regulatory interventions, effective monitoring mechanisms and increased investor oversight has helped strengthen governance ecosystems in India.

Companies that focus on the long-term strategy are those that have managed to seamlessly integrate environmental, social and governance (ESG) 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 helps to provide a more holistic perspective about a company.

Corporate Governance Philosophy

HDFC was established in 1977 with the core objective of increasing home ownership in the country. The Corporation since inception, has imbibed the principles of kindness, fairness, efficiency and effectiveness in all spheres of activity undertaken by the Corporation.

The Corporation strives to adopt policies and practices that meet the highest ethical standards. Commitment to good governance has a distinctive competitive advantage, enhances trust and creates long-term sustainability.

The Corporation has been guided by the belief that the strong relationship between culture and strategy will consistently produce improved financial performance, better employee engagement, ethical behaviour and stakeholder satisfaction. This mindset has held the Corporation in good stead over the past 46 years.

The Corporation was felicitated under the ‘Leadership’ category in the Corporate Governance Score Card, 2022 under a joint initiative by IFC-IiAS-BSE for the fifth consecutive year. The Corporation was conferred the ‘Golden Peacock Award for Excellence in Corporate Governance’ for the year 2022 by the Institute of Directors. The Corporation featured in the ‘Leadership’ category for ESG in the CRISIL Sustainability Yearbook, 2022.

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.

Ongoing Scheme of Amalgamation

On April 4, 2022, the board of directors approved a composite scheme of amalgamation for the amalgamation of (i) HDFC Investments Limited (HDFC Investments) and HDFC Holdings Limited (HDFC Holdings), wholly-owned subsidiaries of the Corporation, with and into the Corporation and (ii) the Corporation with and into HDFC Bank Limited (HDFC Bank), subject to the receipt of various approvals as applicable, details of which have been elucidated in the Directors’ Report.

There have been certain changes in the composition of the board and its board committees. The backdrop of the impending amalgamation needs to be considered whilst assessing these changes.

Board of Directors

Composition

The Board of Directors comprises 8 members. There are 5 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 5 non-executive directors, 3 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 including 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)	78	Non-Executive Non-Independent	3	2	5	1	–
2	Dr. Bhaskar Ghosh	63	Independent	2	–	2	1	–
3	Ms. Ireena Vittal	54	Independent	1	2	3	3	1
4	Mr. Rajesh Narain Gupta	58	Independent	2	–	2	2	2
5	Mr. P. R. Ramesh	68	Non-Executive Non-Independent	1	8	9	4	3
6	Mr. V. Srinivasa Rangan (Executive Director)	63	Whole-Time	5	3	8	6	–
7	Ms. Renu Sud Karnad (Managing Director)	70	Whole-Time	5	2	7	3	3
8	Mr. Keki M. Mistry (Vice Chairman & CEO)	68	Whole-Time	4	2	6	6	2

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

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

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

Change in Board Composition

The changes in the board composition as of the date of this report are as under:

Sr. No.	Name of Director	Nature of Change	Effective Date	Terms
1.	Mr. U. K. Sinha	Completion of tenure as an independent director	April 29, 2023	–
2.	Mr. Jalaj Dani	Completion of tenure as an independent director	April 29, 2023	–

Mr. U. K. Sinha and Mr. Jalaj Dani ceased to be directors of the Corporation on April 29, 2023 on completion of their respective tenures. 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.

Mr. P. R. Ramesh was the Chairman of Messrs Deloitte Haskins & Sells LLP (Deloitte) up to March 31, 2020. Deloitte are the statutory auditors of a subsidiary of the Corporation and accordingly as per provisions of the Companies Act, 2013 and the Listing Regulations, Mr. Ramesh was 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. Mr. Ramesh continues as a non-executive non-independent director of the Corporation.

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

Board Expertise and Attributes

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

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

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

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

Skill Areas	Mr. Deepak S. Parekh	Dr. 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 experiences	✓		✓	✓				✓

Role of Independent Directors

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

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

Mr. U. K. Sinha was the lead independent director of the Corporation.

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 retail lending operations of the Corporation. She also oversees the functions of human resources, communications, brand strategy and business transformation strategy.

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.

During the year, Ms. Renu Sud Karnad and Mr. V. Srinivasa Rangan were a part of the Integration Committee set up by the Corporation and HDFC Bank to work towards seamless integration of the impending amalgamation.

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.

The terms and conditions of appointment of independent 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 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 from time to time 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. Video-conference (VC) facility is also provided in case any director is unable to attend the meeting physically but wishes to participate through VC in the meetings.

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, periodic updates regarding the ongoing amalgamation with HDFC Bank, 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 required to be taken by the management as suggested by the board and the same is updated to the board at its subsequent meetings or earlier if necessary.

During the year under review, the board met seven times. The meetings were held on April 4, 2022, May 2, 2022, July 29, 2022, September 14, 2022, November 3, 2022, February 2, 2023 and March 27, 2023. 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 45th Annual General Meeting (AGM) held on June 30, 2022, along with the sitting fees paid to them are listed below:

Directors	Board meetings				Attendance at the 45th AGM
	Number of meetings held	Number of meetings attended	% of meetings attended	Sitting fees paid (₹)	
Mr. Deepak S. Parekh (Chairman)	7	7	100%	7,00,000	Yes
Mr. U. K. Sinha	7	7	100%	7,00,000	Yes
Mr. Jalaj Dani	7	6	85.7%	6,00,000	Yes
Dr. Bhaskar Ghosh	7	7	100%	7,00,000	Yes
Ms. Ireena Vittal	7	7	100%	7,00,000	Yes
Mr. Rajesh Narain Gupta	7	7	100%	7,00,000	Yes
Mr. P. R. Ramesh	7	7	100%	7,00,000	Yes
Mr. V. Srinivasa Rangan (Executive Director)	7	7	100%	—	Yes
Ms. Renu Sud Karnad (Managing Director)	7	7	100%	—	Yes
Mr. Keki M. Mistry (Vice Chairman & CEO)	7	7	100%	—	Yes

Leave of absence was granted to the concerned director who could not attend the concerned board meeting.

The board met on May 4, 2023 to *inter alia* approve the audited annual financial results of the Corporation and the audited consolidated financial results for the year ended March 31, 2023.

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 (RBI) 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
Dr. Bhaskar Ghosh	M	M		C	C	
Ms. Ireena Vittal	M	C	C			M
Mr. Rajesh Narain Gupta	C	M	M			
Mr. V. Srinivasa Rangan			M	M		M
Ms. Renu Sud Karnad				M	M	M
Mr. Keki M. Mistry				M		M

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

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

On account of cessation of directorships of Mr. U. K. Sinha and Mr. Jalaj Dani with effect from April 29, 2023, the following are the changes in the committees:

- *Mr. Rajesh Narain Gupta appointed as Chairman of Audit & Governance Committee.*
- *Ms. Ireena Vittal appointed as Chairperson; Dr. Bhaskar Ghosh and Mr. Rajesh Narain Gupta appointed as members of the Nomination & Remuneration Committee.*
- *Ms. Ireena Vittal appointed as member of the Corporate Social Responsibility Committee.*

Audit and Governance Committee

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

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

The 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, review of information system audit reports, appointment/ re-appointment of joint statutory auditors and fixing their remuneration, 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 of the Corporation.

The joint statutory 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.

During the year, the Corporation adopted a Risk-Based Internal Audit Policy in line with the guidelines issued by the RBI. Mr. Arjun Gupta – Senior General Manager, is the head of the internal audit function of the Corporation. The head of internal audit meets the members of the Audit and Governance Committee separately, without the presence of the senior management, on a quarterly basis.

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 risk based internal audit.

During the year under review, the committee met six times. The meetings were held on April 4, 2022, May 2, 2022, July 29, 2022, November 3, 2022, February 2, 2023 and March 30, 2023.

Mr. Jalaj Dani being the then chairman of the Committee was present at the 45th AGM to answer shareholder queries. The joint statutory auditors 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. Rajesh Narain Gupta (Chairman)[1]	6	6	100%	6,00,000
Mr. Jalaj Dani[2]	6	6	100%	6,00,000
Dr. Bhaskar Ghosh	6	6	100%	6,00,000
Ms. Ireena Vittal	6	6	100%	6,00,000

[1] *Appointed as chairman of the committee w.e.f. April 30, 2023.*

[2] *Ceased to be the member of the committee w.e.f. April 29, 2023.*

The committee met on May 4, 2023 to *inter alia* review the audited annual financial results of the Corporation and the audited consolidated financial results for the year ended March 31, 2023 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 Ms. Ireena Vittal (Chairperson), Dr. Bhaskar Ghosh and Mr. Rajesh Narain Gupta.

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.

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 May 2, 2022, July 29, 2022, October 7, 2022 and March 27, 2023.

Mr. U. K. Sinha being the then chairman of the committee was present at the 45th 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[1]	Number of meetings attended	% of attendance	Sitting fees paid (₹)
Ms. Ireena Vittal (Chairperson)[2]	4	4	100%	4,00,000
Mr. U. K. Sinha[3]	4	4	100%	4,00,000
Mr. Jalaj Dani[3]	4	4	100%	4,00,000
Mr. Deepak S. Parekh[4]	1	1	100%	1,00,000
Dr. Bhaskar Ghosh[5]	—	—	—	—
Mr. Rajesh Narain Gupta[5]	—	—	—	—

[1] *The maximum number of meetings that a director was eligible to attend.*

[2] *Appointed as chairperson of the committee w.e.f. April 30, 2023.*

[3] *Ceased to be members of the committee w.e.f. April 29, 2023.*

[4] *Ceased to be a member of the committee w.e.f. May 2, 2022.*

[5] *Appointed as members of the committee w.e.f. April 30, 2023.*

Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises majority of independent directors. The members of the Committee are Ms. Ireena Vittal (Chairperson), 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 and monitoring activities undertaken by Link Intime India Private Limited, Registrar and Share Transfer Agent of the Corporation.

During the year under review, the committee met four times. The meetings were held on April 27, 2022, July 29, 2022, November 3, 2022 and February 2, 2023. The chairperson of the committee was present at the 45th 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[1]	Number of meetings attended	% of attendance	Sitting fees paid (₹)
Ms. Ireena Vittal (Chairperson)[2]	3	3	100%	3,00,000
Mr. Jalaj Dani[3]	4	4	100%	4,00,000
Mr. Rajesh Narain Gupta	4	4	100%	4,00,000
Mr. V. Srinivasa Rangan	4	4	100%	—

[1] *The maximum number of meetings that a director was eligible to attend.*

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

[3] *Ceased to be a member of the committee w.e.f. April 29, 2023.*

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.

During the year, the Corporation has adopted the Risk Based Internal Audit Policy in line with the guidelines issued by RBI. The said policy outlines the additional role and responsibilities entrusted on the Risk Management Function of the Corporation.

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

During the year, the Corporation also adopted Internal Capital Adequacy Assessment Policy in line with the guidelines issued by RBI on Scale Based Regulation for Non-Banking Financial Companies (NBFCs). The said policy sets out the principles, guidelines and key roles and responsibilities of the Board of Directors, Risk Management Committee and senior management in relation to Internal Capital Adequacy Assessment Process and stress testing in the Corporation.

During the year, the RMC also evaluated and monitored technological system and cyber security risks, ESG, 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 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 and complying with various statutory directions. In light of the impending amalgamation, integration risks from a people, process, policy and execution perspective were also evaluated. Periodic risk evaluation was 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 September 6, 2022, October 28, 2022 and February 24, 2023. 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. 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%	–

[1] *Member of Executive Management.*

Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) committee comprises Mr. Deepak S. Parekh (Chairman), Ms. Ireena Vittal, 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 2, 2022, November 3, 2022 and March 27, 2023. 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 one independent director, a whole-time director and few senior officials of the Corporation. The committee is chaired by Dr. Bhaskar Ghosh.

Mr. Abhijit Singh – Member of Executive Management is the Chief Information and Technology Officer of the Corporation.

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

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 twice. The meetings were held on September 7, 2022 and February 16, 2023. 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 27, 2023. Mr. U. K. Sinha chaired the said 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.

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.

The board noted that the Corporation would be amalgamated with HDFC Bank shortly and would cease to exist thereafter and accordingly, the non-executive directors would not be entitled to any commission for the part of the financial year 2023-24 during which they would be associated with the Corporation as directors.

The Nomination and Remuneration Committee at its meeting held on March 27, 2023 appreciated the critical role played by Mr. Deepak S. Parekh, Chairman on guiding the ongoing amalgamation with HDFC Bank and approved an increase in the commission payable to him from ₹ 3.30 crore to ₹ 5.42 crore for FY23. The Board of Directors at its meeting held on March 27, 2023, approved an increase in the commission payable to the non-executive directors (except the Chairman) from ₹ 60 lac to ₹ 75 lac for FY23.

Details of remuneration to the non-executive directors for FY23 is as under:

Directors	Fees for attending board/ committee meetings (₹)	Commission payable (₹)	Total Amount (₹)	Number of shares held as at March 31, 2023
Mr. Deepak S. Parekh	8,00,000	5,42,00,000	5,50,00,000	19,20,000
Mr. U. K. Sinha	13,00,000	75,00,000	88,00,000	–
Mr. Jalaj Dani	24,00,000	75,00,000	99,00,000	–
Dr. Bhaskar Ghosh	20,00,000	75,00,000	95,00,000	20,000
Ms. Ireena Vittal	22,00,000	75,00,000	97,00,000	10,000
Mr. Rajesh Narain Gupta	19,00,000	75,00,000	94,00,000	–
Mr. P. R. Ramesh	7,00,000	75,00,000	82,00,000	–

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 FY23 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	7,69,05,514	6,61,29,942	4,96,04,531
Value of perquisites, other benefits, allowances & retirement benefits*	1,39,23,609	1,15,06,058	86,11,785
Commission payable	11,74,50,000	10,68,00,000	8,23,50,000
Gross Remuneration	**20,82,79,123**	**18,44,36,000**	**14,05,66,316**
Number of Stock Options granted during the year	1,616	1,616	1,616
Number of shares held as on March 31, 2023	10,73,314	32,91,900	7,02,725

**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 and certain post-retirement benefits paid during the year. 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 ₹ 9.15 crore has been charged to the Statement of Profit and Loss for FY23 with a corresponding credit to the reserves.*

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.

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

Based on some of the discussions of the evaluation process carried out in the previous year, a critical focus area was the long-term strategy and future prospects of the Corporation. Part of the outcome of some of these discussions led to the decision to announce the Scheme of Amalgamation.

In addition, at a board meeting held during the year, a presentation on the digital transformation in various processes of the Corporation was made. The board noted that the observation pertaining to usage of technology had been addressed.

During the year, the evaluation of the performance of the board as a whole, its committees and the performance of directors was conducted internally through an online module. Mr. U. K. Sinha, the then 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 and there were no actionables arising out of the same. As part of the evaluation exercise, the directors commended the exemplary performance of the Chairman as well as the whole-time directors during the year.

Succession Planning

The Corporation believes that sound succession plans for the senior leadership is very important. 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 5 investor complaints and all the complaints were resolved to the satisfaction of the shareholders. There were no investor complaints pending as at March 31, 2023.

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.

Financial Conglomerate

HDFC Group is one of the largest financial conglomerates in the country. The Corporation is the designated entity of the HDFC financial conglomerate which compiles reports/ financial information received from other group companies and submits the same to RBI on a quarterly basis. In order to provide an inter-regulatory forum, RBI annually invites the senior management of the Corporation along with senior personnel of the key group entities to discuss various inter-regulatory matters. The Corporation has also adopted a group-wide oversight policy to provide for a monitoring mechanism to enable the Corporation to have oversight on the activities of the companies forming part of HDFC financial conglomerate.

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, 2023, there is no material subsidiary of the Corporation and hence disclosures required to be made in terms of the Listing Regulations with regard to material subsidiary are not applicable. 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. In accordance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Corporation has maintained a structured digital database of persons or entities with whom the Unpublished Price Sensitive Information is shared. On a quarterly basis, the Corporation obtains a Compliance Certificate from a practicing company secretary confirming maintenance of the said structured digital database and submits the same to stock exchanges.

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. Pursuant to applicability of certain amendments to Listing Regulations with effect from April 1, 2023, amongst other changes, 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.

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, 11 complaints were received under the whistle blower mechanism of the Corporation, of which 3 were relating to a group company. The Whistle Blower Complaints Committee reviewed the complaints relating to the Corporation and ascertained that 4 qualified as complaints under the whistle blower mechanism. The complainants were adequately responded to and accordingly, as at March 31, 2023, no complaints were 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 7,77,676 shareholders as at March 31, 2023. 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 accordance with the circulars issued by the Ministry of Corporate Affairs, the shareholder meetings were held through a two-way video conference, which enabled shareholders of the Corporation to participate at the meetings, 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
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
2022	45th AGM	Via audio-visual means	June 30, 2022	2:00 p.m.	3

Meeting convened by the Hon'ble National Company Law Tribunal, Mumbai Bench (NCLT)

The Hon'ble NCLT vide its order dated October 14, 2022, directed the Corporation to convene a meeting of its shareholders through two-way audio-visual means seeking their approval for the 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. Accordingly, a meeting of the shareholders of the Corporation was convened on November 25, 2022 wherein the Scheme was approved with requisite majority. All the queries of the shareholders in relation to the said amalgamation were addressed at the said meeting.

Postal Ballot

The members of the Corporation approved the following matter through postal ballot, by way of a special resolution, on April 28, 2023. 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.	Increase in the borrowing limits of the Board of Directors of the Corporation	82.10	98.40	1.60

Mr. Kalidas Ramaswami, Partner, Messrs BNP & Associates, 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, 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.

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 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 4, 2023

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	KEKI M. MISTRY
April 28, 2023	Vice Chairman & CEO

Management Discussion and Analysis Report

INTRODUCTION

Global Overview

During the year, the global economy continued to face shocks emanating from deepening geopolitical tensions, fragmented supply chains and rising inflationary pressures resulting in a cost-of-living crisis. Towards the end of the financial year in March 2023, increased headwinds stemmed from the banking turmoil in some advanced economies. This triggered concerns of potential risks of contagion, which in turn resulted in increased turbulence across global markets.

As per the International Monetary Fund (IMF), global headline inflation stood at 8.7% in 2022. To anchor spiraling inflation, major central banks across the world resorted to monetary policy tightening. In the current upward interest rate cycle, as of date, the US Federal Reserve had cumulatively raised interest rates by 500 basis points (bps), the Bank of England by 415 bps and the European Central Bank by 350 bps. The Reserve Bank of India (RBI) increased the policy repo rate by a relatively lower amount of 250 bps. Globally, the elevated consumer price inflation levels were well above the targeted inflation rates of most central banks.

As per the IMF's World Economic Outlook, global GDP growth for the calendar year 2022 was 3.4%, of which GDP of advanced economies was 2.7% and emerging markets and developing economies was 4.0%.

India Overview

The Indian economy staged a broad-based recovery from the pandemic induced slowdown. Despite global headwinds, domestic economic activity was resilient. Most high frequency indicators, including those that were impacted during the pandemic recorded positive growth.

As per the second advance estimates by the National Statistical Office (NSO), the Indian economy is estimated to grow by 7% in FY23. India has continued to be the fastest growing major economy.

The Consumer Price Index (CPI) inflation for FY23 remained at elevated levels for most parts of the year under review, aggravated by rising commodity prices and adverse supply shocks. In the month of March 2023, with lower food and fuel prices, the CPI eased to 5.7%, marking a 15-month low.

During the year, to anchor inflationary pressures, the RBI undertook a series of calibrated repo rate increases – 40 bps in May 2022, 50 bps each in June, August and September 2022, 35 bps in December 2022 and 25 bps in February 2023. In April 2023, the RBI kept the repo rate unchanged, but continued with its 'withdrawal of accommodation' policy stance.

As at March 31, 2023, year-on-year bank credit growth was robust at 15.0%, though deposits growth lagged at 9.6%.

Owing to global macro-economic risks and geo-political tensions, during the year, foreign portfolio investors were net sellers of equity to the tune of ₹ 40,413 crore. The Indian equity markets, however, were strongly supported by domestic institutional investors – largely mutual funds and insurance companies who were net buyers amounting to ₹ 2.5 lac crore.

Housing and Real Estate Markets

FY23 marked a year of sustained growth for the Indian real estate sector. Residential markets saw strong traction in both, new launches and sales across the metros, tier II and tier III cities. Despite rising costs of construction and labour, real estate prices at a pan-India level recorded modest increases, though certain pockets, particularly in the higher-end luxury segment saw sharper increases in prices during the year. The strong momentum in the residential market was also evident from the fact that across the top metro cities, the unsold inventory stood at the lowest level in the past five years.

Despite rising interest rates, the inherent demand for home loans continued on the back of rising disposable incomes, increased urbanisation and continued fiscal incentives. The demand for home loans was predominantly in the mid-income and premium segments.

India's net absorption of commercial office space during the year surpassed the five year pre-pandemic average rate. This showed the continued resilience in the India office space, despite certain companies opting for hybrid/flexible work models. In addition, demand for commercial space is arising from logistics, warehousing, data centres, hospitality, lab spaces, amongst others.

MATERIAL DEVELOPMENTS

Ongoing Scheme of Amalgamation

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 wholly 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, regulations and approvals.

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 every 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.

During the year, the Corporation received various no-objection/approval letters regarding the Scheme from RBI, Securities and Exchange Board of India (SEBI), Competition Commission of India, Pension Fund Regulatory and Development Authority, National Housing Bank (NHB) and the stock exchanges. Further, during the year, the Scheme was approved by the shareholders of the Corporation. On March 17, 2023, the Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench approved the Scheme.

As of date, certain approvals are awaited from regulators pertaining to a few subsidiary/associate companies of the Corporation in respect of change in control/transfer of shares to HDFC Bank. The Scheme shall become effective upon receipt of all such requisite approvals, fulfilment of conditions prescribed therein and upon filing of the certified copy of the NCLT order with the Registrar of Companies, Mumbai (ROC) by all the companies involved in the Scheme.

Upon the Scheme coming into effect, HDFC Investments Limited, HDFC Holdings Limited and the Corporation would be dissolved without being wound up.

KEY REGULATORY HIGHLIGHTS

The Corporation is a Non-Banking Finance Company - Housing Finance Company (NBFC-HFC) regulated by RBI. Given below is the status of some key regulations:

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 finance 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, 2023	55%	45%
March 31, 2024	60%	50%

As at March 31, 2023, 59.3% of the Corporation's total assets were towards housing finance and 56.0% of total assets were towards housing finance for individuals.

Liquidity Coverage Ratio (LCR): With effect from December 1, 2021, all deposit taking 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%. NBFC-HFCs have been allowed a phased transition to attain 100% LCR by December 1, 2025.

During the year, the Corporation built up its liquidity buffers, largely through investments in government securities. For the quarter ended March 31, 2023, the average LCR stood at 128%.

Risk Based Internal Audit (RBIA): Deposit taking HFCs were mandated to put in place a RBIA framework 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. During the year, the Corporation put in place a RBIA policy and manual and implemented RBIA. The internal audit for most functions is carried out in-house. In certain specific areas which requires special domain expertise, the Corporation has appointed audit experts to carry out the RBIA only for those functions.

Scale Based Regulation: RBI's 'The Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs' came into effect from October 1, 2022. SBR entails further alignment of regulations for NBFCs with those applicable to banks on internal capital adequacy assessment process (ICAAP), concentration of credit/investment, large exposure framework, corporate governance guidelines and adoption of core financial services solution, amongst others.

On September 30, 2022, RBI released a list of NBFCs that qualified under the NBFC Upper Layer (NBFC-UL). RBI stated that the top 10 NBFCs based on asset size would qualify as NBFC-UL. RBI, however, clarified that despite the Corporation qualifying in terms of asset size to be included in NBFC-UL, it was not being considered in this category in light of the impending merger. The Corporation is in compliance with the necessary requirements as applicable under SBR.

The Corporation has a board approved policy on ICAAP as mandated under SBR.

FINANCIAL AND OPERATIONAL PERFORMANCE IN FY23

Highlights of the Financial Performance

Total income of the Corporation for the year ended March 31, 2023 was ₹ 60,224 crore compared to ₹ 47,990 crore in the previous year. Total expenses stood at ₹ 40,210 crore compared to ₹ 30,744 crore in the previous year.

* 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.

The net interest income (NII) for the year ended March 31, 2023 stood at ₹ 19,248 crore compared to ₹ 17,119 crore in the previous year, representing a growth of 12%.

For the year ended March 31, 2023, dividend income stood at ₹ 2,735 crore compared to ₹ 1,511 crore in the previous year.

The profit on sale of investments during the year was ₹ 184 crore as compared to ₹ 263 crore in the previous year.

The provisioning for Expected Credit Loss (ECL) during the year was lower at ₹ 1,795 crore as compared to ₹ 1,932 crore in the previous year, reflecting improved asset quality.

The reported profit before tax for the year ended March 31, 2023 stood at ₹ 20,014 crore compared to ₹ 17,246 crore in the previous year, representing a growth of 16%.

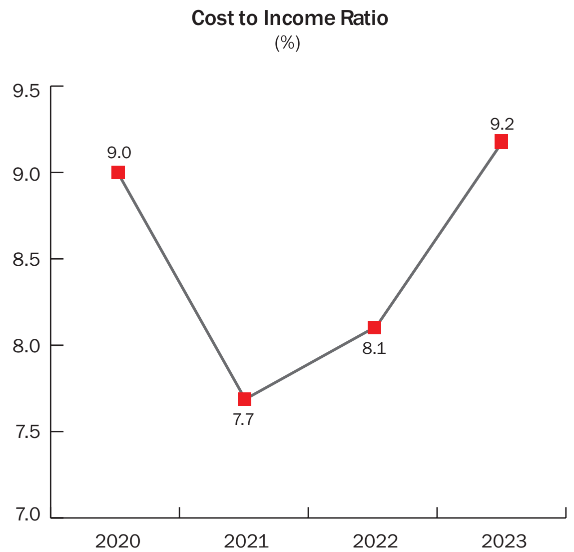
After providing for tax of ₹ 3,775 crore (previous year: ₹ 3,504 crore), the profit after tax for the year ended March 31, 2023 stood at ₹ 16,239 crore compared to ₹ 13,742 crore in the previous year, recording a growth of 18%.

The total comprehensive income for the year ended March 31, 2023 stood at ₹ 15,453 crore compared to ₹ 13,776 crore in the previous year.

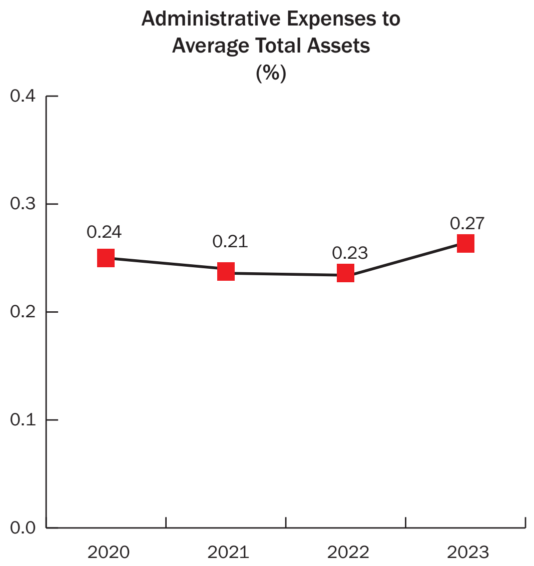
Statement of Profit and Loss

Key elements of the statement of profit and loss for the year ended March 31, 2023 are:

- During the year, the NII grew by 12%. The NII was impacted primarily due to the RBI's actions of a 40 bps increase in the standing deposit facility combined with the cumulative 250 bps increase in the repo rate. These rate actions had an immediate impact on the borrowing cost, without a simultaneous transmission of interest rates on the asset side, resulting in a short-term impact on the NII. Further, an increased proportion of retail assets in the loan book and the maintenance of a higher LCR also impacted the NII.
- The Net Interest Margin stood at 3.6%.
- The Corporation's cost to income ratio (excluding expenses on notional cost of employees' stock option scheme (ESOS), corporate social responsibility (CSR) and one-time expenses on account of the impending amalgamation) stood at 9.2% for the year



Excludes notional cost on ESOS and CSR. Also excludes one-time merger related expenses of ₹ 71 crore for FY23



Excludes notional cost on ESOS and CSR

ended March 31, 2023. HDFC's cost to income ratio continues to be among the lowest in the financial sector in Asia.

- Administrative expenses as a percentage of average assets (excluding ESOS, CSR and one-time merger expenses) stood at 0.27% as at March 31, 2023 compared to 0.23% in the previous year.
- Credit costs reduced to 27 bps compared to 33 bps in the previous year, signifying improved asset quality.
- The pre-tax return on average assets was 3.0% compared to 2.9% in the previous year.
- The post tax on average assets was 2.5% compared to 2.3% in the previous year.
- The Return on Equity stood at 12.8% compared to 12.0% in the previous year.
- The Board of Directors declared an interim dividend of ₹ 44 per equity share of face value ₹ 2 per equity share compared to a final dividend of ₹ 30 per equity share in the previous year. No final dividend was recommended for the year ended March 31, 2023. The dividend pay-out ratio is 49.7%.
- 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

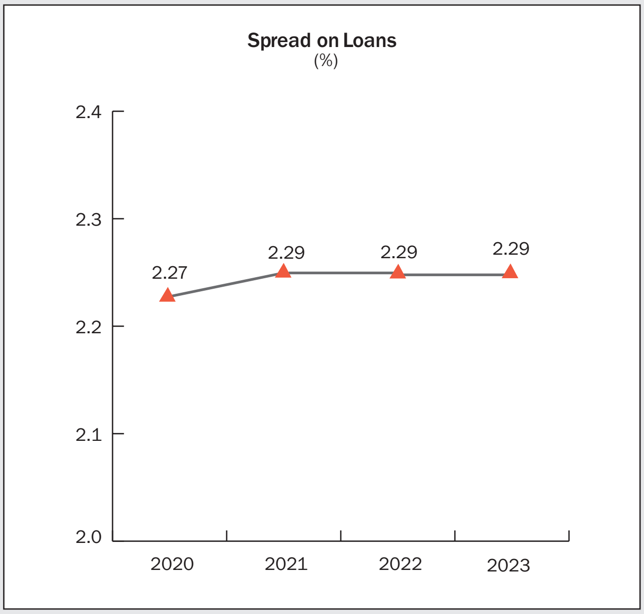
These items aggregate to ₹ 20,726 crore. Hence, Tier I Capital stood at ₹ 1,13,259 crore as against the reported net worth of ₹ 1,33,985 crore.

Based on the above, as at March 31, 2023 the return on Tier I Capital is 16.0%.

Spread on Loans

The average yield on loan assets during the year was 8.99% p.a. compared to 8.06% p.a. in the previous year. The average all-inclusive cost of funds was 6.70% p.a. as compared to 5.77% 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 1.92% and on non-individual loans was 3.62%.



Operational Performance

Lending Operations

The inherent demand for housing continued to remain strong. During the year, there was increased traction from the mid-income housing and high end, luxury segments.

The combination of the withdrawal of time-bound incentives such as the Credit Linked Subsidy Scheme (CLSS) and the concessional stamp duty rates offered by certain states during the pandemic, along with successive interest rate increases did impact the demand for housing for the economically weaker sections (EWS) and low income groups (LIG).

During the year, individual approvals and disbursements grew by 13% and 16% respectively. The average size of individual loans stood at ₹ 36.2 lac during the year, compared to ₹ 33.1 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, 77% were salaried customers, while 23% were self-employed (including professionals). In terms of the acquisition mode, of the loans disbursed during the year, 54% were first-purchase homes i.e. directly from the builder, 38% were through resale and 8% self-construction.

As at March 31, 2023, cumulatively, the Corporation had financed 10.2 million housing units.

Affordable Housing

During the year, the Corporation continued its efforts towards lending for affordable housing.

The Ministry of Housing and Urban Poverty Alleviation had launched CLSS in June 2015 under the Pradhan Mantri Awas Yojana (PMAY- Urban) – Housing for All. The original scheme covered Middle Income Groups (MIG), EWS and LIG segments. Though the scheme's validity was till March 31, 2022, during the year under review, the subsidy amount continued to be released by the government to qualifying beneficiaries.

The Corporation has the largest number of home loan customers – of approximately 3.65 lac who have availed benefits under CLSS. As at March 31, 2023, cumulative loans disbursed by the Corporation under CLSS stood at ₹ 60,427 crore. The cumulative subsidy amount stood at ₹ 8,529 crore, representing a 15% share of the total subsidy amount released by the government under CLSS.

Housing Loan Approvals Based on Income Slabs

During the year, the Corporation witnessed a decreasing share of the EWS/LIG segment, while the share of higher income group (HIG) showed an increased share.

Category	Household Income per annum	Home Loan Approvals			
		FY23		FY22	
		% in Value Terms	% in Number Terms	% 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	9	23	13	29
Middle Income Group	Above ₹ 6 lac up to ₹ 18 lac	38	48	42	48
High Income Group	Above ₹ 18 lac	53	29	45	23
Total		**100**	**100**	**100**	**100**

The average home loan to the EWS and LIG segment during the year stood at ₹ 10.7 lac and ₹ 19.4 lac respectively.

The Corporation's *'HDFC Reach'* product focuses on lending to the informal segment. Lending under this product is largely to micro-entrepreneurs and salaried individuals who may not have sufficient income documentation. As at March 31, 2023, loans outstanding under this product stood at ₹ 10,573 crore.

Rural Housing

Against the backdrop of a good monsoon and robust agricultural growth, lending opportunities in rural India continued to remain promising. India's foodgrain production is estimated to touch a record high of 323.6 million tonnes for the crop year 2022-23. Apart from meeting domestic requirements, India has also emerged as a net exporter of agricultural products, with agri exports crossing USD 50 billion in FY23.

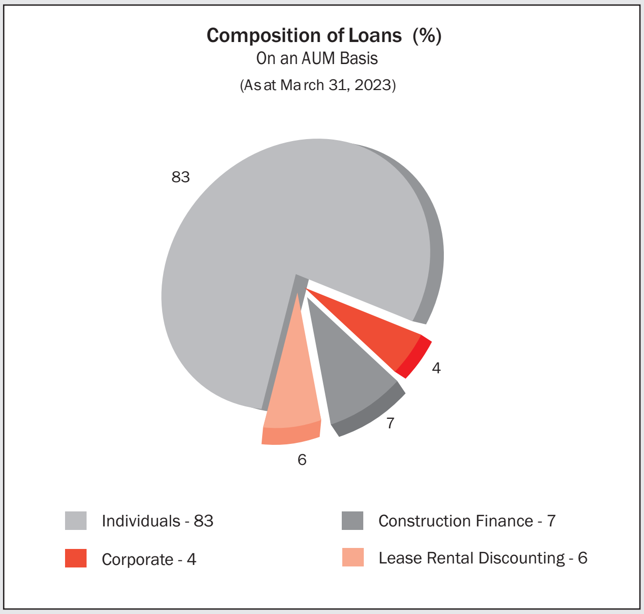
The Corporation continued its focus on rural housing, providing loans to both, salaried and self-employed customers for properties situated in rural areas. Most of these customers have household incomes from agriculture and agri-allied industries. The properties are situated in rural areas. As at March 31, 2023, loans outstanding under this product stood at ₹ 51,980 crore.

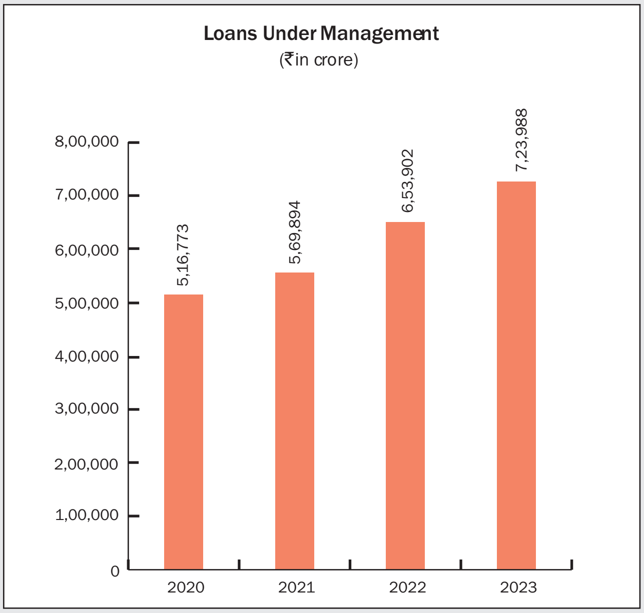
The Corporation has a rural home loan mobile application to capture information on crop cultivation, geo-coordinates of the farm land, soil conditions, irrigation facilities, amongst others. The information captured during field visits flows on a real time basis directly to the appraisal hub, thereby enabling faster and efficient loan processing. To strengthen the credit appraisal, the Corporation uses satellite imagery and datasets on relief features and crop performance. 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, the non-individual loan book de-grew compared to the previous year on account of various factors. First, over the last few quarters, the Corporation has received some scheduled repayments of loan facilities given earlier and there were also some resolutions of certain loans. Secondly, despite interest rates rising sharply during the year, there was aggressive pricing by competition and the Corporation desisted from lending at sub-optimal rates. Thirdly, the non-individual portfolio had certain loans which are permissible under the regulatory guidelines as applicable for NBFC-HFCs, but not under banking norms. In light of the impending amalgamation, there has been a run-down on exposures which are not compliant with banking regulations.

There, however, continues to be demand for non-individual loans. 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 is based on the progress of construction and is provided only after the developer has brought in a commensurate share of equity into the project. As a result, there is a longer lead time between approval and full disbursement of the construction finance facility.

The lower unsold inventory stock and the strong pipeline of new launches augurs well for the housing sector. The recent consolidation by the stronger developers has been beneficial for the sector. The Corporation maintains that it is important to continue to fund the supply which in turn creates incremental demand for housing 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, 2023 amounted to ₹ 7,23,988 crore as compared to ₹ 6,53,902 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 11%.

During the year, the Corporation's loan book increased from ₹ 5,68,363 crore to ₹ 6,20,507 crore as at March 31, 2023. In addition, total loans securitised and/or assigned by the Corporation and outstanding as at March 31, 2023 amounted to ₹ 1,03,481 crore.

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

(₹ crore)

	As at March 31, 2023	As at March 31, 2022
Individual Loans	4,99,496	4,31,553
Non-Individual Loans	1,21,011	1,36,810
Total	**6,20,507**	**5,68,363**

The net increase in the loan book during the year, (after removing the loans that were sold) stood at ₹ 52,144 crore.

Principal loan repayments stood at ₹ 1,14,958 crore compared to ₹ 99,005 crore in the previous year after excluding loans written off during the year amounting to ₹ 2,655 crore (Previous Year: ₹ 1,633 crore).

Prepayments on retail loans stood at 11.3% of the opening balance of individual loans, compared to 10.3% in the previous year. 61% of these prepayments were full prepayments.

Of the total loan book (including loans sold), individual loans comprise 83%.

The growth in the individual loan book, after adding back loans sold in the preceding twelve months was 24% (16% net of loans sold).

The growth in the total loan book would have been 16% 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 ₹ 36,910 crore (Previous Year: ₹ 28,455 crore). The loans assigned during the year were to HDFC Bank pursuant to the buyback option embedded in the home loan arrangement between the Corporation and HDFC Bank. Of the total individual loans sold during the year, ₹ 7,221 crore qualified as priority sector advances for banks.

As at March 31, 2023, individual loans outstanding in respect of all loans assigned/securitised stood at ₹ 1,02,071 crore. HDFC continues to service these loans.

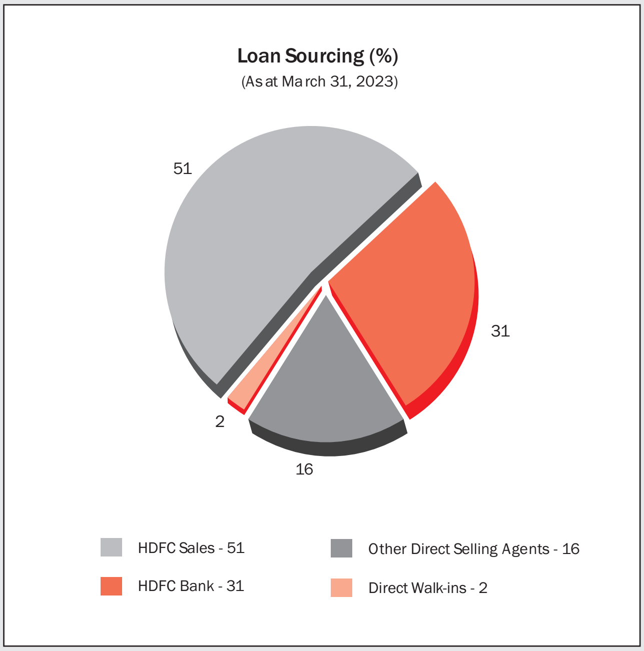
Product-wise Loan Performance

As at March 31, 2023, the product-wise break-up of loans on an AUM basis was – individual loans: 83%, construction finance: 7%, commercial lease rental discounting: 6% and corporate loans: 4%.

During the year, on an AUM basis, the entire incremental growth in the loan book came from 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.

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 51%, 31% and 16% of home loans disbursed respectively during the year. Total loans sourced from distribution channels accounted for 98% of individual loans disbursed by the Corporation. 84% 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 737 outlets, which includes 214 offices of HDFC's wholly owned distribution company, HSPL.

During the year, efforts continued to focus on expanding into deeper geographies so as to widen the Corporation's footprint. These offices are the Corporation's 'emerging market desks' and are typically manned by one or two individuals and leverage 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

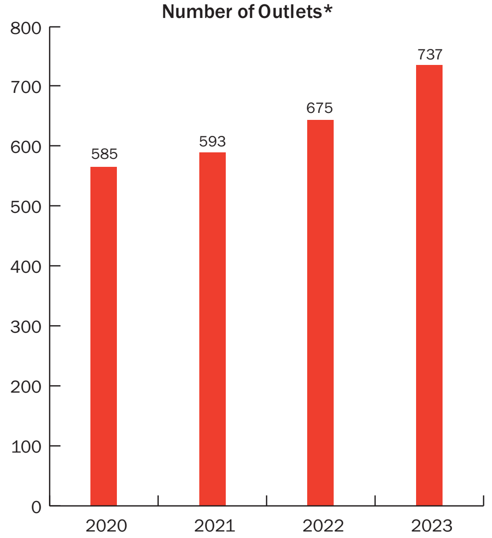
The Corporation's digitalisation objective is to transform the customer's journey across the lifecycle to improve the customer's overall experience. The Corporation has adopted *'DASH'* philosophy — **D**igital first, **A**gile methods, **S**eamless architecture and **H**DFC for You, the platform to track outcomes and input metrics.

The Corporation has several digitalisation tools and platforms in place to support the lending business. The digital on-boarding platform is used for direct and website based applications and by channel partners as well. 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 94% new loan applications were received through digital channels. The Corporation also has an end-to-end digitally enabled product, wherein all checks and controls are entirely system driven and loans are auto approved.

The Corporation has conversational artificial intelligence (CAI) platforms, enabling customers to have human like interactions during their home loan journey. The CAI platforms facilitates the delivery of smart customer experience (CX) solutions, which helps to improve overall productivity and efficiency.



*Inclusive of outlets of wholly-owned distribution company

Marketing Initiatives

During the year, the Corporation continued to increase its use of marketing technology solutions which enabled customers to seamlessly avail home loans digitally. This also helps 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.

During the year, the Corporation migrated its website to a new digital experience platform, which combines digital asset management with the power of a strong content management system, offering benefits such as heightened security, improved speed, automation and smart tools to deliver content quickly across audiences and channels.

The improved search engine optimisation rankings enabled more users to discover the HDFC brand easily and deliver an elevated customer experience.

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.

In keeping with the Corporation's vision to create unique digital experiences for its customers, the Corporation launched a unique '*Spot Offer*' on an instant messaging app. With this innovative product, the Corporation is able to provide an in-principle home loan approval within two minutes.

The Corporation also integrated a conversational experience and launched '*InstaBranch*', a first-of-its-kind digital branch on a social media platform. This integration enables prospective customers to instantly interact with the bot via direct messages.

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, 2023, the investment portfolio stood at ₹ 97,718 crore compared to ₹ 68,592 crore in the previous year. The proportion of investments to total assets was 13%.

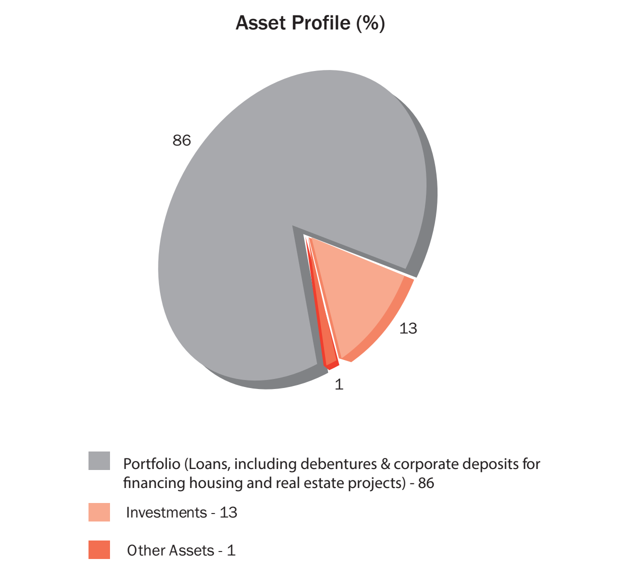
NBFC-HFCs are required to maintain a statutory liquidity ratio (SLR) in respect of public deposits raised. As at March 31, 2023, the SLR requirement was 13% of public deposits.

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

As at March 31, 2023, the total government securities stood at ₹ 63,331 crore of which ₹ 17,316 crore was towards SLR and ₹ 46,015 crore comprised securities held towards liquidity support.

Surplus from deployment in liquid funds was ₹ 245 crore.

The average yield on the non-equity treasury portfolio for the year was 6.36% p.a. on an annualised basis.



Dividend received during the year was ₹ 2,735 crore, of which ₹ 2,718 crore was received from subsidiary and associate companies.

During the year, the profit on sale of investments stood at ₹ 184 crore.

As at March 31, 2023, the market value of listed equity investments in subsidiary and associate companies was higher by ₹ 2,41,392 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 subsidiary and associate companies.

COVID-19 Related Regulatory Forbearances

The Emergency Credit Line Guarantee Scheme (ECLGS) of the government provides financial assistance to those impacted by COVID-19. The government had extended the scheme till March 31, 2023, with a guarantee cover of up to ₹ 5 lac crore.

Under ECLGS 1, 2 and 3, the Corporation disbursed an aggregate amount of ₹ 1,883 crore as at March 31, 2023. Of the loans disbursed under ECLGS, 95% were non-individual exposures, largely in stressed sectors of real estate and hotels.

The RBI allowed a one-time restructuring (OTR) of loans due to COVID-19 related stress without classifying them as non-performing loans.

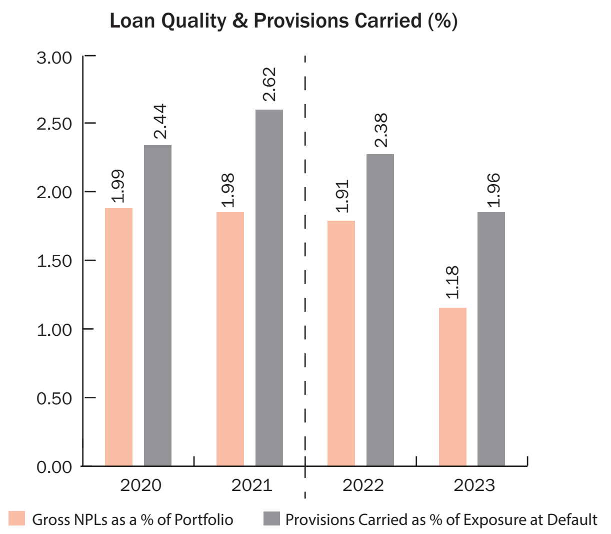
As at March 31, 2023, the outstanding loans under OTR 1 and OTR 2 amounted to ₹ 3,889 crore, which is equivalent to 0.6% of the loan book. Of the loans being restructured, 98% are individual loans and 2% are non-individual loans.

Asset Quality

Non-Performing Assets & Provisioning

The average collection efficiency for individual loans on a cumulative basis during the year was 99%.

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.



Portfolio includes loans and investments in debentures and corporate deposits for financing real estate projects.
FY22 and FY23 based on revised RBI norms as per November 12, 2021 notification.

As at March 31, 2023, the gross individual NPLs stood at 0.75% of the individual portfolio, and the gross non-performing non-individual loans stood at 2.90% of the non-individual portfolio. The gross NPLs as at March 31, 2023 stood at ₹ 7,246 crore. This is equivalent to 1.18% of the portfolio.

As at March 31, 2023, the Corporation carried a total provision of ₹ 12,145 crore. The provisions carried as a percentage of the Exposure at Default (EAD) is equivalent to 1.96%.

On a gross basis, the Corporation has written off loans aggregating ₹ 2,655 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 ₹ 7,448 crore. Thus, as at March 31, 2023, the total loan write offs stood at 37 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.

Where recovery has proven to be difficult, the Corporation adopts various methods to settle loans. The Corporation endeavours 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.

The Corporation has debt asset swaps wherein the carrying amount of the financial and non-financial assets taken over as at March 31, 2023 stood at ₹ 180 crore and ₹ 3,997 crore respectively.

Impairment on Financial Instruments - Expected Credit Loss

Under IndAS, 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, 2023	As at March 31, 2022
Stage 1	95.0%	93.3%
Stage 2	3.6%	4.4%
Stage 3	1.4%	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, 2023, the Corporation saw a reduction in Stage 2 and 3 assets to 5.0% of EAD as compared to 6.7% in the previous year. This is reflective of an overall improvement in collection efficiency.

The Corporation's Expected Credit Loss (ECL) charged to the Statement of Profit and Loss for the year ended March 31, 2023 was lower at ₹ 1,795 crore compared to ₹ 1,932 crore in the previous year.

Credit costs for the year ended March 31, 2023 was 27 bps compared to 33 bps in the previous year.

Expected Credit Loss based on Exposure at Default

(₹ in crore)

EAD	Individual		Non-Individual		Total	
Stage 1	4,87,781	97.7%	1,01,055	84.0%	5,88,836	95.0%
Stage 2	7,141	1.4%	14,869	12.3%	22,010	3.6%
Stage 3	4,438	0.9%	4,514	3.7%	8,952	1.4%
EAD Total	**4,99,360**	**100.0%**	**1,20,438**	**100.0%**	**6,19,798**	**100.0%**
ECL	**Individual**		**Non-Individual**		**Total**	
Stage 1	1,297	36.5%	242	2.8%	1,539	12.7%
Stage 2	1,238	34.9%	4,609	53.6%	5,847	48.1%
Stage 3	1,013	28.6%	3,746	43.6%	4,759	39.2%
ECL Total	**3,548**	**100.0%**	**8,597**	**100.0%**	**12,145**	**100.0%**
ECL / EAD	**Individual**		**Non-Individual**		**Total**	
Stage 1	0.3%		0.2%		0.3%	
Stage 2	17%		31%		27%	
Stage 3	23%		83%		53%	
ECL / EAD	**0.71%**		**7.14%**		**1.96%**	

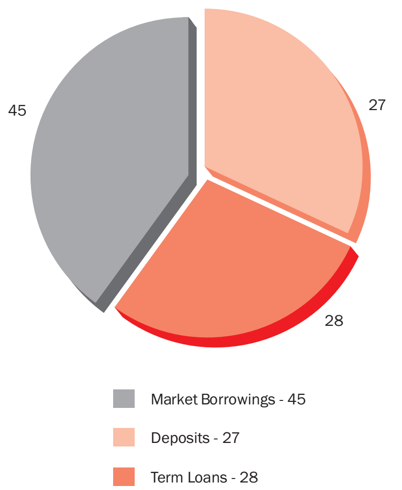
The total balance in the Impairment on Financial Instruments – Expected Credit Loss (provisions carried) as at March 31, 2023 amounted to ₹ 12,145 crore. This is equivalent to 1.96% of the EAD. The balance in the Impairment on Financial Instruments – Expected Credit Loss more than adequately covers loans where the instalments were in arrears.

Fixed Assets and Investment Properties

Net Property, Plant and Equipment as at March 31, 2023 amounted to ₹ 1,210 crore. Net additions to Property, Plant and Equipment during the year was ₹ 306 crore, including right-of-use assets of ₹ 151 crore.

Net investment in properties as at March 31, 2023 amounted to ₹ 2,700 crore. Net additions to investment properties during the year was ₹ 107 crore (including advance for under construction properties).

Breakdown of Borrowings (%)
(As at March 31, 2023)



Resource Mobilisation

Share Capital

As on April 1, 2022, the Corporation had a balance of ₹ 363 crore in the share capital account. The Corporation has allotted 2,15,27,712 equity shares of face value of ₹ 2 each pursuant to the exercise of stock options by certain employees/directors and pursuant to the conversion of warrants. After considering these allotments during the year, the balance in the share capital account as on March 31, 2023 was ₹ 367 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, 2023, 600 warrants were converted into equity shares. As of date, a total of 3,600 warrants have been converted into equity shares.

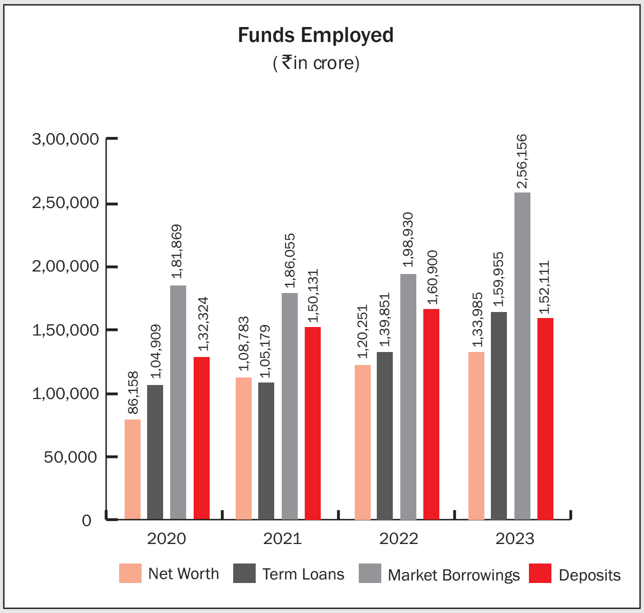
The equity shares, warrants and Non-Convertible Debentures are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

As per the Scheme of Amalgamation, the warrants outstanding on the Effective Date shall continue in the amalgamated company i.e. HDFC Bank. The number of equity shares of HDFC Bank that the warrant holders shall be entitled to upon exercise of such warrants shall be on the basis of the Share Exchange Ratio. There will be no other changes to the terms of the warrants in the amalgamated company.

Subordinated Debt

As at March 31, 2023, 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, 2023, ₹ 600 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, 2023 amounted to ₹ 5,68,222 crore as against ₹ 4,99,681 crore in the previous year. Borrowings constituted 78% of funds employed as at March 31, 2023. Of the total borrowings, debentures and securities constituted 45%, deposits 27% and term loans 28%.

Summary of Total Borrowings

(₹ in crore)

Borrowings	March 31, 2023	March 31, 2022
Term Loans	1,59,955	1,39,851
Market Borrowings	2,56,156	1,98,930
Deposits	1,52,111	1,60,900
Total	**5,68,222**	**4,99,681**

Non-Convertible Debentures & Commercial Paper

During the year under review, the Corporation raised an amount of ₹ 78,600 crore through secured, redeemable non-convertible debentures (NCDs), issued in various tranches on a private placement basis. Of the NCDs raised during the year, 82% 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, 2023, the Corporation had commercial paper (CPs) with an outstanding amount of ₹ 44,268 crore and the weighted average outstanding maturity was 232 days. CPs constituted 7% of the outstanding borrowing as at March 31, 2023. 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, 2023, total outstanding Rupee denominated bonds overseas stood at ₹ 500 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, 2023, total outstanding deposits stood at ₹ 1,52,111 crore. The number of deposit accounts stood at over 20.2 lac. Retail deposits constituted 73% of the total deposits.

CRISIL and ICRA have for the twenty-eighth consecutive year, reaffirmed their 'AAA/Stable' and 'AAA/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 54% during the year.

The Corporation has 24,714 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.

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

As at March 31, 2023, the total loans outstanding from banks, institutions and NHB (including foreign currency borrowings from domestic banks) amounted to ₹ 1,59,955 crore as compared to ₹ 1,39,851 crore as at March 31, 2022.

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 Regular Refinance Scheme, Refinance Scheme Under Affordable Housing Fund and Promoting Green Housing Refinance Scheme amounting to ₹ 4,350 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.

In July 2022, RBI increased the limit of External Commercial Borrowings (ECB) under the automatic route from USD 750 million to USD 1.5 billion per financial year. This dispensation was available up to December 31, 2022.

In August 2022, the Corporation raised USD 1.1 billion as a syndicated social loan facility for financing affordable housing. The loan was priced competitively at a margin of 90 bps over the Secured Overnight Financing Rate for a tenor of 3 years. This transaction marked India's first social ECB loan.

In December 2022, International Finance Corporation disbursed a loan of USD 400 million to the Corporation, for a tenor of 5 years. 75% of the proceeds of this loan is to be utilised for on-lending for green housing.

The borrowings are fully hedged for currency and interest rate risks and the all-in cost on the borrowings were comparable with the domestic cost of funds for a matching tenor.

The total outstanding ECBs as at March 31, 2023 stood at USD 2.7 billion and JPY 53.2 billion.

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's risk management framework entails a combination of both, top-down strategic overview and bottom-up operational or tactical overview of all functions across the organisation.

During the year, there were two new material developments pertaining to risk management. First, was the steep and rapid rise of interest rates by central banks and its impact on the overall economy and the Corporation. Second, was the impending amalgamation of the Corporation with HDFC Bank. Some of the key risk scenarios are elucidated below:

Credit Risk: The steep and rapid rise in interest rates can increase the debt service burden of customers, erode savings and leave certain customers more vulnerable to default. The Corporation has several workflow integrated controls at different stages of the credit lifecycle to identify and evaluate credit risks on its lending portfolio. This is supported on an ongoing basis by analytical industry based studies, credit deviation analysis, specific credit portfolio studies and periodic assessments via risk registers on various external and internal risks on asset quality, recovery and credit loss.

Interest Rate, Market and Liquidity Risk: Higher interest rates may impact profitability and capital if the Corporation is unable to pass on the increase in rates to customers, or if higher interest rates have an adverse impact on credit quality. The Corporation has a board approved Asset and Liability Management (ALM) framework with an ALCO driven approach to periodically evaluate 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.

Integration Risk: The Corporation believes the impending amalgamation of the Corporation with HDFC Bank will result in significant synergies and value creation. The integration entails risks pertaining to people, processes, policies and regulatory compliances as a combined entity. To mitigate the same, an Integration Committee comprising senior executives of both, the Corporation and HDFC Bank was set up to oversee the merger process. In addition, numerous workstreams across all functions have been identified and teams are working together to ensure a seamless transition.

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.

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: The Corporation's ESG framework, ESG focused portfolio products, tracking of various sustainability parameters and identifying risk scenarios form part of the risk register. Climate-related risks are elucidated in the board approved report on Climate Related Financial Disclosures: An Introductory Framework, which is placed on the Corporation's website.

Reputation Risk: Centralised monitoring of various categories of customer grievances, social media and public media representation, along with a periodic risk profile evaluation of 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, largely in the form of investment in government securities and units of mutual funds. 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).

Assets and liabilities in foreign currencies are converted at the rates of exchange prevailing at the year-end. Foreign currency liabilities aggregated to USD 2.7 billion and JPY 53.2 billion as at March 31, 2023. The currency risk on the borrowings is hedged through derivatives such as cross currency swaps entered into with banks/financial institutions. As at March 31, 2023, 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, Secured Overnight Financing Rate (SOFR) 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 USD 144 million and nil on JPY.

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, 2023, HDFC has entered into such swaps for converting its fixed rate rupee liabilities of a notional amount of ₹ 2,22,190 crore for varying maturities into floating rate liabilities linked to Overnight Index Swaps and government securities. As a result of these swaps, HDFC pays the floating rate and receives the fixed rate. As at March 31, 2023, the Corporation also had USD IRS swaps to hedge USD LIBOR and SOFR rate risk of a notional amount of ₹ 22,191 crore.

As at March 31, 2023, 84% of the total assets and 82% 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, 2023, assets and liabilities with maturity up to 1 year amounted to ₹ 1,70,679 crore and ₹ 1,20,850 crore respectively. Assets and liabilities with maturity of greater than 1 year and up to 5 years amounted to ₹ 3,01,628 crore and ₹ 2,58,258 crore respectively and assets and liabilities with maturity beyond 5 years amounted to ₹ 2,54,467 crore and ₹ 3,47,666 crore respectively.

Capital Adequacy Ratio

The Corporation's capital adequacy ratio (CAR) stood at 24.3%, of which Tier I capital was 23.8% and Tier II capital was 0.5%. The minimum CAR as per the prescribed regulations is 15% and minimum Tier 1 Capital is 10%.

As at March 31, 2023, the risk weighted assets stood at approximately ₹ 4,75,567 crore.

Internal Control Systems and their Adequacy

The Risk Based Internal Audit policy defines the three lines of defence model, wherein the first line of defence are the risk owners or risk managers who own the risk, the second line of defence comprises risk and compliance functions, who oversee risk control and compliance and the third line of defence is internal audit who provides independent assurance to all stakeholders.

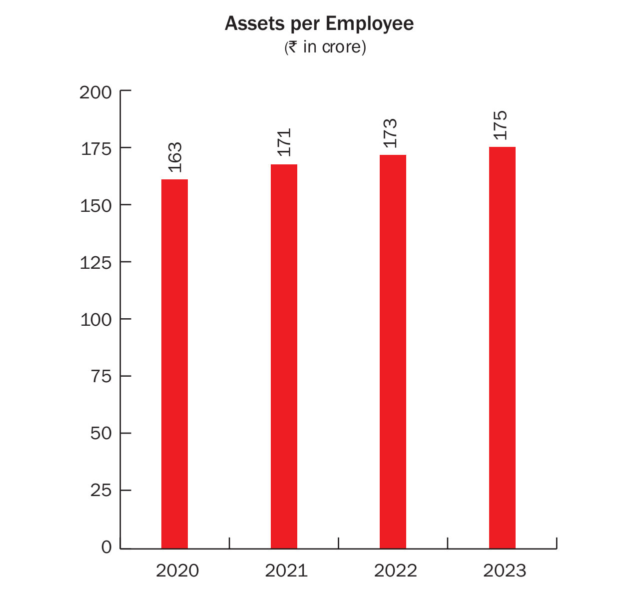
Accordingly, the Corporation has instituted adequate internal control systems commensurate with the nature of its business and the size of its operations. Internal audit is carried out by an in-house team of professionals having requisite domain knowledge and experience.

The head of internal audit does not have any reporting relationship with the business verticals and is not given any business targets. The head of internal audit also meets the Audit and Governance Committee on a quarterly basis, without the presence of the management.

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 various online courses to ensure upgradation of knowledge and enhance 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, 2023, the Corporation had 523 offices (excluding offices of HSPL) and the total number of employees was 4,017.

Total assets per employee as at March 31, 2023 stood at ₹ 175 crore as compared to ₹ 173 crore in the previous year. The net profit per employee as at March 31, 2023 was ₹ 4.0 crore compared to ₹ 3.8 crore in the previous year.

Awards and Recognitions

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

- Best Performing Housing Finance Company under Pradhan Mantri Awas Yojana at the Indian Urban Housing Conclave, 2022
- M&A Deal of the Year for the proposed merger of HDFC Limited with HDFC Bank at Mint's India Investment Summit, 2023
- 'Jury Special Award for Contribution to Advancing Financial Inclusion' at the 19th Inclusive Finance India Awards
- Felicitated as the Leader in Corporate Governance at the 7th Annual Announcement of 'IFC-IiAS-BSE Governance Scores
- Golden Peacock Award for Excellence in Corporate Governance – 2022 by the Institute of Directors.
- India's Leading Housing Finance NBFC (Large) award at the Dun & Bradstreet BFSI & Fintech Summit, 2023.
- Awarded as Technology Transformation Leader at Mint Business Transformation Awards, 2022
- Certified as a Best Firm for Data Scientists to work for by Analytics India Magazine

Review of Key Subsidiary and Associate Companies

Though housing finance is the core business, the Corporation has created tremendous value through its investments in its subsidiary and associate companies thereby strengthening the HDFC brand.

For the purposes of consolidated financial statements, HDFC Life Insurance Company Limited (HDFC Life) and HDFC ERGO General Insurance Company Limited (HDFC ERGO) are 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.

Given below is an update on the 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.

As at March 31, 2023, advances of HDFC Bank stood at ₹ 16,00,586 crore – an increase of 17% over the previous year. Total deposits stood at ₹ 18,83,395 crore – an increase of 21%. As at March 31, 2023, HDFC Bank's distribution network includes 7,821 banking outlets and 19,727 ATMs in 3,811 locations.

For the year ended March 31, 2023, HDFC Bank reported a profit after tax of ₹ 44,109 crore as against ₹ 36,961 crore in the previous year, representing an increase of 19%.

HDFC Bank recommended a dividend of ₹ 19 per share of face value of ₹ 1 each for the year ended March 31, 2023 as against ₹ 15.5 per share in the previous year.

During the year, the Corporation received dividend of ₹ 1,805 crore from HDFC Bank (which includes ₹ 465 crore received by HDFC Investments Limited and HDFC Holdings Limited).

HDFC together with its wholly owned subsidiaries, HDFC Investments Limited and HDFC Holdings Limited holds 20.9% of the equity share capital of HDFC Bank.

HDFC Life Insurance Company Limited (HDFC Life)

In September 2022, HDFC Life allotted 3,57,94,824 equity shares of ₹ 10 each at a price of ₹ 558.74 per equity share, aggregating approximately ₹ 2,000 crore to the Corporation, on a preferential basis. Post this investment, the Corporation holds 1,04,57,60,149 equity shares of HDFC Life.

The Appointed Date of the Scheme of Amalgamation for amalgamation of Exide Life Insurance Company Limited (Exide Life) with and into HDFC Life was April 1, 2022 and the scheme became effective from end of day on October 14, 2022. Accordingly, Exide Life was dissolved without being wound up from the effective date.

The current year's numbers of HDFC Life are on a merged basis and hence previous year numbers are not comparable.

For the year ended March 31, 2023, total premium income of HDFC Life stood at ₹ 57,533 crore (PY: ₹ 45,963 crore) .

The company recorded a growth of 27% in terms of individual weighted received premium (WRP) during FY23, with a market share of 16.5% and 10.8% in the private and overall sector respectively. The new business margin for FY23 stood at 27.6%.

The company covered 68.5 million lives in FY23. The 13-month and 61-month persistency stood at 87% and 52% respectively.

As at March 31, 2023, the Indian Embedded Value stood at ₹ 39,527 crore (PY: ₹ 32,958 crore). The operating return on embedded value stood at 19.7% (PY: 16.6%).

The solvency ratio of the company was 203% as at March 31, 2023 as against the minimum regulatory requirement of 150%.

HDFC Life reported a standalone profit after tax of ₹ 1,360 crore for the year ended March 31, 2023 (PY: ₹ 1,208 crore).

HDFC Life recommended a dividend of ₹ 1.90 per equity share of face value of ₹ 10 each for FY23.

During the year, the Corporation received ₹ 172 crore as dividend from HDFC Life.

HDFC holds 48.7% of the equity share capital of HDFC Life.

HDFC Asset Management Company Limited (HDFC AMC)

HDFC AMC is one of India's largest mutual fund managers. As at March 31, 2023, the quarterly average assets under management (QAAUM) stood at ₹ 4.5 lac crore, with an overall market share of 11%.

The ratio of equity-oriented AUM and non-equity oriented AUM was 54:46. HDFC AMC is amongst the largest actively managed equity-oriented mutual funds in the country, with a market share of 12% as at March 31, 2023.

For the year ended March 31, 2023, the profit after tax stood at ₹ 1,424 crore as against ₹ 1,393 crore in the previous year.

HDFC AMC recommended a final dividend of ₹ 48 per equity share of ₹ 5 each for FY23.

During the year, the Corporation received dividend of ₹ 471 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 is the second largest private sector player in the general insurance industry. The company had a market share of 10.5% (private sector) and 6.5% (overall) in terms of gross direct premium for the year ended March 31, 2023.

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 60% of the business.

The gross written premium of HDFC ERGO for the year ended March 31, 2023 stood at ₹ 16,873 crore compared to ₹ 13,707 crore in the previous year.

The combined ratio as at March 31, 2023 stood at 103.3%. The solvency ratio of the company was 181% as at March 31, 2023 as against the minimum regulatory requirement of 150%.

For the year ended March 31, 2023, the profit after tax stood at ₹ 653 crore compared to ₹ 500 crore in the previous year.

During the year, HDFC ERGO paid an interim dividend of ₹ 3.5 per equity share of face value of ₹ 10 per share during the year. Accordingly, the Corporation received ₹ 125 crore as dividend from HDFC ERGO.

HDFC holds 49.9% of the equity share capital of HDFC ERGO.

HDFC Property Funds

HDFC Capital Advisors Limited (HDFC Capital)

HDFC Capital, a subsidiary of the Corporation, provides real estate private equity financing. Set up in 2016, HDFC Capital is aligned with the Government of India's 'Housing for All' initiative and is focused on financing the development of affordable and mid-income homes in a sustainable manner. The company also seeks to promote innovation and the adoption of new technologies within the real estate sector by investing in and partnering with technology companies.

During the year, HDFC Capital achieved the initial close for Scheme 2 of HDFC Capital Affordable Real Estate Fund – 3 (H-CARE 3). H-CARE 3 Scheme 2 combined with H-CARE 3 Scheme 1 and HDFC Capital Affordable Real Estate Funds – 1 & 2 (raised in 2016 and 2017 respectively), creates a USD 3.1 billion funding platform, which is India's largest private finance platforms focused on the development of affordable and mid-income housing.

HDFC Capital was set up with the primary objective of providing long-term equity and mezzanine capital to developers at the land and pre-approval stage predominantly 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.

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 May 2022, the Corporation completed sale of 2,35,019 equity shares of ₹ 10 each of HDFC Capital, representing 10% of its fully diluted paid-up share capital, to a wholly owned subsidiary of Abu Dhabi Investment Authority, aggregating to ₹ 184 crore. Pursuant to the sale, HDFC Capital ceased to be a wholly owned subsidiary of the Corporation, though it continues to remain a subsidiary of the Corporation. In January 2023, the Corporation acquired ESOPs from the employees of HDFC Capital representing 6.49% of the share capital for ₹ 108 crore.

The Corporation's shareholding in HDFC Capital stood at 89.0%.

HDFC Venture Capital Limited & HDFC Property Ventures Limited

HDFC Venture Capital Limited (HDFC Venture) is the investment manager to HDFC Property Fund, a venture capital fund registered with SEBI. In August 2022, the Corporation acquired 97,500 equity shares of ₹ 10 each of HDFC Venture, representing 19.50% of its paid-up equity share capital from State Bank of India, for a consideration of ₹ 9.75 lac. Pursuant to the acquisition, HDFC Venture became a wholly owned subsidiary of the Corporation.

HDFC Property Ventures Limited (HDFC Property), a 100% subsidiary of the Corporation, 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. The Corporation holds 100% in HDFC Property.

The board of directors of HDFC Property and HDFC Venture and HDFC Capital at their respective meetings held on August 25, 2022 approved a Scheme of Amalgamation (Scheme of subsidiary companies) for the amalgamation of HDFC Property and HDFC Venture with and into HDFC Capital, under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, subject to receipt of requisite approvals.

The NCLT vide its order dated March 3, 2023 approved the scheme of subsidiary companies. Since the companies are still under discussions on various aspects pertaining to the amalgamation, an application has been filed with NCLT seeking an extension for filing of the order with the ROC.

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 214 locations. During the year under review, HSPL sourced loans accounting for 51% of individual loans disbursed by HDFC.

During the year, the company made a profit of ₹ 68 crore.

The company paid a total dividend of ₹ 5.05 per equity share of face value of ₹ 10 each, compared to total dividend of ₹ 2.75 per equity share in the previous year.

During the year, the Corporation received dividend of ₹ 62 crore.

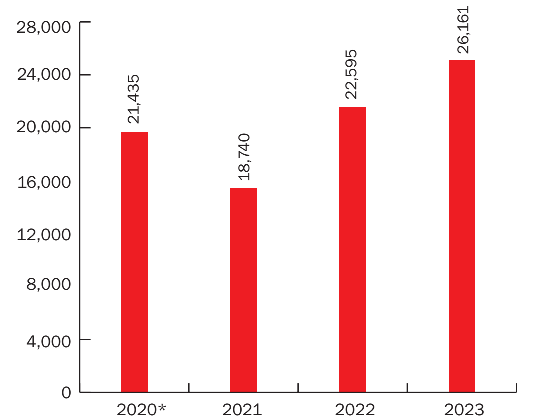
HSPL is a wholly owned subsidiary of the Corporation.

HDFC Credila Financial Services Limited (HDFC Credila)

HDFC Credila is India's first dedicated education loan company, providing loans to students pursuing higher education in India and abroad. As at March 31, 2023, HDFC Credila had cumulatively disbursed ₹ 24,356 crore since inceptions. The outstanding loan book stood at ₹ 15,239 crore. As at March 31, 2023, the gross non-performing loans stood at 0.12%.

For the year ended March 31, 2023, HDFC Credila reported a profit after tax of ₹ 276 crore as against ₹ 206 crore in the previous year, representing a growth of 34%.

Consolidated Profit After Tax Attributable to the Corporation (₹ 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

As at March 31, 2023, the capital adequacy ratio stood at 20.4% and Tier I capital stood at 14.6%.

During the year, the Corporation received ₹ 13 crore as dividend.

HDFC Credila has recommended dividend of ₹ 1.1 per equity share of face value v 10 per share for the year ended March 31, 2023 (PY: ₹ 1 per equity share).

During the year, the Corporation invested a total amount of ₹ 800 crore in the equity share capital of the company.

HDFC Credila is a wholly owned subsidiary of the Corporation.

HDFC Education and Development Services Private Limited (HDFC Edu)

HDFC Edu is the Corporation's wholly owned subsidiary which focuses on the education sector.

During the year, the Corporation invested ₹ 32 crore in the equity share capital of HDFC Edu.

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.

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 have more than 3,300 students.

The HDFC School, Gurugram has a platinum certification from Indian Green Building Council for implementing sustainable and environmentally friendly initiatives including solar panels, energy efficient lighting, rainwater harvesting, wastewater treatment and organic waste management.

Subsidiaries and Associates in the Context of the Scheme of Amalgamation

Currently, as stipulated by the regulator, the Corporation's shareholding in both its insurance companies, HDFC Life and HDFC ERGO is below 50%.

As per the Scheme of Amalgamation, the subsidiary and associate companies of the Corporation will become subsidiary and associate companies of HDFC Bank.

The RBI vide its letter dated April 20, 2023 to HDFC Bank has permitted the following:

- The Corporation or HDFC Bank to increase the shareholding in HDFC Life and HDFC ERGO to more than 50% prior to the effective date of the amalgamation;
- HDFC Edu: Full divestment within 2 years from the effective date; and
- HDFC Credila: Shareholding to be brought down to 10% within 2 years from the effective date, subject to conditionalities as stipulated by RBI.

AUDITED CONSOLIDATED ACCOUNTS

Whilst IndAS 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, 2023, the profit before tax was ₹ 32,131 crore as compared to ₹ 28,252 crore in the previous year.

After providing ₹ 4,431 crore (PY: ₹ 4,210 crore) for tax, the profit after tax stood at ₹ 27,700 crore as compared to ₹ 24,042 crore in the previous year.

The total comprehensive income stood at ₹ 25,979 crore as compared to ₹ 23,311 crore in the previous year.

The profit attributable to the Corporation during the year ended March 31, 2023 was ₹ 26,161 crore compared to ₹ 22,595 crore, representing a growth of 16%.

The post-tax return on assets for the consolidated group accounts for the year ended March 31, 2023 was 2.7%. The return on equity stood at 13.6%. The basic and diluted earnings per share (on a face value of ₹ 2 per share) for the group was ₹ 143.77 and ₹ 142.54 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, 2023, 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, 2023, its profit including other comprehensive loss, 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, 2023. 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.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">1. Impairment of loans (expected credit losses) (refer note 3.2.5, note 3.2.6 and note 8 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 relevant macro-economic factors. 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.</td><td>Our audit procedures included the following:
• 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 specialist 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. Assessed the valuation of the underlying security for the non-retail loan portfolio on a sample basis.
• Tested assumptions used by the management in determining the overlay for macro-economic and other factors.
• Assessed adequacy of disclosures included in the standalone financial statements in respect of expected credit losses.</td></tr>
</table>

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">2. Valuation of Derivatives Instruments and Hedge Accounting (refer note 3.2.11, note 6 and note 46.6 to the Standalone Financial Statements)</td></tr>
<tr><td>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.</td><td>Our audit procedures included the following:
• 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.
• Tested 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 adequacy of disclosures made in the standalone financial statements relating to financial risk management, derivative financial instruments and hedge accounting.</td></tr>
<tr><td colspan="2">3. IT systems and controls</td></tr>
<tr><td>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.</td><td>Our audit procedures included the following:
• 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.</td></tr>
</table>

Other Information

The Corporation's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report, Management Discussion and Analysis Report (MD&A), Business Responsibility and Sustainability Report (BRSR), Report of Directors on Corporate Governance and Shareholders' Information, 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, 2023 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.

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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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, 2023 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 43 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 6 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, 2023. Whilst the Corporation transferred the unclaimed dividend, 2,146 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 performed that have been 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;

v. The final dividend paid by the Corporation during the year which was 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 25.9 to the standalone financial statements, the Board of Directors of the Corporation has declared interim dividend for the year. The dividend declared is in accordance with section 123 of the Act, to the extent it applies to declaration of dividend. However, the said dividend is not paid on the date of this audit report.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable to the Corporation only with effect from April 1, 2023, reporting under this sub-clause is not applicable.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Viren H. Mehta
Partner
Membership No.: 048749
UDIN: 23048749BGVGJW3802

Mumbai
May 4, 2023

For G. M. Kapadia & Co.
Chartered Accountants
ICAI Firm registration number: 104767W

Atul Shah
Partner
Membership No.: 039569
UDIN: 23039569BGURHC5107

Mumbai
May 4, 2023

Annexure '1' referred to in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Housing Development Finance Corporation Limited ("the Corporation")

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 Rs.114.10 crores, the Corporation is in the process of execution and registration of sale deeds. The execution of these documents has got delayed due to legal process as detailed in note 12.5 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, 2023.

(e) There are no proceedings initiated during the year or are pending against the Corporation as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) 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 Rs.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) The Corporation's principal business is to give loans and is a registered housing finance company. Accordingly, 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 30,219 loans classified as credit impaired ('stage 3') with aggregate exposure of principal and interest of Rs.8,952.96 crore, 40,587 loans where credit risk has increased significantly since initial recognition ('stage 2') with aggregate exposure of principal and interest of Rs.22,010.25 crore and 48,102 loans where the credit risk has not increased significantly since initial recognition but have some overdue of up to 30 days ('stage 1') with aggregate exposure of principal and interest of Rs.9,588.25 crore as at March 31, 2023, in respect of which the Corporation has disclosed staging in note 8.4 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 in respect of 3,578,607 loans with aggregate exposure of principal and interest of Rs.579,955.68 crore 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, as disclosed in note 8.4 to the standalone financial statements, the total amount outstanding of loans classified as credit impaired ('stage 3') (including loans overdue for more than ninety days) as at March 31, 2023 is Rs.8,952.96 crore (30,219 loans). 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) The Corporation's principal business is to give loans and is a registered housing finance company. Accordingly, 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 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 except an order passed by Reserve Bank of India, in exercise of the powers conferred under section 52A(1)(b) read with section 49(3)(aa) of the National Housing Bank Act, 1987. The Corporation has complied with such order.

(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# (Rs. in crore)	Amount paid*# (Rs. in crore)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	781.57	156.31	FY 2018-19	Assessing Officer (to quantify relief and give effect)
Finance Act, 1994	Service Tax	13.62	7.20	FY 2007-08 to 2017-18	Customs Excise and Service Tax Appellate Tribunal (CESTAT), Mumbai
Finance Act, 1994	Service Tax	1.25	0.13	FY 2008-09 to 2011-12	CESTAT, Mumbai
Goods and Services Tax Act, 2017	Goods and Services Tax (Delhi)	2.40	0.24	FY 2017-18	Joint Commissioner (Appeals)
Goods and Services Tax Act, 2017	Goods and Services Tax (Karnataka)	2.60	–	FY 2017-18	Joint Commissioner (Appeals)

* *paid under protest*

\# *excluding interest and penalty*

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 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 3(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) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on clause 3(xviii) of the Order is not applicable to the Corporation.

(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 36.8 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 36.8 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: 23048749BGVGJW3802

Mumbai
May 4, 2023

For G. M. Kapadia & Co.
Chartered Accountants
ICAI Firm registration number: 104767W

Atul Shah
Partner
Membership No.: 039569
UDIN: 23039569BGURHC5107

Mumbai
May 4, 2023

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, 2023 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, 2023, 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: 23048749BGVGJW3802

Mumbai
May 4, 2023

For G. M. Kapadia & Co.
Chartered Accountants
ICAI Firm registration number: 104767W

Atul Shah
Partner
Membership No.: 039569
UDIN: 23039569BGURHC5107

Mumbai
May 4, 2023

HDFC

Standalone Balance Sheet as at March 31, 2023

₹ in Crore

	Particulars	Notes	As at March 31, 2023	As at March 31, 2022
	ASSETS			
(1)	**Financial assets**			
(a)	Cash and cash equivalents	4	**701.24**	565.49
(b)	Bank balance other than (a) above	5	**516.36**	227.44
(c)	Derivative financial instruments	6	**2,263.01**	1,322.80
(d)	Receivables			
	(i) Trade receivables	7	**220.74**	178.65
	(ii) Other receivables		**-**	-
(e)	Loans	8	**6,08,362.68**	5,54,862.51
(f)	Investments	9	**97,718.05**	68,592.22
(g)	Other financial assets	10	**7,009.74**	5,573.54
	Total Financial assets		**7,16,791.82**	6,31,322.65
(2)	**Non- financial assets**			
(a)	Current tax assets (net)	11.1	**3,123.70**	2,617.55
(b)	Deferred tax assets (net)	11.2	**1,121.08**	1,549.88
(c)	Investment property	12	**2,699.95**	2,685.74
(d)	Property, plant and equipment	13	**1,210.09**	1,073.94
(e)	Other intangible assets	14	**376.03**	369.91
(f)	Other non-financial assets	15	**1,263.37**	1,198.58
(g)	Non-current non-financial asset held for sale	12.1	**188.43**	44.21
	Total Non-financial assets		**9,982.65**	9,539.81
	TOTAL - ASSETS		**7,26,774.47**	6,40,862.46

Standalone Balance Sheet as at March 31, 2023 (Continued)

₹ in Crore

	Particulars	Notes	As at March 31, 2023	As at March 31, 2022
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	**Financial liabilities**			
(a)	Derivative financial instruments	6	**5,609.67**	3,824.36
(b)	Payables	16.1		
	(i) Trade payables			
	– Total outstanding dues of micro enterprises and small enterprises		**11.88**	9.52
	– Total outstanding dues of creditors other than micro enterprises and small enterprises		**339.66**	334.65
	(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	17	**2,53,155.94**	1,95,929.63
(d)	Borrowings (other than debt securities)	18	**1,59,954.87**	1,39,851.75
(e)	Deposits	19	**1,52,111.07**	1,60,899.76
(f)	Subordinated liabilities	20	**3,000.00**	3,000.00
(g)	Other financial liabilities	21	**16,491.92**	14,527.69
	Total Financial liabilities		**5,90,675.01**	5,18,377.36
(2)	**Non-financial liabilities**			
(a)	Current tax liabilities (net)	22	**542.47**	441.30
(b)	Provisions	23	**270.24**	270.02
(c)	Other non-financial liabilities	24	**1,302.01**	1,522.78
	Total Non-financial liabilities		**2,114.72**	2,234.10
	TOTAL LIABILITIES		**5,92,789.73**	5,20,611.46
(3)	**EQUITY**			
(a)	Equity share capital	25	**366.91**	362.61
(b)	Other equity	26	**1,33,617.83**	1,19,888.39
	TOTAL EQUITY		**1,33,984.74**	1,20,251.00
	TOTAL - LIABILITIES AND EQUITY		**7,26,774.47**	6,40,862.46

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)

Ireena Vittal
(DIN: 05195656)

P. R. Ramesh
(DIN: 01915274)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

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 04, 2023

Standalone Statement of Profit and Loss for the year ended March 31, 2023

₹ in Crore

	Particulars	Note	Year ended March 31, 2023	Year ended March 31, 2022
(I)	**Revenue from operations**			
	(i) Interest income	27	**54,997.31**	43,297.21
	(ii) Surplus on deployment in liquid instruments	27.1	**245.11**	561.40
	(iii) Dividend income	28	**2,735.25**	1,510.99
	(iv) Rental income	29	**81.45**	81.08
	(v) Fees and commission income	30	**322.47**	252.63
	(vi) Net gain on fair value changes	31	**362.10**	938.47
	(vii) Profit on sale of investments and investment properties (net)	31.1	**188.84**	259.29
	(viii) Income on derecognised (assigned) loans	32	**1,244.54**	1,056.00
	Total Revenue from operations		**60,177.07**	47,957.07
(II)	**Other income**		**46.58**	33.13
(III)	**Total Income (I + II)**		**60,223.65**	47,990.20
(IV)	**Expenses**			
	(i) Finance cost	33	**35,994.74**	26,739.21
	(ii) Impairment on financial instruments (Expected Credit Loss)	34	**1,795.00**	1,932.00
	(iii) Employee benefit expenses	35	**1,025.25**	1,060.79
	(iv) Depreciation, amortisation and impairment	9, 12,13 & 14	**275.86**	172.29
	(v) Other expenses	36	**1,118.76**	839.60
	Total Expenses (IV)		**40,209.61**	30,743.89
(V)	**Profit Before Tax (III - IV)**		**20,014.04**	17,246.31
(VI)	**Tax expense**			
	- Current tax	11.3	**3,535.11**	3,514.25
	- Deferred tax	11.3	**239.57**	(10.12)
	Total Tax Expense		**3,774.68**	3,504.13
(VII)	**Net Profit After Tax (V - VI)**		**16,239.36**	13,742.18

Standalone Statement of Profit and Loss for the year ended March 31, 2023 (Continued)

₹ in Crore

Particulars	Note	Year ended March 31, 2023	Year ended March 31, 2022
(VIII) Other comprehensive income			
(A) (i) Items that will not be reclassified to profit / (loss)		**(873.08)**	(44.25)
(ii) Income tax relating to items that will not be reclassified to profit / (loss)		**28.99**	(10.89)
Subtotal (A)	37	**(844.09)**	(55.14)
(B) (i) Items that will be reclassified to profit / (loss)		**77.47**	118.93
(ii) Income tax relating to items that will be reclassified to profit / (loss)		**(19.50)**	(29.93)
Subtotal (B)	37	**57.97**	89.00
Other comprehensive income (A + B)		**(786.12)**	33.86
(IX) Total comprehensive income (VII + VIII)		**15,453.24**	13,776.04
(X) Earnings per equity share	38		
Basic (₹)		**89.24**	76.01
Diluted (₹)		**88.48**	75.20

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.**
Chartered Accountants
Firms' Registration No: 104767W

Atul Shah
Partner
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Chairman
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(DIN: 01915274)

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Vice Chairman &
Chief Executive Officer
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Managing Director
(DIN: 00008064)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

MUMBAI, May 04, 2023

Standalone Statement of Changes in Equity for the year ended March 31, 2023

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the reporting period	362.61	360.79
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	362.61	360.79
Changes in equity share capital during the current year	4.30	1.82
Balance at the end of the current reporting period	366.91	362.61

B. OTHER EQUITY (Refer Note 26)

(1) Current reporting period

₹ in Crore

Particulars	Reserves and Surplus								Other Comprehensive Income			Employee Stock Option Reserve	Money received against share Application	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, 2022 (Opening Balance)	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
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	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
Profit for the year	-	-	16,239.36	-	-	-	-	-	-	-	-	-	-	-	16,239.36
Other Comprehensive Income for the year	-	-	(19.27)	-	-	-	-	-	(824.82)	262.62	(204.65)	-	-	-	(786.12)
Total Comprehensive Income for the year	-	-	16,220.09	-	-	-	-	-	(824.82)	262.62	(204.65)	-	-	-	15,453.24
Movement for the year	-	-	(1,367.18)	-	-	-	-	-	1,367.18	-	-	203.80	-	-	203.80
Transfer to Securities premium on exercise of ESOP / Warrants	-	556.77	1.01	-	-	-	-	-	-	-	-	(556.76)	-	(0.01)	1.01
Dividends	-	-	(5,442.70)	-	-	-	-	-	-	-	-	-	-	-	(5,442.70)
Transfer from retained earnings to Special and Statutory Reserve	-	-	(3,300.00)	-	-	2,200.00	1,100.00	-	-	-	-	-	-	-	
Received during the year (refer note 26.2)	-	3,513.99	-	-	-	-	-	-	-	-	-	-	0.13	-	3,514.12
Utilised during the year	-	-	-	-	-	-	-	(0.03)	-	-	-	-	-	-	(0.03)
Balance as at March 31, 2023	0.04	49,824.83	29,220.08	26,640.11	51.23	22,716.95	7,527.42	-	(3,686.14)	342.64	(300.57)	974.09	0.13	307.02	1,33,617.83

(2) Previous reporting period

Particulars	Reserves and Surplus								Other Comprehensive Income			Employee Stock Option Reserve	Money received against share Application	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 of Securities premium on conversion of warrants and 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 26.2)	-	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

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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Company Secretary
(FCS: 9023)

MUMBAI, May 04, 2023

Standalone Cash Flow Statement for the year ended March 31, 2023

₹ in Crore

			Year ended March 31, 2023	Year ended March 31, 2022
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit before tax		**20,014.04**	17,246.31
	Adjustments for:			
	Depreciation, amortisation and impairment		**275.86**	172.29
	Impairment on financial instruments (Expected credit loss)		**1,795.00**	1,932.00
	Share based payments to employees		**204.81**	390.24
	Net gain on fair value changes		**(362.10)**	(938.47)
	Interest expense		**35,703.56**	26,476.16
	Interest income including surplus on deployment in liquid instruments		**(55,242.42)**	(43,858.61)
	Profit on sale of investments and investment properties (net)		**(188.84)**	(259.29)
	Profit on sale of property, plant and equipment (net)		**(14.60)**	(0.24)
	Upfront gain on derecognised (assigned) loans		**(676.21)**	(606.50)
	Utilisation of shelter assistance reserve		**(0.03)**	(0.04)
	Operating profit before working capital changes and adjustment for Interest received and paid		**1,509.07**	553.85
	Increase in financial assets and non-financial assets		**(2,022.59)**	(1,363.08)
	Increase/(Decrease) in financial and non financial liabilities		**(557.25)**	719.14
	Cash used in operations before adjustments for Interest received and paid		**(1,070.77)**	(90.09)
	Interest income received including surplus on deployment in liquid instruments		**53,370.27**	44,192.26
	Interest expense paid		**(33,596.47)**	(26,450.14)
	Taxes paid (net of refunds)		**(3,741.38)**	(3,700.19)
	Net cash from operations		**14,961.65**	13,951.84
	Loans disbursed (at amortised cost) (net)		**(53,915.09)**	(72,477.05)
	Redemption/(Purchase) of liquid instruments (net)		**(2,670.00)**	14,115.44
	Net cash used in operating activities	A	**(41,623.44)**	(44,409.77)
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of property, plant and equipment & intangible assets		**(191.81)**	(115.28)
	Proceeds from sale of property, plant and equipment		**30.99**	0.62
	Net cash used for property, plant and equipment		**(160.82)**	(114.66)
	Purchase of investment properties		**(220.36)**	(1,559.54)
	Proceeds from sale of investment properties		**34.88**	180.72
	Net cash used for investment properties		**(185.48)**	(1,378.82)
	Purchase of Investments			
	- in subsidiary company		**(2,943.71)**	(46.44)
	- in associate company		**-**	(0.25)
	Other investments :			
	- Purchase of investments		**(27,954.19)**	(19,532.68)
	- Proceeds from sale of investments		**4,350.38**	6,290.35
	Proceeds from sale of investments in associates		**-**	210.62
	Net cash used in investing activities	B	**(26,893.82)**	(14,571.88)

Standalone Cash Flow Statement for the year ended March 31, 2023 (Continued)

₹ in Crore

			Year ended March 31, 2023	Year ended March 31, 2022
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Share capital - equity		**4.30**	1.82
	Share application money		**0.13**	0.00
	Securities premium on issuance of equity shares (net)		**3,513.99**	1,452.94
	Proceeds from sale of investments in subsidiary companies		**221.55**	236.45
	Proceeds from issuance of debt securities and subordinated liabilities		**1,72,665.54**	1,03,707.00
	Repayment of debt securities and subordinated liabilities		**(1,13,724.20)**	(87,935.90)
	Borrowings (other than debt securities) and subordinated liabilities (net)		**20,172.22**	34,686.09
	Deposits (net) (matured) / raised		**(8,676.97)**	10,851.42
	Payments of lease liability		**(80.85)**	(70.00)
	Dividend paid - equity shares		**(5,442.70)**	(4,152.65)
	Net cash from financing activities	C	**68,653.01**	58,777.17
	Net increase /(decrease) in cash and cash equivalents	[A+B+C]	**135.75**	(204.48)
	Add : Cash and cash equivalents as at the beginning of the year		**565.49**	769.97
	Cash and cash equivalents as at the end of the year		**701.24**	565.49
	Components of cash and cash equivalents			
	Cash on hand		**0.03**	0.59
	In Current accounts		**576.34**	31.53
	In Deposit accounts with original maturity of 3 months or less		**-**	500.03
	Cheques on hand		**124.87**	33.34
	Total		**701.24**	565.49

Note

1 During the year, the Corporation has received Dividend of ₹ **2,735.25 Crore** (Previous Year ₹ 1,510.99 Crore).

2 Net movement in Borrowings (including Debt Securities), Deposits and Subordinated Liabilities amounting to ₹ **68,540.74 Crore** (Previous Year ₹ 58,316.10 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
Partner
Membership No. 048749

For **G. M. Kapadia & Co.**
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Executive Director &
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Company Secretary
(FCS: 9023)

MUMBAI, May 04, 2023

Notes forming part of the standalone financial statements

1 Overview

Housing Development Finance Corporation Limited (‘HDFC’ or ‘the Corporation’ or ‘the Company’) was incorporated in 1977 as the first specialised Mortgage Company domiciled in India as a limited company having its Corporate office at HDFC House, H T Parekh Marg, Churchgate, Mumbai 400 020. The principal business is providing finance to individuals, corporates and developers for the purchase, construction, development and repair of houses, apartments and commercial properties in India. The business is conducted through its branches in India and its overseas offices at London, Singapore and Dubai supported by a network of agents for sourcing loans as well as deposits. HDFC is the holding company for investments in its associates and subsidiary companies. The Corporation is a public limited company and its shares are listed on the Bombay Stock Exchange (BSE), India, and the National Stock Exchange (NSE), India, and the Corporation’s Synthetic INR Denominated bonds are listed on the London Stock Exchange.

2 Basis of Preparation and Presentation

2.1 **Statement of Compliance and Basis of Preparation and Presentation**

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the 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 statements of the Corporation.

The standalone financial statements of the Corporation are prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 under Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter (“Ind AS”).

The financial statements are prepared and presented on going concern basis and the relevant provisions of the Companies Act, 2013 (the “Act”) and the guidelines and directives issued by the Reserve Bank of India (RBI) and National Housing Bank (“NHB”) to the extent applicable.

Amounts in the financial statements are presented in Indian Rupees in crore rounded off to two decimal places as permitted by Schedule III to the Act. Per share data is presented in Indian Rupee to two decimal places. The Corporation presents its Balance Sheet in the order of liquidity. An analysis regarding 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 42.

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, which 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 is 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.

2.5 Maintenance of books of accounts

The Corporation has complied with the Rule 3 of Companies (Accounts) Rules, 2014 amended on August 5, 2022 relating to maintenance of electronic books of account and other relevant books and papers. The Corporation's books of account and relevant books and papers are accessible in India at all times and backup of accounts and other relevant books and papers are maintained in electronic mode within India and kept in servers physically located in India on daily basis.

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.

Notes forming part of the standalone financial statements (Continued)

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.

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 46.3.2.

3.2.2 **Recognition and Initial Measurement**

All financial assets and liabilities, (including financial instruments received in settlement of erstwhile loan assets) with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Corporation becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfer is initiated or disbursement cheque is issued to the customer. The Corporation recognises debt securities, deposits and borrowings when funds are received by the Corporation.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL are recognised immediately in the statement of profit and loss.

If the transaction price differs from fair value at initial recognition, the Corporation recognise for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in the statement of profit and loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to defer the difference between the fair value at initial recognition and the transaction price.

After initial recognition, the deferred gain or loss will be recognised in the statement of profit and loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

3.2.3 **Classification and Subsequent Measurement of Financial Assets and Liabilities**

3.2.3.1 ***Financial Assets***

The Corporation classifies and measures all its financial assets based on the business model for managing the assets and the asset's contractual terms, either at:

- Amortised cost
- Fair Value through other comprehensive income
- Fair Value through Profit and Loss

3.2.3.1.1 ***Amortised Cost***

The Corporation classifies and measures cash and bank balances, Loans, Trade receivable, certain debt investments and other financial assets at amortised cost if the following condition is met:

- Financial Assets that are held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows, and that have contractual cash flows that are SPPI;

Notes forming part of the standalone financial statements (Continued)

3.2.3.1.2 ***Fair Value through Other Comprehensive Income ("FVOCI")***

The Corporation classifies and measures certain debt instruments at FVOCI when the investments are held within a business model, the objective of which is achieved by both, collecting contractual cash flows and selling the financial instruments and the contractual terms of the financial instruments meet the Solely Payment of Principal and Interest on principal amount outstanding ('SPPI') test.

The Corporation measures all equity investments at fair value through profit or loss, unless the investments is not for trading and the Corporation's management has elected to classify irrevocably some of its equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

3.2.3.1.3 ***Fair Value through Profit and Loss ("FVTPL")***

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; and/or
- 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 its 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

Notes forming part of the standalone financial statements (Continued)

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 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/Stage 3 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,

Notes forming part of the standalone financial statements (Continued)

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.

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 the 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 is further calibrated with forward looking macroeconomic factors (MEV) 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.

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

Notes forming part of the standalone financial statements (Continued)

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 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. The Corporation has implemented the NPA Downgrade & Upgrade logic as per the circular requirement during previous year (FY 22).

3.2.6.5 ***Write-off***

Loans and debt securities are written off when the Corporation has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Corporation determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Corporation may apply enforcement activities to financial assets written off/ may assign / sell loan exposure to ARC / Bank / a financial institution for a negotiated consideration. Recoveries resulting from the Corporation's enforcement activities could result in impairment gains. The corporation has a Board approved policy on Write off and one time settlement of loans.

3.2.7 Modification and Derecognition of Financial Assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between the initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Corporation renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. Loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Corporation assesses whether this modification results in derecognition. In accordance with the Corporation's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Corporation considers the following:

Qualitative factors, such as contractual cash flows after modification, are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants, if these do not clearly indicate a substantial modification, then; a quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original EIR. If there is a significant difference in present value, the Corporation deems the arrangement substantially different, leading to derecognition.

In the case where the financial asset is derecognised the loss allowances for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the revised terms may lead to a gain or loss on derecognition. The new financial asset may have a loss allowance measured based on 12-month ECL except where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Corporation monitors the credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Corporation determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms;
- The remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification does not result in derecognition, the estimate of PD reflects the Corporation's ability to collect the modified cash flows taking into account the Corporation's previous experience of similar forbearance action, as well as various behavioral indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition, the loss allowance is continued to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans is generally measured based on 12-month ECL when there is evidence of the borrower's improved repayment behavior following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition, the Corporation calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Corporation measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Corporation derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in the statement of profit and loss, with the exception of equity investment designated as measured at FVOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the statement of profit and loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Corporation retains an option to repurchase part of a transferred asset), the Corporation allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in the statement of profit and loss. A cumulative gain/loss that had been recognised in OCI is allocated

Notes forming part of the standalone financial statements (Continued)

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").

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 and cross currency swaps.

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.

Notes forming part of the standalone financial statements (Continued)

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.

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.

Notes forming part of the standalone financial statements (Continued)

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:

- 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.

Notes forming part of the standalone 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 Corporation and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

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

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

3.6 **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.

Notes forming part of the standalone 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 Corporation reviews the carrying amounts of its PPE, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any.

3.9 **Employee Benefits**

3.9.1 **Share-based Payment Arrangements**

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Corporation measures the cost of equity-settled transactions with Option holders using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield. The stock options granted to employees pursuant to the Corporation's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity. On cancellation or lapse of option granted to employees, the compensation cost charged to statement of profit & loss is credited with corresponding decrease in equity.

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.

Notes forming part of the standalone financial statements (Continued)

3.9.3.2 ***Gratuity and Other Post Retirement Benefits***

For defined benefit plans in the form of gratuity fund and post retirement pension scheme for whole-time Directors, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurements are recognised in the Other Comprehensive Income in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of planned assets.

3.9.3.3 ***Short-term Employee Benefits***

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

3.9.3.4 ***Long-term Employee Benefits***

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date, based on actuarial valuation.

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.

Notes forming part of the standalone financial statements (Continued)

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 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 3.2.11.2 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.

Notes forming part of the standalone financial statements (Continued)

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.

3.16 **Segments**

The Corporation's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate or certain other purposes, in India. All other activities of the Corporation revolve around the main business. This in the context of Ind AS 108 – Operating Segments reporting is considered to constitute one reportable segment.

3.17 **Investments in Subsidiaries, Joint Ventures and Associates**

Investments in Subsidiaries and Associates are measured at cost as per Ind AS 27 – Separate Financial Statements.

3.18 **Earnings Per Share**

Basic earnings per share is computed by dividing profit or loss attributable to ordinary equity holders by the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

3.19 **Taxes on Income**

The Corporation's tax jurisdiction is in India. Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for certain tax positions.

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the statement of profit and loss except when they relate to items that are recognized outside statement of profit and loss (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.

Notes forming part of the standalone financial statements (Continued)

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

(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.

<u>Contingent Assets:</u>

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.

3.25 **Accounting Standards (Amendment to Ind AS) issued but not effective as at March 31, 2023**

3.25.1 **Definition of accounting estimates - Amendment to Ind AS 8**

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after April 1, 2023 and apply to changes in accounting policies and accounting estimates that occur on or after April 1, 2023.

3.25.2 **Disclosure of Accounting Policies - Amendments to Ind AS 1**

The amendment aims to replace the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and guidance on how entities apply the concept of materiality.

The amendments to Ind AS 1 are applicable for annual periods beginning on or after 1 April 2023. Consequential amendments have been made in Ind AS 107.

3.25.3 **Deferred Tax related to assets and liabilities arising from a single transaction - amendment to Ind AS 12**

The amendment narrows the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

At the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendment to Ind AS 12 is applicable for annual periods beginning on or after April 1, 2023.

Notes forming part of the standalone financial statements (Continued)

4. Cash and cash equivalents

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Cash on hand	**0.03**	0.59
(ii) Balances with banks:		
- in current accounts	**576.34**	31.53
- in deposit accounts with original maturity of 3 months or less	**-**	500.03
(iii) Cheques, drafts on hand	**124.87**	33.34
Total	**701.24**	565.49

5. Bank balances other than cash and cash equivalents

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Other deposit accounts		
- original maturity more than 3 months	**463.27**	153.24
(ii) Earmarked balances with banks		
- in current accounts	**9.93**	10.43
- unclaimed dividend account	**22.78**	23.46
- towards guarantees issued by banks	**0.93**	0.78
- in deposit accounts	**19.45**	18.56
- others - against foreign currency loans	**-**	20.97
Total	**516.36**	227.44

Notes forming part of the standalone financial statements (Continued)

6. 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.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

₹ in Crore

Particulars	As at March 31, 2023			As at March 31, 2022		
	Notional Amounts *	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts *	Fair Value - Assets	Fair Value - Liabilities
Part I						
(i) **Currency derivatives:**						
- Forwards	45.00	0.57	-	635.00	-	8.44
- Currency swaps	27,007.00	1,243.35	283.28	15,999.46	648.60	378.52
Subtotal (i)	**27,052.00**	**1,243.92**	**283.28**	**16,634.46**	**648.60**	**386.96**
(ii) Interest rate derivatives:						
- INR Interest rate swaps	2,22,190.00	368.55	5,291.42	1,44,845.00	392.80	3,436.76
- USD Interest swaps	22,191.00	650.54	34.97	9,563.00	281.40	0.64
Subtotal (ii)	**2,44,381.00**	**1,019.09**	**5,326.39**	**1,54,408.00**	**674.20**	**3,437.40**
Total Derivative financial instruments (i)+(ii)	**2,71,433.00**	**2,263.01**	**5,609.67**	**1,71,042.46**	**1,322.80**	**3,824.36**
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	2,22,190.00	368.55	5,291.42	1,44,845.00	392.80	3,436.76
Subtotal (i)	**2,22,190.00**	**368.55**	**5,291.42**	**1,44,845.00**	**392.80**	**3,436.76**
(ii) Cash flow hedging:						
- Currency derivatives	27,052.00	1,243.92	283.28	16,634.46	648.60	386.96
- Interest rate derivatives	22,191.00	650.54	34.97	9,563.00	281.40	0.64
Subtotal (ii)	**49,243.00**	**1,894.46**	**318.25**	**26,197.46**	**930.00**	**387.60**
Total Derivative financial instruments (i)+(ii)	**2,71,433.00**	**2,263.01**	**5,609.67**	**1,71,042.46**	**1,322.80**	**3,824.36**

* 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 March 31, 2023.

6.1 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.

6.2 Refer note 46.6 for Market Risk

Notes forming part of the standalone financial statements (Continued)

7. Trade receivables

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Receivables considered good - unsecured	**226.88**	182.63
Receivables which have significant increase in credit risk	-	-
Sub Total	**226.88**	182.63
Less: Provision for expected credit loss	**6.14**	3.98
Total	**220.74**	178.65

7.1 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	**220.74** *(178.65)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*	**220.74** *(178.65)*
(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	**220.74** *(178.65)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*	**220.74** *(178.65)*

7.2 Trade receivables includes amounts due from the related parties ₹ **114.85 Crore** (Previous Year ₹ 85.93 Crore) [Refer Note 45].

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.

Notes forming part of the standalone financial statements (Continued)

8 Loans

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Loans (Amortised cost)		
Individual loans *	4,99,496.38	4,31,553.48
Non Individual	121,010.76	136,809.81
Total – Gross	**6,20,507.14**	5,68,363.29
Less: Impairment loss allowance (Expected credit loss)	12,144.46	13,500.78
Total – Net (A)	**6,08,362.68**	5,54,862.51
(a) Secured by tangible assets	6,06,210.68	5,40,434.71
(b) Secured by intangible assets	1,332.36	2,600.73
(c) Covered by bank / government guarantee	1,718.90	2,468.32
(d) Unsecured	11,245.20	22,859.53
Total – Gross	**6,20,507.14**	5,68,363.29
Less: Impairment loss allowance (Expected credit loss)	12,144.46	13,500.78
Total – Net (B)	**6,08,362.68**	5,54,862.51
(I) Loans in India		
(i) Public Sector	**450.96**	806.55
(ii) Other than Public Sector	6,20,056.18	5,67,556.74
Total – Gross	**6,20,507.14**	5,68,363.29
Less: Impairment loss allowance (Expected credit loss)	12,144.46	13,500.78
Total – Net (C)(I)	**6,08,362.68**	5,54,862.51
(II) Loans outside India		
Less: Impairment loss allowance (Expected credit loss)	-	-
Total – Net (C)(II)	**-**	-
Total (C) (I) and (II)	**6,08,362.68**	5,54,862.51

* Individual loans include staff housing loan of ₹ **391.50 Crore** (Previous Year ₹ 337.34 Crore) and non housing staff loan of ₹ **46.35 Crore** (Previous Year ₹ 40.07 Crore).

8(a) Loans details

₹ in Crore

Particulars	Principal	Installment / Interest O/s	EIR Adjustment	Total
As at March 31, 2023				
Individual Loans	4,94,138.37	2,004.77	3,353.24	**4,99,496.38**
Non Individual	120,130.73	1,387.95	(507.92)	**121,010.76**
Total	**6,14,269.10**	**3,392.72**	**2,845.32**	**6,20,507.14**
As at March 31, 2022				
Individual Loans	4,27,131.22	1,998.17	2,424.09	4,31,553.48
Non Individual	135,471.98	2,008.72	(670.89)	136,809.81
Total	5,62,603.20	4,006.89	1,753.20	5,68,363.29

Notes forming part of the standalone financial statements (Continued)

8 (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).

8 (c) Loans including Installment and Interest outstanding to related parties ₹ **6.69 Crore** (Previous Year ₹ 19.31 Crore) [Refer Note 45].

8 (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

8 (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.

8 (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).

8 (g) Loans including Installment and Interest outstanding amounts to ₹ **784.62 Crore** (Previous Year ₹ 1,255.39 Crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 [SARFAESI].

8 (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.

The key components of Credit Risk assessment are:

- Probability of default (PD): represents the likelihood of default over a defined time horizon.

Notes forming part of the standalone financial statements (Continued)

- 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 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 (MEV): 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 International Monetary Fund macroeconomic forecasts for India released as part of World Economic Outlook, October 2022.

Management Overlays: During FY 23, Reserve Bank of India (RBI) has increased the repo rate between May 2022 to March 23 to curtail inflationary pressures. In response, the Corporation has also raised its Retail prime lending rate by 250 bps during this period. In the current scenario, the emerging concern is the possibility of default because of increase in customer equated monthly instalments (EMI). The Corporation has identified such customers and provided additional ECL on such accounts.

In addition, The Corporation also evaluated the segments/ industry in retail portfolio which were impacted due to COVID-19 and whose performance has not returned to pre COVID-19 levels. Additional overlays created on salaried customers with low income group & certain segments in self-employed category where the NPA % is higher than the average NPA % of respective customer segments.

8.1 **Individual loans**

8.1.1 **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)

Notes forming part of the standalone financial statements (Continued)

The 12 months default rates have been forecasted to create the PD term structure which incorporates both 12 month (Stage 1 Loans) and lifetime PD (Stage 2 Loans). The historical 12 months default rates are modelled against relevant macroeconomic variables to arrive at future 12 months point-in-time default rates. The forecasted default rates are then used to create point-in-time PD term structure.

The vintage analysis methodology has been used to create the LGD vintage. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the interest rate. The Individual Loans portfolio has been considered together for the LGD computation.

8.2 **Non individual lending**

8.2.1 **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. Certain loans classified as Stage 2 and all the loans classified as Stage 3 are assessed for ECL provisioning based on case to case approach by calculating probability weighted average cashflows under different recovery scenarios.

The vintage analysis methodology has been used to create the LGD vintage for measurement of ECL, based on a portfolio approach. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the effective interest rate.

The Corporation has identified certain non individual accounts as watch list under Stage 2 based on the following criteria:

- Builders' Cash flows are insufficient to service the loan due to slow sales or the project is stalled.
- Borrowers' operational cashflows are insufficient indicating possibility of further delayed payments
- Security cover is insufficient for repayment of loans
- Where the borrowing company has been proceeded upon under Insolvency and Bankruptcy Code (IBC) by creditors and such reference has been admitted by the National Company Law Tribunal (NCLT).

Such accounts identified as watchlist are upgraded by the Corporation, where the Management is satisfied that the risks associated with the account have abated.

8.3 **ECL Provision**

In addition to the management overlays described above in relation to the impact of COVID 19, increase in customer EMI, low income group & industry sector 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.

Notes forming part of the standalone financial statements (Continued)

8.4 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	2022-23				2021-22			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening 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
Increase in EAD - new assets originated or purchased / further increase in existing assets / further interest accrual on existing assets [Net]	207,284.36	528.32	563.39	**208,376.07**	1,88,304.47	677.31	1,135.61	1,90,117.39
Assets repaid in part or full / write off of interest accrued on stage 3 loans [Net] $	(1,09,257.70)	(4,362.83)	(2,127.20)	**(1,15,747.73)**	(77,002.47)	(8,531.76)	(2,938.56)	(88,472.79)
Assets derecognised (loans assigned)	(36,910.13)	-	(912.00)	**(37,822.13)**	(29,955.26)	-	-	(29,955.26)
Principal amount written off	-	-	(2,662.36)	**(2,662.36)**	-	-	(1,624.08)	(1,624.08)
Transfers to Stage 1	2,381.33	(1,546.29)	(835.04)	-	4,503.85	(3,774.26)	(729.59)	-
Transfers to Stage 2	(3,209.14)	3,468.12	(258.98)	-	(8,858.01)	8,998.11	(140.10)	-
Transfers to Stage 3	(982.60)	(1,332.62)	2,315.22	-	(1,997.35)	(3,574.65)	5,572.00	-
Gross carrying amount closing balance *	**589,543.93**	**22,010.25**	**8,952.96**	**620,507.14**	5,30,237.81	25,255.55	12,869.93	5,68,363.29

$ Interest reversed during the financial year ₹ **655.59 Crore** (Previous year ₹ 440.72 crore).

* No. of loan accounts with principal and/or interest overdue as at March 31, 2023 is 48,102 (Stage 1), 40,587 (Stage 2) and 30,219 (Stage 3)

8.5 Reconciliation of ECL balance is given below:

₹ in Crore

Particulars	2022-23				2021-22			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
ECL opening 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
ECL remeasurements due to changes in EAD/ assumptions [Net]	1,080.39	427.08	(201.43)	**1,306.04**	868.77	512.03	740.29	2,121.09
Assets written off	-	-	(2,662.36)	**(2,662.36)**	-	-	(1,624.08)	(1,624.08)
Transfer to Stage 1	37.69	(22.21)	(15.48)	-	220.18	(137.56)	(82.62)	-
Transfer to Stage 2	(828.20)	862.30	(34.10)	-	(697.54)	717.00	(19.46)	-
Transfer to Stage 3	(126.38)	(559.66)	686.04	-	(104.30)	(1,831.64)	1,935.94	-
ECL closing balance	**1,538.34**	**5,847.50**	**4,758.62**	**12,144.46**	1,374.84	5,139.99	6,985.95	13,500.78

The ECL shown above is computed on EAD which comprises of the gross carrying amount adjusted for the following amounts:

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
EMI / Interest amounts received in advance	**(8.54)**	(300.32)
Undisbursed Loan (Sanctioned) (after applying credit conversion factor)	**61,664.43**	54,008.00
Financial guarantees	**143.91**	367.83

8.6 Summary of Impairment loss allowance (Expected Credit Loss)

₹ in Crore

Particulars	Stage 1	Stage 2	Stage 3	Total
As at March 31, 2023	**1,538.34**	**5,847.50**	**4,758.62**	**12,144.46**
As at March 31, 2022	1,374.84	5,139.99	6,985.95	13,500.78

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

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Gross stage 3 (%)Gross stage 3 (%) [Gross stage 3 loans EAD / Gross total loans EAD]	**1.44%**	2.27%
(b) Net stage 3 (%)[(Gross stage 3 loans EAD - Impairment loss allowance for stage 3) / (Gross Total loans EAD - Impairment loss allowance for stage 3)]	**0.68%**	1.06%
(c) Provision coverage ratio (%)[Total Impairment loss allowance for stage 3 / Gross stage 3 loans EAD]	**53.15%**	54.33%

8.8 Concentration of exposure

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Loan exposure to twenty largest borrowers *	**62,082.41**	65,419.66
Percentage of loans to twenty largest borrowers to total loan exposure of the Corporation	**8.60%**	10.45%

* 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)

9. Investments

₹ in Crore

Investments	As at March 31, 2023						
	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	-	-	5,034.07	-	5,034.07	-	**5,034.07**
Government securities$	63,331.08	-	-	-	-	-	**63,331.08**
Equity shares	-	3,367.38	1,153.49	-	4,520.87	-	**4,520.87**
Preference shares	4.23	-	12.88	-	12.88	-	**17.11**
Debentures	871.99	-	74.90	-	74.90	-	**946.89**
Subsidiaries - Equity shares	-	-	-	-	-	7,896.92	**7,896.92**
Subsidiaries - Venture fund	-	-	-	-	-	219.97	**219.97**
Associates - Equity shares	-	-	-	-	-	14,050.49	**14,050.49**
Pass-through certificates	11.01	-	-	-	-	-	**11.01**
Security receipts	-	-	0.00	-	0.00	-	**0.00**
Investment in units of venture capital fund and alternate investment fund (AIF)	-	-	1,488.50	-	1,488.50	-	**1,488.50**
Investment in units of Real Estate Investment Trust ('REIT')	-	-	281.36	-	281.36	-	**281.36**
Total – Gross (A)	**64,218.31**	**3,367.38**	**8,045.20**	**-**	**11,412.58**	**22,167.38**	**97,798.27**
(i) Investments outside India	-	-	-	-	-	-	**-**
(ii) Investments in India	64,218.31	3,367.38	8,045.20	-	11,412.58	22,167.38	97,798.27
Total (B)	**64,218.31**	**3,367.38**	**8,045.20**	**-**	**11,412.58**	**22,167.38**	**97,798.27**
Less: Expected credit loss	3.24	-	-	-	-	-	**3.24**
Less: Allowance for impairment loss (C)	-	-	-	-	-	76.98	**76.98**
Total – Net (D) = (A)-(C)	**64,215.07**	**3,367.38**	**8,045.20**	**-**	**11,412.58**	**22,090.40**	**97,718.05**

$ Investment in Government Securities amounting to ₹ **11,375.16 Crore** (Face Value), has been utilized towards Repurchase Borrowing (REPO) transaction. 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.

Note: '0' denotes amount less than ₹ Fifty thousand.

Notes forming part of the standalone financial statements (Continued)

₹ 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 (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 Borrowing (REPO) transaction. 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.

Note 9.1 HDFC Life Insurance Company Limited

On January 1, 2022, HDFC Life Insurance Company Limited ("HDFC Life") subsidiary of the Corporation had acquired 100% stake of Exide Life Insurance Company Limited ("Exide Life"). Subsequent to the acquisition, HDFC Life had filed a scheme of amalgamation with the Hon'ble National Company Law Tribunal (NCLT) for amalgamation of Exide Life into and with HDFC Life. The Hon'ble NCLT vide its order dated September 16, 2022 and the Insurance Regulatory Development Authority of India (IRDAI) vide their letter dated October 13, 2022 have approved the aforesaid scheme of amalgamation and the scheme is effective from end of day of October 14, 2022.

Further, during the year, the Corporation has subscribed preferential issue of 3,57,94,824 equity shares in HDFC Life for a consideration of ₹ 2,000.00 Crore, resulting in 48.67% holding in the HDFC Life.

Note 9.2 HDFC Credila Financial Services Limited

During the year, the Corporation has subscribed rights issue of 1,60,01,499 equity shares in its wholly owned subsidiary, HDFC Credila Financial Services Limited for a consideration of ₹ 800.00 Crore.

Notes forming part of the standalone financial statements (Continued)

Note 9.3 HDFC Capital Advisors Limited

During the year, the Corporation sold 2,35,019 equity shares (being 10% of its fully diluted paid-up share capital) of HDFC Capital Advisors Limited representing 11.8% of the paid-up share capital resulting in a pre tax gain of ₹ 183.81 crore. Further, the Corporation has acquired 1,38,664 equity shares for a consideration of ₹ 108.73 Crore, resulting in 90% holding in the HDFC Capital Advisors Limited.

Note 9.4 HDFC Venture Capital Limited

During the year, the Corporation acquired 97,500 equity shares of HDFC Venture Capital Ltd ("HVCL"), representing 19.50% of its paid-up equity share capital. Pursuant to the aforesaid acquisition, HVCL has become a wholly owned subsidiary of the Corporation.

Note 9.5 HDFC Education and Development Services Pvt. Ltd (HEADS)

During the year, the Corporation acquired 3,20,00,000 equity shares in its wholly owned subsidiary, HEADS for a consideration of ₹ 32.00 Crore.

Note 9.6 Debt Asset Swap

During the current year, the Corporation has disposed off certain investment costing of ₹ **13.21 Crore** (Previous year ₹ 173.86) 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, 2023 stood at ₹ **179.79 Crore** (Previous Year ₹ 305.85 Crore).

10. Other financial assets

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits	**45.67**	43.78
Receivables on assigned loans *	**2,576.49**	2,059.40
Amounts receivable on swaps and other derivatives	**1,725.43**	1,596.38
Inter-corporate deposit	-	5.11
Receivables on sale of investments (trade date accounting)	**14.78**	219.19
Mark to market on derivative - Credit support annex (CSA)	**2,663.21**	1,668.29
Total Other financial assets (gross)	**7,025.58**	5,592.15
Less: Impairment loss allowance (Expected credit loss)		
Inter-corporate deposit	-	5.11
Others	**15.84**	13.50
Total Other financial assets (net)	**7,009.74**	5,573.54

* includes retained excess interest spread and servicing asset on assigned / derecognised loans

11. Taxes on income

11.1. Current tax asset (Net)

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Advance tax (Net of provision)	**3,123.70**	2,617.55

Notes forming part of the standalone financial statements (Continued)

11.2 Deferred tax asset (Net)

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax asset (Net)	**1,121.08**	1,549.88

11.2.1 Movement in deferred tax asset / (liability)

₹ in Crore

Particulars	As at March 31, 2022	Profit or loss	Other Comprehensive Income	Total	As at March 31, 2023
Items on timing difference:					
Property, plant and equipment	(23.16)	(2.40)	-	(2.40)	**(25.56)**
Expected credit loss	3,096.79	(31.24)	-	(31.24)	**3,065.55**
Provisions other than expected credit loss	59.36	(15.81)	-	(15.81)	**43.55**
Fair valuation on financial assets at FVTPL	(1,077.35)	219.93	-	219.93	**(857.42)**
Fair valuation on financial assets at FVOCI	599.06	-	(103.76)	(103.76)	**495.30**
Remeasurements of employee benefits through OCI	1.21	-	(1.21)	(1.21)	**-**
Impact of accounting under effective interest rate (EIR)	(1,089.38)	(450.63)		(450.63)	**(1,540.01)**
Foreign exchange transactions and translations	(16.65)	40.58	(84.26)	(43.68)	**(60.33)**
Total	**1,549.88**	**(239.57)**	**(189.23)**	**(428.80)**	**1,121.08**

Previous Year

₹ 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

Notes forming part of the standalone financial statements (Continued)

11.3 Income tax recognised in profit or loss

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax		
In respect of the current year	**3,535.11**	3,514.25
Deferred tax		
In respect of the current year	**239.57**	(10.12)
Total Income tax expense recognised in the current year relating to continuing operations	**3,774.68**	3,504.13

11.3.1 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 43.2)

11.3.2 **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, 2023	For the year ended March 31, 2022
Profit before tax	**20,014.04**	17,246.31
Income tax expense calculated at 25.168%	**5,037.13**	4,340.55
Effect of expenses that are not deductible in determining taxable profit	**106.76**	163.86
Effect of incomes which are taxed at different rates	**36.07**	(73.45)
Effect of incomes which are exempt from tax	**(759.00)**	(467.50)
Deduction under Section 36(1)(viii) of the Income tax Act, 1961	**(480.46)**	(459.33)
Effect of additional expenses that are deductible in determining taxable profit	**(165.82)**	-
Income tax expense recognised in statement of profit and loss	**3,774.68**	3,504.13
Effective tax rate (%)	**18.86%**	20.32%

The tax rate used for the reconciliations above is the corporate tax rate of **25.168%** (Previous Year 25.168%) payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

Notes forming part of the standalone financial statements (Continued)

12. Investment property

₹ in Crore

Particulars		As at March 31, 2023	As at March 31, 2022
Gross carrying amount			
Opening gross carrying amount		**602.00**	638.67
Additions		**41.87**	15.54
Disposal		**(24.35)**	(46.82)
Transfer to property, plant and equipment / held for sale (net)		**(63.94)**	(5.39)
Closing gross carrying amount	(a)	**555.58**	602.00
Accumulated depreciation			
Opening accumulated depreciation		**32.13**	28.20
Depreciation charge		**8.86**	9.62
Depreciation on sale		**(1.30)**	(3.71)
Transfer to property, plant and equipment / held for sale (net)		**(1.48)**	(1.98)
Closing accumulated depreciation	(b)	**38.21**	32.13
Accumulated impairment			
Opening accumulated Impairment		**1.78**	21.65
Impairment charge / (reversal on sale)		**(1.47)**	(19.87)
Closing accumulated Impairment	(c)	**0.31**	1.78
Net carrying value of investment property	(a) + (b) - (c)	**517.06**	568.09
Investment property - under construction (advance)	(d)	**2,182.89**	2,117.65
Total Investment property	(a - b - c + d)	**2,699.95**	2,685.74

12.1 The Corporation had 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 of sale and Discontinuing Operation'.

12.2 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 ₹ **2,746.03 Crore** at March 31, 2023 (Previous Year ₹ 2,631.31 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 of at an appropriate time in accordance with the applicable regulations.

12.3 **Fair value** (Level 3)

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Fair value of investment property (excluding properties under construction)	**1,072.72**	1,077.03
Net carrying value of investment property	**517.06**	568.09

Notes forming part of the standalone financial statements (Continued)

The fair value of the Corporation's investment properties as at March 31, 2023 and March 31, 2022 has been arrived at on the basis of valuation of 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.

The Corporation has leased out certain investments properties. The Corporation has classified these leases as operating leases, because they do not transfer substantially all of the risk and rewards incidental to the ownership of the assets. (refer Note 29)

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, 2023	As at March 31, 2022
Less than one year	**42.04**	45.37
Between one and two years	**34.11**	33.56
Between two and three years	**14.94**	17.36
Between three and four years	**2.61**	9.93
Between four and five years	**2.09**	4.70
More than five years	**0.00**	0.00
Total	**95.79**	110.92

12.4 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.

12.5 Title deed of the 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 matters is at the Supreme Court presently, the Corporation has accordingly, made appropriate representations 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.

Notes forming part of the standalone financial statements (Continued)

13. Property, plant and equipment

Year ended March 31, 2023

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2022	Additions	Transfer in / (out)	Deductions	As at March 31, 2023	As at March 31, 2022	For the Year	Transfer in / (out)	Deductions	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Land :												
Freehold	100.63	-	46.73	-	**147.36**	-	-	-	-	**-**	**147.36**	100.63
Right of use - Land	349.55	-	-	-	**349.55**	44.40	8.88	-	-	**53.28**	**296.27**	305.15
Buildings :												
Own use	308.25	58.69	(32.32)	35.52	**299.10**	54.94	22.59	(6.36)	20.17	**51.00**	**248.10**	253.31
Leasehold improvements	53.09	15.63	-	1.64	**67.08**	24.64	8.06	-	1.63	**31.07**	**36.01**	28.45
Right of use - Buildings	466.05	150.63	-	6.84	**609.84**	206.52	87.34	-	3.60	**290.26**	**319.58**	**259.53**
Computer hardware	108.80	32.33	-	1.81	**139.32**	53.01	25.29	-	1.85	**76.45**	**62.87**	55.79
Furniture and fittings												
Own use	43.57	10.79	-	5.13	**49.23**	15.82	5.64	-	4.63	**16.83**	**32.40**	27.75
Office equipment etc.:												
Own use	48.61	19.48	-	6.40	**61.69**	18.91	7.00	-	5.93	**19.98**	**41.71**	29.70
Vehicles	24.60	18.44	-	8.11	**34.93**	10.97	6.18	-	8.01	**9.14**	**25.79**	13.63
Total	**1,503.15**	**305.99**	**14.41**	**65.45**	**1,758.10**	**429.21**	**170.98**	**(6.36)**	**45.82**	**548.01**	**1,210.09**	**1,073.94**

Previous 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

13.1 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.

13.2 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).

13.3 The Corporation do not have any Benami property, where any proceeding has been initiated or pending against the Corporation for holding any Benami property.

13.4 Transfer in represents the reclassification due to change in usage of certain investment property and transfer out represents certain PPE being classified as non current assets held for sale in accordance with Ind AS 105 - Non-current assets held for sale and discontinued operations.

14. Other intangible assets

Year ended March 31, 2023

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2022	Additions	Adjustment	Deductions	As at March 31, 2023	As at March 31, 2022	For the Year	Adjustment	Deductions	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Computer software	71.21	38.90	-	7.27	**102.84**	23.44	18.70	-	7.27	**34.87**	**67.97**	47.77
Non compete fees	10.92	-	-	10.92	-	10.92	-	-	10.92	-	-	-
Development right	350.15	-	-	-	**350.15**	28.01	14.08	-	-	**42.09**	**308.06**	322.14
Total	**432.28**	**38.90**	**-**	**18.19**	**452.99**	**62.37**	**32.78**	**-**	**18.19**	**76.96**	**376.03**	**369.91**

Previous Year ended March 31, 2022

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at March 31, 2021	Additions	Adjustment	Deductions	As at March 31, 2022	As at March 31, 2021	For the Year	Adjustment	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

14.1 The Corporation had not acquired intangible assets through business combination, further none of the intangible assets has been revalued during the current year and previous year.

14.2 The Corporation had entered into debt assets swap, whereby the net carrying amount of the PPE / intangible assets (including capital advance) taken over stood at ₹ **1,251.43 Crore** (Previous Year ₹ 1,202.88 Crore). The properties taken over by the corporation are mix of residential and commercial properties located in key metro cities. These properties being held for own use.

Notes forming part of the standalone financial statements (Continued)

15. Other non-financial assets

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured; considered good		
Capital Advances	**1,047.54**	999.79
Other Advances	**144.60**	133.76
Prepaid Expenses	**75.94**	65.08
Total Gross	**1,268.08**	1,198.63
Less: Provision for expected credit loss (ECL)	**4.71**	0.05
Total Net of ECL	**1,263.37**	1,198.58

15.1 Other advances include amounts due from the related parties ₹ **6.95 Crore** (Previous Year ₹ 6.22 Crore) [refer Note 45].

16. Payables

16.1 Trade payables

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises	**11.88**	9.52
Total outstanding dues of creditors other than micro enterprises and small enterprises	**339.66**	334.65

16.1.1 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, 2023	As at March 31, 2022
(a) Principal amount and the interest due thereon	**11.88**	9.52
(b) The amount of interest paid *	**0.01**	0.00
(c) Amounts paid after appointed date during the year	**0.31**	0.14
(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' represent amount less than ₹ fifty thousand.

16.1.2 Trade payables includes ₹ **145.87** Crore (Previous Year ₹ 156.02 Crore) due to related parties [Refer Note 45].

Notes forming part of the standalone financial statements (Continued)

16.1.3 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) micro enterprises and small enterprises	3.05 *(3.75)*	8.83 *(5.77)*	- *(-)*	- *(-)*	**-** *(-)*	**11.88** *(9.52)*
(ii) Others	297.89 *(193.17)*	36.41 *(136.25)*	5.36 *(5.23)*	- *(-)*	- *(-)*	**339.66** *(334.65)*
(iii) Disputed dues - micro enterprises and small enterprises	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*
(iv) Disputed dues - Others	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*	- *(-)*
Total	**300.94** *(196.92)*	**45.24** *(142.02)*	**5.36** *(5.23)*	**-** *(-)*	**-** *(-)*	**351.54** *(344.17)*

17. Debt securities

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Bonds - secured	**-**	4.20
Non convertible debentures - secured (listed)	**2,10,387.74**	1,63,889.93
Synthetic rupee denominated bonds - unsecured (listed)	**500.00**	1,800.00
Commercial papers - unsecured (listed)	**42,268.44**	30,238.35
Total of Debt securities	**2,53,156.18**	1,95,932.48
Less: Unamortised borrowing cost	**(0.24)**	(2.85)
Debt securities net of unamortised borrowing cost	**2,53,155.94**	1,95,929.63
Debt securities in India	**2,52,656.18**	1,94,132.48
Debt securities outside India	**500.00**	1,800.00
Total of Debt securities	**2,53,156.18**	1,95,932.48
Less: Unamortised borrowing cost	**(0.24)**	(2.85)
Total of Debt securities net of unamortised borrowing cost	**2,53,155.94**	1,95,929.63

Refer Note 46.3 for categories of financial instruments

Notes forming part of the standalone financial statements (Continued)

17.1 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.

17.2 Non-convertible debentures includes ₹ **5,185.90 Crore** (Previous Year ₹ 4,274.10 Crore) held by related parties [Refer note 45].

17.3 The Corporation had issued Synthetic Rupee Denominated Bonds of ₹ 11,100 Crore to overseas investors of which ₹ **500.00 Crore** remains outstanding as at March 31, 2023 (Previous Year ₹ 1,800.00 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 investor.

17.4 The Corporation 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.

17.5 The Corporation does not have any charges or satisfaction which are yet to be registered with Registrar of Companies beyond the statutory period.

17.6 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.

17.7 As part of the asset liability management, the Corporation has entered into INR interest rate swaps of notional amount of ₹ **2,22,190.00 Crore** (Previous Year ₹ 1,44,845.00 Crore) against the underlying financial instruments. The fair value impact of ₹ **4,594.27 Crore** (Previous Year ₹ 2,893.16 Crore) in relation to the underlying financial instruments has been netted off against outstanding value of non convertible debentures.

Notes forming part of the standalone financial statements (Continued)

17.8 Terms of redemption based on nominal value of bonds and debentures and repayment terms as at March 31, 2023.

₹ in Crore

Particulars	0-1 year	>1-3 years	>3-5 years	>5 years	Total
Debt securities					
Non convertible debentures					
4.50% to 5.00%	6,000.00	-	-	-	6,000.00
5.01% to 6.00%	6,193.00	7,000.00	7,000.00	-	20,193.00
6.01% to 7.00%	1,250.00	5,000.00	-	9,500.00	15,750.00
7.01% to 8.00%	6,500.00	15,246.00	7,636.00	88,654.80	1,18,036.80
8.01% to 9.00%	-	2,850.00	5,280.00	32,888.40	41,018.40
9.01% to 9.50%	4,000.00	1,985.00	-	2,953.00	8,938.00
Variable rate non convertible debentures					
Coupon Linked to 3 months T-Bill Rate as published by Financial Benchmarks India Pvt. Ltd.	-	5,000.00	-	-	5,000.00
Total	**23,943.00**	**37,081.00**	**19,916.00**	**1,33,996.20**	**2,14,936.20**
Synthetic rupee denominated bonds					
6.73% - 8.75%	500.00	-	-	-	500.00
Commercial papers					
5.20% to 6.00%	597.97	-	-	-	597.97
6.01% to 7.00%	13,179.21	-	-	-	13,179.21
7.01% to 8.00%	28,491.26	-	-	-	28,491.26
Total	**42,268.44**	-	-	-	**42,268.44**
Total Debt securities	**66,711.44**	**37,081.00**	**19,916.00**	**1,33,996.20**	**2,57,704.64**

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% - 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 Financial Benchmarks India Pvt. Ltd.	-	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% - 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

Notes forming part of the standalone financial statements (Continued)

18. Borrowings (other than Debt securities) - at amortised cost

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Term loans from Banks - secured		
Scheduled banks	**1,05,438.00**	1,00,118.00
Term loans from others - secured		
Asian Development Bank	**-**	41.01
National Housing Bank	**13,542.86**	12,960.11
Sub Total	**1,18,980.86**	1,13,119.12
Term loans from Banks - unsecured		
Scheduled banks	**4,350.00**	4,050.00
External commercial borrowing - Low cost affordable housing	**25,475.87**	13,945.15
Sub Total	**29,825.87**	17,995.15
REPO borrowing (Secured)	**11,280.02**	8,800.27
Total Borrowings	**1,60,086.75**	1,39,914.54
Less: Unamortised borrowing cost	**(131.88)**	(62.79)
Net Borrowings net of unamortised borrowing cost	**1,59,954.87**	1,39,851.75
Borrowings in India	**1,34,610.88**	1,25,928.38
Borrowings outside India	**25,475.87**	13,986.16
Total of Borrowings	**1,60,086.75**	1,39,914.54
Less: Unamortised borrowing cost	**(131.88)**	(62.79)
Net Borrowings net of unamortised borrowing cost	**1,59,954.87**	1,39,851.75

18.1 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.

18.2 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.

18.3 The Corporation has total external commercial borrowing (ECBs) of USD 2,700.00 million (Previous Year USD 1,400.00 million) and JPY 53,200 million (Previous Year 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.

18.4 As on March 31, 2023, the Corporation has foreign currency borrowings of **USD 2,700.00 million** and **JPY 53,200 million** (Previous Year USD 1,404.28 million and JPY 53,200 million). The Corporation has undertaken currency swaps and forward contracts of a notional amount of **USD 2,700 million** and **JPY 53,200 million** (Previous Year USD 1,400.00 million and JPY 53,200 million) and foreign currency arrangements of **USD Nil** (Previous Year USD 4.28 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 USD Interest rate swaps of ₹ **22,191.00 Crore** as on March 31, 2023 (Previous Year ₹ 9,563.00 Crore) for varying maturities, linked to various benchmarks.

18.5 REPO borrowing is secured against investment in Government Securities of face value ₹ **11,375.16 Crore** (Previous Year ₹ 8,997.51 Crore).

18.6 There were no breaches in terms of covenants in respect of loans availed by the Corporation or debt securities issued by the Corporation.

18.7 **Terms of borrowings and repayment as at March 31, 2023**

₹ in Crore

Particulars	0-1 year	>1-3 years	>3-5 years	>5 years	Total
Term loans from Banks - secured					
5.01% to 6.00%	750.00	-	-	-	750.00
6.01% to 7.00%	-	-	-	2,000.00	2,000.00
7.01% to 8.00%	71,320.00	16,068.00	1,500.00	6,750.00	95,638.00
8.01% to 9.00%	3,450.00	2,070.00	1,530.00	-	7,050.00
Total	**75,520.00**	**18,138.00**	**3,030.00**	**8,750.00**	**1,05,438.00**
Term loans from others - secured					
National Housing Bank - secured					
2.80% to 3.00%	250.05	666.80	610.80	46.28	1,573.93
3.01% to 4.00%	144.35	384.92	384.92	288.58	1,202.77
4.01% to 5.00%	494.05	1,077.89	274.24	-	1,846.18
5.01% to 6.00%	134.79	359.44	265.26	207.33	966.82
6.01% to 7.00%	161.88	417.74	161.82	358.95	1,100.39
7.01% to 8.00%	881.13	2,295.66	1,039.32	1,138.50	5,354.61
8.01% to 8.25%	713.16	785.00	-	-	1,498.16
Total	**2,779.41**	**5,987.45**	**2,736.36**	**2,039.64**	**13,542.86**
Term loans from Banks - unsecured					
7.01% to 8.00%	2,350.00	2,000.00	-	-	4,350.00
Total	**2,350.00**	**2,000.00**	**-**	**-**	**4,350.00**
External commercial borrowing - Low cost affordable housing					
1 Month Libor + 50 bps to 126 bps	6,164.25	-	-	-	6,164.25
3 Month SOFR + 90 bps	-	9,040.90	-	-	9,040.90
6 Month SOFR + 107 bps	-	-	3,287.60	-	3,287.60
6 Month Libor + 85 bps	-	-	3,698.55	-	3,698.55
1 Month TONA + 0.63%	3,284.57	-	-	-	3,284.57
Total	**9,448.82**	**9,040.90**	**6,986.15**	**-**	**25,475.87**
Repo Borrowing					
6.70% to 7.00%	2,335.47	-	-	-	**2,335.47**
7.01% to 8.00%	8,944.55	-	-	-	**8,944.55**
Total	**11,280.02**	**-**	**-**	**-**	**11,280.02**
Total Borrowings	**1,01,378.25**	**35,166.35**	**12,752.51**	**10,789.64**	**1,60,086.75**

Notes forming part of the standalone financial statements (Continued)

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
7.01% to 8.0%	-	-	-	-	
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)

18.8. Disclosure as per RBI circular - RBI/2019-20/107 FMRD.DIRD.21.14.03.038/2019-20 for the year ended March 31, 2023

(figures for the Previous Year in brackets)

₹ in Crore

Particulars	Minimum Outstanding During FY 22-23	Maximum Outstanding during FY 22-23	Daily Average Outstanding during FY 22-23	**Outstanding as on March 31, 2023**
Securities sold under REPO				
(i) Government Securities	- *(-)*	12,986.16 *(9,424.47)*	1,404.79 *(341.55)*	**11,280.03** *(8,800.27)*
(ii) Corporate Debt Securities	- *(-)*	- *(-)*	- *(-)*	**-** *(-)*
(iii) Any Other Securities	- *(-)*	- *(-)*	- *(-)*	**-** *(-)*
Securities purchased under reverse REPO				
(i) Government Securities	- *(-)*	15,410.56 *(2,876.82)*	1,866.76 *(37.79)*	**-** *(-)*
(ii) Corporate Debt Securities	- *(-)*	- *(-)*	- *(-)*	**-** *(-)*
(iii) Any Other Securities	- *(-)*	- *(-)*	- *(-)*	**-** *(-)*

19. Deposits - at amortised cost

₹ in Crore

Particulars	**As at March 31, 2023**	As at March 31, 2022
Deposits		
(i) Public deposits	**1,11,167.93**	99,879.59
(ii) From Banks	**11.25**	5.75
(iii) From Others - Secured	**997.08**	6,327.35
- Unsecured	**40,499.81**	55,140.35
Total	**1,52,676.07**	1,61,353.04
Less: Unamortised transaction cost	**(565.00)**	(453.28)
Deposits net of unamortised cost	**1,52,111.07**	1,60,899.76

19.1 Deposits includes ₹ **284.87 Crore** (Previous Year ₹ 204.91 Crore) placed by related parties [Refer Note 45].

19.2 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.

19.3 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.

Notes forming part of the standalone financial statements (Continued)

20. Subordinated liabilities - at amortised cost

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Non convertible - Subordinated debentures	**3,000.00**	3,000.00
Total	**3,000.00**	3,000.00
Subordinated liabilities in India	**3,000.00**	3,000.00
Subordinated liabilities outside India	**-**	-
Total	**3,000.00**	3,000.00

20.1 **Terms of issuance and repayment;**

As at March 31, 2023 ₹ 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, 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

20.2 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, 2023, **20%** (Previous Year 40%) of the book value of the subordinated debt is considered as Tier II capital for the purpose of capital adequacy computation.

21. Other financial liabilities

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on Debt securities and Deposits	**13,339.74**	11,132.47
Amounts payable on assigned / securitised loans	**585.35**	421.61
Security and other deposits received	**30.90**	30.66
Unclaimed dividend	**22.78**	23.46
Unclaimed matured deposits	**50.06**	609.77
Interest accrued on unclaimed matured deposits	**4.62**	87.88
Lease liability in respect of leased premises	**347.60**	281.07
Book overdraft	**1,975.84**	1,904.00
Deposit application money	**94.29**	-
Others (retention money)	**40.74**	36.77
Total	**16,491.92**	**14,527.69**

21.1 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 **₹ 2.89 Crore** (Previous Year ₹ 2.67 Crore) being unpaid dividend, underlying 78,279 equity shares of ₹ 2 each

Notes forming part of the standalone financial statements (Continued)

(Previous Year: 86,465 equity shares of ₹ 2 each) and ₹ **5.32 Crore** (Previous Year ₹ 5.04 Crore) being unclaimed deposits to the Investor Education and Protection Fund (IEPF). As of March 31, 2023, no amount was due for transfer to the IEPF. However, 2,146 equity shares (Previous Year 2,371) 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.

22. Current tax liabilities (Net)

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for tax (Net of advance tax)	**542.47**	441.30
Total	**542.47**	441.30

23. Provisions

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits	**270.24**	270.02
Total	**270.24**	270.02

24. Other Non-financial liabilities

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Amount received in advance	**296.34**	365.58
Deferred gain on fair valuation (initial recognition)	-	355.25
Statutory payables	**780.30**	584.07
Others	**225.37**	217.88
Total	**1,302.01**	1,522.78

24.1 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 were 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, lock in period has been expired and ₹ **355.25 Crore** (Previous Year ₹ 355.25 Crore) has been recognised in accordance with Ind AS 109 on Financial Instruments.

Notes forming part of the standalone financial statements (Continued)

25. Equity share capital

₹ in Crore

	As at March 31, 2023	As at March 31, 2022
AUTHORISED		
228,80,50,000 (As at March 31, 2022 - 228,80,50,000) Equity shares of ₹ 2 each	**457.61**	457.61
ISSUED, SUBSCRIBED AND FULLY PAID UP		
183,45,55,988 (As at March 31, 2022 - 181,30,28,276) Equity shares of ₹ 2 each	**366.91**	362.61

25.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	₹ in Crore	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**181,30,28,276**	**362.61**	180,39,46,433	360.79
Shares allotted pursuant to exercise of stock options	**2,15,27,112**	**4.30**	90,81,843	1.82
Shares allotted pursuant to shares under warrant conversion	**600**	**0.00**		
Shares allotted pursuant to issue of shares under QIP	-	-	-	-
Equity shares outstanding as at the end of the year	**183,45,55,988**	**366.91**	181,30,28,276	362.61

25.2 There were no shareholder holding more than 5 percent shares in the Corporation as at March 31, 2023 and March 31, 2022.

25.3 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)

25.4 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 Final	Previous Year Final
Year to which the dividend relates	**2021-22**	2020-21
Number of non-resident shareholders	**20,324**	15,773
Number of shares held by them	**124,64,00,354**	129,31,69,784
Gross amount of dividend (₹ in Crore)	**3,739.20**	2,974.29

25.5 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 5 financial years.

25.6 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.

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.

25.7 As at March 31, 2023 **6,12,07,176 shares** (Previous Year 8,27,34,888 shares) were reserved for issuance as follows:

a) **4,41,50,376 shares** of ₹ 2 each (Previous Year: 6,56,77,488 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
No. of warrants outstanding at the beginning of the year	**1,70,57,400**	1,70,57,400
No. of Warrants converted during the year (refer note 25.6)	**600**	-
No. of warrants outstanding at the end of the year	**1,70,56,800**	1,70,57,400

25.8 The Corporation does not have Promoter, accordingly disclosure relating to shareholding of promoters is not applicable.

25.9 **Dividend**

The Board of Directors have declared interim dividend on equity shares at ₹ **44** per share at their meeting held on May 4, 2023 (Previous Year - final dividend of ₹ 30 per share).

Notes forming part of the standalone financial statements (Continued)

26. Other equity

₹ in Crore

Particulars	Note	As at March 31, 2023	As at March 31, 2022
Capital reserve	26.1	**0.04**	0.04
Securities premium	26.2	**49,824.83**	45,754.07
Retained earnings		**29,220.08**	23,108.86
General reserve	26.3	**26,640.11**	26,640.11
Special reserve no. I	26.4	**51.23**	51.23
Special reserve no. II	26.4 & 26.5	**22,716.95**	20,516.95
Statutory reserve	26.5	**7,527.42**	6,427.42
Shelter assistance reserve	26.6	**0.00**	0.03
Equity instruments through other comprehensive income		**(3,686.14)**	(4,228.50)
Effective portion of cash flow hedges	26.7	**342.64**	80.02
Cost of cash flow hedges	26.7	**(300.57)**	(95.92)
Share-based payment reserve	26.8	**974.09**	1,327.05
Money received against share warrants	25.6	**307.02**	307.03
Share Application Money		**0.13**	
Total		**1,33,617.83**	1,19,888.39

26.1 **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.

26.2 **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.

26.3 **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.

26.4 **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

26.5 **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 ₹ **2,200.00 Crore** (Previous Year ₹ 2,100.00 Crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of ₹ **1,100.00 Crore** (Previous Year ₹ 700.00 Crore) to "Statutory Reserve (As per Section 29C of the NHB Act)".

Notes forming part of the standalone financial statements (Continued)

26.6 **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.

26.7 **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, 2021	(198.28)
Add: Changes in fair value of forward / currency swap contracts	200.64
Add: Changes in fair value of foreign currency loans/ ECB/ ADB loans	171.26
Less: Tax expense relating to above (net)	(93.60)
As at March 31, 2022	**80.02**
Add: Changes in fair value of forward / currency swap contracts	1,256.52
Add: Changes in fair value of foreign currency loans/ ECB/ ADB loans	(905.57)
Less: Tax expense relating to above (net)	(88.33)
As at March 31, 2023	**342.64**
(ii) Cost of hedge reserve	
As at March 31, 2021	93.38
Deferred time value of foreign currency options	(252.97)
Less: Tax expense relating to above (net)	63.67
As at March 31, 2022	**(95.92)**
Deferred time value of foreign currency options	(273.48)
Less: Tax expense relating to above (net)	68.83
As at March 31, 2023	**(300.57)**

Notes forming part of the standalone financial statements (Continued)

26.8 **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.

27. Interest income

₹ in Crore

Particulars	**For the Year ended March 31, 2023**	For the Year ended March 31, 2022
On financial assets measured at amortised cost		
Interest on loans	**51,451.02**	41,044.17
Interest income from investments	**3,097.96**	2,107.74
Interest on deposits	**37.85**	21.09
Other interest Income (net)	**392.77**	118.85
On financial assets measured at FVTPL		
Interest income from investments	**17.71**	5.36
Total	**54,997.31**	43,297.21

27.1 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. Dividend income

Dividend income includes ₹ **1,378.15 Crore** (Previous Year ₹ 918.48 Crore) received from subsidiary companies and ₹ **1,340.15 Crore** (Previous Year : ₹ 562.00 Crore) received from associate company.

29. Rental income

Rental income includes ₹ **55.46 Crore** (Previous Year ₹ 56.53 Crore) from certain Investment properties that were rented to external parties.

30. Fees and commission income

Fees and commission income include ₹ **287.08 Crore** (Previous Year ₹ 226.72 Crore) received from related parties.

Notes forming part of the standalone financial statements (Continued)

31. Net gain on fair value changes

₹ in Crore

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Net gain on financial instruments at FVTPL - Investments	**362.10**	938.83
Net gain/ (loss) on financial instruments measured at amortised cost - Others	-	(0.36)
Total Net gain on fair value changes	**362.10**	938.47
Fair value changes:		
- Realised	**177.63**	152.75
- Unrealised	**184.47**	785.72
Total Net gain on fair value changes	**362.10**	938.47

31.1. **Profit on sale of investments and investment property (net)**

31.1.1 The Corporation sold 2,35,019 equity shares (being 10% of its fully diluted paid-up share capital) of HDFC Capital Advisors Ltd ("HCAL") representing 11.8% of the paid-up share capital of HCAL, resulting in a pre tax gain of ₹ 183.81 crore.

31.1.2 During the year, the Corporation has sold certain Investment Property resulting in gain of ₹ **5.03 Crore** (Previous Year loss of ₹ 3.72 Crore).

32. Income on derecognised (assigned) loans

The Corporation has derecognised Individual loans of ₹ **36,910.13 Crore** (Previous Year Individual loan of ₹ 28,455.26 Crore and Non Individual loan of ₹ 1,500.00 Crore) (measured at amortised cost) on account of assignment transactions resulting in total income of ₹ **1,244.54 Crore** (Previous Year ₹ 1,056.00 Crore) including upfront gains of ₹ **676.21 Crore** (Previous Year ₹ 606.50 Crore). The transferred loans are de-recognised and gains/losses are accounted for since, Corporation has transferred all risks and rewards specified in the underlying assigned loan contract.

As at March 31, 2023, the outstanding amount in respect of individual loans sold was ₹ **1,02,070.71 Crore** (Previous Year ₹ 83,880.24 Crore) against which the Corporation has recognised 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.

Notes forming part of the standalone financial statements (Continued)

33. Finance costs

₹ in Crore

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Interest on debt securities	**16,057.59**	10,422.29
Interest on term loan borrowings	**8,960.71**	5,805.25
Interest on deposits	**10,387.82**	9,867.05
Interest on subordinated liabilities	**278.50**	365.69
Interest expenses on leased properties	**18.94**	15.88
Other charges	**291.18**	263.05
Total Finance costs	**35,994.74**	26,739.21

34. Impairment on financial instruments (Expected credit loss)

₹ in Crore

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
On Financial assets measured at amortised cost		
Loans	**1,788.92**	1,946.27
Investments	**2.02**	0.53
Others financial assets including inter corporate-deposits	**4.06**	(14.80)
Total	**1,795.00**	1,932.00

34.1 Impairment on loans includes impairment of ₹ **483.00 Crore** (Previous Year exclude ₹ 335.00 Crore) relating to interest on credit impaired assets, which is netted off from interest income in accordance with Ind AS 109 on Financial Instruments.

34.2 Refer note 8.5 for details relating to movement in expected credit loss on loans

35. Employee benefit expenses

₹ in Crore

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Salaries and bonus	**706.94**	573.20
Contribution to provident and other funds (refer note 40)	**75.19**	64.95
Staff training and welfare expenses	**38.31**	32.40
Share based payments (refer note 41)	**204.81**	390.24
Total	**1,025.25**	1,060.79

35.1 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)

36. Other expenses

₹ in Crore

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Rent, taxes and energy cost	**26.40**	24.62
Repairs and maintenance	**92.76**	82.73
Communication cost	**52.57**	39.04
Printing and stationery	**15.36**	11.78
Advertisement and publicity	**64.12**	44.44
Directors' fees and commission	**11.94**	8.06
Auditor's fees and expenses (refer note 36.3)	**6.87**	6.67
Legal and professional charges	**121.65**	61.54
Insurance charges	**3.16**	2.72
Loan processing expenses	**110.72**	89.30
Manpower outsourcing	**124.15**	97.98
Computer expenses	**105.51**	60.26
CSR expenditure (refer note 36.4)	**214.05**	190.53
Other expenditure	**169.50**	119.92
Total	**1,118.76**	839.60

Previous year numbers have been regrouped, in order to make them comparable with the current year classification.

36.1 Direct operating expenses arising from investment property

₹ in Crore

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
1. Direct operating expenses arising from investment property that generated rental income	**3.97**	3.32
2. Direct operating expenses arising from investment property that did not generate rental income	**0.96**	1.36
Total	**4.93**	4.68

36.2 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)

36.2.1 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, 2023	For the Year ended March 31, 2022
Opening balance	**259.53**	175.07
Addition for the year	**150.63**	162.87
Deletion during the year	**(6.84)**	(7.07)
Depreciation charge for the year (Net of deduction)	**(83.74)**	(71.34)
Closing balance	**319.58**	259.53

36.2.2 Amount recognised in Statement of Profit & Loss towards operating leases

₹ in Crore

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Interest on lease liabilities	**18.94**	15.88
Depreciation charge for the year	**87.34**	75.55
Total	**106.28**	91.43

Cash outflow on account of lease payment is ₹ **99.78 Crore** (Previous Year ₹ 85.88 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, 2023	As at March 31, 2022
Not later than one year	**93.58**	78.88
Later than one year but not later than three years	**139.71**	108.87
Later than three year but not later than five years	**91.17**	69.80
Later than five years	**92.33**	78.99
Total	**416.79**	336.54

36.3 Auditors' remuneration

₹ in Crore

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Audit / review fee*	**5.25**	4.70
Taxation matters	**0.98**	0.85
Other matters and certification	**0.59**	1.12
Reimbursement of Expenses	**0.05**	-
Total	**6.87**	6.67

* Includes audit fees of ₹ **2.85 Crore** (Previous Year ₹ 2.50 Crore) and fees for quarterly limited review of ₹ **2.40 Crore** (Previous Year ₹ 2.20 Crore). Auditors' remuneration is excluding Goods and Service Tax (GST).

Notes forming part of the standalone financial statements (Continued)

36.4 As per Section 135 of the Companies Act, 2013, the Corporation is required to spent an amount of ₹ **213.76** Crore on Corporate Social Responsibility (CSR) activities during the year (Previous Year ₹ 190.41 Crore).

36.5 The Board of Directors of the Corporation has approved ₹ **212.70 Crore** towards CSR (Previous Year ₹ 194.03 Crore), which was spent during the year.

36.6 The detail of amount spent towards CSR is as under:

₹ in Crore

Particulars	**For the Year ended March 31, 2023**	For the Year ended March 31, 2022
a) Construction/acquisition of any asset*	**52.67**	79.57
b) On purposes other than (a) above	**160.03**	114.46

* Includes capital assets amounting to ₹ **18.02 Crore** (Previous Year ₹ 16.36 Crore) under construction.

36.7 The Corporation has paid ₹ **187.98 Crore** (Previous Year ₹ 163.01 Crore) for CSR expenditure to H. T. Parekh Foundation, a section 8 company under Companies Act, 2013 controlled by the Corporation.

36.8 The Corporation does not have any unspent amount as on March 31, 2023 (Previous year Nil).

36.9 Excess amount spent as per Section 135 (5) of the Companies Act, 2013

₹ in Crore

Particulars	**For the Year ended March 31, 2023**	For the Year ended March 31, 2022
Opening balance	**3.50**	-
Amount required to be spent during the year	**215.91**	190.53
Amount spent during the year **	**212.70**	194.03
Closing balance - excess amount spent	**0.29**	3.50

** Includes surplus arising out of the CSR projects or programmes or activities of ₹ **2.15 Crore** (Previous Year ₹ 0.12 Crore).

36.10 Details of ongoing projects for financial year 2022-23

₹ in Crore

Particulars	With Corporation	In Separate CSR Unspent A/c
Opening balance	-	-
Amount required to be spent during the year	**119.95**	-
Amount spent during the year	**119.95**	-
Closing balance	-	-

36.11 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	-	-

Notes forming part of the standalone financial statements (Continued)

37. Other comprehensive income

₹ in Crore

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Changes in fair value of FVOCI equity instruments	**(848.95)**	(37.23)
Remeasurements of post-employment benefit obligations	**(24.13)**	(7.02)
Total	**(873.08)**	(44.25)
Income tax relating to these items	**28.99**	(10.89)
Items that may be reclassified to profit or loss		
Deferred gains on cash flow hedges	**350.95**	371.89
Deferred costs of hedging	**(273.48)**	(252.96)
Total	**77.47**	118.93
Income tax relating to these items	**(19.50)**	(29.93)
Other comprehensive income for the year, net of tax	**(786.12)**	33.86

37.1 During the year, the Corporation has sold investment in equity share classified as FVOCI amounting to ₹ **1,947.97** Crore (Previous Year ₹ 991.03 Crore) at loss of ₹ **25.67 Crore** (Previous Year earned a profit of ₹ 44.85 Crore).

38. 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 ₹ **16,239.36 Crore** (Previous Year ₹ 13,742.18 Crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **0.03 Crore** (Previous Year ₹ 0.04 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	**89.24**	76.01
Dilution effect of outstanding stock options & warrants	**(0.76)**	(0.81)
Earnings per share - Diluted	**88.48**	75.20

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	**181.96**	180.80
Diluted effect of outstanding stock options & warrants	**1.58**	1.93
Weighted average number of shares for computation of earnings per share - Diluted	**183.54**	182.73

Notes forming part of the standalone financial statements (Continued)

39. 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'.

40 Employee benefit plan

40.1 Defined contribution plan

The Corporation has recognised ₹ **16.20 Crore** (Previous Year ₹ 15.07 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.

40.2 Defined benefits plan

Provident fund

The fair value of the assets of the provident fund and the accumulated members' corpus is ₹ **788.68 Crore** and ₹ **775.04 Crore** respectively (Previous Year ₹ 679.45 Crore and ₹ 666.06 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 less 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 **7.50 %** (Previous Year 7.25 %) and an average expected future period of **14 years** (Previous Year 14 years). Expected guaranteed interest rate (weighted average yield) is **8.16 %** (Previous Year 8.07 %)

The Corporation has recognised ₹ **36.23 Crore** (Previous Year ₹ 30.01 Crore) for provident fund contributions in the statement of profit and loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

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 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.

40.3 **Other post retirement benefits plan**

The details of the Corporation's post-retirement benefits plan 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, 2023	As at March 31, 2022
Discount rate	**7.50%**	7.25%
Return on plan assets	**7.50%**	7.25%
Salary escalation	**6.00%**	6.00%

The estimate of future salary increases, 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	**18.91**	16.79
Interest cost	**0.46**	5.09
Components of defined benefit costs recognised in profit or loss	**19.37**	21.88
Remeasurement on the net defined benefit liability:		
Actuarial loss on obligation for the period	**18.85**	3.19
Return on plan assets, excluding interest income	**5.28**	3.83
Components of defined benefit costs recognised in other comprehensive income	**24.13**	7.02
Total	**43.50**	28.90

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, 2023	As at March 31, 2022
Present value of funded / unfunded defined benefit obligation	**339.46**	375.06
Fair value of plan assets	**311.15**	289.05
Net liability arising from defined benefit obligation	**28.31**	86.01

Movement in the present value of the defined benefit obligation are as follows.

₹ in Crore

Particulars	Current Year	Previous Year
Opening defined benefit obligation	**375.06**	348.83
Current service cost	**18.91**	16.79
Interest cost	**21.41**	23.79
Benefits paid	**(94.76)**	(17.54)
Actuarial (gain) / loss - due to change in financial assumptions	**(5.48)**	(4.87)
Actuarial (gain) / loss - due to experience	**24.32**	8.06
Closing defined benefit obligation	**339.46**	375.06
Liability at the end of the year ₹ **339.46** Crore (Previous Year ₹ 375.06 Crore) includes ₹ **Nil** (Previous Year ₹ 79.55 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	**289.05**	274.18
Expected return on plan assets	**20.95**	18.70
Contribution by the Corporation	**6.43**	-
Actuarial loss on plan assets	**(5.28)**	(3.83)
Closing fair value of plan assets	**311.15**	289.05

Investment pattern:

% Invested

Particulars	As at March 31, 2023 (%)	As at March 31, 2022 (%)
Central government securities	**1.72**	3.68
State government securities/securities guaranteed by State/Central government	**31.31**	28.34
Public sector / Financial institutional bonds	**3.79**	6.12
Private sector bonds	**21.40**	19.24
Special deposit scheme	**0.71**	0.76
Insurance fund	**32.12**	34.07
Others (including bank balances)	**8.95**	7.79
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	**339.46**	295.49
Delta effect of +1% change in rate of discounting	**(20.16)**	(18.04)
Delta effect of -1% change in rate of discounting	**23.11**	20.70
Delta effect of +1% change in rate of salary increase	**23.22**	20.76
Delta effect of -1% change in rate of salary increase	**(20.61)**	(18.40)
Delta effect of +1% change in rate of employee turnover	**2.20**	1.59
Delta effect of -1% change in rate of employee turnover	**(2.50)**	(1.81)

The sensitivity analysis has 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, 2023 is **8 years** (Previous Year : 8 years)

40.4 **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 ₹ **28.28 Crore** (Previous Year ₹ 23.87 Crore).

40.5 **Projected benefits payable in future years**

₹ in Crore

Particulars	Current Year	Previous Year
1st following year	**54.14**	50.54
2nd following year	**37.41**	25.94
3rd following year	**52.83**	23.08
4th following year	**24.20**	45.86
5th following year	**22.30**	21.34
Sum of years 6 to 10	**109.67**	88.58
Sum of years 11 and above	**342.62**	298.13

Compensated absences

The actuarial liability of compensated absences of privilege leave of the employees of the Corporation is ₹ **173.01 Crore** (Previous Year ₹ 153.53 Crore).

Notes forming part of the standalone financial statements (Continued)

41. Share-based payments

41.1 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 follows:

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 2-May-22 29-Jul-22 27-Mar-23	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

^ since vested prior to Ind AS transition date of April 1, 2017

41.2 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 mode 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.

41.3 Movement during the year in the options under ESOS-20, ESOS-17, ESOS-14, ESOS-08 and ESOS-07

Details of Activity in the options as at March 31, 2023

Number of options

Particulars	ESOS-20	ESOS-17	ESOS-14*	ESOS-08*	ESOS-07*
Outstanding at the beginning of the year	3,67,76,524	2,28,15,895	2,283	4,874	5,287
Granted during the year	60,38,952	-	-	-	-
Exercised during the year	57,55,040	1,57,68,367	741	-	-
Lapsed during the year	5,79,183	12,376	56	-	-
Outstanding at the end of the year	3,64,81,253	70,35,152	1,486	4,874	5,287
Unvested at the end of the year	68,60,413	-	-	-	-
Exercisable at the end of the year	2,96,20,840	70,35,152	1,486	4,874	5,287
Weighted average price per option (₹)	1,870.16	1,573.22	5,073.25	1,350.60	2,149.00
Weighted average remaining contractual life (years)	4.34	0.36	-	-	-

Notes forming part of the standalone financial statements (Continued)

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	-	-

* 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 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.

41.4 Fair value methodology

The fair value of options has 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-2008	ESOS-2007
Risk-free interest rate (p.a.)	4.33%	6.62%	8.28%	6.94%	7.70%
Expected life	Upto 4 years	Upto 3 years	Upto 3 years	Upto 2 years	Upto 2 years
Expected volatility of share price	21%	16%	15%	29%	19%
Expected growth in dividend (p.a.)	20%	20%	20%	20%	20%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 232.42	₹ 275.40	₹ 1,035.91	₹ 238.79	₹ 307.28

The key assumptions used in Black-Scholes model for calculating fair value under ESOS-2020 granted are as follows :

Particulars	ESOS-2020 *(Tranch - III)	ESOS-2020 *(Tranch - IV)	ESOS-2020 *(Tranch - V)	ESOS-2020 *(Tranch - VI)	ESOS-2020 *(Tranch - VII)	ESOS-2020 *(Tranch - VIII)
Financial Year	2021-22	2021-22	2021-22	2022-23	2022-23	2022-23
Risk-free interest rate (p.a.)	5.41% - 5.84%	5.91% - 6.30%	6.00% - 6.41%	5.64% - 6.33%	6.73% - 6.93%	7.15% - 7.26%
Expected life	upto 5 years	upto 5 years	upto 5 years	upto 5 years	upto 5 years	upto 5 years
Expected volatility of share price	20.55%	20.31%	23.96%	18.89%	20.34%	19.68%
Dividend Yield (p.a.)	1.01%	1.01%	1.01%	1.01%	1.05%	1.05%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 441.05	₹ 461.78	₹ 481.40	₹ 299.30	₹ 344.69	₹ 380.07

Volatility is measure of the amount by which price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in Black-Scholes Model is the annualised standard deviation of the continuously compounded rates of return on stock over a period of time.

* The stock based compensation expense determined under fair value based method and charged to the statement of profit and loss is **₹ 204.81 Crore** (Previous Year ₹ 390.24 Crore).

Notes forming part of the standalone financial statements (Continued)

42. 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, 2023			As at March 31, 2022		
	Within 12 months	**After 12 months**	**Total**	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	701.24	-	**701.24**	565.49	-	565.49
Bank balance other than (a) above	515.82	0.54	**516.36**	226.99	0.45	227.44
Derivative financial instruments	1,144.17	1,118.84	**2,263.01**	153.54	1,169.26	1,322.80
Trade receivables	220.74	-	**220.74**	178.65	-	178.65
Loans	88,681.70	5,19,680.98	**6,08,362.68**	92,318.00	4,62,544.51	5,54,862.51
Investments	72,920.31	24,797.74	**97,718.05**	46,349.26	22,242.96	68,592.22
Other financial assets	5,042.88	1,966.86	**7,009.74**	2,340.14	3,233.40	5,573.54
Non-financial assets						
Current tax asset	-	3,123.70	**3,123.70**	-	2,617.55	2,617.55
Deferred tax assets (Net)	-	1,121.08	**1,121.08**	-	1,549.88	1,549.88
Investment property	-	2,699.95	**2,699.95**	-	2,685.74	2,685.74
Property, plant and equipment	-	1,210.09	**1,210.09**	-	1,073.94	1,073.94
Other intangible assets	-	376.03	**376.03**	-	369.91	369.91
Other Non-financial assets	1,263.37	-	**1,263.37**	178.34	1,020.24	1,198.58
Non-Current non-financial assets held for sale	188.43	-	**188.43**	44.21	-	44.21
Total assets	**1,70,678.66**	**5,56,095.81**	**7,26,774.47**	1,42,354.62	4,98,507.84	6,40,862.46
LIABILITIES						
Financial Liabilities						
Derivative financial instruments	430.15	5,179.52	**5,609.67**	10.59	3,813.77	3,824.36
Trade payables	351.54	-	**351.54**	344.17	-	344.17
Debt securities	22,466.79	2,30,689.15	**2,53,155.94**	23,596.46	1,72,333.17	1,95,929.63
Borrowings (Other than debt securities)	39,098.23	1,20,856.64	**1,59,954.87**	28,612.94	1,11,238.81	1,39,851.75
Deposits	39,927.86	1,12,183.21	**1,52,111.07**	48,527.33	1,12,372.43	1,60,899.76
Subordinated liabilities	-	3,000.00	**3,000.00**	-	3,000.00	3,000.00
Other financial liabilities	16,461.03	30.89	**16,491.92**	11,848.93	2,678.76	14,527.69
Non-financial liabilities						
Current tax liabilities (Net)	542.47	-	**542.47**	441.30	-	441.30
Provisions	270.24	-	**270.24**	270.02	-	270.02
Other non-financial liabilities	1,302.01	-	**1,302.01**	1,454.90	67.88	1,522.78
Total liabilities	**1,20,850.32**	**4,71,939.41**	**5,92,789.73**	1,15,106.64	4,05,504.82	5,20,611.46
Net assets	**49,828.34**	**84,156.40**	**1,33,984.74**	27,247.98	93,003.02	1,20,251.00

43. Contingent liabilities and commitments

43.1 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)

43.2 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 ₹ **2,697.31 Crore** (Previous Year ₹ 2,581.56 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 ₹ 0.11 Crore).

(c) Contingent liability in respect of disputed dues towards Service tax and Good and Service Tax not provided for by the Corporation amounts to ₹ **27.24 Crore** (Previous Year ₹ 17.26 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.

43.3 Contingent liability in respect of guarantees and undertakings comprise of the following:

a) Guarantees outstanding ₹ **143.91 Crore** (Previous Year ₹ 367.83 Crore).

b) Corporate undertakings for securitisation and assignment of loans aggregated to ₹ **1,152.71 Crore** (Previous Year ₹ 1,152.72 Crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised and assigned loans.

In respect of these guarantees and undertaking, the Management does not believe, based on currently available information, that the maximum outflow that could arise, will have a material adverse effect on the Corporation's financial condition.

43.4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ **205.90 Crore** (Previous Year ₹ 345.55 Crore).

43.5 Estimated amount of investment commitment on venture fund and alternative investment fund is ₹ **782.48 Crore** (Previous Year ₹ 978.72 Crore).

44. Movement in impairment loss allowance (Expected credit loss)

Particulars	₹ in Crore
At March 31, 2021	**13,041.89**
Arising during the year	2,267.00
Utilised	(1,784.26)
At March, 31 2022	**13,524.63**
Arising during the year	1,312.00
Utilised	(2,662.23)
At March, 31 2023	**12,174.40**

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 charge of ₹ **483 Crore** (Previous Year credit ₹ 335.00 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)

45. 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 Limited. (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, merged with HDFC Life Insurance Company Ltd. HDFC ERGO General Insurance Company Ltd. HDFC Asset Management Company Ltd. HDFC International (IFSC) Ltd (Subsidiary of HDFC Asset Management Company Ltd) w.e.f. May 27, 2022 HDFC Credila Financial Services Ltd. HDFC Trustee Company Ltd. HDFC Capital Advisors Ltd. HDFC Holdings Ltd. HDFC Investment Ltd. HDFC Sales Pvt. Ltd. HDFC Education & Development Services Pvt. Ltd. HDFC Property Ventures Ltd. HDFC Venture Capital Ltd. HDFC Venture Trustee Company Ltd. Griha Pte Ltd. (Subsidiary of HDFC Investments Ltd.) Griha Investments (Subsidiary of HDFC Holdings Ltd.) HDFC Investment Trust (HIT) HDFC Investment Trust - II (HIT-II)
Associate Companies	HDFC Bank Ltd. True North Ventures Private Ltd. (up to March 9, 2022) Good Host Spaces Pvt Ltd. (up to April 22, 2021) HDB Financial Services Ltd. (Subsidiary of HDFC Bank Ltd.) HDFC Securities Ltd. (Subsidiary of HDFC Bank Ltd.) Renaissance Investment Solutions ARC Private Limited
Entities over which control is exercised	H. T. Parekh Foundation HDFC Employees Welfare Trust HDFC Employees Welfare Trust 2 Maharashtra 3E Education Trust (up to July 6, 2022) 3E Education Trust (up to July 6, 2022)

Notes forming part of the standalone financial statements (Continued)

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 & Chief Financial Officer)
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 Mr. Jalaj Dani Dr. Bhaskar Ghosh Ms. Ireena Vittal Mr. P. R. Ramesh (w.e.f. August 2, 2021) Mr. Rajesh 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. 2 August 2021)
Entities where Directors/Close family members of Directors of the Corporation having control / significant influence *(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 Nurrotumdas 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.

Notes forming part of the standalone financial statements (Continued)

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.

The Corporations' related party balances and transactions are summarised as follows: ₹ in Crore

Nature of related party	Nature of Transactions	March 31, 2023	March 31, 2022
Subsidiaries	Dividend income	**1,378.15**	918.48
	Interest income	**7.53**	1.50
	Consultancy, fees & other income	**287.08**	226.72
	Rent income	**24.99**	23.52
	Deputation cost recovered	**7.25**	6.63
	Support cost recovered	**3.06**	3.10
	Other income	**0.38**	0.39
	Interest expense	**352.56**	312.96
	Other expenses/ payments (including DSA commission)	**717.31**	663.71
	Investments made	**2,836.42**	4.50
	Investments sold / redeemed	**69.69**	91.16
	Investments closing balance	**8,116.89**	5,238.69
	Trade receivable	**113.88**	83.92
	Other advances / receivables	**6.33**	11.59
	Purchase of property, plant and equipment	**0.19**	0.64
	Deposits received	**284.40**	189.72
	Deposits repaid / matured	**230.32**	127.74
	Deposits closing balance	**170.00**	115.93
	Non-convertible debentures (Allotments under primary market / Received funds for partly paid up)	**75.00**	100.00
	Non-convertible debentures - redemption	**95.00**	105.00
	Non-convertible debentures - closing balance	**5,185.90**	4,274.10
	Other liabilities / payables	**264.11**	244.94
	Dividend paid	**14.72**	2.63
	Other income / receipts	**6.82**	1.35
	Issuance of Guarantee	**56.50**	–
Associates ^	Dividend income	**1,340.15**	562.00
	Interest income	**12.30**	21.03
	Rent income	**0.45**	1.30
	Support cost recovered	**0.54**	0.35
	Assignment fees and other income	**720.34**	597.86
	Finance cost (Derivative settlements)	**(78.54)**	(135.12)

Notes forming part of the standalone financial statements (Continued)

Nature of related party	Nature of Transactions	March 31, 2023	March 31, 2022
	Interest expense	-	0.20
	Bank & other charges	**2.23**	0.68
	Other expenses/ payments (including DSA commission)	**574.83**	452.58
	Investments made	-	0.25
	Investments - closing balance	**14,050.49**	14,050.49
	Loans sold	**36,910.13**	28,205.24
	Bank deposits placed	**3,458.87**	3,750.00
	Bank deposits matured / withdrawn	**3,958.63**	3,450.00
	Bank balance and Deposits closing balance	**150.64**	650.39
	Trade receivable	**0.97**	2.01
	Other advances / receivables	**65.50**	185.41
	Deposits repaid / matured	-	50.00
	Other liabilities / payables	**66.20**	62.34
	Amounts payable - Securitised loans	**536.49**	363.58
	Dividend paid	**0.25**	0.30
	Corporate undertakings for securitisation and assignment of loans	**1,054.88**	1,054.88
	Issuance of Bank Guarantee	**0.35**	-
Entities over which control is exercised	Interest Income	**1.73**	1.31
	Deputation cost recovered	**0.05**	0.07
	Interest expense	-	0.71
	Loans given	**10.69**	6.70
	Loans - closing balance	-	19.31
	CSR expenditure	**187.98**	163.01
	Deposits repaid / matured	-	11.25
	Dividend paid	**0.19**	0.14
Entities over which Director / closed family member of director having control/ jointly control	Interest expense	**3.18**	4.17
	Deposits matured / repaid	**30.15**	45.21
	Deposits - closing balance	**47.45**	46.51
	Deposits received	**30.60**	22.74
	Other Liabilities / Payables	**0.38**	0.43
	Other Expenses/ Payments	**1.12**	-
Post employment benefit plans of the Corporation or its related entities	Interest Expense	-	0.03
	Contribution to provident fund & other funds	**71.81**	61.60
	Other advances / receivables	**0.16**	0.23
	Non-Convertible Debentures - redemption	-	1.00
	Other Liabilities / Payables	**28.30**	6.43
Key Management Personnel (Whole-time Directors)	Interest expense	**1.77**	1.50
	Remuneration #	**49.85**	46.25
	Share based payments $	**9.14**	35.05
	Dissolution of pension scheme	**79.55**	-
	Deposits received	**33.48**	0.24

Notes forming part of the standalone financial statements (Continued)

Nature of related party	Nature of Transactions	March 31, 2023	March 31, 2022
	Deposits repaid / matured	**21.04**	0.04
	Deposits - closing balance	**33.69**	21.25
	Interest accrued on deposits	**1.27**	2.35
	Dividend paid	**13.84**	10.04
	Sale of assets	**8.89**	-
Key Management Personnel (Non-Executive Directors)	Interest expense	**-**	0.02
	Sitting fees	**1.13**	1.21
	Commission ^^	**9.92**	6.85
	Dividend paid	**3.69**	2.98
	Sale of assets	**27.96**	-
	Termination of benefits agreement	**10.88**	-
	Other receipts	**0.23**	-
Relatives of Key Management Personnel (Whole-time Directors)	Interest income	**0.42**	0.02
	Interest expense	**0.44**	0.18
	Loans repaid	**0.09**	0.30
	Loans given	**6.79**	
	Loans - closing balance	**6.69**	-
	Deposits received	**12.60**	0.35
	Deposits repaid / matured	**2.57**	-
	Deposits - closing balance	**12.95**	2.92
	Other liabilities / payables	**0.32**	0.23
	Dividend paid	**1.97**	1.51
Relatives of Key Management Personnel (Non-Executive Directors)	Interest expense	**1.30**	1.41
	Deposits received	**20.03**	6.48
	Deposits repaid / matured	**17.55**	6.29
	Deposits closing balance	**20.78**	18.30
	Other liabilities / payables	**0.74**	2.31
	Dividend paid	**4.82**	3.70

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.

$ 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.

'0' denotes amount less than ₹ Fifty thousand.

Notes forming part of the standalone financial statements (Continued)

46. Financial Instruments

46.1 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 15% as prescribed by the regulator, the Corporation is well capitalised and the capital adequacy ratio of the Corporation as at March 31, 2023 stood at 24.28% (Refer note 54.3.1). The Corporation has complied in full with all its externally imposed capital requirements over the reported period.

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Net debt [Debt Securities + Borrowings (other than debt securities) + Deposits + Subordinated Liabilities - Cash and cash equivalents]	**5,67,520.64**	4,99,115.65
Total equity	**1,33,984.74**	1,20,251.00
Net debt to equity ratio	**4.24 : 1**	4.15 : 1

Particulars	As at March 31, 2023	As at March 31, 2022
Total debt to total assets ratio [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.

Asset Cover

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. Asset cover for non convertible debentures issued by the Corporation is 2.64 times as at March 31, 2023.

Large Corporate

The Corporation is a 'Large Corporate' as per criteria under SEBI circular SEBI/HO/DDHS/CIR/P/2018/144. Disclosures under the aforesaid circular have been reported to the stock exchange.

46.2 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 Liquidity, Financial Risk Management and Asset Liability Management policy.

Liquidity risks are managed through a combination of strategies like managing tenors in line with the Asset Liability Management policy maintaining and adequate liquidity cover 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 and forward contracts. Counterparty risk is reviewed periodically to ensure that exposure to various counterparties is well diversified and within the limits fixed by the Derivative Committee. It is also managed by entering into collateralization arrangements with banking counterparties to the extent possible.

Notes forming part of the standalone financial statements (Continued)

46.3 Categories of Financial Instruments

₹ in Crore

Particulars	As at March 31, 2023			As at March 31, 2022		
	FVTPL	FVOCI / Cash Flow Hedge Reserve	Amortised cost	FVTPL	FVOCI / Cash Flow Hedge Reserve	Amortised cost
Financial Assets						
Investments						
Mutual Funds	5,034.07	-	-	2,330.18	-	-
Government Securities	-	-	63,331.08	-	-	36,906.05
Equity Shares	1,153.49	3,367.38	-	1,321.20	6,018.08	-
Preference Shares	12.88	-	4.23	-	-	3.84
Debentures	74.90	-	871.99	62.97	17.29	963.79
Pass-through Certificates	-	-	11.01	-	-	14.32
Security Receipts	0.00	-	-	139.49	-	-
Investment in Units of Venture Capital Fund and Alternate Investment Fund	1,488.50	-	-	1,255.57	-	-
Investment in Units of REIT	281.36	-	-	322.71	-	-
Derivative financial assets	368.55	1,894.46	-	392.80	930.00	-
Trade Receivables	-	-	220.74	-	-	178.65
Loans	-	-	6,08,362.68	-	-	5,54,862.51
Other Financial Assets	-	-	7,009.74	-	-	5,573.54
Total Financial Assets	8,413.75	5,261.84	6,79,811.47	5,824.92	6,965.37	5,98,502.70
Financial Liabilities						
Derivative Financial Liabilities	5,291.42	318.25	-	3,436.76	387.60	-
Trade Payables	-	-	351.54	-	-	344.17
Debt Securities	1,56,288.37	-	96,867.57	1,30,511.84	-	65,417.79
Borrowings	11,993.04	-	1,47,961.83	8,462.83	-	1,31,388.92
Deposits	46,377.40	-	1,05,733.67	-	-	1,60,899.76
Subordinated Liabilities	2,936.92	-	63.08	2,977.17	-	22.83
Other Financial Liabilities	-	-	16,491.92	-	-	14,527.69
Total Financial Liabilities	2,22,887.15	318.25	3,67,469.61	1,45,388.60	387.60	3,72,601.16

Note 1: The table above, does not include Cash and Cash Equivalents, Bank Balances, Investments in Subsidiaries and Associates carried at cost.

Note 2: '0' denotes amount less than ₹ Fifty thousand.

Notes forming part of the standalone financial statements (Continued)

46.3.1 **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, 2023				
Financial Assets				
Financial Investments at FVTPL				
Mutual Funds	5,034.07	-	-	**5,034.07**
Equity Shares	640.55	-	512.94	**1,153.49**
Preference Shares	-	-	12.88	**12.88**
Debentures	-	-	74.90	**74.90**
Security Receipts	-	0.00	0.00	**0.00**
Investment in Units of Venture Capital Fund and Alternate Investment Fund	-	-	1,488.50	**1,488.50**
Investment in Units of REIT	281.36	-	-	**281.36**
Derivatives designated as fair value hedges				
- INR Interest rate swaps	-	368.55	-	**368.55**
- USD Interest Swaps	-	650.54	-	**650.54**
Financial Investments at FVTOCI				
Equity Shares	3,359.12	-	8.26	**3,367.38**
Debentures	-	-	-	**-**
Derivatives designated as cash flow hedges				
- Forwards	-	0.57	-	**0.57**
- Currency Swaps	-	1,243.35	-	**1,243.35**
- Options Purchased (net)	-	-	-	**-**
Total Financial Assets	**9,315.10**	**2,263.01**	**2,097.48**	**13,675.59**
Financial Liabilities				
Debt Securities	-	2,53,155.94	-	**2,53,155.94**
Derivatives designated as cash flow hedges				
- Interest Rate Swaps INR	-	5,291.42	-	**5,291.42**
- Interest Rate Swaps USD	-	34.97	-	**34.97**
- Forwards	-	-	-	**-**
- Currency Swaps	-	283.28	-	**283.28**
Total Financial Liabilities	**-**	**2,58,765.61**	**-**	**2,58,765.61**

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
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
Preference Shares	-	-	-	-
Debentures	-	-	62.97	62.97
Security Receipts	-	139.47	0.02	139.49
Investment in Units of Venture Capital Fund	-	-	1,255.57	1,255.57
Investment in Units of REIT	322.71	-	-	322.71
Derivatives designated as fair value hedges				
- Interest Rate Swaps	-	392.80	-	392.80
- USD Interest Swaps	-	281.40	-	281.40
Financial Investments at FVTOCI				
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

There have been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2023 and 2022, other than those disclosed in note 46.3.4.

0' denotes amount less than ₹ Fifty thousand.

46.3.2 Valuation technique used to determine fair value

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Corporation determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the company and other valuation models.

Notes forming part of the standalone financial statements (Continued)

The Corporation measures financial instruments, such as investments (other than equity investments in Subsidiaries, Joint Ventures and Associates) at fair value. The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Quoted prices in an active market (Level 1): Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, units of mutual funds (open ended) and traded bonds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Valuation techniques with observable inputs (Level 2): The fair value of financial instruments that are not traded in an active market for example, Securities receipts, Mutual Funds (close ended) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2, this level of hierarchy includes financial assets, measured using inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e.; as prices) or indirectly (i.e.; derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data, this level of hierarchy includes unlisted equity instruments, venture fund units and security receipts.

46.3.3 **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.

46.3.4 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, 2021	**1,016.99**	-	**66.42**	**996.73**	**0.30**	**2,080.44**
Acquisitions	0.40	-	24.98	199.48	-	224.86
Disposal / transfer to level 1	-	-	-	(111.81)	(0.79)	**(112.60)**
Gain recognised in the statement of profit and loss	192.30	-	4.42	171.17	0.51	368.40
Gain / (loss) recognised in other comprehensive income	192.65	-	(15.56)	-	-	177.09
As at March 31, 2022	**1,402.34**	-	**80.26**	**1,255.57**	**0.02**	**2,738.19**
Acquisitions	0.13	12.88	0.15	490.23	-	**503.39**
Disposal / transfer to level 1	(1.27)	-	(394.48)	(306.85)	(0.67)	**(703.27)**
Gain recognised in the statement of profit and loss	35.74	-	49.28	49.55	0.65	**135.22**
Gain / (loss) recognised in other comprehensive income (net)	(915.74)	-	339.69	-	-	**(576.05)**
As at March 31, 2023	**521.20**	**12.88**	**74.90**	**1,488.50**	-	**2,097.48**
Unrealised gain / (loss) 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, 2023	**35.74**	-	**49.28**	**49.55**	**0.65**	**135.22**
For the year ended March 31, 2022	192.30	-	4.42	171.17	0.51	368.40

46.3.5 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 46.3.2 above for the valuation techniques adopted.

Particulars	Fair Value ₹ in Crore			Sensitivity	
	As at March 31, 2023	As at March 31, 2022	Significant unobservable inputs*	Favourable	Un-favourable
Unquoted equity shares	**521.20**	485.10	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ **52.92 Crore** (Previous Year ₹ 49.31 Crore).	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ **52.68 Crore** (Previous Year ₹ 49.07 Crore).
Locked in Shares of Yes Bank Ltd	-	917.24	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ **Nil** (Previous Year ₹ 91.73 Crore).	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ **Nil** (Previous Year ₹ 91.73 Crore).
Convertible Debentures	**74.90**	80.26	Valuation Factor	A positive change in the Valuation Factor by 10% increases the fair value by ₹ **7.49 Crore** (Previous Year ₹ 8.03 Crore).	An adverse change in the Valuation Factor by 10% reduces the fair value by ₹ **7.49 Crore** (Previous Year ₹ 8.03 Crore).
Venture Funds	**1,488.50**	1,255.57	Net Asset Value	Increase in NAV by 10% increases the fair value by ₹ **132.86 Crore** (Previous Year ₹ 113.88 Crore).	Decrease in NAV by 10% reduces the fair value by ₹ **139.49 Crore** (Previous Year ₹ 115.42 Crore).
Security Receipts	-	0.02	Net Asset Value	Increase in NAV by 10% increases the fair value by ₹ **Nil** (Previous Year is insignificant value).	Decrease in NAV by 10% reduces the fair value by ₹ **Nil** (Previous Year insignificant value).

* 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.

46.3.6 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, 2023			As at March 31, 2022		
	Carrying Value	Fair Value	Fair Value hierarchy	Carrying Value	Fair Value	Fair Value hierarchy
Financial Assets at amortised cost						
Government securities	63,331.08	60,753.58	Level 2	36,906.05	35,616.04	Level 2
Debentures	871.99	871.99	Level 3	963.79	966.62	Level 3
Pass-through Certificates	11.01	10.85	Level 3	14.32	13.83	Level 3
Total Financial Assets	**64,214.08**	**61,636.42**		**37,884.16**	**36,596.49**	
Financial liabilities at amortised cost						
Non Convertible Debentures *	2,10,387.74	2,13,007.62	Level 2	1,63,889.93	1,71,084.67	Level 2
Synthetic Rupee Denominated Bonds	500.00	500.92	Level 2	1,800.00	1,838.29	Level 2
Subordinated Liabilities	3,000.00	3,056.43	Level 2	3,000.00	3,232.04	Level 2
Deposits	1,52,676.07	1,51,310.27	Level 2	1,61,353.04	1,61,967.74	Level 2
Total Financial Liabilities	**3,66,563.81**	**3,67,875.24**		**3,30,042.97**	**3,38,122.74**	

* For the purpose of above disclosure, financial liabilities of ₹ **2,17,595.73 Crore** (Previous Year ₹ 141,954.84 Crore), being hedged item classified as FVTPL has been considered.

46.3.6.1 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.

46.3.6.2 Loans

Substantially most of the loans are repriced frequently, with interest rates broadly in line with current interest rates, the carrying value of these loans amounting to ₹ **6,08,362.68 Crore** (Previous Year ₹ 554,862.51 Crore) approximates their fair value.

46.3.6.3 Other Financial Assets and Liabilities

With respect to Bank Balances and Cash and Cash Equivalents (Refer Note 4 and 5), Trade Receivables (Refer Note 7), Other Financial Assets (Refer Note 10), Trade Payables (Refer Note 16) and Other Financial Liabilities (Refer Note 21), the carrying value approximates the fair value.

46.3.6.4 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)

46.3.7 Equity Instrument designated at FVOCI

₹ in Crore

Particulars	Quoted / Unquoted	As at March 31, 2023		As at March 31, 2022	
		Qty	Fair value	Qty	Fair value
Andhra Cements Ltd.	Quoted	**2,38,63,550**	**11.81**	2,48,54,376	36.41
Bandhan Bank Ltd	Quoted	**7,97,30,800**	**1,560.73**	13,80,87,778	4,244.82
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
Clayfin Technologies Private Limited	Unquoted	**6,87,614**	**6.43**	6,87,614	4.85
DISH TV India Ltd	Quoted	**6,18,37,026**	**80.39**	8,70,40,000	142.31
Eveready Industries India Limited	Quoted	**22,44,663**	**65.58**	22,44,663	75.20
Hindustan Oil Exploration Co. Ltd.	Quoted	**84,63,850**	**101.73**	84,63,850	186.12
Kerala Infrastructure Fund Management Limited	Unquoted	**3,88,303**	**0.32**	3,88,303	0.39
Mcleod Russel India Ltd	Quoted	**1,35,000**	**0.23**	1,35,000	0.31
Reliance Naval and Engineering Ltd.	Quoted	**3,06,061**	**0.05**	13,84,994	0.44
Siti Networks Ltd	Quoted	**7,17,54,959**	**8.25**	9,43,86,000	26.90
Yes Bank Limited	Quoted	**1,00,00,00,000**	**1,505.00**	1,00,00,00,000	1,224.75
Zee Learn Ltd.	Quoted	**1,58,05,000**	**5.14**	1,58,05,000	19.60
Zee Media Corporation Ltd	Quoted	**2,34,95,959**	**20.21**	2,47,60,000	41.10
Total			**3,367.38**		6,018.08

46.4 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

46.4.1 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 payment record, 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 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).

46.4.2 **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 and periodicity of rentals.
- conducting due diligence on and appraisal of Borrowers / Lessors and Lessees a including due diligence of project/property. These Loans are secured by project property and serviced from rentals/receivables.

46.4.3 **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 aspects 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 and Borrower entity. 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 and necessary due diligence 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 the Project assets 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 time lines 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).

46.4.4 **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. Capitalising on technology has enabled increased scale and speed in processing and digital fetch tools helps in faster authentication of supporting documentation such as income tax returns and GST returns, bank statement analysis, amongst others.

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 borrower's property.

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.

Notes forming part of the standalone financial statements (Continued)

Emergency Credit Linked Guarantee Scheme

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:-

- Higher interest rates led to stretched loan terms for existing customers. This was mitigated by counselling the customers for part prepayment of loan or increase the EMI to realign the terms to original term.
- 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.

46.4.5 **Risk Management and Portfolio Review**

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.

46.4.6 **Collateral and other credit enhancements**

The carrying amount of loans as at March 31 2023 is ₹ **6,20,507.14 Crore** (Previous Year ₹ 568,363.29 Crore) which best represent the maximum exposure to credit risk, the related Expected credit loss amount to ₹ **12,144.46 Crore** (Previous Year ₹ 13,500.78 Crore). The Corporation has right to sell or pledge the collateral in case borrower defaults.

46.5 **Liquidity Risk**

Maturities of Financial Liabilities

The tables below analyses 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.

Notes forming part of the standalone financial statements (Continued)

The amounts disclosed in the table are the contractual undiscounted cash flows.

₹ in Crore

Contractual maturities of financial liabilities March 31, 2023	0-1 years	>1-3 years	>3-5 years	>5 years	Total
Non-Derivatives					
Debt securities	66,584.70	36,351.73	19,443.04	1,30,776.71	2,53,156.18
Borrowings (Other than Debt Securities)	1,01,378.25	35,166.35	12,752.51	10,789.64	1,60,086.75
Deposits	60,745.08	55,211.37	31,953.88	4,765.73	1,52,676.07
Subordinated liabilities	-	3,000.00	-	-	3,000.00
Other financial liabilities	16,461.03	30.89	-	-	16,491.92
Trade payables	351.54	-	-	-	351.54
Total non-derivative liabilities	**2,45,520.60**	**1,29,760.34**	**64,149.43**	**1,46,332.08**	**5,85,762.45**
Derivatives (net settled)					
Currency swaps	283.28	-	-	-	283.28
USD interest swaps	-	-	34.97	-	34.97
Interest rate swaps	146.87	1,077.51	704.00	3,363.04	5,291.42
Total derivative liabilities	**430.15**	**1,077.51**	**738.97**	**3,363.04**	**5,609.67**

₹ in Crore

Contractual maturities of financial liabilities March 31, 2022	0-1 years	>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

Notes forming part of the standalone financial statements (Continued)

46.6 Market Risk

46.6.1 Foreign Currency Risk

Foreign Currency 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 and forward 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 foreign currency risk open upto 5% of the total borrowings.

The Corporation designates the intrinsic value of the forward 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 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, 2023 and 2022, 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.

46.6.1.1 Foreign currency risk exposure

The Corporation's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

₹ in Crore

Particulars	As at March 31, 2023					As at March 31, 2022				
	USD	JPY	SGD	GBP	AED	USD	JPY	SGD	GBP	AED
Financial Liabilities										
Foreign currency loan and others	(22,343.16)	(3,285.70)	(0.11)	(0.36)	(0.40)	(10,670.39)	(3,320.43)	(0.07)	(0.16)	(0.41)
Exposure to Foreign currency risk (liabilities) (a)	**(22,343.16)**	**(3,285.70)**	**(0.11)**	**(0.36)**	**(0.40)**	(10,670.39)	(3,320.43)	(0.07)	(0.16)	(0.41)
Financial Assets										
Foreign currency denominated loans & others	-	-	0.46	1.13	0.69	32.47	-	0.42	0.91	0.63
Derivative Assets										
Foreign exchange Derivative contracts	22,343.16	3,284.57	-	-	-	10,637.93	3,319.15	-	-	-
Exposure to Foreign Currency risk (assets) - (b)	**22,343.16**	**3,284.57**	**0.46**	**1.13**	**0.69**	10,670.40	3,319.15	0.42	0.91	0.63
Net exposure to Foreign currency risk c = (a) + (b)	**-**	**(1.13)**	**0.35**	**0.77**	**0.29**	0.01	(1.28)	0.35	0.75	0.22

Note: Foreign currency risk exposure is within the limited prescribed by the Corporation's risk management policy.

Notes forming part of the standalone financial statements (Continued)

46.6.1.2 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	
	As at March 31, 2023	As at March 31, 2022
USD sensitivity		
INR/USD -Increase by 1% *	**(6.12)**	(4.66)
INR/USD -Decrease by 1% *	**6.12**	4.66
JPY sensitivity		
INR/JPY -Increase by 1% *	**0.29**	0.30
INR/JPY -Decrease by 1% *	**(0.29)**	(0.30)

* Holding all other variables constant

46.6.1.3 Hedging Policy

The Corporation's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant 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 exactly with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

Cash Flow Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

Hedging Instrument

₹ in Crore

Particulars	Notional amount	Carrying amount of hedging instruments Assets	Carrying amount of hedging instruments Liabilities	Line in the balance sheet	Weighted average contract / strike price of the hedging instrument (₹)	Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness - (profit) / loss
As at March 31, 2023						
INR USD - Forward exchange contracts	**45.00**	**0.57**	**-**	**Derivative financial instruments**	**81.51**	**(9.01)**
INR USD - Currency Swaps	**23,723.00**	**1,241.05**	**-**		**71.25**	**(970.96)**
USD - Interest Swaps	**22,191.00**	**650.54**	**34.97**		**-**	**(334.81)**
INR JPY - Currency Swaps	**2,037.00**	**2.30**	**283.28**		**0.66**	**280.98**
USD JPY Currency Swaps	**1,247.00**	**-**	**-**		**108.38**	**-**
Total	**49,243.00**	**1,894.46**	**318.25**		**-**	**(1,033.80)**
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 Swaps	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)

Hedged Item

₹ in Crore

Particulars	Change in the value of hedged item used as the basis for recognising hedge in effectiveness		Cash flow hedge reserve as at *		Cost of hedging as at *	
	March 31, 2023	March 31, 2022	**March 31, 2023**	March 31, 2022	**March 31, 2023**	March 31, 2022
FCY Term Loans	**-**	-	**-**	-	**-**	0.00
External Commercial Borrowings (incl. ADB loans)	**(905.57)**	171.25	**(511.93)**	(160.98)	**402.15**	128.67
Total	**(905.57)**	171.25	**(511.93)**	(160.98)	**402.15**	128.67

* 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 hedge ineffectiveness
	March 31, 2023	March 31, 2022	
Forward exchange contracts and Currency swaps	**(77.47)**	(118.93)	Finance Cost

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)		Line in the balance sheet		Change in fair value used for measuring in effectiveness for the period	
	March 31, 2023	March 31, 2022	**March 31, 2023**	March 31, 2022	**March 31, 2023**	March 31, 2022	**March 31, 2023**	March 31, 2022
Interest Rate Swap as at	**2,22,190.00**	1,44,845.00	**4,922.87**	3,043.96	Derivative financial instruments		**(1,878.90)**	(2,966.39)

Hedged Item

₹ in Crore

Particulars	Notional amount		Accumulated fair value adjustment - Asset (net)		Line in the balance sheet		Change in fair value used for measuring in effectiveness for the period	
	March 31, 2023	March 31, 2022	**March 31, 2023**	March 31, 2022	**March 31, 2023**	March 31, 2022	**March 31, 2023**	March 31, 2022
Fixed-rate borrowing as at	**2,22,190.00**	1,44,845.00	**4,594.28**	2,893.16	Derivative financial instruments		**1,701.12**	2,881.74

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 hedge ineffectiveness
	March 31, 2023	March 31, 2022	
Interest Rate Swap	**177.78**	84.65	Finance Cost

Notes forming part of the standalone financial statements (Continued)

46.6.1.4 ***Hedge Ratio***

The foreign exchange forward 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.

46.6.2 ***Interest Rate Risk***

The Corporation's core business is doing housing loans. The Corporation raises money from diversified sources like deposits, market borrowings, term Loan, foreign currency borrowings amongst others. In view of the financial nature of the assets and liabilities of the Corporation, changes in market interest rates can adversely affect its financial condition. The fluctuations in interest rates can be due to internal and external factors. Internal factors include the composition of assets and liabilities across maturities, existing rates and re-pricing of various sources of borrowings. External factors include macro economic developments, competitive pressures, regulatory developments and global factors. The rise or fall in interest rates impact the Corporations Net Interest Income depending on whether the Balance sheet is asset sensitive or liability sensitive.

The Corporation uses traditional gap analysis report to determine the Corporation's vulnerability to movements in interest rates. The Gap is the difference between Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) for each time bucket. It indicates whether the Corporation is in a position to benefit from rising interest rates by having a positive Gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by a negative Gap (RSL > RSA). The Corporation also fixes tolerance limits for the same as per the ALM Policy.

46.6.2.1 ***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, 2023	March 31, 2022
Variable rate borrowings	**78%**	79%
Fixed rate borrowings	**22%**	21%
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.

46.6.2.2 ***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, 2023 is ₹ **10.94 Crore** (Previous Year ₹ 9.41 Crore).

46.6.3 **Price Risk**

46.6.3.1 ***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.

Notes forming part of the standalone financial statements (Continued)

46.6.3.2 ***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, 2023	March 31, 2022	March 31, 2023	March 31, 2022
NSE Nifty 50 – increase 10%	**63.89**	116.27	**335.07**	508.13
NSE Nifty 50 – decrease 10%	**(63.89)**	(116.27)	**(335.07)**	(508.13)

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.

46.6.4 **Interest Rate Benchmark Reform**

As on March 31, 2023, the Corporation has foreign currency borrowings of USD 2700 million and JPY 53,200 million, on which it pays USD LIBOR (London Inter-bank Offered Rate) or Term SOFR (Secured Overnight Financing Rate) and TONA (Tokyo Overnight Average Rate) respectively. The Corporation has undertaken currency swaps and forward contracts of notional amount of USD 2700 million and JPY 53,200 million, Coupon Only Swaps of Nil and USD Interest rate Swaps of ₹ 22,191 Crore, to hedge the foreign currency and fx interest rate risks. The valuations of these hedges are impacted by, among other variables, changes in USD LIBOR.

The Corporation has been taking steps to ease into the transition of its LIBOR linked loans. 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.

All the documentation for existing and forthcoming ECBs (External Commercial Borrowings) would follow the guidance by the Asia Pacific Loan Market Association (APLMA) to appropriately reflect these changes.

47. Disclosure of penalties imposed by NHB and other regulators

During the year, the Reserve Bank of India has imposed a monetary penalty of ₹ 5,00,000 on the Corporation in exercise of powers conferred under Section 52A(1)(b) read with Section 49(3)(aa) of the NHB Act, 1987 for non-compliance with certain provisions of 'The Housing Finance Companies (NHB) Directions, 2010' issued by the NHB. The Corporation has paid the penalty on March 29, 2023.

48. Events after the reporting period

The Corporation has filed an application with NCLT seeking extension for filing of the certified true copy of order with the Registrar of Companies, Mumbai. The Scheme shall become effective upon receipt of all requisite approvals, fulfilment of conditions prescribed therein and upon filing of the certified copy of the NCLT Order with the Registrar of Companies, Mumbai.

Notes forming part of the standalone financial statements (Continued)

49 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	5,89,543.92	1,538.17	5,88,005.75	2,181.74	(643.57)
	Stage 2	22,010.25	5,847.50	16,162.75	500.33	5,347.17
Sub total		**6,11,554.17**	**7,385.67**	**6,04,168.50**	**2,682.07**	**4,703.60**
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,073.52	392.82	1,680.70	417.05	(24.23)
Doubtful						
up to 1 year	Stage 3	2,433.66	1,594.56	839.10	1,741.49	(146.93)
>1 to 3 years	Stage 3	3,068.72	1,973.71	1,095.01	2,389.96	(416.25)
More than 3 years	Stage 3	1,085.18	505.64	579.54	1,084.11	(578.47)
Subtotal for doubtful		**6,587.56**	**4,073.91**	**2,513.65**	**5,215.56**	**(1,141.65)**
Loss	Stage 3	291.89	291.89	-	291.89	-
Subtotal for NPA		**8,952.97**	**4,758.62**	**4,194.35**	**5,924.50**	**(1,165.88)**
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 *	87.41	0.17	87.24	-	0.17
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**87.41**	**0.17**	**87.24**	**-**	**0.17**
Total	Stage 1	**5,89,631.33**	**1,538.34**	**5,88,092.99**	**2,181.74**	**(643.40)**
	Stage 2	**22,010.25**	**5,847.50**	**16,162.75**	**500.33**	**5,347.17**
	Stage 3	**8,952.97**	**4,758.62**	**4,194.35**	**5,924.50**	**(1,165.88)**
Total		**6,20,594.55**	**12,144.46**	**6,08,450.09**	**8,606.57**	**3,537.89**

* 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, 2023 and accordingly, no amount is required to be transferred to impairment reserve.

Provisions required as per IRACP norms amount to **₹ 6,915.80 Crore**. The amounts tabulated above include **₹ 1,696.83 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	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
Sub total		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.

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)

50. 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, 2023 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, 2022	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, 2023
Personal Loans	3,793.01	151.10	0.01	308.36	3,333.54
Corporate persons #	34.58	-	-	0.25	34.33
Of which, MSMEs	34.58	-	-	0.25	34.33
Others	-	-	-	-	-
Total	**3,827.59**	**151.10**	**0.01**	**308.61**	**3,367.87**

As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016 (IBC)

51. 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.

51.1 Funding Concentration based on significant counterparty (both deposits and borrowings)

₹ in Crore

Sr. No.	Type of Instruments	Number of Significant Counter parties	Current Year	% of Total Deposits	% of Total Liabilities
1	Deposits	NA	NA	NA	NA
2	Borrowings	16	2,37,752.01	NA	40.11%

51.2 Top 20 large deposits (amount in ₹ Crore and % of total deposits)

₹ in Crore

Sr. No.	Particular	Current Year	% of Total Deposits
1	Total of top 20 large deposits	**20,483.94**	13.45%

51.3 Top 10 borrowings (amount in ₹ Crore and % of total borrowings)

₹ in Crore

Sr. No.	Particular	Current Year	% of Total Borrowings
1	Total of top 10 borrowings	**1,95,926.01**	34.47%

Notes forming part of the standalone financial statements (Continued)

51.4 Funding Concentration based on significant instrument/product

₹ in Crore

Sr. No.	Name of the instrument/product	Current Year	% of Total Liabilities
1	Debt Securities	**2,53,155.94**	42.71%
2	Borrowings (other than debt securities)	**1,59,954.87**	26.98%
3	Deposits	**1,52,255.42**	25.68%
4	Subordinated liabilities	**3,000.00**	0.51%
	Total	**5,68,366.23**	95.88%
	Funding Concentration pertaining to insignificant instruments/products	-	-
	Total borrowings under all instruments/products	**5,68,366.23**	95.88%

51.5 Stock Ratios:

Particulars	Total public funds	Total liabilities	Total assets
(a) Commercial papers	7.44%	7.13%	5.82%
(b) Non-convertible debentures (original maturity of less than one year)	-	-	-
(c) Other short-term liabilities	16.77%	16.08%	13.12%

51.6 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 1st Dec 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, 2022 being 60%. which increases in a graded manner to 100% by December 1, 2025. The Corporation has put in place a liquidity risk management framework so as to adhere to the said LCR guidelines and timelines.

Notes forming part of the standalone financial statements (Continued)

52. 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 **199 cases** (Previous Year 99 cases) of frauds reported during the year where amount involved was **₹ 68.58 Crore** (Previous Year ₹ 32.79 Crore) as on the date of identification of fraud.

53.1 **Details of loans transferred / acquired during the year ended March 31, 2023 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)	36,910.13	-	-
Weighted average maturity (in years)	18.32	-	-
Weighted average holding period (in years)	1.46	-	-
Retention of beneficial economic interest by the originator	10%	-	-
Tangible security coverage	100%	-	-
Rating-wise distribution of rated loans	NA	-	-

Previous Year

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

(ii) **Details of stressed loans transferred during the year**

Particulars	To ARCs	To permitted transferees	To other transferees
Number of accounts	25	-	-
Aggregate principal outstanding of loans transferred (₹ in Crore)	1,511.53	-	-
Weighted average residual tenor of the loans transferred (in years)	1.7 years	-	-
Net book value of loans transferred (at the time of transfer) (₹ in Crore)	669.40	-	-
Aggregate consideration (₹ in Crore)	912.00	-	-
Additional consideration realized in respect of accounts transferred in earlier years	Nil	-	-

Excludes resolutions under Insolvency & Bankruptcy Code (IBC)

Notes forming part of the standalone financial statements (Continued)

Previous 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	-	-	-

(iii) 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	NA	NA	India Rating & Research Pvt. Ltd.	NR1
JMFARC - PAN India 2016 - Trust Security Receipt - Series I *	Infomerics	IVR RR1 (100%-150%)	Brickwork	BWRR1 (100%-150%)

* Carrying value of the same is ₹ Nil.

Notes forming part of the standalone financial statements (Continued)

53.2 Details of loans transferred / acquired during the year ended March 31, 2023 under the Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 24, 2021 are given below:

₹ in Crore

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022
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	**325.33**	423.15
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	**10.93**	14.24
	Amount of exposures to securitisation transactions other than MRR	**Nil**	Nil

53.3 **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 mandated 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 an extension in timelines for adherence of the LCR ratio, with a minimum liquidity coverage ratio (LCR) of 50% to be maintained from December 2021 onwards, which is to be gradually increased to 100% by December 2025. The current requirement stands at 60% effective December 2022. 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."

Quantitative information on Liquidity Coverage Ratio (LCR) for the year ended March 31, 2023 is given below:

₹ in Crore

Appendix 1		Quarter - 1 FY 2022-23		Quarter - 2 FY 2022-23		Quarter - 3 FY 2022-23		Quarter - 4 FY 2022-23	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	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)	32,888.18	29,974.36	39,510.77	36,632.08	45,061.18	42,004.30	53,232.95	49,819.86
Cash Outflows									
2	Deposits (for deposit taking companies)	8,914.23	10,251.36	9,919.39	11,407.30	8,749.15	10,061.52	7,705.94	8,861.83
3	Unsecured wholesale funding	7,098.65	8,163.45	7,476.61	8,598.10	7,078.15	8,139.87	4,834.60	5,559.79

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Appendix 1		Quarter - 1 FY 2022-23		Quarter - 2 FY 2022-23		Quarter - 3 FY 2022-23		Quarter - 4 FY 2022-23	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
4	Secured wholesale funding	10,292.14	11,835.96	11,849.42	13,626.83	11,945.89	13,737.78	11,068.39	12,728.64
5	Additional requirements, of which	**14,838.61**	**17,064.40**	**14,964.35**	**17,209.01**	**14,527.16**	**16,706.24**	**14,318.04**	**16,465.75**
(i)	Outflows related to derivative exposures and other collateral requirements	4,032.24	4,637.08	4,361.37	5,015.58	4,635.66	5,331.01	4,529.34	5,208.74
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	10,806.37	12,427.32	10,602.98	12,193.43	9,891.50	11,375.23	9,788.70	11,257.01
6	Other contractual funding obligations	450.84	518.46	665.08	764.84	1,342.80	1,544.22	1,291.99	1,485.79
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**TOTAL CASH OUTFLOWS**	**41,594.47**	**47,833.63**	**44,874.85**	**51,606.08**	**43,643.15**	**50,189.63**	**39,218.96**	**45,101.80**
Cash Inflows									
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	6,808.56	5,106.42	6,829.13	5,121.85	9,785.68	7,339.26	7,785.98	5,839.49
11	Other cash inflows	285.87	214.40	258.46	193.84	316.92	237.69	341.30	255.97
12	**TOTAL CASH INFLOWS**	**7,094.43**	**5,320.82**	**7,087.59**	**5,315.69**	**10,102.60**	**7,576.95**	**8,127.28**	**6,095.46**
13	**TOTAL HQLA**		**29,974.36**		**36,632.08**		**42,004.30**		**49,819.86**
14	**TOTAL NET CASH OUTFLOWS**		**42,512.81**		**46,290.39**		**42,612.68**		**39,006.34**
15	**LIQUIDITY COVERAGE RATIO (%)**		**70.51%**		**79.14%**		**98.57%**		**127.72%**

Note: Increase in Liquidity Coverage Ratio is on account of increase in high quality liquid assets.

54. 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.

54.1 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.

54.2 **Refer note 3 for Summary of Significant Accounting Policies**

54.3.1 **Capital**

Particulars		Current Year	Previous Year
(i)	Capital to risk weighted assets ratio (CRAR) (%)	**24.28**	22.82
(ii)	CRAR – Tier I Capital (%)	**23.83**	22.24
(iii)	CRAR – Tier II Capital (%)	**0.45**	0.58
(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)

54.3.2 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	**6,427.42**	5,727.42
b)	Amount of Special Reserve under Section 36(1)(viii) of the Income Tax Act taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act.	**20,214.95**	18,114.95
		26,642.37	23,842.37
Addition / Appropriation / Withdrawal during the year			
Add :			
a)	Amount transferred under Section 29C of the NHB Act	**1,100.00**	700.00
b)	Amount of Special Reserve under Section 36(1)(viii) of the Income Tax Act taken into account for the purpose of Statutory Reserve under Section 29C of the NHB Act	**2,200.00**	2,100.00
Less :			
a)	Amount appropriated from Statutory Reserve under Section 29C of the NHB Act	**-**	-
b)	Amount withdrawn from Special Reserve under Section 36(1)(viii) of the Income Tax Act which has been taken into account for the purpose of provision under Section 29C of the NHB Act	**-**	-
		3,300.00	2,800.00
Balance at the end of the year			
a)	Statutory Reserve under Section 29C of the NHB Act	**7,527.42**	6,427.42
b)	Amount of Special Reserve under Section 36(1)(viii) of the Income Tax Act taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act.	**22,414.95**	20,214.95
		29,942.37	26,642.37

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.

54.3.3 Investments *

₹ in Crore

Particulars			Current Year	Previous Year
1	**Value of Investments**			
(i)	Gross value of Investments			
	(a)	In India	**98,353.85**	69,209.17
	(b)	Outside India	**-**	-
(ii)	Provisions for Depreciation			
	(a)	In India	**118.74**	48.86
	(b)	Outside India	**-**	-
(iii)	Net value of Investments			
	(a)	In India	**98,235.11**	69,160.31
	(b)	Outside India	**-**	-
2	**Movement of provisions held towards depreciation on investments**			
(i)	Opening balance		**48.86**	64.27
(ii)	Add: Provisions made		**72.10**	9.62
(iii)	Less: Write-off / Written-back of excess provisions during the year		**(2.22)**	(25.03)
(iv)	Closing balance		**118.74**	48.86

* Includes Investment and Investment Properties

Notes forming part of the standalone financial statements (Continued)

54.3.4 Derivatives

54.3.4.1 Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

₹ in Crore

Particulars		Current Year	Previous Year
(i)	The notional principal of swap agreements ^	**2,44,381.00**	1,54,408.00
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	**802.24**	933.68
(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	**(4,307.30)**	(2,763.20)

^ Includes USD IRS - Notional of **USD 2700.00 million** (Previous Year USD 1,260.00 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	**2,00,215.00**	1,22,870.00	Fixed Receivable v/s Floating Payable
T-bill linked	**21,975.00**	21,975.00	Fixed Receivable v/s Floating Payable
INBMK	**1,500.00**	0.00	Fixed Receivable v/s Floating Payable
	Notional Principal (USD mn)		
USD LIBOR	**1,200.00**	1,400.00	Fixed Payable v/s Floating Receivable

54.3.4.2 Exchange Traded Interest Rate (IR) Derivative

The Corporation has not entered into any exchange traded derivative.

54.3.4.3 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 Liquidity, 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.

Interest rate risks is mitigated by entering into interest rate swaps. The currency risk on the borrowings is actively managed mainly through a combination of principal only swaps, forward contracts, option contracts, and foreign currency arrangements. Counterparty risk is reviewed periodically to ensure that exposure to various counterparties is well diversified and is within the limits fixed by the Derivative Committee.

As a part of Asset Liability Management, the Corporation has entered into interest rate swaps wherein it has converted a portion of its fixed rate rupee liabilities into floating rate linked to various benchmarks.

Constituents of Hedge Management Framework

Financial Risk Management of the Corporation constitutes the Audit Committee, Asset Liability Committee (ALCO), Derivative Committee and the Risk management team.

The Corporation periodically monitors various 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 Financial Risk Management policy 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 ₹ 4,922.86 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 ₹ **27,052 Crore** (Previous Year ₹ 16,634.46 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	**80.02**	(198.28)
Credits/(Debit) in the Cash flow reserve	**262.62**	278.30
Closing Balance	**342.64**	80.02

B. Quantitative Disclosure

₹ in Crore

Particulars			Currency Derivatives *		Interest Rate Derivatives	
			Current Year	Previous Year	**Current Year**	Previous Year
(i)	Derivatives (Notional Principal Amount)		**27,052.00 $**	16,634.46 $	**2,44,381.00 ^**	1,54,408.00 ^
(ii)	Marked to Market Positions					
	(a)	Assets (+)	**1,243.92**	648.60	**1,019.09**	674.20
	(b)	Liability (-)	**(283.28)**	(386.96)	**(5,326.39)**	(3,437.40)
(iii)	Credit Exposure		**2,888.93**	2,351.30	**5,829.44**	4,265.71
(iv)	Unhedged Exposures		**0.28**	-	**-**	-

*Currency Derivatives includes Forward contracts, Principal Only swaps, USD IRS Swaps

^ Includes USD IRS - Notional of **USD 2,700.00 million** (Previous Year USD 1,260.00 million) converted at year end exchange rate.

$ Includes COS - **USD Nil** (Previous Year USD 140 million) converted at year end exchange rate.

Notes forming part of the standalone financial statements (Continued)

54.3.5 **Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities)**

₹ in Crore

Maturity Buckets	Liabilities			
	Deposits *	Borrowings from Bank	Market Borrowing	Foreign Currency Liabilities
1 to 7 days	-	11,280.03	-	-
8 to 14 days	1,718.92	-	1,250.00	-
15 to 30/31 days	1,316.03	1,100.00	834.29	-
Over one month to 2 months	4,212.69	240.00	1,102.73	-
Over 2 to 3 months	3,727.08	1,850.00	2,116.53	-
Over 3 to 6 months	9,882.64	4,326.47	7,831.73	6,164.25
Over 6 months to 1 year	19,070.52	10,984.89	9,331.51	3,152.60
Over 1 to 3 years	56,991.03	33,390.43	50,593.14	9,040.99
Over 3 to 5 years	38,580.41	23,505.38	33,959.76	6,986.15
Over 5 years	16,611.75	47,933.68	1,49,136.25	-
Total	**1,52,111.07**	**1,34,610.88**	**2,56,155.94**	**25,343.99**

* Excluding unclaimed / unlinked deposits

₹ in Crore

Maturity Buckets	Assets		
	Advances	Investments	Foreign Currency Assets
1 to 7 days	-	10,200.00	-
8 to 14 days	3,268.10	9,000.00	-
15 to 30/31 days	4,341.44	7,000.00	-
Over one month to 2 months	7,129.09	6,500.00	-
Over 2 to 3 months	9,070.94	8,020.87	-
Over 3 to 6 months	21,177.98	6,500.00	-
Over 6 months to 1 year	43,694.14	25,699.44	-
Over 1 to 3 years	1,50,214.29	660.61	-
Over 3 to 5 years	1,20,516.69	22,905.91	-
Over 5 years	2,48,950.01	1,231.22	-
Total	**6,08,362.68**	**97,718.05**	**-**

Notes forming part of the standalone financial statements (Continued)

54.3.6 Exposure to sensitive sector

54.3.6.1 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.	**4,77,276.02**	4,12,009.38
	(ii)	**Commercial Real Estate #**		
		^ Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	**97,958.54**	112,074.78
	(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures**		
		a) Residential	**10.93**	14.24
		b) Commercial Real Estate	-	
b)	**Indirect Exposure**			
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).		**388.26**	285.62

includes ₹ **5,720.88 crore** (Previous year ₹ 5,529.30 crore) being exposure relating to third dwelling units onwards of residential mortgage classified as commercial real estate under NHB / RBI guidelines.

^ includes landing secured by mortgages, where security perfection is in process.

54.3.6.2 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; *	**1,593.40**	1,762.40
(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;	**13.24**	30.01
(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;	**295.68**	148.41

Notes forming part of the standalone financial statements (Continued)

Particulars		Current Year	Previous Year
(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;	**4,978.88**	17,011.02
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
(ix)	financing to stockbrokers for margin trading	-	-
(x)	All exposures to Venture Capital Funds / Alternative Investment Funds (both registered and unregistered) **		
	(i) Category I	**30.00**	30.00
	(ii) Category II	**1,778.06**	1,744.30
	(iii) Category III	**4.80**	-
	(iv) Others**	**252.01**	370.76
	Total Exposure to Capital Market	**8,946.07**	21,096.90

* 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

54.3.6.3 Details of financing of parent company products

These details are not applicable since the Corporation is not a subsidiary of any company.

54.3.6.4 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.

54.3.6.5 Advances against Intangible Collateral

₹ in Crore

Particulars		Advances against Intangible Collateral	Value of such Intangible Collateral
(i)	Corporate Loans	**1,332.36**	1,330.00
(ii)	Project Loans	-	-
Total		**1,332.36**	**1,330.00**

54.3.6.6 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	-	-

54.4 Miscellaneous

54.4.1 Registration obtained from other financial sector regulators

Regulator	Registration No.
Pension Fund Regulatory and Development Authority (PFRDA) As Point of Presence	POP02092018

Notes forming part of the standalone financial statements (Continued)

54.4.2 **Disclosure of Penalties imposed by NHB and other regulators**

Refer note 47 for Disclosure of Penalties imposed by NHB and other regulators.

54.4.3 **Related party Transactions**

Details of all material transactions with related parties are disclosed in note 45.

54.4.4 **Group Structure**

Refer Note 45 - Related party disclosures and Note 55 - Diagrammatic representation of group structure in accordance with the Ind AS.

54.4.5 **Rating assigned by Credit Rating Agencies and migration of rating during the year**

Instrument	Rating Agency	Ratings Assigned
Deposits	ICRA Limited	AAA/ Stable
	CRISIL Ratings Limited	AAA/ Stable
Bonds/ Non-Convertible Debentures	ICRA Limited	ICRA AAA/ Stable
	CRISIL Ratings Limited	CRISIL AAA/ Stable
Non-Convertible Debentures with Warrants	ICRA Limited	ICRA AAA/ Stable
	CRISIL Ratings Limited	CRISIL AAA/ Stable
Subordinated Debt	ICRA Limited	ICRA AAA/ Stable
	CRISIL Ratings Limited	CRISIL AAA/ Stable
Short Term Debt	ICRA Limited	ICRA A1+
	CRISIL Ratings Limited	CRISIL A1+
	CARE Ratings Limited	CARE A1+
Long Term Bank Facilities	CARE Ratings Limited	CARE AAA/ Stable
Short Term Bank Facilities		CARE A1+
Long Term Bank Facilities	ICRA Limited	ICRA AAA/ Stable
Short Term Bank Facilities		ICRA A1+

Note: The Corporation has been assigned the highest ratings in all the above-mentioned instruments.

There were no changes in any of the ratings or outlook during the year.

54.4.6 **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.

54.4.7 **Revenue Recognition**

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

54.4.8 **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).

Notes forming part of the standalone financial statements (Continued)

54.5 Additional Disclosures

54.5.1 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	**72.10**	9.62
2.	Provision towards NPA	**435.03**	934.06
3	Provision made towards Income tax	**3,774.68**	3,504.13
4.	Other Provisions and Contingencies	**6.08**	(14.27)
5	Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)	**1,353.89**	1,012.21

₹ in Crore

Break up of Loan & Advancesand Provisions thereon		Housing		Non-Housing	
		Current Year	Previous Year	**Current Year**	Previous Year
Standard Assets					
a)	Total Outstanding Amount	**4,31,578.87**	3,78,357.12	**1,79,975.30**	1,77,136.24
b)	Provisions made	**4,647.35**	3,921.45	**2,738.49**	2,593.38
Sub-Standard Assets					
a)	Total Outstanding Amount	**1,678.85**	2,909.33	**394.67**	884.46
b)	Provisions made	**360.72**	1,149.28	**32.10**	163.21
Doubtful Assets – Category-I					
a)	Total Outstanding Amount	**2,208.66**	1,666.86	**225.00**	1,626.21
b)	Provisions made	**1,556.78**	891.85	**37.78**	1,029.38
Doubtful Assets – Category-II					
a)	Total Outstanding Amount	**1,703.97**	1,998.88	**1,364.75**	1,115.95
b)	Provisions made	**986.63**	804.51	**987.08**	754.13
Doubtful Assets – Category-III					
a)	Total Outstanding Amount	**641.46**	798.42	**443.72**	345.43
b)	Provisions made	**219.98**	443.30	**285.66**	225.90
Loss Assets *					
a)	Total Outstanding Amount	**256.60**	1,419.13	**35.29**	110.37
b)	Provisions made	**256.60**	1,419.13	**35.29**	110.37
Total					
a)	**Total Outstanding Amount**	**4,38,068.41**	3,87,149.74	**1,82,438.73**	1,81,218.66
b)	**Provisions made**	**8,028.06**	8,629.52	**4,116.40**	4,876.37

Notes forming part of the standalone financial statements (Continued)

54.5.2 **Draw Down from Reserves**

During FY 2022-23, there were no draw down from Reserves.

54.5.3 **Concentration of Public Deposits, Advances, Exposures and NPAs**

54.5.3.1 **Concentration of Public Deposits**

₹ in Crore

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	**7,832.51**	7,544.87
Percentage of Deposits of twenty largest depositors to Total Deposits of the Corporation	**7.04%**	7.51%

54.5.3.2 **Concentration of Loans & Advances**

₹ in Crore

Particulars	Current Year	Previous Year
Total Loans & Advances to twenty largest borrowers	**57,895.83**	61,870.17
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the Corporation	**9.33%**	10.89%

54.5.3.3 **Concentration of all Exposure (including off-balance sheet exposure)**

₹ in Crore

Particulars	Current Year	Previous Year
Total Exposure to twenty largest borrowers / customers	**62,082.41**	**65,419.66**
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	**8.60%**	10.45%

54.5.3.4 **Concentration of NPAs**

₹ in Crore

Particulars	CurrentY ear	Previous Year
Total Exposure to top ten NPA accounts	**3,922.04**	5,589.94

54.5.3.5 **Sector-wise NPAs**

Sr. No.	Sector	Percentage of NPA to Total Advances in that Sector
A.	**Housing Loans:**	
1	Individual	0.82%
2	Builder/Project Loans	13.96%
3	Corporates	0.90%
B.	**Non - Housing Loans:**	
1	Individual	1.22%
2	Builder/Project Loans	1.85%
3	Corporates	1.04%

Notes forming part of the standalone financial statements (Continued)

54.5.4 Movement of NPAs

₹ in Crore

	Particulars		Current Year	Previous Year
(I)	Net NPAs to Net Advances (%)		**0.69%**	1.06%
(II)	Movement of NPAs (Gross)			
	a)	Opening balance	**12,875.04**	11,615.77
	b)	Additions during the year	**2,878.61**	6,707.61
	c)	Reductions during the year	**6,800.69**	5,448.34
	d)	Closing balance	**8,952.96**	12,875.04
(III)	Movement of Net NPAs			
	a)	Opening balance	**5,883.98**	5,558.77
	b)	Additions during the year	**2,192.57**	4,031.38
	c)	Reductions during the year	**3,882.21**	3,706.17
	d)	Closing balance	**4,194.34**	5,883.98
(IV)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	a)	Opening balance	**6,991.06**	6,057.00
	b)	Additions during the year	**686.04**	2,676.23
	c)	Reductions during the year	**2,918.48**	1,742.17
	d)	Closing balance	**4,758.62**	6,991.06

54.5.5 Overseas Assets

₹ in Crore

Particulars	Current Year	Previous Year
Bank Balances	**0.71**	0.59
Property, plant and equipment	**0.07**	0.12
Advances and Prepaid expenses	**1.57**	1.37

54.5.6 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

Notes forming part of the standalone financial statements (Continued)

54.6 Disclosure of Complaints

54.6.1 Customer Complaints *

Particulars		Current Year	Previous Year
a)	No. of complaints pending at the beginning of the year	**25**	19
b)	No. of complaints received during the year	**33,320**	39,934
c)	No. of complaints redressed during the year	**33,336**	39,928
	of which, number of complaints rejected by the NBFC	**-**	-
d)	No. of complaints pending at the end of the year	**9**	25
e)	Maintainable complaints received by the NBFC from Office of Ombudsman	**NA**	NA
f)	Number of maintainable complaints received by the NBFC from Office of Ombudsman	**NA**	NA
g)	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	**NA**	NA
h)	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	**NA**	NA
i)	Number of Awards unimplemented within the stipulated time (other than those appealed)	**NA**	NA

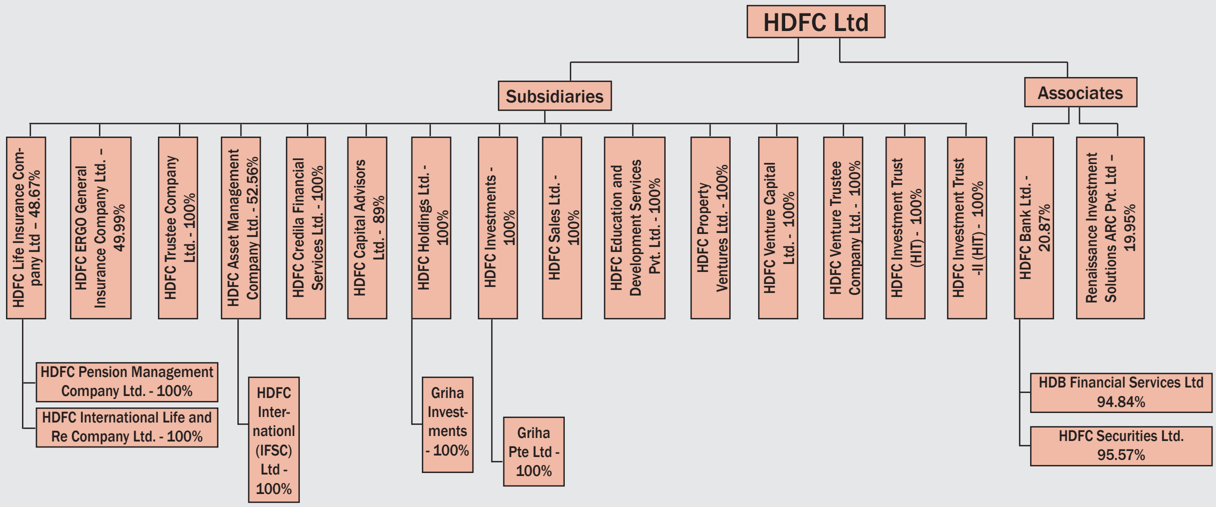
* Credit Linked Subsidy Scheme complaints and Moratorium request are excluded.

54.6.2 Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
Current Year					
Delay in Loan Disbursement	6	5,234	-26%	3	-
Rate of Interest	4	3,913	-16%	-	-
Prepayment related	3	3,831	20%	-	-
Accounts - Transaction Related	3	3,825	7%	2	-
Loan Application Status	2	3,102	-47%	1	-
Others	7	13,415	-14%	3	1
Total	**25**	**33,320**		**9**	**1**
Previous Year					
Delay in Loan Disbursement	2	7,069	-18%	6	-
Rate of Interest	-	4,648	-72%	2	-
Prepayment related	1	3,203	-33%	4	2
Accounts - Transaction Related	3	3,582	-45%	3	-
Loan Application Status	7	5,829	-18%	3	-
Others	6	15,603	-46%	7	2
Total	19	39,934		25	4

Notes forming part of the standalone financial statements (Continued)

55. Digrammatic representation of group structure



56. 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, 2023

₹ 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	**2,21,800.70**	-
		: Unsecured	**3,608.94**	-
	(b)	Deferred Credits	-	
	(c)	Term Loans	**1,60,385.19**	-
	(d)	Inter-corporate loans and borrowing	-	
	(e)	Commercial Paper	**42,268.44**	-
	(f)	Public Deposits	**1,15,758.32**	-
	(g)	Other Loans - Other Deposits	**42,983.27**	-
(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	**1,15,758.32**	-

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Assets side				Amount outstanding
(3)	**Break-up of Loans and Advances (Gross) including bills receivables [other than those included in (4) below]:**			
	(a)	Secured		**6,09,261.94**
	(b)	Unsecured		**11,245.20**
(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	-

₹ in Crore

Particulars				Amount outstanding as at March 31, 2023
(5)	**Break-up of Investments**			
	Current Investments			
	1.	Quoted		
		(i)	Shares	-
			(a) Equity	-
			(b) Preference	-
		(ii)	Debentures and Bonds	-
		(iii)	Units of mutual funds	**5,034.07**
		(iv)	Government Securities	-
		(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	

Notes forming part of the standalone financial statements (Continued)

₹ in Crore

Particulars					Amount outstanding as at March 31, 2023
	Long Term investments				
	1.	Quoted			
		(i)	Share		-
			(a)	Equity	**21,349.69**
			(b)	Preference	-
		(ii)	Debentures and Bonds		-
		(iii)	Units of mutual funds		-
		(iv)	Government Securities		**63,331.08**
		(v)	Others - Real Estate Investment Trust		**281.36**
		(vi)	Others - Security Receipts		-
	2.	Unquoted			
		(i)	Shares		
			(a)	Equity	**5,118.60**
			(b)	Preference	**17.11**
		(ii)	Debentures and Bonds		**946.89**
		(iii)	Units of mutual funds		-
		(iv)	Government Securities		-
		(v)	Others - Pass Through Certificates		**11.01**
		(vi)	Others - Security Receipts		-
		(vii)	Others - Venture Funds & Other Funds		**1,708.46**

₹ in Crore

(6)	**Borrower group-wise classification of assets financed as in (3) and (4) above:**					
	Category			**Amount net of provisions as at March 31, 2023**		
				Secured	**Unsecured**	**Total**
	1.	**Related Parties**				
		(a)	Subsidiaries	-	-	-
		(b)	Companies in the same group	-	-	-
		(c)	Other related parties	6.67	-	6.67
	2.	Other than related parties		5,97,596.54	10,759.47	6,08,356.01
	Total			**5,97,603.21**	**10,759.47**	**6,08,362.68**

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	94,476.31	8,039.91
		(b) Companies in the same group	1,39,164.62	14,050.49
		(c) Other related parties	-	-
	2.	Other than related parties	73,049.99	75,627.65
	Total		**3,06,690.92**	**97,718.05**

₹ in Crore

(8)	Other information		Amount
	Particulars		
	(i)	Gross Non-Performing Assets	
		(a) Related parties	-
		(b) Other than related parties	8,952.96
	(ii)	Net Non-Performing Assets	
		(a) Related parties	-
		(b) Other than related parties	4,194.34
	(iii)	Assets acquired in satisfaction of debt *	2,746.03

* Excluding PPE held for own use and Investments.

57. 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 with in 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, 2023	% As at March 31, 2022
% of total assets towards housing finance	**59.33%**	59.23%
% of total assets towards housing finance for individuals	**56.04%**	54.74%

Notes forming part of the standalone financial statements (Continued)

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%

58. The Corporation has been classified as NBFC - Middle Layer, despite appearing in the list of top 10 NBFCs in terms of asset size in the current review, due to ongoing merger process on September 30, 2022 vide RBI press release of list of NBFCs in the Upper Layer under Scale Based Regulation for NBFCs. Accordingly, norms applicable to NBFC - Middle Layer under Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs dated October 22, 2021, are applicable to the Corporation. Disclosure required as per Scale Based Regulation (SRB) is as under.

58.1 **Sectorial Exposure**

Sectors	Current Year			Previous Year		
	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ crore)	Gross NPAs (₹ crore)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ crore)	Gross NPAs (₹ crore)	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	-	-	-	-	-	-
2. Industry	-	-	-	-	-	-
3. Services	**1,37,760.93**	**4,524.20**	**3.28%**	1,54,097.36	7,948.76	5.16%
4. Personal Loans	**5,49,108.62**	**4,428.76**	**0.81%**	4,71,990.22	4,921.17	1.04%
5. Others, if any	-	-	-	-	-	-

58.2 **Intra-group exposures**

Particulars	As at March 31, 2023	As at March 31, 2022
i) Total amount of intra-group exposures	**22,167.38**	19,251.68
ii) Total amount of top 20 intra-group exposures	**22,167.38**	19,251.68
iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	**3.23%**	3.07%

58.3 The disclosures for divergence in asset classification and provisioning as per NBFC - Middle Layer under Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs dated October 22, 2021 is not applicable, as the Corporation has not received any communication from the RBI / NHB for divergence in assets classification.

58.4 There were no items of income and expenditure of exceptional nature during the year ended March 31, 2023.

58.5 Related Party Disclosure

₹ in crore

Related Party	Subsidiaries	Associates/ Joint ventures	Key Management Personnel (the Company Secretary)	Directors	KMP (Non whole-time Directors)	Relatives of KMP	Relatives of Directors	Relatives of KMP (Non whole-time Directors)	Others	Total
Deposits	170.00	-	-	33.69	-	-	12.95	20.78	51.45	**288.87**
Deposits_ Maximum during the year	400.32	-	-	54.73	-	-	15.52	38.32	358.85	**867.74**
Placement of Deposits	-	150.64	-	-	-	-	-	-	-	**150.64**
Placement of Deposits_ Maximum during the year	-	650.39	-	-	-	-	-	-	-	**650.39**
Advances	-	-	0.48	-	-	-	6.69	-	-	**7.17**
Advances_ Maximum during the year							6.79	-	-	**6.79**
Investments	8,116.89	14,050.49	-	-	-	-	-	-	-	**22,167.38**
Investments_ Maximum during the year	8,149.08	14,050.49	-							**22,199.57**
Purchase of property, plant and equipment	0.19	-	-	-	-	-	-	-	-	**0.19**
Sale of property, plant and equipment / other assets	-	-	-	8.89	27.96	-	-	-	-	**36.85**
Interest paid	352.56	-	-	1.77	-	-	0.44	1.30	13.62	**369.69**
Interest Received	7.53	12.30	0.03	-	-	-	0.42	-	2.35	**22.63**
Others - Non-Convertible Debentures	5,185.90	-	-	-	-	-	-	-	-	**5,185.90**

Previous Year

₹ in crore

Related Party	Subsidiaries	Associates/ Joint ventures	Key Management Personnel (the Company Secretary)	Directors	KMP (Non whole-time Directors)	Relatives of KMP	Relatives of Directors	Relatives of KMP (Non whole-time Directors)	Others	Total
Deposits	115.93	-	-	21.25	-	-	2.92	18.30	49.01	207.41
Deposits_ Maximum during the year	-	-	-	-	-	-	-	-	-	-
Placement of Deposits	-	650.39	-	-	-	-	-	-	-	650.39
Placement of Deposits_ Maximum during the year	-	1,250.39	-	-	-	-	-	-	-	1,250.39
Advances	-	-	-	-	-	-	-	-	19.31	19.31
Advances_ Maximum during the year	-	-	-	-	-	-	-	22.31	19.31	41.62
Investments	5,238.69	14,050.49	-	-	-	-	-	-	-	19,289.18
Investments_ Maximum during the year	5,327.60	14,050.49								19,378.09
Purchase of property, plant and equipment	0.64	-	-	-	-	-	-	-	-	0.64
Interest paid	312.96	0.20	-	1.50	0.02	-	0.18	1.41	16.39	332.66
Interest Received	1.50	20.03	-	-	-	-	0.02	-	1.31	22.86
Others - Non-Convertible Debentures	4,274.10	-	-	-	-	-	-	-	-	4,274.10

58.6 The Corporation has not granted any loans and advances to Directors, Senior Officers and relative of Directors, in terms of RBI circular no. RBI/2022-23/29 DOR.CRE.REC.No.25/03.10.001/2022-23 issued by the Reserve Bank of India.

Notes forming part of the standalone financial statements (Continued)

59. Statutory disclosure required as per Schedule III Division III of the Companies Act, 2013

(i) The Corporation had entered into the 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.
Customer Support Financial Services Pvt Ltd	Provision for DSA payment	0.00	None
Quark Financial Consultants Pvt Ltd	DSA commission	0.01	None
Samridhi Frozen Foods Private Limited	Loan	0.48	None
Sree Sai Management and Project Consultants Pvt Ltd	Loan	0.92	None
Ms Envision Realty Management Pvt Ltd	Loan	0.24	None
Nakul Construction Co	Loan	9.00	None
Contemporary Verification Consultants Private Limited	Loan	1.30	None
Rabbi Educational Academy Private Limited	Loan	0.17	None
Bhagawan Group Private Limited	Loan	1.57	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) The Board of Directors of the Corporation at its meeting held on April 4, 2022 approved a composite scheme of amalgamation for the amalgamation of: (i) HDFC Investments Limited (‘HIL’) and HDFC Holdings Limited (‘HHL’), wholly-owned subsidiaries of the Corporation, with and into the Corporation and thereafter (ii) the Corporation with and into HDFC Bank Limited (‘HDFC Bank’) under Sections 230 to 232 of the Companies Act, 2013 and other applicable laws and regulations (‘the Scheme’), subject to requisite approvals from various regulatory and statutory authorities and respective shareholders and creditors, as may be required. 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. As per the Scheme, the appointed date for the amalgamation of the HIL and HHL 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 the HDFC Bank shall be on the effective date of the Scheme. Upon the Scheme becoming effective and based on the shareholding in the Corporation as on the record date, equity shares of HDFC Bank will be issued to the shareholders of the Corporation as per the share exchange ratio specified here-in above. Further, equity shares held by the Corporation, HIL and HHL in HDFC Bank will be cancelled and extinguished in accordance with the Scheme.

During the year ended March 31, 2023, the Corporation and HDFC Bank received various no-objection/approval letters regarding the Scheme from the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI), the Competition Commission of India, the Pension Fund Regulatory and Development Authority, the National Housing Bank (NHB), the stock exchanges and shareholders of the Corporation. Further, the Hon’ble National Company Law Tribunal (NCLT), Mumbai Bench, vide its Order dated March 17, 2023 has sanctioned the Scheme. NCLT vide its order dated April 20, 2023 has granted extension for filing of the certified true copy of order sanctioning the Scheme with the Registrar of Companies, Mumbai for a period of 90 days from April 27, 2023. The Scheme shall become effective upon receipt of all requisite approvals, fulfilment of conditions prescribed therein and upon filing of the certified copy of the NCLT Order with the Registrar of Companies, Mumbai by all the companies involved in the Scheme.

Notes forming part of the standalone financial statements (Continued)

(iv) The Corporation shall account for the amalgamation of the each of the HDFC Investments Ltd. and HDFC Holdings Ltd. with the Corporation, on completion of all substantial conditions for the transfer, in accordance with "Pooling of Interest Method" laid down in Appendix C of Ind AS-103 (Business Combinations of entities under common control) notified under Section 133 of the Companies Act, under the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time.

(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) %	**24.28**	22.82
Tier I CRAR %	**23.83**	22.24
Tier II CRAR %	**0.45**	0.58

(b) Liquidity Coverage Ratio - 127.72% (refer note 53.3)

(vii) There are no transactions, which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

60. Income and expenditure of exceptional

There were no items of income and expenditure of exceptional nature during the year ended March 31, 2023.

61. Approval of financial statements

The financial statements were approved by the Board of Directors of the Corporation on May 4, 2023.

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

MUMBAI, May 04, 2023

Directors

Deepak S. Parekh
Chairman
(DIN: 00009078)

Ireena Vittal
(DIN: 05195656)

P. R. Ramesh
(DIN: 01915274)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

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)

Notes forming part of the standalone financial statements (Continued)

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, 2023)

₹ in Crore

Sl. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investments included in Total Assets	Total Income	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend	% of Shareholding
1	HDFC Life Insurance Company Limited	INR	-	2,152.55	10,834.26*	2,47,724.92	2,34,738.11*	2,38,781.88#	70,608.86#	1,272.41	(87.72)	1,360.13	-	48.67
2	HDFC Asset Management Co. Ltd.	INR	-	106.71	6,001.70	6,536.53	428.12	6,079.16	2,482.57	1,870.61	446.69	1,423.92	-	52.56
3	HDFC Trustee Co. Ltd.	INR	-	0.10	2.80	3.48	0.58	2.10	3.13	0.59	0.13	0.46	-	100.00
4	HDFC ERGO General Insurance Co. Ltd.	INR	-	713.66	3,232.44	25,065.38	21,119.28	22,241.61	9,441.48	868.45	215.79	652.66	-	49.99
5	HDFC Venture Capital Ltd.	INR	-	0.50	(0.04)	0.50	0.04	-	4.78	0.17	-	0.17	-	100.00
6	HDFC Ventures Trustee Co. Ltd.	INR	-	0.05	1.13	1.24	0.06	0.92	0.16	(0.14)	-	(0.14)	-	100.00
7	HDFC Property Venture Ltd.	INR	-	1.00	20.66	28.78	7.12	19.26	68.87	47.02	5.92	41.10	-	100.00
8	HDFC Investments Ltd.	INR	-	26.67	225.79	270.82	18.36	231.61	482.18	480.98	0.43	480.55	-	100.00
9	HDFC Holdings Ltd.	INR	-	1.80	273.81	283.13	7.52	281.19	15.23	14.42	0.69	13.73	-	100.00
10	HDFC Sales Pvt. Ltd.	INR	-	122.00	57.76	398.25	218.49	-	800.20	90.19	22.14	68.05	-	100.00
11	HDFC Credila Financial Services Ltd.	INR	-	147.80	2,287.29	16,446.04	14,010.95	591.99	1,352.18	370.21	94.28	275.93	-	100.00
12	HDFC Pension Management Co. Ltd.	INR	-	54.00	6.42	82.03	21.61	62.73	33.78	6.55	1.65	4.90	-	48.67
13	HDFC Education and Development Services Pvt. Ltd.	INR	-	186.00	(14.73)	174.52	3.25	-	16.18	5.54	-	5.54	-	100.00
14	Griha Investments	USD	82.15	0.20	35.83	36.61	0.58	-	2.02	(25.42)	-	(25.42)	-	100.00
15	Griha Pte. Ltd.	SGD	61.85	5.21	75.22	82.61	2.18	-	10.45	2.17	0.50	1.67	-	100.00
16	HDFC Capital Advisors Ltd	INR	-	2.14	175.36	219.40	41.90	169.83	137.29	78.22	19.82	58.40	-	100.00
17	HDFC International Life And Re Company Limited	USD	82.15	208.71	(0.55)	360.76	152.60	260.47	146.10	3.23	-	3.23	-	48.67
18	HDFC AMC International (IFSC) Limited (w.e.f. May 27, 2022)	INR	-	3.00	(0.59)	3.96	1.55	-	-	(0.54)	-	(0.54)	-	52.56

NOTE:

* Includes Investments of Shareholders’, Policyholders’ and Assets held to cover Linked Liability

Includes Net Premium Income, Investment Income and other Income

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 period / year ended March 31, 2023)

Name of Associates/Joint Ventures	HDFC Bank Limited	Renaissance Investment Solutions ARC Private Limited
Latest audited Balance Sheet Date	31st March 2023	31st March 2023
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 %	20.87	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)	72,156.29	0.38
Consolidate Profit/Loss for the year (₹ in Crore)	45,997.11	(0.43)
Considered in Consolidation (₹ in Crore)	11,165.83	(0.09)
Not Considered in Consolidation (₹ in Crore)	34,831.28	(0.34)

CONSOLIDATED FINANCIAL STATEMENTS

- Independent Auditors' Report
- Consolidated Balance Sheet
- Consolidated Statement of Profit and Loss
- Consolidated Statement of Changes in Equity
- Consolidated Statement of Cash Flows
- Notes to Consolidated Financial Statements

Independent Auditors' Report

To The Members of
Housing Development Finance Corporation Limited

Report on the Audit of 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, 2023, 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, 2023, 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, 2023. 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">1. Impairment of loans (expected credit losses) (refer note 3.2.4 and note 8 to the Consolidated 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 relevant macro-economic factors. 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>Our audit procedures included the following:

• 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 specialist 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. Assessed the valuation of the underlying security for the non-retail loan portfolio on a sample basis.
• Tested assumptions used by the management in determining the overlay for macro-economic and other factors.
• Assessed adequacy of 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 note 3.2.9, note 6 and note 49.1.6 to the Consolidated Financial Statements)*	
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.	Our audit procedures included the following: • 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. • Tested 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 adequacy 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.	Our audit procedures included the following: • 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.

B. Key audit matters of Subsidiary Company – HDFC Life Insurance Company Limited ('HDFC Life') as reported 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 ₹ 29,085.15 crore towards new business (first year premium and single premium). Out of the total revenue recognised, ₹ 103.72 crore was recognised during the last quarter. This area was considered as key audit matter 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.	Our audit procedures included the following: • 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. • Tested on a sample basis to verify that policy sales of the next financial year are not accounted for in the current period. • Relied on the certificate of the management with respect to cheques on hand as at March 31, 2023. • 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.
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, 2023 is ₹ 233,134.32 crore).	Our audit procedures included the following: • Understood Management's process and controls to ensure proper classification and valuation of Investment. • Testing of key controls over investment classification and valuation.

Key audit matters	How our audit addressed the key audit matter
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.	• 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 reported by the auditor of HDFC Ergo**

Key audit matters	How our audit addressed the key audit matter
1. Information Technology (IT) System	
The company is highly dependent on data from various information technology systems including automated controls to process and record large volume of transactions, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Due to the pervasive nature, complexity and importance of the impact of the IT systems and related control environment on the Company's financial statements, we have identified testing of such IT systems and related control environment as a key audit matter for the current year audit.	Our audit procedures included the following: • We involved our IT specialists for assessment of the IT systems and controls over financial reporting; • Understood General IT Controls (GITC) over key financial accounting and reporting systems (referred to as " in- scope systems") which covered access controls, program/ system changes, program development and computer operations; • Understood the IT infrastructure i.e. operating systems and databases and related data security controls; • Tested controls over IT infrastructure covering user access including privilege users and system changes; • Evaluated design and operating effectiveness for in-scope systems and application controls which covered segregation of duties, system interfaces, completeness and accuracy of data feeds and system reconciliation controls; and • Evaluated policies and strategies adopted by the Company in relation to operational security of key information infrastructure, data and client information management and monitoring and crisis management.

Key audit matters	How our audit addressed the key audit matter
2. Valuation and impairment determination of Investments	
Valuation and impairment determination of Investments (March 31, 2023: ₹ 20,989 crore, March 31, 2022: ₹ 18,585 crore) The Company's investment portfolio has been bifurcated into Policyholders investments and Shareholders investments in terms of IRDAI guidelines. Total investments represent 66% percent of the Company's total assets as at 31 March 2023. Investments are valued in accordance with the provisions of the Insurance Act, the IRDA Financial Statements Regulations, orders/ directions/ circulars issued by IRDAI. Investments amounting to ₹ 20,989 crores in Balance Sheet are valued as per the Ind AS accounting policy, based on which: the unrealized gains/ losses arising due to changes in fair value of listed equity shares, additional Tier I bonds, unlisted equity shares and mutual fund units are recorded in the "Fair Value Through Profit and Loss Account "FVTPL" in the Statement of Profit and Loss; and debt securities and bonds are valued through Other Comprehensive Income/ Expense "FVTOCI". Investments in listed equity shares, additional Tier I bonds, mutual funds, Debt securities and other Investments does not represent higher risk of material misstatement, however, is considered to be a key audit matter due to its materiality to the financial statements. 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. Accordingly, valuation of investments was considered to be one of the areas which required significant auditor attention and was one of the matters of most significance in the financial statements.	Our audit procedures included the following: • Understood the Company's process and tested the controls on the valuation of investments; • Evaluated design, implementation and operating effectiveness of key controls over the valuation process including impairment, including management's review and approval of the estimates and assumptions used for the valuation including key authorization and data input controls; • Performed independent price- verification for samples using external quoted prices and by agreeing the management's observable inputs used in valuation techniques to external data for listed and unlisted investments on test check basis; • 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. • Assessed the management's view on classification of Instruments with respect to Ind AS.

D. Key audit matters of Subsidiary Company – HDFC Asset Management Company Limited ('HDFC AMC') as reported by the auditor of HDFC AMC

Key audit matters	How our audit addressed the key audit matter
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:

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 of Design and Operating Effectiveness of controls** • Understood and evaluated the design and implementation of authorization controls and other key controls relating to recognition of investment management fee; • Test checked the operating effectiveness of authorization 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' or 'Bank') and its subsidiaries as reported by the auditor of HDFC Bank in their auditor's report on consolidated financial information

Key audit matters	How our audit addressed the key audit matter
(a) Key audit matters of HDFC Bank	
1. Appropriateness of Expected Credit Loss (ECL) provision against loans	
The Bank has recognised provision for expected credit loss (ECL) in accordance with the recognition and measurement principles of the Ind AS 109 'Financial Instruments'.	Our audit procedures included the following: • Read the Bank's Board approved policies on a) ECL computation as per Ind AS 109 'Financial Instruments'

Key audit matters	How our audit addressed the key audit matter
The computation of ECL provision involves exercise of significant judgement in respect of the assumptions and methodologies relating to: • Staging of loans (i. e., classification in significant increase in credit risk (‘SICR’) and ‘default’ categories); • Segmentation of loans for computation of probability of default (‘PD’), loss given default (‘LGD’) and Exposure at default (‘EAD’); • Estimation of credit conversion factor (‘CCF’) for conversion of undrawn exposures; • Incorporation of forward-looking information in the ECL computation. In view of the high degree of Management’s judgement involved in the estimation of ECL and the significance of the amounts to the Consolidated Financial Information, this has been considered as a key audit matter.	b) Model Building and c) Credit Risk Component Estimation. • Understood the process and controls, and tested the design and operating effectiveness of key controls, including Information Technology based controls, with particular focus on the following: o Validation of models used for risk estimates (i.e., PD and LGD); o Review of risk estimates (i.e., PD, LGD and CCF) used in the ECL computation for loans; o Approval over inclusion of forward-looking information in the ECL computation for loans; o Automated calculations and interfaces in the ECL calculation for loans; and o Review of ECL charge for loans. • With the involvement of auditor’s experts, assessed the appropriateness of the methodology adopted by the Management including that for segmentation of loans, incorporation of forward-looking information and reasonableness of the assumptions used in the computation of ECL provisions against loans. • Verified for a sample of loans, the staging of loans (i.e., classification in SICR and default categories) is as per the ECL policy of the Bank. • Verified on a sample basis, the inputs (i. e., PD, LGD, forward looking information, EAD and CCF) used in the computation of ECL against loans. • Recomputed ECL for sample of loans across the loan portfolio to verify the arithmetical accuracy.
2. Information Technology (“IT”) Systems and Controls impacting Consolidated Financial Information	
The IT environment of the Bank is complex and involves a large number of independent and interdependent IT systems used in the operations of the Bank for processing and recording a large volume of transactions. As a result, there is a high degree of reliance and dependency on such IT systems for the Consolidated Financial Information process of the Bank. Appropriate IT general controls and IT application controls are required to ensure that such IT systems are able to process the data as required, completely, accurately, and consistently for reliable Consolidated Financial Information.	Our procedures with respect to this matter included the following: In assessing the controls over the IT systems of the Bank, we involved our technology specialists to obtain an understanding of the IT environment, IT infrastructure and IT systems. We evaluated and tested relevant IT general controls over the “in-scope” IT systems and IT dependencies identified as relevant for our audit of the Consolidated Financial Information of the Bank. On such “in-scope” IT systems, we have tested key IT general controls with respect to the following domains: • Program change management, which includes that program changes are moved to the production environment as per defined procedures and relevant segregation of environment is ensured.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>We have identified certain key IT systems (“inscope” IT systems) which have an impact on the Consolidated Financial Information process and the related control testing as a key audit matter because of the high level of automation, significant number of systems being used by the Bank for processing financial transactions, the complexity of the IT architecture and its impact on the financial records and Consolidated Financial Information process of the Bank.</td><td>• User access management, which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties to ensure that privilege access to applications, operating systems and databases in the production environment were granted only to authorized personnel.
• Program development, which includes controls over IT application development or implementation and related infrastructure, which are relied upon for Consolidated Financial Information.
• IT operations, which includes job scheduling, monitoring and backup and recovery.

We also evaluated the design and tested the operating effectiveness of relevant key IT dependencies within the key business process, which included testing automated controls, automated calculations/accounting procedures, interfaces, segregation of duties and system generated reports, as applicable.

We communicated with those charged with governance and Management and tested a combination of compensating controls or remediated controls and/ or performed alternative audit procedures, where necessary.</td></tr>
<tr><td colspan="2">(b) Key audit matters of HDB Financial Services Limited (‘HDB’)</td></tr>
<tr><td colspan="2">1. Assessment of impairment loss provision on loans based on Expected Credit Loss model (ECL) under IND AS 109</td></tr>
<tr><td>Under Ind AS 109, “Financial Instruments”, allowance for loan losses are determined using expected credit loss (‘ECL’) estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus are:
• Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.
• Model estimations - Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default (“PD”), Loss Given Default (“LGD”), and Exposures at Default (“EAD”). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company’s modelling approach.</td><td>Our audit procedures were focused on assessing the appropriateness of management’s judgement and estimates used in the impairment analysis that included, but were not limited to, the following:
• Reviewed the Board approved Policy and approach concerning the management of credit and other risks.
• Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions.
• Assessed the design, implementation and operating effectiveness of key internal financial controls including monitoring process of overdue loans, measurement of provision, stage-wise classification of loans, identification of NPA accounts, assessing the reliability of management information, which included overdue reports.</td></tr>
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Key audit matters	How our audit addressed the key audit matter
• Economic scenarios - Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the Consolidated Ind AS Financial Statements as a whole and hence we have identified the same as a Key Audit Matter. Disclosures: The disclosures (including disclosures prescribed by RBI) regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results.	• Evaluated the appropriateness of the Company's determination of Significant Increase in Credit Risk ("SICR") in accordance with the applicable accounting standard and the basis for classification of various exposures into various stages. • A Reviewed the critical assumptions and input data used in the estimation of expected credit loss for specific key credit risk parameters, such as the movement between stages, Exposure at default, (EAD), probability of default (PD) or loss given default (LGD). • Tested key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and computation of probability of default and loss given default percentages. • A Verified the manner of preparation of information w.r.t. to provisions and disclosures in the Consolidated Ind AS Financial Statements. • Involved Information system resource to obtain comfort over data integrity and process of report generation through interface of various information systems. • Tested controls placed over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. • Performed test of details over model calculations testing through re-performance, where possible. • Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Consolidated Ind AS Financial Statements are appropriate and sufficient. • Obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable including the report on review of ECL model of the Company for the year, as performed by an independent expert, whose report is placed before the Board of Directors of the Company.

Key audit matters	How our audit addressed the key audit matter
2. Information Technology system used for the financial reporting process	
IT Systems and controls The company's financial reporting processes are dependent on technology considering significant number of transactions that are processed daily across multiple and discrete Information Technology('IT') systems. The Financial accounting system of the Company is interfaced with several other IT systems including Loan Management & Originating systems and several other systemic workflows. IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data. These include implementation of preventive and detective controls across critical applications and infrastructure. Due to the pervasive nature of role of information technology systems in financial reporting, the testing of the general computer controls of these systems was considered a Key Audit Matter.	With the assistance of our IT specialist, our key audit procedures for assessment of the IT systems and controls over financial reporting covered following broad aspects: • Obtained an understanding of the Company's key IT systems, IT General Controls which covered access controls, program/system changes, program development and computer operations i.e. job processing, data/ system backup and incident management and application controls relevant to our audit • Tested the design, implementation and operating effectiveness of the general IT controls over the key IT systems that are critical to financial reporting. • Reviewed user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems and related application controls. • Reviewed of the report of IS Audit carried in earlier year(s) by an independent firm of Chartered Accountants pertaining to IT systems general controls including access rights over applications, operating systems and databases relied upon for financial reporting. • Evaluated the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. • Tested compensating controls or performed alternate audit procedures to assess whether there were any unaddressed IT risks that would impact the controls or completeness and/ or accuracy of data.
(c) Key audit matters of HDFC Securities Limited ('HDFC Securities')	
1. Information Technology	
Information Technology ("IT") systems and controls The Company's key financial accounting and reporting processes are dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could impact the financial accounting and reporting significantly.	Our audit procedures to assess the IT systems and controls included the following: 1. Performed testing the design of General IT Controls (GITCs) for the audit period which included controls over access to program and data, program changes, system changes, program development, computer operations (job processing, data backup, system backup, incident management) over financial accounting and reporting systems and related IT systems (referred to as 'in-scope systems').

Key audit matters	How our audit addressed the key audit matter
The Company uses Sun system for its overall financial reporting. The Company's General Ledger system used in financial reporting is interfaced with other IT systems which process transactions of account relevant for financial reporting. We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.	2. Testing the operating effectiveness of GITCs for the audit period over the in-scope systems as follows: a. User access creation, modification and revocation process; b. User access review process;- Segregation of duties; c. Password policies; - Application change management procedures; and d. Computer Operations process (automated job processes, backups and incident management). 3. Understanding IT application controls for the audit period for significant accounts, testing interfaces, reports, reconciliations and system processing for significant accounts determined by us during our risk assessment. We tested the change management controls to determine that these controls remained unchanged during the audit period and incase of changes, were changes followed the standard process. 4. Understanding IT infrastructure records for the in-scope systems i.e., operating systems and databases.

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, Management Discussion and Analysis Report (MD&A), Business Responsibility and Sustainability Report (BRSR), Report of Directors on Corporate Governance and Shareholders' Information, 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, 2023 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 ₹ 25,072 crore as at March 31, 2023, total revenues of ₹ 5,565 crore and net cash inflows of ₹ 393 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 ₹ 2,91,492 crore as at March 31, 2023, and total revenues of ₹ 91,858 crore and net cash outflows of ₹ 1,000 crore for the year ended on that date. These financial statements and other financial information have been audited by one of the joint auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The Consolidated Financial Statements also include the Group's share of net profit of ₹ 10,605 crore and other comprehensive loss of ₹ 411 crore for the year ended March 31, 2023, 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 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 31,2023, and total revenues of ₹ 0.17 crore and net cash inflows of ₹ 0.02 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 ₹ 0.09 crore for the year ended March 31, 2023, as considered in the Consolidated Financial Statements, in respect of 1 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, has reported that the actuarial valuation of liabilities of HDFC Life for life policies in force and policies where premium is discontinued but liability exists as at March 31,2023 is the responsibility of HDFC Life's Appointed Actuary. The actuarial liabilities as on March 31, 2023 has been certified by the 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 financial statements of HDFC Life in this regard.

The auditors of HDFC ERGO General Insurance Company Limited ("HDFC ERGO"), a subsidiary, has reported that the actuarial valuation of liabilities for non-life policies is the responsibility of the HDFC ERGO's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of the outstanding claims reserves that are estimated using statistical methods, Premium Deficiency Reserves (the "PDR"), and Incurred But Not Reported ("IBNR") including Incurred But Not Enough Reported ("IBNER") as at March 31, 2023, has been duly certified by HDFC ERGO's Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by IRDAI 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 claims reserves that are estimated using statistical methods, PDR and IBNR (including IBNER) reserve, as contained in the 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 reports 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, 2023 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, 2023 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, 2023 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, 2023. Whilst the Holding Company transferred the unclaimed dividend, 2,146 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, other than as disclosed in the note 54 to the Consolidated Financial Statements, 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 which was 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 28.8(a) to the Consolidated Financial Statements, the Board of Directors of the Holding Company has declared interim dividend for the year. The dividend declared is in accordance with section 123 of the Act, to the extent it applies to declaration of dividend. However, the said dividend is not paid on the date of this audit report.

Further, the interim dividend declared and paid by the subsidiaries incorporated in India, during the year and until the date of the audit report of such subsidiaries is in accordance with section 123 of the Act.

As stated in note 28.8(b) to the Consolidated Financial Statements, the respective Board of Directors of the 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.

vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable only with effect from April 1, 2023 for the Holding Company, its subsidiaries and associate companies incorporated in India, hence reporting under this clause is not applicable.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Viren H. Mehta
Partner
Membership No.: 048749
UDIN: 23048749BGVGJX6802

Mumbai
May 4, 2023

For G. M. Kapadia & Co.
Chartered Accountants
ICAI Firm registration number: 104767W

Atul Shah
Partner
Membership No.: 039569
UDIN: 23039569BGURHE5787

Mumbai
May 4, 2023

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 Capital Advisors Limited	U74999MH2015PLC264030	Subsidiary	vii (a)
4.	HDFC Pension Management Company Limited	U66020MH2011PLC218824	Subsidiary	vii (a)
5.	HDFC AMC International (IFSC) Limited	U67100GJ2022PLC132453	Subsidiary	xvii
6.	HDFC Venture Capital Limited	U65991MH2004PLC149330	Subsidiary	xvii
7.	HDFC Property Ventures Limited	U74140MH2006PLC165539	Subsidiary	vii (a)
8.	HDFC Credila Financial Services Limited	U67190MH2006PLC159411	Subsidiary	ii (b) iii (c) iii (d) vii (a) xi (a)
9.	HDFC Sales Private Limited	U65920MH2004PTC144182	Subsidiary	vii (a)
10.	HDB Financial Services Limited	U65993GJ2007PLC051028	Subsidiary of an associate	iii (c) iii (d) 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 auditors' 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: 23048749BGVGJX6802

Mumbai
May 4, 2023

For G. M. Kapadia & Co.
Chartered Accountants
ICAI Firm registration number: 104767W

Atul Shah
Partner
Membership No.: 039569
UDIN: 23039569BGURHE5787

Mumbai
May 4, 2023

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, 2023, 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, 2023, 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 that the actuarial valuation of liabilities for life policies in force and policies where premium is discontinued but liability exists as at March 31, 2023 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 HDFC ERGO General Insurance Company Limited ("HDFC ERGO"), a subsidiary, have reported that the actuarial valuation of liabilities for non-life policies is the responsibility of the HDFC ERGO's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of the outstanding claims reserves that are estimated using statistical methods, Premium Deficiency Reserves (the "PDR") and incurred but Not Reported (IBNR) including incurred but not Enough Reported ("IBNER") as at March 31, 2023 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such Valuation are in accordance with the guidelines and norms 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 that are estimated using statistical methods, PDR, IBNR (including IBNER) reserves, as contained in the 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: 23048749BGVGJX6802

Mumbai
May 4, 2023

For G. M. Kapadia & Co.
Chartered Accountants
ICAI Firm registration number: 104767W

Atul Shah
Partner
Membership No.: 039569
UDIN: 23039569BGURHE5787

Mumbai
May 4, 2023

Housing Development Finance Corporation Limited
Consolidated Balance Sheet as at March 31, 2023

₹ in Crore

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
(1) **Financial assets**			
(a) Cash and cash equivalents	4	**2,723.74**	2,255.08
(b) Bank balances other than (a) above	5	**739.17**	374.37
(c) Derivative financial instruments	6	**2,263.01**	1,353.28
(d) Receivables			
a) Trade receivables	7	**336.62**	368.76
b) Other receivables		**-**	-
(e) Loans	8	**6,24,551.54**	5,63,920.32
(f) Investments in associates	9	**72,156.28**	63,207.49
(g) Other investments	10	**83,328.32**	56,249.16
(h) Assets of life insurance business			
- Investments	11.1	**2,31,757.32**	2,14,576.87
- Other assets	11.3	**15,609.94**	12,462.88
(i) Assets of general insurance business			
- Investments	11.2	**20,830.28**	18,450.05
- Other assets	11.3	**8,581.80**	7,716.98
(j) Other financial assets	12	**7,854.78**	6,042.11
Total financial assets		**10,70,732.80**	9,46,977.35
(2) **Non-financial assets**			
(a) Current tax assets (net)	13	**4,163.11**	3,261.67
(b) Deferred tax assets (net)	13	**1,748.12**	1,566.15
(c) Investment property	14	**2,819.35**	2,787.22
(d) Property, plant and equipment	15	**2,018.98**	1,882.39
(e) Other intangible assets	16	**2,492.81**	2,785.61
(f) Capital work-in-progress		**11.90**	1.35
(g) Intangible assets under development		**87.11**	37.94
(h) Goodwill on consolidation	16	**5,289.44**	5,289.44
(i) Other non-financial assets	17	**1,976.79**	1,715.87
(j) Non current non-financial assets held for sale	14.3	**188.43**	44.21
Total non-financial assets		**20,796.04**	19,371.85
TOTAL - ASSETS		**10,91,528.84**	9,66,349.20

Housing Development Finance Corporation Limited
Consolidated Balance Sheet as at March 31, 2023 (Continued)

₹ in Crore

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
LIABILITIES AND EQUITY			
LIABILITIES			
(1) **Financial Liabilities**			
(a) Derivative financial instruments	6	**5,881.33**	4,280.93
(b) Payables	18		
- Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises		**18.27**	14.40
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		**4,998.59**	3,796.32
- 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		**677.43**	750.62
(c) Debt securities	19	**2,56,237.25**	1,97,783.56
(d) Borrowings (other than debt securities)	20	**1,68,817.62**	1,44,667.14
(e) Deposits	21	**1,51,941.07**	1,60,783.83
(f) Subordinated liabilities	22	**5,268.95**	4,225.00
(g) Liabilities pertaining to life insurance business	23	**2,35,846.93**	2,17,377.86
(h) Liabilities pertaining to general insurance business	23	**26,108.18**	21,936.39
(i) Other financial liabilities	24	**17,250.10**	15,079.10
Total financial liabilities		**8,73,045.72**	7,70,695.15
(2) **Non-financial liabilities**			
(a) Current tax liabilities (net)	25	**607.36**	482.08
(b) Deferred tax liabilities (net)	13	**334.49**	119.25
(c) Provisions	26	**436.57**	416.56
(d) Other non-financial liabilities	27	**1,791.93**	2,005.82
Total non-financial liabilities		**3,170.35**	3,023.71
TOTAL LIABILITIES		**8,76,216.07**	7,73,718.86
(3) **EQUITY**			
(a) Equity share capital	28	**366.91**	362.61
(b) Other equity	29	**2,01,107.57**	1,79,490.54
(c) Non-controlling interest		**13,838.29**	12,777.19
TOTAL EQUITY		**2,15,312.77**	1,92,630.34
TOTAL - LIABILITIES AND EQUITY		**10,91,528.84**	9,66,349.20

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 04, 2023

Housing Development Finance Corporation Limited
Statement of Consolidated Profit and Loss for the year ended March 31, 2023

₹ in Crore

		Particulars	Notes	Year ended March 31 2023	Year ended March 31 2022
I	**Revenue from operations**				
	(i)	Interest income	30	**57,590.61**	45,124.54
	(ii)	Surplus from deployment in liquid instruments	30.1	**245.11**	561.40
	(iii)	Dividend income		**53.94**	58.64
	(iv)	Rental income	31	**63.06**	60.63
	(v)	Fees and commission income		**2,412.29**	2,280.76
	(vi)	Net gain on fair value changes	32.1	**566.56**	1,565.24
	(vii)	Profit on sale of investment and investment properties (net)		**5.03**	70.60
	(viii)	Net gain / (Loss) on derecognised (assigned) loans	32.2	**1,135.50**	985.06
	(ix)	Income from life insurance operations - policyholder's funds	33.1		
		- Premium and other operating income		**68,238.35**	56,006.25
		- Net gain on investments		**(246.06)**	9,878.01
	(x)	Income from general insurance operations - policyholder's funds	33.2	**22,875.86**	19,334.63
Total revenue from operations				**1,52,940.25**	1,35,925.76
II	Other income			**57.39**	42.32
Total Income (I + II)				**1,52,997.64**	1,35,968.08
III	**Expenses**				
	(i)	Finance costs	34	**36,845.06**	27,230.35
	(ii)	Impairment on financial instruments (expected credit loss)	35	**1,793.75**	2,043.14
	(iii)	Employee benefit expenses	36	**2,159.96**	2,082.11
	(iv)	Depreciation, amortisation and impairment	10, 11, 14, 15 & 16	**596.80**	418.92
	(v)	Expense of life insurance operations - policyholder's funds	37		
		- Claims and other operating expenses		**50,852.35**	41,192.71
		- Changes in life insurance contract liabilities and surplus pending transfer		**16,119.75**	23,768.18
	(vi)	Expense of general insurance operations - policyholder's funds	37	**22,124.13**	18,760.97
	(vii)	Other expenses	38	**1,541.03**	1,189.67
Total Expenses				**1,32,032.83**	1,16,686.05
IV	**Profit before share of profit of equity accounted investees (associates) (I + II - III)**			**20,964.81**	19,282.03
V	**Share of profit of equity accounted investees (associates)**		9	**11,165.74**	8,969.79
VI	**PROFIT BEFORE TAX (IV + V)**			**32,130.55**	28,251.82

Housing Development Finance Corporation Limited
Statement of Consolidated Profit and Loss for the year ended March 31, 2023 (Continued)

₹ in Crore

	Particulars	Notes	Year ended March 31 2023	Year ended March 31 2022
VII	**Tax expense**	40		
	- Current tax		**4,353.80**	4,308.93
	- Deferred tax		**76.99**	(99.24)
	Total tax expense		**4,430.79**	4,209.69
VIII	**NET PROFIT AFTER TAX (VI-VII)**		**27,699.76**	24,042.13
IX	**Other comprehensive income**	41		
(A)	(i) Items that will not be reclassified to statement of profit or (loss)		**(1,284.12)**	(320.37)
	(ii) Income tax relating to items that will not be reclassified to statement of profit or (loss)		**132.68**	55.14
	Subtotal (A)		**(1,151.44)**	(265.23)
(B)	(i) Items that will be reclassified to statement of profit or (loss)		**(174.88)**	(51.29)
	(ii) Income tax relating to items that will be reclassified to statement of profit or (loss)		**17.19**	(18.08)
	Subtotal (B)		**(157.69)**	(69.37)
(C)	Share of other comprehensive income of an associate	9	**(411.42)**	(396.61)
	OTHER COMPREHENSIVE INCOME (A+B+C)		**(1,720.55)**	(731.21)
X	**TOTAL COMPREHENSIVE INCOME (VIII + IX)**		**25,979.21**	23,310.92
	PROFIT ATTRIBUTABLE TO:			
	Owners of the corporation		**26,160.91**	22,594.69
	Non-controlling interest		**1,538.85**	1,447.44
	OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
	Owners of the corporation		**(1,434.94)**	(539.93)
	Non-controlling interest		**(285.61)**	(191.28)
	Provisions			
	Owners of the corporation		**24,725.97**	22,054.76
	Non-controlling interest		**1,253.24**	1,256.16
XI	**Earnings per equity share**	43		
	Basic (₹)		**143.77**	124.97
	Diluted (₹)		**142.54**	123.65

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 04, 2023

Housing Development Finance Corporation Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2023

A. Equity Share Capital

₹ in Crore

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
Balance at the begining of the reporting period		**362.61**	360.79
Changes in Equity Share Capital due to prior period errors		-	-
Restated balance at the beginning of the current reporting period	**28**	**362.61**	360.79
Changes in equity share capital during the current year		4.30	1.82
Balance at the end of the current reporting period		**366.91**	362.61

B. Other Equity (Refer Note 29)

₹ in Crore

Particulars	Reserves and surplus										Other comprehensive income				Share based payment reserve	Money received against share warrants	Total	Non controlling interest
	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				
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	**179,490.54**	12,777.19
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	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	**179,490.54**	**12,777.19**
Profit for the year	-	-	26,160.91	-	-	-	-	-	-	-	-	-	-		-	-	**26,160.91**	**1,538.85**
Other Comprehensive Income for the year	-	-	(34.56)	-	-	-	-	-	-	-	(1,555.55)	269.41	(204.65)	90.41	-	-	**(1,434.94)**	**(285.61)**
Total Comprehensive Income for the year	**-**	**-**	**26,126.35**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,555.55)**	**269.41**	**(204.65)**	**90.41**	**-**	**-**	**24,725.97**	**1,253.24**
Movement for the year	-	-	(1,318.48)	-	-	-	-	-	-	-	1,318.48	-	-	-	274.49	-	**274.49**	-
Transfer of Securities premium on exercise of ESOP / Warrants	-	556.77	1.01	-	-	-	-	-	-	-	-	-	-	-	(556.77)	(0.01)	**1.00**	-
Profit on sale of subsidiary (where control is retained)	-	-	141.77	-	-	-	-	-	-	-	-	-	-		-	-	**141.77**	-
Dividends distributed	-	-	(5,442.70)	-	-	-	-	-	-	-	-	-	-		-	-	**(5,442.70)**	-
Transfer from retained earnings	-	-	(3,377.50)	-	-	2,200.00	1,100.00	77.50	-	-	-	-	-	-	-	-	-	-
Received during the year	-	2,596.71	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**2,596.71**	-
Utilised / Other Adjustments	-	-	(459.51)	1.63	-	-	(0.01)	-	(0.03)	29.54	(189.62)	(0.89)	-	(62.33)	1.01	-	**(680.21)**	**(192.14)**
Balance as at March 31, 2023	**44.59**	**52,894.70**	**91,930.60**	**28,988.35**	**51.23**	**22,716.95**	**7,543.77**	**280.09**	**-**	**(67.92)**	**(4,965.92)**	**345.63**	**(300.57)**	**144.31**	**1,194.74**	**307.02**	**201,107.57**	**13,838.29**

Particulars	Reserves and surplus										Other comprehensive income				Share based payment reserve	Money received against share warrants	Total	Non controlling interest
	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				
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
Movement for the year	-	-	(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	-	-	162.28	-	-	-	-	-	-	-	-	-	-	-	-	-	162.28	-
Dividends including tax on dividend	-	-	(4,152.65)	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,152.65)	-
Transfer from retained earnings	-	-	(2,828.01)	-	-	2,100.00	700.00	28.01	-	-	-	-	-	-	-	-	-	-
Received during the year	-	4,347.70	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,347.70	-
Utilised / other adjustments	-	16.08	(16.84)	(15.97)	-	(6.96)	-	-	(0.04)	7.50	209.74	6.95	-	87.46	-	-	287.92	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.

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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(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

MUMBAI, May 04, 2023

Housing Development Finance Corporation Limited
Consolidated Cash Flow Statement for the year ended March 31, 2023

₹ in Crore

Particulars		Year ended March 31, 2023	Year ended March 31, 2022
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		**32,130.55**	28,251.82
Adjustments for:			
Share of profit of equity accounted investees (associates)		**(11,165.74)**	(8,969.79)
Depreciation, amortisation and impairment		**596.80**	418.92
Impairment on financial instruments (expected credit loss)		**1,793.75**	2,043.14
Share based payments to employees		**259.84**	454.77
Net gain on fair value changes		**(566.56)**	(1,565.24)
Profit on sale of investments and investment properties (net)		**(5.03)**	(70.60)
(Profit)/loss on sale of property, plant and equipment (net)		**19.78**	0.23
Interest expense		**36,553.80**	26,968.52
Interest income including surplus from deployment in liquid instruments		**(57,835.72)**	(45,685.94)
Utilisation of shelter assistance reserve		**(0.03)**	(0.04)
Upfront gain on derecognised (assigned) loans		**(676.21)**	(606.50)
Operating profit before working capital changes and adjustments for interest received and paid		**1,105.23**	1,239.29
Adjustments for:			
(Increase) in financial assets and non financial assets		**(2,634.87)**	(1,721.42)
Increase in financial and non financial liabilities		**2,361.52**	5,392.10
(Increase) in assets pertaining to insurance business		**(23,572.56)**	(46,067.80)
Increase in liabilities pertaining to insurance business		**22,640.86**	44,071.98
Cash from/(used in) for operations before adjustments for interest received and paid		**(99.82)**	2,914.15
Interest received including surplus from deployment in liquid instruments		**55,963.55**	46,019.59
Interest paid		**(34,443.08)**	(26,934.20)
Taxes paid (net of refunds)		**(4,964.01)**	(4,300.68)
Net cash from operations		**16,456.64**	17,698.86
Loans disbursed (at amortised cost) (net)		**(61,044.01)**	(75,869.07)
(Purchase)/redemption of liquid instruments (net)		**(2,741.08)**	14,142.29
NET CASH USED IN OPERATING ACTIVITIES	[A]	**(47,328.45)**	(44,027.92)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangibles		**(315.02)**	(2,133.75)
Proceeds from sale of property, plant and equipment		**35.53**	3.82
Net cash used in property, plant and equipment		**(279.49)**	(2,129.93)
Purchase of investment properties		**(223.26)**	(1,598.13)
Proceeds from sale of investment properties		**34.88**	124.80
Net cash used in investment properties		**(188.38)**	(1,473.33)
Investments in associate companies		**-**	(0.25)
(Purchase) of/proceeds on sale of investments (net)		**(21,055.65)**	(16,494.21)
Proceeds from sale of investments in associate companies		**-**	210.62
NET CASH USED IN INVESTING ACTIVITIES	[B]	**(21,523.52)**	(19,887.10)

Housing Development Finance Corporation Limited
Consolidated Cash Flow Statement for the year ended March 31, 2023 (Continued)

₹ in Crore

Particulars		Year ended March 31, 2023	Year ended March 31, 2022
C. CASH FLOW FROM FINANCING ACTIVITIES			
Share capital - equity		**4.30**	1.82
Money received on issuance of warrants		**0.13**	-
Securities premium on issuance of equity shares (net)		**3,535.95**	4,347.70
Sale proceeds of investments in subsidiary companies		**221.55**	236.45
Proceeds from issuance of debt securities and subordinated liabilities		**1,76,531.74**	1,05,493.08
Repayment of debt securities and subordinated liabilities		**(1,17,036.71)**	(92,433.56)
Borrowings (other than debt securities) and subordinated liabilities (net)		**24,219.57**	36,691.00
Deposits (net)		**(8,731.05)**	10,789.44
Payment of lease liability		**(188.30)**	(69.72)
Dividend paid - equity shares		**(5,442.70)**	(4,153.26)
Change in non-controlling interest		**(3,793.85)**	2,638.47
NET CASH FROM FINANCING ACTIVITIES	[C]	**69,320.63**	63,541.42
Net increase/(decrease) in cash and cash equivalents	[A+B+C]	**468.66**	(373.60)
Add : Cash and cash equivalents as at the beginning of the year		**2,255.08**	2,628.68
Cash and cash equivalents as at the end of the year		**2,723.74**	2,255.08
Components of cash and cash equivalents			
Cash on hand		**0.04**	8.39
In Current accounts		**1,939.07**	1,445.46
In Deposit accounts with original maturity of 3 months or less		**417.61**	607.54
Cheques on hand		**367.02**	193.69
Total		**2,723.74**	2,255.08

Note:

1. During the year, the Group has received Dividend of **₹ 53.94 Crore** (Previous Year ₹ 58.64 Crore)
2. Net movement in Borrowings (including Debt Securities), Deposits and Subordinated Liabilities amounting to **₹ 74,805.36 crore** (Previous Year ₹ 60,448.57 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 04, 2023

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 Bombay Stock Exchange (BSE), India, and the National Stock Exchange (NSE), India, and the Corporation's Synthetic INR Denominated bonds are listed on the London Stock Exchange. HDFC is also a financial conglomerate ("the Group") and has subsidiaries/associates engaged across banking, insurance, asset management and other financial services business.

2 Basis of Preparation and Presentation

2.1 Statement of Compliance and Basis of Preparation and Presentation

The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Consolidated Statement of Cash Flows has been prepared and presented as per the requirements of IndAS 7 "Statement of Cash Flows". The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, Consolidated Statement of Cash Flow and Consolidated Statement of Changes in Equity are together referred as the financial statements of the Group.

The consolidated financial statements ("financial statements") of the Group have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 under Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the National Housing Bank ("NHB"), the Reserve Bank of India ("RBI"), the Insurance Regulatory Development Authority of India ("IRDAI"), the Securities Exchange Board of India ("SEBI") to the extent applicable.

HDFC Life Insurance Co. Ltd, HDFC ERGO General Insurance Co. Ltd, for the purposes of its statutory compliance prepares and presents its financial statements/results under the historical cost convention and accrual basis of accounting in accordance with the 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 Companies Act, 2013, read together with relevant rules, in so far as they apply to Insurance companies. These financial statements/results are largely referred to as the Indian GAAP ('IGAAP') financial statements/results. The Ministry of Corporate Affairs, India, in its press release dated January 18, 2016, had issued a roadmap for implementation of IFRS converged Indian Accounting Standards ('IND-AS'). The timelines for the said implementation have since been deferred.

HDFC Bank Ltd. for the purposes of its statutory compliance prepares and presents its financial statements/results under the historical cost convention and accrual basis of accounting in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013, read together with relevant rules, in so far as they apply to banks. These financial statements/results are largely referred to as the Indian GAAP ('IGAAP') financial statements/results of the Bank. The Ministry of Corporate Affairs, 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 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 to two decimal places, 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 on 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; 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

Notes forming part of the Consolidated Financial Statements (Continued)

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 and acturial 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, 2023. 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 Holding company 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 it ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Corporation uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Corporation member's financial statements in preparing the consolidated financial statements to ensure conformity with the Corporation's accounting policies.

The financial statements of all entities used for the purpose of consolidation are same reporting date as that of the parent company, i.e., year ended on March 31, 2023.

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 companies 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, 2023	March 31, 2022
1	HDFC Investments Ltd.	**100**	100
2	HDFC Holdings Ltd.	**100**	100
3	HDFC Asset Management Co. Ltd.	**52.56**	52.60
4	HDFC Trustee Co. Ltd	**100**	100
5	HDFC Venture Capital Ltd.	**100**	80.50
6	HDFC Ventures Trustee Co. Ltd.	**100**	100
7	HDFC Life Insurance Co. Ltd.	**48.67**	47.82
8	HDFC Pension Management Co. Ltd. (Subsidiary of HDFC Life Insurance Co. Ltd.)	**48.67**	47.82
9	HDFC International Life and Re Company Limited (Subsidiary of HDFC Life Insurance Co. Ltd.)	**48.67**	47.82
10	Exide Life Insurance Company Ltd (Subsidiary of HDFC Life Insurance Company Ltd.) w.e.f. January 1, 2022, merged with HDFC Life Insurance Company Ltd.	**-**	47.82
11	HDFC ERGO General Insurance Co. Ltd.	**49.99**	49.98
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	**89**	100
21	HDFC International (IFSC) Ltd (Subsidiary of HDFC Asset Management Company Ltd) w.e.f. May 27, 2022	**52.56**	-
22	HDFC Life Employees Stock Option Trust	**48.67**	47.82

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 Life Insurance Co. Ltd.**

On January 1, 2022, HDFC Life Insurance Company Limited ("HDFC Life") subsidiary of the Corporation had acquired 100% stake of Exide Life Insurance Company Limited ("Exide Life"). Subsequent to the acquisition, HDFC Life had filed a scheme of amalgamation with the Hon'ble National Company Law Tribunal (NCLT) for amalgamation of Exide Life into and with HDFC Life. The Hon'ble NCLT vide its order dated September 16, 2022 and the Insurance Regulatory Development Authority of India (IRDAI) vide their letter dated October 13, 2022 have approved the aforesaid scheme of amalgamation and the scheme is effective from end of day of October 14, 2022.

Further, during the year, the Corporation has subscribed preferential issue of 3,57,94,824 equity shares in HDFC Life for a consideration of ₹ 2,000.00 Crore.

Notes forming part of the Consolidated Financial Statements (Continued)

2.8 **Investment in Subsidiaries**

HDFC Credila Financial Services Limited

During the year, the Corporation has subscribed rights issue of 1,60,01,499 equity shares in its wholly owned subsidiary, HDFC Credila Financial Services Limited for a consideration of ₹ 800.00 Crore.

HDFC Capital Advisors Limited

During the year, the Corporation sold 2,35,019 equity shares (being 10% of its fully diluted paid-up share capital) of HDFC Capital Advisors Limited representing 11.8% of the paid-up share capital, subsequently the Corporation has acquired 1,38,664 equity shared for a consideration of ₹ 108.73 Crore.

HDFC Venture Capital Limited

During the year, the Corporation acquired 97,500 equity shares of HDFC Venture Capital Ltd ("HVCL"), representing 19.50% of its paid-up equity share capital. Pursuant to the aforesaid acquisition, HVCL has become a wholly owned subsidiary of the Corporation.

HDFC Education and Development Services Pvt. Ltd. ("HEADS")

During the year, the Corporation acquired 3,20,00,000 equity shares of HEADS, in its wholly owned subsidiary for a consideration of ₹ 32.00 Crore.

2.9 **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

Notes forming part of the Consolidated Financial Statements (Continued)

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.

2.10 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.

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 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 profit or loss where appropriate. Changes in investor's interest in other component of equity in such cases are being directly recognised in Equity.

When a group entity transacts with an associate of the Group, profit or losses resulting from the transactions with associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3 Significant Accounting Policies

3.1 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

Interest

Interest income on financial instruments is recognised on a time proportion basis taking into account the amount outstanding and the Effective Interest Rate ("EIR") applicable. The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets measured at FVTPL, transaction costs are recognised in 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 customer that is allocated to that performance obligation. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties. The consideration promised in a 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 non-constrained 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.

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

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

Notes forming part of the Consolidated Financial Statements (Continued)

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.

Information about the valuation techniques and inputs used in determining the fair value of Investments are disclosed in Note 49.1.3

3.2.2 **Recognition and Initial Measurement**

All financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfer is initiated or disbursement cheque is issued to the customer. The Group recognises debt securities, deposits and borrowings when funds are received by the Group.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL are recognised immediately in 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 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 released to 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.

Notes forming part of the Consolidated Financial Statements (Continued)

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"); and
- 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.

3.2.3.1.2 FVOCI

The Group classifies and measures certain debt instruments at FVOCI when the investments is held within a business model, the objective of which is achieved by both, collecting contractual cash flows and selling the financial instruments and the contractual terms of the financial instruments meet the Solely Payment of Principal and Interest on principal amount outstanding ("SPPI") test.

The Group measures all equity investments at fair value through profit or loss, unless the Group's management has elected to classify irrevocably some of its equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments, Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

3.2.3.1.3 FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on re-measurement recognised in 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.

Notes forming part of the Consolidated Financial Statements (Continued)

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 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.

Notes forming part of the Consolidated Financial Statements (Continued)

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 profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are fair valued at each reporting period and are not subjected to an impairment assessment.

Financial assets at FVTPL:

These assets are subsequently measured at fair value. Net gain and losses, including any interest or dividend income, are recognised in statement of profit and loss.

3.2.3.1.7 **Reclassifications**

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Group's financial assets.

3.2.3.2 **Financial Liabilities and Equity Instruments**

3.2.3.2.1 **Classification as Debt or Equity**

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

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

3.2.3.2.2 **Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recognised at the face value and proceeds received in excess of the face value are recognised as Securities Premium.

3.2.3.2.3 **Subsequent Measurement and Gain and Losses**

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Notes forming part of the Consolidated Financial Statements (Continued)

3.2.4 Impairment and Write-off

The Group recognises loss allowances for Expected Credit Losses on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers;
- Debt instruments measured at amortised cost and at FVOCI;
- Lease receivables;
- Loan commitments issued;
- Financial guarantee; and
- Other Assets.

Equity instruments are measured at fair value and not subject to impairment loss.

ECL is required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. the portion of lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Lifetime ECL, i.e. lifetime ECL that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL are measured at an amount equal to the 12-month ECL.

The Group has established policy to perform an assessment at the end of each reporting period whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instruments.

Based on the above process, the Group categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When loans are first recognised, the Group recognises an allowance based on 12 month ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2/ Stage 3 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 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 at an approximation to the interest rate on the loan.

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 (MEV) 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.

Notes forming part of the Consolidated Financial Statements (Continued)

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.

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 FVOCI 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**

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 + Accounts Identified by the Corporation as NPA as per regulatory guidelines + Objective Evidence for impairment (Qualitative Overlay);
- 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.

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:

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Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification then, a quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original EIR. If the significant difference in present value, the Group deems the arrangement is substantially different leading to derecognition.

In the case where the financial asset is derecognised the loss allowances for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms may lead to a gain or loss on derecognition. The new financial asset may have a loss allowance measured based on 12-month ECL except where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms;
- The remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification does not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various 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 profit or 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 Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative 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.

3.2.6 **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 statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in

Notes forming part of the Consolidated Financial Statements (Continued)

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.

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 and Finance cost.

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 hedges 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 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.

3.2.10 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 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, including transaction costs.

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An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of property is recognised in the Statement of Profit and Loss in the same period.

3.5 Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment, except for Goodwill on Consolidation (refer note 2.9). 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.*

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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.

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 Corporation's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black Scholes Model. The fair value of the options determined at grant date is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity. On cancellation or lapse of option granted to employees, the compensation cost charged to statement of profit and loss is credited with corresponding decrease in equity.

3.9.2 Defined Contribution Plans

Superannuation Fund

The Corporation's contribution to superannuation fund is considered as a defined contribution plan and is charged as an expense based on the amount of contribution required to be made.

3.9.3 Defined Benefit Plans

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Provident Fund

All employees of the Corporation are entitled to receive benefits under the Provident Fund. The Corporation makes a contribution to provident fund and the schemes thereunder, as recognised by the Income-tax authorities and administered by various trustees. The contributions are recognised as an expense in the year in which they are

Notes forming part of the Consolidated Financial Statements (Continued)

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.

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 planed 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 recognises 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.

Notes forming part of the Consolidated Financial Statements (Continued)

3.13 Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short-term deposits with banks (with an original maturity of three months or less from the date of placement) and cheques on hand. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

3.14 Securities Premium Account

Securities premium is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of shares and issue expenses of securities which qualify as equity instruments.

3.15 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.

Notes forming part of the Consolidated Financial Statements (Continued)

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.

Notes forming part of the Consolidated Financial Statements (Continued)

3.25 Earnings per Share

Basic earnings per share are computed by dividing net income by the weighted average number of shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

3.26 Taxes on Income

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

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

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

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

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

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

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

3.27 Goods and Services Input Tax Credit

Goods and Services tax input credit is recognised for in the books in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/utilising the credits.

3.28 Provisions and Contingent Liabilities

Provisions are recognised only when:

- The Group has a present obligation (legal or constructive) as a result of a past event;
- 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:

3.31.1 The policy liabilities are valued on policy by policy basis, i.e. each policy is valued separately.

3.31.2 The reserves for linked business (individual and group) comprises of unit reserves and non-unit reserves. The unit reserves are determined on the basis of NAV of the units outstanding as at the valuation date and non-unit reserves are calculated using gross premium method.

3.31.3 The liabilities for individual non-linked non-participating and participating business are calculated using gross premium method and are subject to the minimum floor of surrender value. Additionally, individual non-linked participating policies also have a reference to the asset share of policies at valuation date.

3.31.4 The liabilities for one year renewable group protection business are calculated on the unexpired risk premium basis. For other than one year renewable group protection business, the liabilities are calculated using gross premium valuation method.

3.31.5 The liabilities for the group non-linked savings products are determined as the higher of policy account balances (including accrued interest/bonuses) and reserves calculated by gross premium valuation method.

Notes forming part of the Consolidated Financial Statements (Continued)

3.31.6 The liabilities in respect of rider benefits are determined as the higher of unexpired premium reserves and reserves calculated by gross premium valuation method.

3.31.7 Additional reserves are determined to:

- allow for the claims that may have occurred already but not yet reported (Incurred But Not Reported).
- allow for the servicing of existing policies if the Company were to close the new business one year from the valuation date (Closure to New Business).
- meet the expected liabilities that would arise on the revival of lapsed policies on the basis of the proportion of the policies expected to be revived based on the revival experience of the Company (Revival Reserve).
- allow for the additional amount required to be paid on account of cancellation of policies due to look in, on the basis of the proportion of the policies expected to exercise the look-in option based on the experience of the Company (Look in Reserve).
- allow for the cost of guarantees, wherever applicable.

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.

Notes forming part of the Consolidated Financial Statements (Continued)

3.35 **Accounting Standards (Amendment to Ind AS) issued but not effective as at March 31, 2023**

3.35.1 **Definition of accounting estimates - Amendment to Ind AS 8**

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after April 1, 2023 and apply to changes in accounting policies and accounting estimates that occur on or after April 1, 2023.

3.35.2 **Disclosure of Accounting Policies - Amendments to Ind AS 1**

The amendment aims to replace the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and guidance on how entities apply the concept of materiality.

The amendments to Ind AS 1 are applicable for annual periods beginning on or after 1 April 2023. Consequential amendments have been made in Ind AS 107.

3.35.3 **Deferred Tax related to assets and liabilities arising from a single transaction - amendment to Ind AS 12**

The amendment narrows the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

At the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendment to Ind AS 12 is applicable for annual periods beginning on or after April 1, 2023.

3.36 **Maintenance of books of accounts**

The Group has complied with the Rule 3 of Companies (Accounts) Rules, 2014 amended on August 5, 2022 as applicable, relating to maintenance of electronic books of account and other relevant books and papers. The Group books of account and relevant books and papers are accessible in India at all times and backup of accounts and other relevant books and papers are maintained in electronic mode within India and kept in servers physically located in India on daily basis.

Notes forming part of the Consolidated Financial Statements (Continued)

4. Cash and cash equivalents

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Cash on hand	**0.04**	8.39
(ii) Balances with banks:		
- in current accounts	**1,939.07**	1,445.46
- in deposit accounts with original maturity of 3 months or less	**417.61**	607.54
(iii) Cheques, drafts on hand	**367.02**	193.69
Total	**2,723.74**	2,255.08

5. Bank balances other than cash and cash equivalents

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
(i) In other deposit accounts		
– original maturity more than 3 months	**684.81**	291.01
(ii) Earmarked balances with banks		
- in current accounts	**9.93**	15.93
- earmarked balances - deposit account	**19.45**	18.56
- unclaimed dividend account	**23.75**	23.97
- other - against foreign currency loans	**-**	20.97
- towards guarantees issued by banks	**1.23**	3.93
Total	**739.17**	374.37

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 summarises the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

₹ in Crore

Particulars	As at March 31, 2023			As at March 31, 2022		
	Notional Amounts *	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts *	Fair Value - Assets	Fair Value - Liabilities
Part I						
(i) Currency Derivatives:						
- Forwards	45.00	0.57	-	1,394.00	28.13	8.44
- Currency swaps - Principal Only Swaps	27,007.00	1,243.35	283.28	15,999.46	648.61	378.52
Sub total (i)	**27,052.00**	**1,243.92**	**283.28**	17,393.46	676.74	386.96

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars	As at March 31, 2023			As at March 31, 2022		
	Notional Amounts *	**Fair Value - Assets**	**Fair Value - Liabilities**	Notional Amounts *	Fair Value - Assets	Fair Value - Liabilities
(ii) Interest Rate Derivatives						
– Interest Rate Swaps	2,54,304.00	368.55	5,565.02	1,65,652.47	392.80	3,890.60
– USD Interest Swaps	22,191.00	650.54	34.97	10,722.00	283.75	3.37
– Futures	402.05	-	(1.94)			
Sub total (ii)	**2,76,897.05**	**1,019.09**	**5,598.05**	1,76,374.47	676.54	3,893.97
Total Derivative Financial Instruments (i)+(ii)	**3,03,949.05**	**2,263.01**	**5,881.33**	1,93,767.93	1,353.28	4,280.93
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	2,24,065.00	368.55	5,365.82	1,65,652.47	392.80	3,890.60
Sub total (i)	**2,24,065.00**	**368.55**	**5,365.82**	1,65,652.47	392.80	3,890.60
(ii) Cash Flow Hedging:						
– Currency Derivatives	27,052.00	1,243.92	283.28	17,393.46	676.74	386.96
– Interest Rate Derivatives	52,832.05	650.54	232.23	10,722.00	283.74	3.37
Sub total (ii)	**79,884.05**	**1,894.46**	**515.51**	28,115.46	960.48	390.33
Total Derivative Financial Instruments (i)+(ii)	**3,03,949.05**	**2,263.01**	**5,881.33**	1,93,767.93	1,353.28	4,280.93

* 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 March 31, 2023.

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 for market risk disclosures.

7. Trade receivables

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Receivables considered good - unsecured	**342.76**	372.74
Receivables which have significant increase in credit risk	**-**	-
Sub Total	**342.76**	372.74
Less: Provision for expected credit loss	**6.14**	3.98
Total	**336.62**	368.76

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	**336.15** *(368.72)*	**0.42** *(-)*	**0.02** *(0.04)*	**0.03** *(-)*	**336.62** *(368.76)*
(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		**336.15** *(368.72)*	**0.42** *(-)*	**0.02** *(0.04)*	**0.03** *(-)*	**336.62** *(368.76)*

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.

*including unbilled revenue.

8. Loans

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Loans;		
Individual Loans	5,14,768.94	4,40,662.15
Non-individual Loans	1,21,985.82	1,36,810.16
Total – Gross (A)	**6,36,754.76**	5,77,472.31
Less: Impairment Loss allowance (Expected Credit Loss)	12,203.22	13,551.99
Total – Net (A)	**6,24,551.54**	5,63,920.32
(a) Secured by tangible assets	6,08,705.47	5,42,379.45
(b) Secured by intangible assets	1,332.36	2,600.73
(c) Covered by bank / government guarantee / policies	4,279.04	3,838.03
(d) Unsecured	22,437.89	28,654.10
Total – Gross (B)	**6,36,754.76**	5,77,472.31
Less: Impairment Loss allowance (Expected Credit Loss)	12,203.22	13,551.99
Total – Net (B)	**6,24,551.54**	5,63,920.32
(I) Loans in India		
(i) Public Sector	450.96	806.55
(ii) Others	6,36,303.80	5,76,665.76
Total (C) - Gross	**6,36,754.76**	5,77,472.31
Less: Impairment Loss allowance (Expected Credit Loss)	12,203.22	13,551.99
Total(C) (I) - Net	**6,24,551.54**	5,63,920.32
(II) Loans outside India		
Less: Impairment Loss allowance (Expected Credit Loss)	-	-
Total (C) (II) - Net	**-**	-
Total (C) (I) and (II)	**6,24,551.54**	5,63,920.32

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 guarantee, company guarantee or personal guarantee;
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 ₹ **784.62 crore** (Previous Year ₹ 1,255.39 crore) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 [SARFAESI].

The Holding company 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

The Holding company 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.

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.

Notes forming part of the Consolidated Financial Statements (Continued)

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 2022.

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 macroeconomic variables to arrive at future 12 months point-in-time default rates. The forecasted default rates are then used to create point-in-time PD term structure.

The vintage analysis methodology has been used to create the LGD vintage. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the interest rate. The housing and non-housing portfolio has been considered together for the LGD computation.

Credit Quality of Corporate Loan Assets:

Measurement of ECL for stage 1 and certain stage 2 non individual / corporate loans is based on portfolio approach where PD and LGD is calculated based on historic performance of the portfolio further segmented into: i) Corporate Finance ii) Construction Finance iii) Lease Rental Discounting iv) Inter-Corporate Deposits. Certain loans classified as stage 2 and all the loans classified as Stage 3 are assessed for ECL provisioning based on case to case approach by calculating probability weighted average cashflows under different recovery scenarios.

The 12 month 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.

Notes forming part of the Consolidated Financial Statements (Continued)

The vintage analysis methodology has been used to create the LGD vintage for measurement of ECL, based on portfolio approach. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the effective interest rate.

The Group has identified certain non individual accounts as Watch List under Stage 2 based on the following criteria;

- Builders' Cash flows are insufficient to service the loan due to slow sales or the project is stalled.
- Borrowers' operational cashflows are insufficient indicating possibility of further delayed payments
- Security cover is insufficient for repayment of loans
- Where the borrowing company has been proceeded upon under Insolvency and Bankruptcy Code (IBC) by creditors and such reference has been admitted by the National Company Law Tribunal (NCLT).

Such accounts identified as watchlist are upgraded by the Corporation, where the management is satisfied that the risks associated with the account has abated.

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	2022-23				2021-22			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening 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
Increase in EAD - new assets originated or purchased / further increase in existing assets / further interest accrual on existing assets [Net]	**2,16,689.33**	**533.53**	**566.30**	**2,17,789.16**	1,93,839.89	684.56	1,106.09	1,95,630.54
Assets repaid in part or full / write off of interest accrued on stage 3 loans [Net]	**(1,11,488.85)**	**(4,393.78)**	**(2,139.38)**	**(1,18,022.01)**	(79,814.70)	(8,555.04)	(2,196.81)	(90,566.55)
Assets derecognised (Loans assigned)	**(36,910.13)**	**-**	**(912.00)**	**(37,822.13)**	(29,955.26)	-	-	(29,955.26)
Assets written off	**-**	**-**	**(2,662.57)**	**(2,662.57)**	-	-	(1,624.54)	(1,624.54)
Transfers to Stage 1	**2,459.12**	**(1,600.92)**	**(858.20)**	**-**	4,601.71	(3,804.46)	(797.25)	-
Transfers to Stage 2	**(3,302.64)**	**3,562.37**	**(259.73)**	**-**	(8,922.39)	9,064.64	(142.25)	-
Transfers to Stage 3	**(987.49)**	**(1,335.92)**	**2,323.41**	**-**	(1,355.75)	(3,587.55)	4,943.30	-
Gross carrying amount closing balance	**6,06,289.36**	**22,069.65**	**8,395.75**	**6,36,754.76**	5,39,830.02	25,304.37	12,337.92	5,77,472.31

Notes forming part of the Consolidated Financial Statements (Continued)

8.5 Reconciliation of ECL balance is given below:

₹ in Crore

Particulars	2022-23				2021-22			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening 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
ECL Remeasurements due to changes in EAD / assumptions [Net]	**1,073.85**	**442.78**	**(203.04)**	**1,313.59**	871.25	518.28	746.22	2,135.75
Assets written off	**-**	**-**	**(2,662.36)**	**(2,662.36)**	-	-	(1,624.08)	(1,624.08)
Transfers to Stage 1	**53.62**	**(32.44)**	**(21.18)**	**-**	226.18	(141.31)	(84.87)	-
Transfers to Stage 2	**(828.27)**	**862.60**	**(34.33)**	**-**	(701.03)	721.05	(20.02)	-
Transfers to Stage 3	**(126.38)**	**(560.15)**	**686.53**	**-**	(104.30)	(1,833.61)	1,937.91	-
ECL allowance - closing balance	**1,574.39**	**5,860.44**	**4,768.39**	**12,203.22**	1,401.57	5,147.65	7,002.77	13,551.99

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 at March 31, 2023**	As at March 31, 2022
EMI / Interest Amounts Received in Advance	**(8.54)**	(300.32)
Undisbursed Loan Component (after applying Credit Conversion Factor)	**61,664.43**	54,008.00
Financial Guarantees	**87.41**	367.83

8.6 Summary of Impairment Loss Allowance (Expected Credit Loss)

₹ in Crore

Particulars	Stage 1	Stage 2	Stage 3	Total
March 31, 2023	**1,574.39**	**5,860.44**	**4,768.39**	**12,203.22**
March 31, 2022	1,401.57	5,147.65	7,002.77	13,551.99

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

Particulars	**As at March 31, 2023**	As at March 31, 2022
(a) Gross stage III (%)	**1.32%**	2.14%
(b) Net stage III (%)	**0.58%**	0.95%
(c) Provision coverage ratio (%)	**56.80%**	56.76%

Notes forming part of the Consolidated Financial Statements (Continued)

8.8 Concentration of Exposure

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Total Loans and Advances to twenty largest borrowers *	**62,082.41**	65,419.66
Percentage of Loans & Advances to twenty largest borrowers to Total advances of the Group	**8.41%**	10.30%

* 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, 2023	As at March 31, 2022
HDFC Bank Limited	India	Banking	Equity Method	**20.87%**	21.00%
Renaissance Investment Solutions ARC Pvt. Ltd.	India	Other	Equity Method	**19.95%**	19.95%

Summarised financial information in respect of Group's material associate along with reconcilation of the same to the carrying amount of the interest in associates is set out below:

₹ in Crore

Particulars (as at March 31, 2023)	HDFC Bank Limited
Summarised statement of Net Assets	
Cash and cash equivalents	**1,97,128.30**
Other financial assets	**23,83,790.70**
Non - financial assets	**31,533.30**
Total Assets (A)	**26,12,452.30**
Financial liabilities	**23,00,710.60**
Non - financial liabilities	**9,392.80**
Total Liabilities (B)	**23,10,103.40**
Net Assets (A-B)	**3,02,348.90**
Group share in %	**20.87%**
Group share in Amount	**63,107.44**
Goodwill and other adjustments	**9,048.84**
Carrying amount	**72,156.28**
Summarised statement of Profit and loss	
Interest Income	**1,70,346.10**
Other Income	**29,659.10**

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars (as at March 31, 2023)	HDFC Bank Limited
Interest Expenses	**77,497.30**
Depreciation and Amortisation	**3,560.20**
Other Expenses	**50,807.70**
Income Tax	**17,209.50**
Profit before Tax from continuing operations	**68,140.00**
Profit after Tax from continuing operations	**50,930.50**
Other Comprehensive Income	**(1,971.10)**
Total Comprehensive Income	**48,839.50**
Group share in %	**20.87%**
Group share in Amount in Profit and Loss (A) (including dilution gains and other adjustments)*	**11,165.83**
Group share in Amount in Other Comprehensive Income (B)	**(411.42)**
Total Group share in Amount (A+B)	**10,754.41**
Share in commitments and contingent liabilities	**29,746.67**

* Excluding ₹ 0.09 Crore loss of group share pertaining to a investment in Renaissance Investment Solutions ARC Pvt Ltd.

₹ in Crore

Particulars (as at March 31, 2022)	HDFC Bank Limited	Truenorth Ventures Private Limited	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	63,207.02	-	0.47	63,207.49

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars (as at March 31, 2022)	HDFC Bank Limited	Truenorth Ventures Private Limited	Renaissance Investment Solutions ARC Pvt. Ltd	Total
Summarised statement of Profit and loss				
Interest Income	1,35,755.10	-	-	1,35,755.10
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 from continuing operations	54,483.30	-	(0.56)	54,482.74
Profit after Tax from continuing operations	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 Amount in Profit and Loss (A) (including dilution gains and other adjustments)	8,969.83	0.07	(0.11)	8,969.79
Group share in Amount in Other Comprehensive Income (B)	(396.61)	-	-	(396.61)
Total Group share in Amount (A+B)	8,573.23	0.07	(0.11)	8,573.18
Share in commitments and contingent liabilities	25,924.88	-	-	25,924.88

Notes forming part of the Consolidated Financial Statements (Continued)

10. Investments - other than investment by the life and non life insurance companies

₹ in Crore

Investments	As at March 31, 2023				
	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	-	-	10,938.59	10,938.59	**10,938.59**
Government securities $	63,358.03	390.36	-	390.36	**63,748.39**
Equity Shares	-	3,562.24	1,182.27	4,744.51	**4,744.51**
Preference Shares	4.23	44.70	36.30	81.00	**85.23**
Debentures	1,615.22	-	194.79	194.79	**1,810.01**
Pass-through Certificates	11.01	-	-	-	**11.01**
Security Reciepts	-	-	0.00	0.00	**0.00**
Investment in Units of Venture Funds / Alternate Investment Funds / REITs	-	-	1,994.17	1,994.17	**1,994.17**
Total – Gross (A)	**64,988.49**	**3,997.30**	**14,346.12**	**18,343.42**	**83,331.91**
(i) Investments outside India	-	67.17	-	67.17	**67.17**
(ii) Investments in India	64,988.49	3,930.13	14,346.12	18,276.25	**83,264.74**
Total (B)	**64,988.49**	**3,997.30**	**14,346.12**	**18,343.42**	**83,331.91**
Less: Allowance for Impairment loss (C)	3.59	-	-	-	**3.59**
Total – Net (D)= (A)-(C)	**64,984.90**	**3,997.30**	**14,346.12**	**18,343.42**	**83,328.32**

$ Investment in Government Securities amounting to ₹ **11,375.16 Crore** (Face Value), has been utilized towards Repurchase 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, 2022				
	Amortised cost	At Fair Value			Total
		Through Other Comprehensive Income	Throughprofit 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

$ 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 ₹ **13.21 Crore** (Previous year ₹ 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, 2023 stood at ₹ **179.79 Crore** (Previous Year ₹ 305.85 Crore).

11. Assets of insurance business

11.1 Investment of life insurance business

₹ in Crore

Investments	As at March 31, 2023				
	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	-	-	899.96	899.96	**899.96**
Government Securities and Other Approved Securties	-	98,040.84	12,645.38	1,10,686.22	**1,10,686.22**
Equity Shares	-	-	71,812.73	71,812.73	**71,812.73**
Debentures	-	31,441.28	5,422.21	36,863.49	**36,863.49**
Fixed Deposits	-	699.99	-	699.99	**699.99**
Certificate of Deposits	-	378.34	144.52	522.86	**522.86**
Commercial Papers	-	191.64	123.59	315.23	**315.23**
Reverse Repo Instruments	-	6,392.87	2,087.25	8,480.12	**8,480.12**
Investment in Units of Venture Capital Fund / Reits	-	-	1,497.98	1,497.98	**1,497.98**
Total – Gross (A)	**-**	**1,37,144.96**	**94,633.62**	**2,31,778.58**	**2,31,778.58**
(i) Investments outside India	-	-	-	**-**	**-**
(ii) Investments in India	-	1,37,144.96	94,633.62	2,31,778.58	**2,31,778.58**
Total (B)	**-**	**1,37,144.96**	**94,633.62**	**2,31,778.58**	**2,31,778.58**
Less: Allowance for Impairment Loss (C)	-	10.01	11.25	21.26	**21.26**
Total – Net (D)= (A)-(C)	**-**	**1,37,134.95**	**94,622.37**	**2,31,757.32**	**2,31,757.32**
Investments of Policy Holders	-	1,26,717.49	93,501.44	2,20,218.93	**2,20,218.93**
Investments of Share Holders	-	10,417.46	1,120.93	11,538.39	**11,538.39**
Total	**-**	**1,37,134.95**	**94,622.37**	**2,31,757.32**	**2,31,757.32**

Notes forming part of the Consolidated Financial Statements (Continued)

Previous Year

₹ 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 Policy Holders	11,780.62	97,981.54	94,662.09	1,92,643.63	2,04,424.25
Investments of Share Holders	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

HDFC

Notes forming part of the Consolidated Financial Statements (Continued)

11.2 Investments of General insurance business

₹ in Crore

Investments	As at March 31, 2023				
	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	-	-	27.11	27.11	**27.11**
Government Securities and Other Approved Securties	-	9,182.09	-	9,182.09	**9,182.09**
Equity Shares	-	-	1,727.65	1,727.65	**1,727.65**
Debentures	-	9,884.62	-	9,884.62	**9,884.62**
Fixed Deposits	8.81	-	-	-	**8.81**
Total – Gross (A)	**8.81**	**19,066.71**	**1,754.76**	**20,821.47**	**20,830.28**
(i) Investments outside India	-	-	-	-	**-**
(ii) Investments in India	8.81	19,066.71	1,754.76	20,821.47	**20,830.28**
Total (B)	**8.81**	**19,066.71**	**1,754.76**	**20,821.47**	**20,830.28**
Less: Allowance for Impairment loss (C)	-	-	-	-	**-**
Total – Net (D)= (A)-(C)	**8.81**	**19,066.71**	**1,754.76**	**20,821.47**	**20,830.28**
Investments of Policy Holders	**7.24**	**15,791.25**	**1,441.30**	**17,232.55**	**17,239.79**
Investments of Share Holders	**1.57**	**3,275.46**	**313.46**	**3,588.92**	**3,590.49**
Total	**8.81**	**19,066.71**	**1,754.76**	**20,821.47**	**20,830.28**

Previous Year

₹ 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 Securties	-	8,155.54	-	8,155.54	8,155.54
Equity Shares	-	-	1,037.83	1,037.83	1,037.83
Preference Shares	-	-	-	-	-
Debentures	-	8,567.12	-	8,567.12	8,567.12
Subsidiaries - Equity Shares	-	-	-	-	-
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 Policy Holders	21.65	13,312.44	1,342.51	14,654.95	14,676.60
Investments of Share Holders	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

Notes forming part of the Consolidated Financial Statements (Continued)

11.3 Assets of insurance business

₹ in Crore

Particulars	Life Insurance		General Insurance	
	As at March 31, 2023	As at March 31, 2022	**As at March 31, 2023**	As at March 31, 2022
Investments	**2,31,757.32**	2,14,576.87	**20,830.28**	18,450.05
Other assets				
Reinsurance assets	**10,943.72**	8,318.98	**4,633.06**	3,817.69
Outstanding premium	**742.60**	468.35	**1,322.35**	1,641.80
Due from other insurance companies	**-**	-	**122.06**	65.72
Re Insurance recovery on claims outstanding	**-**	-	**2,014.33**	1,759.10
Assets held for unclaimed amount of policyholders	**511.64**	662.83	**23.77**	23.18
Receivable for fund management charges from Unit Linked schemes	**20.07**	69.83	**-**	-
Income accrued on investments	**2,726.88**	2,248.61	**466.23**	409.49
Others	**665.03**	694.28	**-**	-
Total other assets	**15,609.94**	12,462.88	**8,581.80**	7,716.98

12. Others financial assets

₹ in Crore

Particulars	**As at March 31, 2023**	As at March 31, 2022
Security deposits	**199.53**	148.10
Receivables on assigned Loans *	**2,062.33**	1,654.28
Amounts receivable on swaps and other derivatives	**1,741.91**	1,625.02
Inter-corporate deposits	**-**	5.11
Receivables on sale of investments (trade date accounting)	**1,181.81**	623.01
Others	**2,685.04**	2,005.20
Total others financial assets (gross)	**7,870.62**	6,060.72
Less: Impairment loss allowance (Expected credit loss)		
- Inter-corporate deposit	**-**	5.11
- Others	**15.84**	13.50
Total others financial assets (net)	**7,854.78**	6,042.11

*incudes retained excess interest spread and servicing asset on assigned / derecognised loans.

13. Current and deferred tax assets (net)

13 (a) Current tax assets (net)

₹ in Crore

Particulars	**As at March 31, 2023**	As at March 31, 2022
Advance tax (net of provision)	**4,163.11**	3,261.67
Total	**4,163.11**	3,261.67

Notes forming part of the Consolidated Financial Statements (Continued)

13 (b) **Deferred Tax Assets / (Liabilities) (net)**

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred Tax Assets	1,748.12	1,566.15
MAT Credit Entitlement	-	-
Deferred Tax Liabilities	(334.49)	(119.25)
Total	**1,413.63**	1,446.90

Movements in Deferred Tax Assets / (Liabilities) (Current year)

₹ in Crore

Particulars	As at April 01, 2022	Charge for the Current Year			Utilisations/ Adjustments	As at March 31, 2023
		Profit or Loss (a)	Other Comprehensive Income (b)	Total (a+b)		
Property, Plant and Equipment	(139.40)	24.54	(0.15)	24.39	(228.28)	**(343.29)**
Right Of Use Asset and Lease Liabilities	2.18	(0.68)	-	(0.68)	(0.97)	**0.53**
Expected credit losses	3,135.14	(27.35)	-	(27.35)	(42.24)	**3,065.55**
Provisions other than those pertaining to Expected Credit Loss	103.97	(13.65)	0.08	(13.57)	(26.16)	**64.24**
Financial Assets at Fair Value through Profit or Loss	(1,216.28)	219.27	-	219.27	63.35	**(933.66)**
Financial Assets at FVOCI	408.47	(0.60)	54.93	54.33	120.36	**583.15**
Remeasurements of Employee Benefits	17.81	(0.44)	(0.92)	(1.35)	(16.46)	**0.01**
Impact of accounting under effective interest rate (EIR)	(937.38)	(354.60)	-	(354.60)	296.26	**(995.72)**
Effect of foreign exchange transactions and translations	19.95	41.23	(83.67)	(42.44)	(36.69)	**(59.18)**
Others	52.44	41.23	-	41.23	(61.67)	**32.00**
Total	**1,446.90**	**(71.04)**	**(29.73)**	**(100.77)**	**67.51**	**1,413.63**

Movements in Deferred Tax Assets / (Liabilities) (Previous Year)

₹ in Crore

Particulars	As at April 01, 2021	Charge for the Previous Year			Utlisations / 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

Notes forming part of the Consolidated Financial Statements (Continued)

14. Investment property

₹ in Crore

Particulars		As at March 31, 2023	As at March 31, 2022
Gross carrying amount			
Opening gross carrying amount / deemed cost		704.24	705.11
Additions		41.87	51.35
Deduction / Disposal		(24.35)	(46.83)
Transfer to Property, plant & equipment		(63.94)	(5.39)
Closing gross carrying amount	(a)	**657.82**	704.24
Accumulated depreciation			
Opening accumulated depreciation		36.12	31.12
Depreciation charge		10.84	10.68
Depreciation on Sale		(1.30)	(3.70)
Transfer to Property, plant & equipment		(1.46)	(1.98)
Closing accumulated depreciation	(b)	**44.20**	36.12
Accumulated Impairment			
Opening accumulated Impairment		1.78	21.65
Impairment charge/(reversal on sale)		(1.47)	(19.87)
Closing accumulated Impairment	(c)	**0.31**	1.78
Net carrying value of investment property	(a-b-c)	**613.31**	666.34
Investment Property - under construction	(d)	**2,206.04**	2,120.88
Investment Property - including under construction	(a - b - c + d)	**2,819.35**	2,787.22

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 at March 31, 2023 stood at ₹ **2,746.03 Crore** (Previous Year ₹ 2631.99 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 of at an appropriate time in accordance with the applicable regulations.

14.1 Fair Value (Level 3)

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Fair vale of Investment Property (excluding properties under construction)	**1,206.72**	1,189.03
Net carrying value of Investment Property	**613.32**	568.09

The fair value of the Group's investment properties as at March 31, 2023 and March 31, 2022 has been arrived at on the basis of valuation of 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 owenership 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, 2023	As at March 31, 2022
Less than one year	**49.19**	45.37
Between one and two years	**41.27**	33.56
Between two and three years	**22.10**	17.36
Between three and four years	**9.77**	9.93
Between four and five years	**11.21**	4.70
More than five years	**248.56**	-
Total	**382.09**	110.92

14.3 The Corporation has entered in to agreement to sell / memoradum 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 of sale and Discontinuing Operation'.

14.4 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.

14.5 Title deed of the 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 matters is at the Supreme Court presently, the Corporation has accordingly, made appropriate representations 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.

Notes forming part of the Consolidated Financial Statements (Continued)

15. Property, Plant and Equipments

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at April 01, 2022	Additions	Adjustments	Deductions	As at March 31, 2023	As at April 01, 2022	For the Year	Adjustments	Deductions	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Land :												
Freehold	100.63	-	51.07	-	**151.70**	-	0.10	0.50	-	**0.60**	**151.10**	100.63
Right to use	354.14	4.94	(0.02)	(0.47)	**358.59**	48.69	9.53	(0.08)	(0.47)	**57.67**	**300.92**	305.45
Buildings :												
Own use	714.29	58.69	(38.27)	(35.52)	**699.19**	90.67	29.72	(8.00)	(20.17)	**92.22**	**606.97**	623.62
Right to use	876.99	274.86	(97.16)	(38.54)	**1,016.15**	400.08	160.90	(41.62)	(27.90)	**491.46**	**524.69**	476.91
Leasehold Improvements	157.51	22.28	7.11	(14.27)	**172.63**	100.96	22.12	7.54	(12.99)	**117.63**	**55.00**	56.55
Computer Hardware	340.00	106.67	(1.20)	(42.45)	**403.03**	184.35	80.60	8.47	(42.04)	**231.37**	**171.65**	155.65
Furniture & Fittings	108.90	21.16	(0.01)	(20.96)	**109.09**	50.80	14.25	0.54	(19.14)	**46.45**	**62.63**	58.10
Office Equipment etc.	151.04	33.77	2.44	(22.62)	**164.62**	81.30	21.57	2.20	(21.89)	**83.19**	**81.43**	69.74
Vehicles	66.74	47.55	(0.46)	(21.64)	**92.20**	31.00	15.95	0.82	(20.15)	**27.62**	**64.58**	35.74
Total	**2,870.24**	**569.92**	**(76.50)**	**(196.47)**	**3,167.19**	**987.85**	**354.74**	**(29.63)**	**(164.75)**	**1,148.21**	**2,018.98**	**1,882.39**

Notes

(1) Net of depreciation for the year amounting to ₹ **80.90 Crore** (Previous Year ₹ 76.59 crore) included in other expenses pertaining to Insurance Business.

(2) Depreciation for the financial year excludes ₹ **10.84 Crore** (Previous Year ₹ 10.68 Crore) being depreciation charge and ₹ **1.47 Crore** (Previous Year ₹ 19.87 Crore) being reversal of impairment charge on Investment in Properties.

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at April 01, 2021	Additions	Adjustments	Deductions	As at March 31, 2022	As at April 01, 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

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 ₹ **1251.43 Crore** as at March 31, 2023 (Previous Year ₹ 1202.88 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.

16. Intangible assets

A) Intangible assets other than goodwill on consolidation

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at April 01, 2022	Additions	Adjustments	Deductions	As at March 31, 2023	As at April 01, 2022	For the Year	Adjustments	Deductions	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Computer software	482.73	107.54	1.66	(9.20)	**582.73**	299.76	86.27	(1.60)	(9.10)	**375.34**	**207.39**	182.97
Goodwill	6.04	-	-	-	**6.04**	-	-	-	-	**-**	**6.04**	6.04
Non compete fees	10.92	-	-	10.92	**-**	10.92	-	-	(10.92)	**-**	**-**	-
Web site development cost	-	0.13	-	-	**0.13**	-	0.09	-	-	**0.09**	**0.04**	-
Development rights	350.15	-	-	-	**350.15**	28.01	14.08	-	-	**42.09**	**308.06**	322.14
Customer relationships	464.79	-	0.01	-	**464.80**	74.41	46.48	3.35	-	**124.24**	**340.56**	390.38
Distribution network - bancassurance	40.59	-	0.01	-	**40.60**	30.13	10.48	(0.01)	-	**40.60**	**-**	10.46
Distribution network - agency	476.79	-	0.01	-	**476.80**	136.40	77.28	-	-	**213.68**	**263.12**	340.39
Non - compete agreement	36.29	-	0.01	-	**36.30**	26.98	9.30	0.02	-	**36.30**	**-**	9.31
Policy in force	1,563.00	-	-	-	**1,563.00**	39.08	156.32	-	-	**195.40**	**1,367.60**	1,523.92
Total	**3,431.30**	**107.67**	**1.70**	**1.72**	**3,520.55**	**645.69**	**400.30**	**1.76**	**(20.02)**	**1,027.74**	**2,492.81**	**2,785.61**

Intangible Assets other than Goodwill on Consolidation

₹ in Crore

	GROSS BLOCK					DEPRECIATION, AMORTISATION AND IMPAIRMENT					NET BLOCK	
	As at April 01, 2021	Additions	Adjustments	Deductions	As at March 31, 2022	As at April 01, 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	-
Total	1,409.04	123.32	1,934.03	(35.09)	3,431.30	373.20	252.31	55.26	(35.08)	645.69	2,785.61	1,035.84

Notes

[1] Net of depreciation for the year amounting ₹ **248.68** Crore (Previous Year ₹ 45.73 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, 2023	As at March 31, 2022
Balance at the beginning of the year	**5,289.44**	1,600.73
Goodwill arising on acquisition of subsidiary (Refer Note 50)	-	3,691.28
Other adjustments	-	(2.57)
Balance at the year end	**5,289.44**	5,289.44

The value in use is estimated using discounted cash flows over a period of 5 years. Cash fows beyond 5 years is estimated by capitalising the future maintainable cash fows 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, 2023	As at March 31, 2022
Unsecured; considered good		
Capital Advances	**1,054.20**	1,001.53
Other Advances	**658.15**	526.73
Prepaid Expenses	**269.15**	187.66
Total Gross	**1,981.50**	1,715.92
Less: Provision for Expected Credit Loss (ECL)	**4.71**	0.05
Total	**1,976.79**	1,715.87

18. Payables

18 (a) Trade Payables

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises	**18.27**	14.40
Total outstanding dues of creditors other than micro enterprises and small enterprises	**4,998.59**	3,796.32

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, 2023	As at March 31, 2022
a) Principal amount and the interest due thereon	**18.27**	14.40
b) The amount of interest paid	**0.01**	-
c) Amounts paid after appointed date during the year	**29.77**	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	**48.05**	14.54

18 (b) Other Payables

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**677.43**	750.62

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	**3.10** *(5.99)*	**15.17** *(8.41)*	**-** *(-)*	**-** *(-)*	**-** *(-)*	**18.27** *(14.40)*
(ii)	Others	**326.61** *(228.83)*	**4,662.33** *(3,534.99)*	**9.37** *(20.93)*	**0.24** *(2.49)*	**0.04** *(9.08)*	**4,998.59** *(3,796.32)*
(iii)	Disputed dues - MSME	**-** *(-)*	**-** *(-)*	**-** *(-)*	**-** *(-)*	**-** *(-)*	**-** *(-)*
(iv)	Disputed dues - Others	**-** *(-)*	**-** *(-)*	**-** *(-)*	**-** *(-)*	**-** *(-)*	**-** *(-)*
Total		**329.71** *(234.82)*	**4,677.50** *(3,543.40)*	**9.37** *(20.93)*	**0.24** *(2.49)*	**0.04** *(9.08)*	**5,016.86** *(3,810.72)*

19. Debt securities

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Bonds	**-**	4.20
Non Convertible Debentures	**2,13,205.02**	1,65,648.75
Synthetic Rupee Denominated Bonds	**500.00**	1,800.00
Commercial Papers	**42,538.26**	30,336.61
Less: Unamortised borrowing cost	**(6.03)**	(6.00)
Debt securities net of unamortised borrowing cost	**2,56,237.25**	1,97,783.56
Debt securities in India	**2,55,743.28**	1,95,989.56
Debt securities outside India	**500.00**	1,800.00
Less: Unamortised borrowing cost	**(6.03)**	(6.00)
Debt securities net of unamortised borrowing cost	**2,56,237.25**	1,97,783.56

19.1 All secured debts are secured by negative lien on the assets of the Group 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 hypothetication of education loan receivables of underlying portfolio of education loans of HDFC Credila Financial Services Ltd.

19.2 The Corporation had issued Synthetic Rupee Denominated Bonds of ₹ 11,100 Crore to overseas investors of which ₹ 500.00 Crore remains outstanding as at March 31, 2023 (Previous Year ₹ 1,800.00 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 investor.

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 Group (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

Notes forming part of the Consolidated Financial Statements (Continued)

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.

19.5 As part of the asset liability management, the Corporation has entered into INR interest rate swaps of notional amount of ₹ **2,25,065.00 Crore** (Previous Year ₹ 1,65,642.47 Crore) against the underlying financial instruments. The fair value impact of ₹ **4,544.45 Crore** (Previous Year ₹ 2,828.12 Crore) in relation to the underlying financial instruments has been netted off against outstanding value of non convertible debentures.

19.6 Terms of redemption of Nominal value of bonds and debentures and repayment terms as at March 31, 2023

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Non Convertible Debentures					
4.50% to 5.00%	6,000.00	-	-	-	**6,000.00**
5.01% to 6.00%	6,388.51	6,705.54	7,000.00	-	**20,094.05**
6.01% to 7.00%	1,250.00	4,920.54	162.36	9,491.07	**15,823.97**
7.01% to 8.00%	6,500.00	15,258.82	7,552.96	89,335.63	**1,18,647.41**
8.01% to 9.00%	-	2,932.81	5,579.40	34,366.12	**42,878.34**
9.01% to 10.00%	3,999.11	1,985.00	-	2,948.02	**8,932.12**
10.00% to 10.50%	-	-	-	73.74	**73.74**
Coupon Linked to 3 months T-Bill Rate as published by Financial Benchmarks India Pvt. Ltd.	-	5,299.85	-	-	**5,299.85**
Sub total	**24,137.62**	**37,102.56**	**20,294.72**	**1,36,214.58**	**2,17,749.48**
Synthetic Rupee Denominated Bonds					
6.73% to 8.75%	500.00	-	-	-	**500.00**
Commercial Papers					
5.01% to 6.00%	597.97	-	-	-	**597.97**
6.01% to 7.00%	13,179.21	-	-	-	**13,179.21**
7.01% to 8.00%	28,588.54	-	-	-	**28,588.54**
8.01% to 9.00%	172.54	-	-	-	**172.54**
Sub total	**42,538.26**	**-**	**-**	**-**	**42,538.26**
Total	**67,175.88**	**37,102.56**	**20,294.72**	**1,36,214.58**	**2,60,787.74**

Terms of redemption of nominal value of bonds and debentures and repayment terms as at March 31, 2022

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Debt Securities					
Bonds					
7.00% - 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 Financial Benchmarks India Pvt. Ltd.	-	5,299.76	-	-	5,299.76
Sub 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
Sub total	30,336.61	-	-	-	30,336.61
Total	61,990.29	39,875.25	27,239.34	71,512.80	2,00,617.68

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, 2023	As at March 31, 2022
Term Loans from Scheduled Banks - Secured	**1,14,315.67**	1,04,182.34
Term Loans from other parties - Secured		
Asian Development Bank	-	41.02
National Housing Bank	**13,542.86**	12,960.11
Sub Total	**13,542.86**	13,001.13
Total - Term Loans -Secured	**1,27,858.53**	1,17,183.47
Term Loans from Banks - Unsecured		
Scheduled Banks	**4,350.00**	4,050.00
External commercial borrowing - Low cost affordable housing	**25,475.87**	13,945.15
External commercial borrowing - Others	-	759.00
Sub Total	**29,825.87**	18,754.15
Repo Borrowings (secured)	**11,280.03**	8,800.27
Total Borrowings Gross	**1,68,964.43**	1,44,737.89
Less: Unamortised borrowing cost	**(146.81)**	(70.75)
Net Borrowings net of unamortised borrowing cost	**1,68,817.62**	1,44,667.14
Borrowings in India	**1,43,488.56**	1,29,995.51
Borrowings outside India	**25,475.87**	14,742.38
Total Borrowings	**1,68,964.43**	1,44,737.89
Less: Unamortised borrowing cost	**(146.81)**	(70.75)
Net Borrowings net of unamortised borrowing cost	**1,68,817.62**	1,44,667.14

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 hypothetication 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.

20.3 The Corporation has total External Commercial Borrowing (ECBs) of **USD 2,700.00** (Previous Year USD 1,400.00 million) and **JPY 53,200** million (Previous Year 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.

Notes forming part of the Consolidated Financial Statements (Continued)

20.4 As on March 31, 2022, the Holding Company has foreign currency borrowings of **USD 1,404.28 million** and **JPY 53,200 million** (Previous Year USD 1,404.28 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 1,400.00 million and JPY 53,200 million) and foreign currency arrangements of USD 4.28 million (Previous Year USD 4.28 million) to hedge the foreign currency risk.

As a part of asset liability management, the Holding Company has entered into USD Interest rate swaps of **₹ 22,191.00 Crore** as on March 31, 2023 (Previous Year ₹ 9,563.00 Crore) for varying maturities, linked to various benchmarks.

Terms of borrowings and repayment as at March 31, 2023

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Term Loans from Banks-Secured					
5.01% to 6.00%	750.00	-	-	-	**750.00**
6.01% to 7.00%	-	-	-	2,000.00	**2,000.00**
7.01% to 8.00%	71,454.54	16,829.93	2,053.48	6,999.83	**97,337.77**
8.01% to 9.00%	4,296.35	5,290.53	3,907.28	733.73	**14,227.89**
Total	**76,500.89**	**22,120.46**	**5,960.76**	**9,733.56**	**1,14,315.67**
National Housing Bank					
2.80% to 3.00%	250.05	666.80	610.80	46.28	**1,573.93**
3.01% to 4.0%	144.35	384.92	384.92	288.58	**1,202.77**
4.01% to 5.0%	494.05	1,077.89	274.24	-	**1,846.18**
5.01% to 6.0%	134.79	359.44	265.26	207.33	**966.82**
6.01% to 7.0%	161.88	417.74	161.82	358.95	**1,100.39**
7.01% to 8.0%	881.13	2,295.66	1,039.32	1,138.50	**5,354.61**
8.01% to 9%	713.16	785.00	-	-	**1,498.16**
Total Secured	**2,779.41**	**5,987.45**	**2,736.36**	**2,039.64**	**13,542.86**
Term Loans from Banks - Unsecured					
7.00% to 8.00%	2,350.00	2,000.00	-	-	**4,350.00**
Total	**2,350.00**	**2,000.00**	**-**	**-**	**4,350.00**
External Commercial Borrowing					
1 Month Libor + 50 bps to 140 bps	6,164.25	-	-	-	**6,164.25**
3 Month Libor + 85 bps to 90 bps	-	-	-	-	**-**
3 Month SOFR + 90 bps	-	9,040.90	-	-	**9,040.90**
6 Month SOFR + 107 bps	-	-	3,287.60	-	**3,287.60**
6 Month Libor + 85 bps	-	-	3,698.55	-	**3,698.55**
1 Month TONA + 0.63%	3,284.57	-	-	-	**3,284.57**
	9,448.82	**9,040.90**	**6,986.15**	**-**	**25,475.87**

Notes forming part of the Consolidated Financial Statements (Continued)

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
Repo Borrowing					
6.70% to 7.00%	2,335.47	-	-	-	2,335.47
7.01% to 8.00%	8,944.56	-	-	-	8,944.56
Total	**11,280.03**	**-**	**-**	**-**	**11,280.03**
Total	**1,02,359.15**	**39,148.81**	**15,683.27**	**11,773.20**	**1,68,964.43**

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
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 Other Parties					
Asian Development Bank					
USD LIBOR + 40 bps	41.02	-	-	-	41.02
National Housing Bank					
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
7.01% to 8.0%	-	-	-	-	-
8.01% to 9%	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					
1 Month Libor + 50 bps to 140 bps	759.00	5,692.50	-	-	6,451.50
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	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	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)

21. Deposits - at amortised cost

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Deposits		
(i) Public Deposits	**1,10,997.93**	99,879.59
(ii) From Banks	**11.25**	5.75
(iii) From Others - Secured	**997.08**	6,327.35
(iv) From Others - Unsecured	**40,499.81**	55,024.42
Less: Unamortised transaction cost - Deposits	**(565.00)**	(453.28)
Total	**1,51,941.07**	1,60,783.83

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, 2023	As at March 31, 2022
Non Convertible Subordinated Debentures	**4,701.94**	3,957.06
Perpetual Debt	**567.01**	267.94
Total	**5,268.95**	4,225.00
Subordinated Liabilities in India	**5,268.95**	4,225.00
Subordinated Liabilities outside India	**-**	-
Total	**5,268.95**	4,225.00

Non Convertible Subordinated Debentures

Terms of issuance and repayment as at March 31, 2023

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
6.01% - 8.00%	-	-	-	626.63	**626.63**
8.01% - 10.00%	-	3,096.22	93.95	885.14	**4,075.31**
Total	**-**	**3,096.22**	**93.95**	**1,511.77**	**4,701.94**

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
8.01% - 10.00%	-	3,000.00	99.85	857.21	3,957.06

Notes forming part of the Consolidated Financial Statements (Continued)

Perpetual Debt

Terms of issuance and repayment as at March 31, 2023

₹ in Crore

Particulars	0-1 years	1-3 years	3-5 years	>5 years	Total
8.00% - 10.00%	-	-	47.61	370.64	**418.25**
10.01% - 11.00%	-	98.64	-	-	**98.64**
11.01% - 12.00%	-	50.12	-	-	**50.12**
Total	**-**	**148.76**	**47.61**	**370.64**	**567.01**

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% - 10.00%	-	-	-	118.11	118.11
10.01% - 12.00%	-	-	99.88	-	99.88
11.01% - 12.00%	-	-	49.95	-	49.95
Total	-	-	149.83	118.11	267.94

23. Liabilities pertaining to Insurance Business

₹ in Crore

Paticulars	Life Insurance		General Insurance	
	As at March 31, 2023	As at March 31, 2022	**As at March 31, 2023**	As at March 31, 2022
Insurance Contract liabilities	**2,11,768.93**	1,83,263.22	**-**	-
Dues to Policyholders'	**1,720.64**	2,206.57	**33.41**	32.77
Funds for future appropriation	**1,235.43**	940.91	**-**	-
Reserve for unexpired Risk	**-**	-	**5,399.56**	4,551.42
Investment contract liabilities	**21,570.93**	29,140.71	**-**	-
Policyholders' surplus yet to be allocated	**(2,287.69)**	774.08	**-**	-
Unallocated premium (policyholders)	**714.34**	512.23	**662.85**	672.00
Reserve for claims	**-**	-	**14,789.76**	12,559.54
Premium received in advance	**-**	-	**966.28**	868.53
Due to other insurance companies	**44.02**	13.51	**4,256.32**	3,252.13
Purchase of investments pending settlement	**1,065.30**	506.97	**-**	-
Deferred origination fees	**15.03**	19.66	**-**	-
Total Liabilities of Insurance Business	**2,35,846.93**	2,17,377.86	**26,108.18**	21,936.39

24. Other financial liabilities

₹ in Crore

Particulars	**As at March 31, 2023**	As at March 31, 2022
Interest accrued but not due on Debt securities and Deposits	**13,493.17**	11,238.66
Book overdraft	**1,975.84**	1,904.00
Amounts payable on assigned / securitised loans	**585.35**	421.61
Security and other deposits received	**32.34**	31.79
Unclaimed dividend	**23.75**	24.24
Unclaimed matured deposits including interest accrued and due thereon	**54.68**	697.66
Lease Liabilities	**615.18**	545.54
Other deposits and payables	**469.79**	215.60
Total	**17,250.10**	15,079.10

Notes forming part of the Consolidated Financial Statements (Continued)

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 ₹ **2.89 Crore** (Previous Year ₹ 2.67 Crore) being unpaid dividend, underlying 78,279 equity shares of ₹ 2 each (Previous Year: 86,465 equity shares of ₹ 2 each) and ₹ **5.32 Crore** (Previous Year ₹ 5.04 Crore) being unclaimed deposits to the Investor Education and Protection Fund (IEPF). As of March 31, 2023, no amount was due for transfer to the IEPF. However, 2,146 equity shares (Previous Year 2,371) 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, 2023	As at March 31, 2022
Provision for Tax (Net of Advance Tax)	**607.36**	482.08
Total	**607.36**	482.08

26. Provisions

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Employee Benefits	**433.12**	415.46
Other provisions	**3.45**	1.10
Total	**436.57**	416.56

27. Other non-financial liabilities

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Amount / Income received in advance	**392.17**	427.34
Deferred gain on fair valuation (Initial recognition)	**-**	355.25
Statutory Remittances	**1,173.53**	921.94
Others	**226.23**	301.29
Total	**1,791.93**	2,005.82

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 were 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, lock in period has expired and ₹ **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

Particulars	As at March 31, 2023	As at March 31, 2022
AUTHORISED		
228,80,50,000 Equity Shares of ₹ 2 each	**457.61**	457.61
(Previous Year 228,80,50,000 Equity Shares of ₹ 2 each)		
	457.61	457.61
ISSUED, SUBSCRIBED AND FULLY PAID UP		
183,45,55,988 (As at March 31, 2022 181,30,28,276) Equity Shares of ₹ 2 each	**366.91**	362.61
	366.91	362.61

Notes forming part of the Consolidated Financial Statements (Continued)

28.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	₹ in Crore	Number	₹ in Crore
Equity shares outstanding as at the beginning of the year	**181,30,28,276**	**362.61**	180,39,46,433	360.79
Shares allotted pursuant to exercise of stock options	**2,15,27,112**	**4.30**	90,81,843	1.82
Shares allotted pursuant to shares under warrant conversion	**600**	**0.00**	-	-
Shares allotted pursuant to issue of shares under QIP	-	-	-	-
Equity shares outstanding as at the end of the year	**183,45,55,988**	**366.91**	181,30,28,276	362.61

28.2 There were no shareholder holding more than 5 percent shares in the Corporation as at March 31, 2023 and March 31, 2022

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 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.

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.

28.6 As at March 31, 2023 6,12,07,176 shares (Previous Year 8,27,34,888 shares) were reserved for issuance as follows:

a) **4,41,50,376 shares** of ₹ 2 each (Previous Year: 6,56,77,488 shares of ₹ 2 each) towards outstanding Employees Stock Options granted / available for grant, including lapsed options [Refer Note 46].

b) Warrants outstanding as on date is as under;

Particulars	Current Year	Previous Year
No. of warrants outstanding at the beginning of the year	**1,70,57,400**	1,70,57,400
No. of Warrants converted during the year (refer note 28.5)	**600**	-
No. of warrants outstanding at the end of the year	**1,70,56,800**	1,70,57,400

Notes forming part of the Consolidated Financial Statements (Continued)

28.7 The Corporation does not have Promoter, accordingly disclosure relating to shareholding of promoters is not applicable.

28.8 **Dividend**

(a) The Board of Directors of the holding company, have declared interim dividend on equity shares at ₹ **44** per share at their meeting held on May 4, 2023 (Previous Year - final dividend of ₹ 30 per share).

(b) The Board of Directors of the subsidiaries, incorporated in India have proposed 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 ₹**
HDFC Credila Financial Services Limited	1.10
HDFC Asset Management Company Limited	48.00
HDFC Property Ventures Limited	102.50
HDFC Life Insurance Company Limited	1.90
HDFC Holdings Ltd	20.00
HDFC Ventures Trustee Company Limited	196.00

29. Other equity

₹ in Crore

Particulars	**As at March 31, 2023**	As at March 31, 2022
Capital Reserve on Consolidation	**44.59**	44.59
Securities Premium	**52,894.70**	49,741.22
Retained Earnings	**91,930.60**	76,259.66
General Reserve	**28,988.35**	28,986.72
Special Reserve I	**51.23**	51.23
Special Reserve II	**22,716.95**	20,516.95
Statutory Reserve	**7,543.77**	6,443.78
Special Reserve U/s 45-IC of The Reserve Bank of India Act, 1934	**280.09**	202.59
Shelter Assistance Reserve	**-**	0.03
Investments through Other Comprehensive Income	**(4,965.92)**	(4,539.23)
Effective portion of Cash Flow Hedges	**345.63**	77.11
Cost of Cash Flow Hedges	**(300.57)**	(95.92)
Translation of foreign operations	**144.31**	116.23
Share-based payment reserve	**1,194.74**	1,476.01
Other reserves	**(67.92)**	(97.46)
Money received against Share Warrants	**307.02**	307.03
TOTAL	**2,01,107.57**	1,79,490.54

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.

Notes forming part of the Consolidated Financial Statements (Continued)

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 ₹ **2,200.00 Crore** (Previous Year ₹ 2,100 Crore) to Special Reserve No. II in terms of Section 36(1)(viii) of the Income-tax Act, 1961 and an amount of ₹ **1,100.00 Crore** (Previous Year ₹ 700.00 Crore) to "Statutory Reserve (As per Section 29C of The NHB Act)".

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 corrosponding 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

29.10 **Other reserves**

Capital Redemption Reserve: Wherever there is buyback or redemption of share capital, the nominal value of the capital is transferred to a reserve called Capital Redemption Reserve so as to retain the capital.

Debenture Redemption Reserve: The Debenture Redemption Reserve is created as per the requirements of the Companies (Share Capital And Debentures) Rules, 2014.

Impairment reserve: In terms of RBI notification on Implementation of Indian Accounting Standards, dated 13 March, 2020 (as amended), Company has to create impairment reserve. This reserve represents the difference where impairment allowance under Ind AS 109 is lower than the provisioning required under income recognition, asset classification and provisioning ("IRACP") norms (including standard asset provisioning).

Notes forming part of the Consolidated Financial Statements (Continued)

30. Interest Income

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
On financial assets measured at amortised cost		
Interest on loans	**53,992.18**	42,794.91
Interest income from investments	**3,128.37**	2,142.21
Interest on deposits	**38.89**	21.21
Other interest income	**397.22**	119.25
Sub total	**57,556.66**	45,077.58
On financial assets classified at Fair Value through Profit or Loss		
Interest Income from Investments	**20.14**	14.65
On financial assets classified at fair value through Other Comprehensive Income		
Interest income from investments	**13.81**	32.31
Total	**57,590.61**	45,124.54

30.1 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.

31. Rental Income includes ₹ **63.06 Crore** (Previous Year ₹ 59.61 Crore) from investment properties.

32.1 **Net gain on fair value changes**

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net gain on Financial instruments at fair value through profit or loss		
- Investments	**563.15**	1,472.62
- Derivatives	**(2.56)**	0.98
- Others reclassified from OCI	**5.97**	91.64
Total net gain on fair value changes	**566.56**	1,565.24
Fair value changes:		
- Realised	**277.75**	281.71
- Unrealised	**288.81**	1,283.53
Total net gain on fair value changes	**566.56**	1,565.24

32.2 The Corporation has derecognised Individual loans of ₹ **36,910.13 Crore** and Non Individual loan of ₹ **NIL** (Previous Year Individual loan of ₹ 28,455.26 Crore and Non Individual loan of ₹ 1,500.00 Crore) (measured at amortised cost) on account of assignment transactions resulting in total income of ₹ **1,135.50 Crore** (Previous Year ₹ 985.06 Crore) including upfront gains of ₹ **676.21 Crore** (Previous Year ₹ 606.50 Crore). The transferred loans are de-recognised and gains/losses are accounted for since, Corporation has transferred all risks and rewards specified in the underlying assigned loan contract.

As at March 31, 2023, the outstanding amount in respect of individual loans sold was ₹ **1,02,070.71 Crore** (Previous Year ₹ 83,880.24 Crore). The Corporation continues to service these loans.

Notes forming part of the Consolidated Financial Statements (Continued)

33.1 Incomes pertaining to life insurance business

₹ in Crore

Particulars	Note	Life Insurance	
		For the year ended March 31, 2023	For the year ended March 31, 2022
Premium Income from Insurance Business		**56,293.73**	46,108.92
Income from Investments - Dividend		**896.69**	644.81
Interest Income from Investments	33.3	**9,624.87**	7,420.40
Income from Investments - Rent		**-**	70.12
Fees and commission Income		**-**	0.77
Income from reinsurance		**856.19**	1,472.43
Other operating Income from Insurance Business		**566.87**	288.80
Total Premium and other operating income		**68,238.35**	56,006.25
Net gains/(loss) on Investments	33.4	**(246.06)**	9,878.01
Total incomes of Life insurance business		**67,992.29**	65,884.26

33.2 Incomes pertaining to general insurance business

₹ in Crore

Particulars	Note	General Insurance	
		For the year ended March 31, 2023	For the year ended March 31, 2022
Premium Income from Insurance Business		**15,317.70**	13,015.91
Income from Investments - Dividend		**16.88**	9.18
Interest Income from Investments	33.3	**1,031.95**	862.76
Net Fair value changes on Investments	33.4	**52.37**	182.53
Income from reinsurance		**6,445.68**	5,257.89
Other Operating Income from Insurance Business		**11.28**	6.36
Total incomes of General insurance business		**22,875.86**	19,334.63

33.3 Interest Income from investments of insurance entities

₹ in Crore

Particulars	Life Insurance		General Insurance	
	For the year ended March 31, 2023	For the year ended March 31, 2022	**For the year ended March 31, 2023**	For the year ended March 31, 2022
Interest income on financial assets:				
On financial assets measured at amortised cost	**-**	106.23	**5.54**	0.80
On financial assets measured at FVTPL	**1,126.22**	1,087.29	**-**	-
On financial assets measured at FVTOCI	**8,498.65**	6,226.88	**1,026.41**	861.96
Total	**9,624.87**	7,420.40	**1,031.95**	862.76

Notes forming part of the Consolidated Financial Statements (Continued)

33.4 Net fair value changes on Investments

₹ in Crore

Particulars	Life Insurance		General Insurance	
	For the year ended March 31, 2023	For the year ended March 31, 2022	**For the year ended March 31, 2023**	For the year ended March 31, 2022
Net gain / (loss) on Financial Instruments at Fair Value through Profit or Loss				
Investments	**(63.83)**	9,927.05	**46.62**	102.32
Derivatives	**(127.97)**	(132.00)	**-**	-
Others reclassified from OCI	**(54.26)**	82.96	**5.75**	80.21
Total Net gain / (loss) on fair value changes	**(246.06)**	9,878.01	**52.37**	182.53
Fair Value changes:				
- Realised	**4,348.12**	5,917.96	**77.37**	145.10
- Unrealised	**(4,594.18)**	3,960.05	**(25.00)**	37.43
Total Net gain / (loss) on fair value changes	**(246.06)**	9,878.01	**52.37**	182.53

34. Finance Costs

₹ in Crore

Particulars	**For the year ended March 31, 2023**	For the year ended March 31, 2022
On Financial liabilities measured at Amortised Cost		
Interest on Debt Securities	**16,252.47**	10,561.84
Interest on Borrowings	**9,454.40**	6,034.18
Interest on Deposits	**10,379.49**	9,864.80
Interest on Subordinated Liabilities	**433.04**	474.54
Interest on Lease Liabilities	**34.40**	33.16
Other Charges	**291.26**	261.83
Total Finance Costs	**36,845.06**	27,230.35

35. Impairment on Financial Instruments (Expected credit loss)

₹ in Crore

Particulars	**For the year ended March 31, 2023**		For the year ended March 31, 2022	
	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	**-**	**1,781.68**	-	1,948.04
Investments	**(12.26)**	**24.12**	93.41	1.69
Others	**-**	**0.21**	-	-
Total	**(12.26)**	**1,806.01**	93.41	1,949.73
Grand Total	**1,793.75**		2,043.14	

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 ₹ **483.14 Crore** (Previous Year ₹ 335.32 Crore) relating to interest on Credit Impaired Assets, which is netted off from interest income.

Notes forming part of the Consolidated Financial Statements (Continued)

36. Employee benefits expenses

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and Bonus	**1,736.80**	1,496.18
Contribution to Provident Fund and Other Funds	**124.59**	106.84
Staff Training and Welfare Expenses	**38.73**	24.32
Share Based Payments to employees	**259.84**	454.77
Total	**2,159.96**	2,082.11

37. Expenses pertaining to insurance business

₹ in Crore

Particulars	Life Insurance	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Acquisition Cost	**2,728.96**	1,898.64
Impairment on Financial Instruments [refer note 37.1]	**13.30**	(4.49)
Employee Benefits Expenses [refer note 37.2]	**3,092.45**	2,144.22
Depreciation, Amortisation and Impairment	**9.48**	64.46
Other Expenses [refer note 37.3]	**5,619.53**	3,927.47
Premium on Reinsurance ceded	**788.35**	573.54
Gross Benefits paid	**38,600.28**	32,588.87
Claims and other operating expenses	**50,852.35**	41,192.71
Net change in Insurance Contract Liabilities	**18,209.89**	24,527.11
Change in Policy holders' surplus to be allocated	**(1,980.09)**	(709.25)
Change in Funds for Future appropriation - Participating Fund	**(110.05)**	(49.68)
Changes in life insurance contract liabilities and surplus pending transfer	**16,119.75**	23,768.18
Total	**66,972.10**	64,960.89

₹ in Crore

Particulars	General Insurance	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Acquisition Cost	**1,429.16**	1,085.13
Impairment on Financial Instruments [refer note 37.1]	**0.10**	(0.16)
Employee Benefits Expenses [refer note 37.2]	**870.19**	667.32
Depreciation, Amortisation and Impairment	**71.42**	57.86
Other Expenses [refer note 37.3]	**1,330.58**	1,186.66
Premium on Reinsurance ceded	**7,312.10**	6,168.12
Gross Benefits paid	**11,110.58**	9,596.04
Total	**22,124.13**	18,760.97

Notes forming part of the Consolidated Financial Statements (Continued)

37.1 Impairment on financial instruments - pertaining to insurance business

₹ in Crore

Particulars	Life Insurance		General Insurance	
	For the year ended March 31, 2023	For the year ended March 31, 2022	**For the year ended March 31, 2023**	For the year ended March 31, 2022
Investments				
- Amortised Cost	**2.22**	2.06	**-**	-
- Fair Value through other Comprehensive Income	**1.03**	(8.91)	**0.10**	(0.16)
Other Standard and Non Standard Assets	**10.05**	2.36	**-**	-
Total	**13.30**	(4.49)	**0.10**	(0.16)

37.2 Employee benefits expenses - pertaining to insurance business

₹ in Crore

Particulars	Life Insurance		Non Life Insurance	
	For the year ended March 31, 2023	For the year ended March 31, 2022	**For the year ended March 31, 2023**	For the year ended March 31, 2022
Salaries and Bonus	**2,939.84**	2,044.05	**804.45**	615.05
Contribution to Provident Fund and Other Funds	**106.55**	77.86	**38.08**	31.33
Share Based Payments to Employees	**46.06**	22.31	**27.66**	20.94
Total	**3,092.45**	2,144.22	**870.19**	667.32

37.3 Other expenses - pertaining to insurance business

₹ in Crore

Particulars	Life Insurance		General Insurance	
	For the year ended March 31, 2023	For the year ended March 31, 2022	**For the year ended March 31, 2023**	For the year ended March 31, 2022
Rent, Rates & Taxes	**232.01**	113.13	**47.75**	32.65
Repairs and Maintenance	**6.89**	5.73	**24.52**	21.10
Communication Expenses	**40.03**	23.63	**9.60**	10.24
Printing & Stationery	**21.69**	16.36	**24.34**	12.59
Advertising and Publicity	**2,469.32**	1,887.58	**597.49**	426.71
Legal and Professional Charges	**289.30**	214.89	**345.04**	479.55
Travel, Conveyance and Vehicle Running Expenses	**67.19**	21.15	**48.81**	24.48
Auditors Remuneration	**2.45**	1.60	**1.12**	1.02
Bank Charges	**20.12**	25.49	**42.01**	45.83
Information Technology Expenses	**230.22**	174.88	**89.06**	70.96
General office and Other Expenses	**121.66**	96.94	**78.40**	41.21
Training Expenses	**64.14**	73.90	**22.44**	20.32
Medical Cost	**26.17**	24.70	**-**	-
Acquisition Cost for Financial Instruments designated as FVTPL	**53.51**	56.91	**-**	-
Stamp duty Expense	**175.23**	117.30	**-**	-
Business Development Expenses	**1,417.36**	705.82	**-**	-
Goods and Service Tax Expense	**382.24**	367.46	**-**	-
Total	**5,619.53**	3,927.47	**1,330.58**	1,186.66

Notes forming part of the Consolidated Financial Statements (Continued)

38. Other expenses

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Establishment Expenses		
Rent (refer note 38.1 & 38.2)	-	2.49
Rates and Taxes	**16.54**	13.69
Repairs and Maintenance - Buildings	**10.38**	8.32
General Office Expenses	**6.31**	5.86
Electricity Charges	**33.01**	29.08
Insurance Charges	**3.30**	5.22
Other Expenses		
Travelling and Conveyance	**39.69**	22.44
Printing and Stationery	**27.07**	23.32
Postage, Telephone and Fax	**66.14**	51.43
Advertising	**72.23**	51.12
Business development expenses	**87.21**	64.21
Brokerage and commision expenses relating to Mutual Fund Schemes	**12.23**	21.04
Loan Processing Expenses	**121.40**	95.77
Manpower Outsourcing	**162.34**	129.77
Repairs and Maintenance - Other than Buildings	**21.95**	22.28
Office Maintenance	**88.32**	78.21
Legal Expenses	**125.96**	57.26
Computer Expenses	**119.56**	69.49
Directors' Fees and Commission	**21.36**	16.85
Miscellaneous Expenses	**211.91**	162.55
Auditors' Remuneration [refer note 38.3]	**10.04**	9.68
CSR Expenses [refer note 39]	**284.08**	249.59
Total	**1,541.03**	1,189.67

38.1 Direct operating expenses arising from Investment property

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Direct operating expenses arising from investment property that generated rental income	**5.09**	3.44
Direct operating expenses arising from investment property that did not generate rental income	**0.96**	1.36
Total	**6.05**	4.80

Notes forming part of the Consolidated Financial Statements (Continued)

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.

Rights to use assets

Right to 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, 2023	For the year ended March 31, 2022
Opening Balance	**476.91**	358.45
Additions	**274.86**	269.37
Deductions	**(107.79)**	(10.44)
Depreciation charge (including adjustments) for the year	**(119.29)**	(140.47)
Closing Balance	**524.69**	476.91

Amount Recognised in Statement of Profit & Loss Account towards operating leases ₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest on Lease Liabilities	**34.40**	38.96
Depreciation charge for the period	**84.89**	131.47
Total	**119.29**	170.43

38.3 **Auditors' remuneration** ₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Audit / review fee *	**10.15**	8.91
Tax audit	**1.27**	1.48
Other Matters and Certification	**2.05**	1.83
Reimbursement of Expenses	**0.14**	0.08
Total	**13.61**	12.30
Less: Auditors remuneration included in other expenses pertaining to Insurance business	**3.57**	2.62
Net Auditors remuneration disclosed above	**10.04**	9.68

* Includes audit fees of ₹ **7.10 Crore** (Previous Year ₹ 6.38 Crore) and fees for quarterly limited review of ₹ **3.05 Crore** (Previous Year ₹ 2.53 Crore).

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 ₹ **279.84 crore** (Previous Year 253.59 Crore) on CSR activities during the year.

The Board of Directors of the Corporation and respective subsidiaries has approved an amount of CSR ₹ **282.73 Crore** (Previous Year ₹ 252.21 Crore, including brought forward CSR Obligation of FY 2015-16 ₹ 20.06 Crore), which was spent during the year.

The details of amounts spent towards CSR are as under: ₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
a) Construction/acquisition of any asset *	**52.67**	79.57
b) On purposes other than (a) above	**230.07**	173.53

* Includes capital assets amounting to ₹ **18.02 Crore** (Previous Year ₹ 16.36 Crore) under construction.

The Corporation has paid ₹ **187.98 Crore** (Previous Year 163.01 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, 2023	For the year ended March 31, 2022
Opening Balance *	**3.55**	5.97
Amount required to be spent during the year	**281.99**	249.51
Amount spent during the year **	**282.73**	248.71
Closing Balance	**4.3**	6.77

*The difference between previous year's closing balance & current year's opening balance denotes unutilised excess CSR spent of previous years.

Includes surplus arising out of the CSR projects or programmes or activities of ₹ **2.15 Crore (Previous year ₹ 0.12 Crore)

Details of ongoing projects ₹ in Crore

Particulars	FY 2022-23		FY 2021-22	
	With Corporation	In Separate CSR Unspent A/c	With Corporation	In Separate CSR Unspent A/c
Opening Balance	-	**3.03**	4.89	-
Amount required to be spent during the year	**148.42**	-	65.31	-
Amount spent during the year	**148.42**	**3.03**	67.17	-
Closing Balance	-	-	3.03	-

The unspent amount, pertaining to one of the subsidiary, has been transferred to Unspent CSR Account

Notes forming part of the Consolidated Financial Statements (Continued)

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, 2023	For the year ended March 31, 2022
Current Tax		
In respect of the current year	**4,353.80**	4,308.93
Deferred tax		
In respect of the current year	**76.99**	(99.24)
Total Income tax expense recognised in the current year relating to continuing operations	**4,430.79**	4,209.69

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, 2023	For the year ended March 31, 2022
Profit before tax	**20,964.81**	19,282.03
Income tax expense calculated at 25.168% (Previous Year 25.168%)	**5,276.42**	4,852.90
Effect of expenses that are not deductible in determining taxable profit	**130.30**	191.15
Effect of incomes which are taxed at different rates	**(169.90)**	(94.21)
Effect of incomes which are exempt from tax	**(190.91)**	(579.78)
Effect of additional expenses that are deductible in determining taxable profit	**(165.71)**	-
Deduction under section 36(1)(viii) of the Income tax Act, 1961	**(487.38)**	(459.32)
Others	**37.97**	298.95
Income tax expense recognised in statement of profit and loss	**4,430.79**	4,209.69

The tax rate used for the reconciliations above is the corporate tax rate of 25.168% for the year 2022-23 and 2021-22 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, 2023	Year ended March 31, 2022
Other Comprehensive Income		
Items that will not be reclassified to profit or loss		
Changes in Fair Value of FVOCI Equity Instruments	**(1,256.06)**	(310.07)
Remeasurements of Post-Employment Benefit Obligations	**(28.06)**	(10.30)
Total	**(1,284.12)**	(320.37)
Income tax relating to these items	**132.68**	55.14

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Items that may be reclassified to Profit or Loss		
Changes in Fair Value of FVOCI Debt Instruments	**(2,227.08)**	(3,368.48)
Changes in Fair Value of FVOCI Debt Instruments - Pending transfer to Shareholders	**1,970.87**	3,186.16
Deferred gains on Cash Flow Hedges	**354.85**	383.99
Effect of foreign operations	**(0.04)**	-
Deferred costs of Hedging	**(273.48)**	(252.96)
Total	**(174.88)**	(51.29)
Income tax relating to these items	**17.19**	(18.08)
Share of Other Comprehensive Income of an Associate (Refer note 9)	**(411.42)**	(396.61)
Other Comprehensive Income for the Year	**(1,720.55)**	(731.21)

42. Employee benefits plan

A. **Defined contribution plans**

The Holding Company recognised ₹ **16.20 Crore** (Previous Year ₹ 15.47 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 ₹ **788.68 Crore** and ₹ **775.04 Crore** respectively (Previous Year ₹ 679.45 Crore and ₹ 666.06 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 less then 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 **7.50%** (Previous Year 7.25 %) and an average expected future period of **14 years** (Previous Year 14 years). Expected guaranteed interest rate (weighted average yield) is **8.16%** (Previous Year 8.07 %)

The Corporation has recognised ₹ **36.23 Crore** (Previous Year ₹ 30.01 Crore) for provident fund contributions in the statement of profit and loss. The contributions payable to these plans by the Corporation are at rates specified in the rules of the schemes.

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.

Notes forming part of the Consolidated Financial Statements (Continued)

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.

i. 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.

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.

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, 2023	As at March 31, 2022
Discount Rate	**6.90% to 7.50%**	5.75% to 7.25%
Return on Plan Assets	**7.31% to 7.50%**	6.50% to 7.25%
Salary Escalation	**6.00% to 8.00%**	5.00% to 10.00%

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

Amount recognised in Consolidated Statement of Profit and Loss in respect of these defined benefit plan are as follows.

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Service Cost:		
Current Service Cost	**56.17**	46.16
Interest Cost	**6.23**	10.30
Components of defined benefit costs recognised in profit or loss	**62.40**	56.46
Remeasurement on the net defined benefit liability:		
Actuarial (Gains)/Losses on Obligation For the Period	**21.37**	(0.40)
Return on Plan Assets, Excluding Interest Income	**9.38**	(2.60)

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Components of defined benefit costs recognised in Other Comprehensive Income	**30.75**	(3.00)
Total	**93.15**	53.46

The current service cost and the net interest expense for the year are included in the 'Employee benefits expenses' line item in the consolidated 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, 2023	As at March 31, 2022
Present value of funded defined benefit obligation	**442.57**	591.25
Fair value of plan assets	**436.60**	462.95
Net Liability arising from defined benefit obligation	**5.97**	128.30

Movement in the present value of the Defined Benefit Obligation are as follows.

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Defined Benefit Obligation	**591.25**	546.68
Current Service Cost	**55.97**	46.16
Interest Cost	**36.49**	36.26
Benefits Paid	**(120.80)**	(37.83)
Transfer In/(Out)	**17.45**	-
Actuarial Gains - Due to change in Financials Assumptions	**(17.23)**	(9.50)
Actuarial Losses - Due to experience & Demographic assumptions	**38.55**	9.28
Other adjustments	**(0.10)**	0.20
Closing Defined Benefit Obligation	**601.58**	591.25

The Liability at the end of the year ₹ **339.46 Crore** (Previous Year ₹ 375.06 Crore) includes ₹ **Nil** (Previous Year ₹ 79.55 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, 2023	As at March 31, 2022
Opening Fair Value of Plan Assets	**462.95**	427.08
Expected Return on Plan Assets	**33.08**	28.21
Contributions	**33.11**	28.84
Actuarial Loss on Plan Assets	**(6.10)**	(3.81)
Benefits paid	**(26.04)**	(17.52)
Other Adjustments	**13.94**	0.15
Closing Fair Value of Plan Assets	**510.94**	462.95

Notes forming part of the Consolidated Financial Statements (Continued)

Investment pattern

% Invested

Particulars	As at March 31, 2023	As at March 31, 2022
Central Government Securities	**9.16%**	3.68%
State Government Securities/Securities guaranteed by State/Central Government	**26.59%**	28.34%
Public Sector / Financial Institutional Bonds	**12.85%**	6.12%
Private Sector Bonds	**16.63%**	19.24%
Deposits with Banks and Financial Institutions	**1.04%**	0.76%
Insurance fund	**23.46%**	34.07%
Others (including Bank balances)	**10.26%**	7.79%
Total	**100.00%**	100.00%

Sensitivity analysis gratuity funds

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Projected Benefit Obligation on Current Assumptions	**469.29**	431.04
Delta Effect of +1% Change in Rate of Discounting	**(83.36)**	(108.06)
Delta Effect of -1% Change in Rate of Discounting	**175.31**	136.23
Delta Effect of +1% Change in Rate of Salary Increase	**(175.18)**	136.16
Delta Effect of -1% Change in Rate of Salary Increase	**(82.71)**	(108.55)
Delta Effect of +1% Change in Rate of Employee Turnover	**125.98**	93.24
Delta Effect of -1% Change in Rate of Employee Turnover	**(125.85)**	(97.39)

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

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

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

Projected Benefits Payable in Future Years From the Date of Reporting

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
1st Following Year	**72.14**	64.74
2nd Following Year	**54.60**	39.12
3rd Following Year	**69.49**	36.44
4th Following Year	**43.03**	59.02
5th Following Year	**42.94**	35.99
Sum of Years 6 To 10	**216.21**	172.15
Sum of Years 11 and above	**776.32**	643.29

Notes forming part of the Consolidated Financial Statements (Continued)

43. Earnings per Share:

In accordance with the Indian Accounting Standard (Ind AS) 33 on 'Earnings Per Share':

In calculating the Basic Earnings Per Share, the Profit After Tax of ₹ **26,160.91 Crore** (Previous Year ₹ 22,594.69 Crore) has been adjusted for amounts utilised out of Shelter Assistance Reserve of ₹ **0.03 Crore** (Previous Year ₹ 0.04 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	**143.77**	124.97
Effect of outstanding Stock Options & Warrants	**(1.23)**	(1.32)
Diluted Earnings Per Share	**142.54**	123.65

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	**181.96**	180.80
Effect of outstanding Stock Options & Warrants	**1.58**	1.93
Weighted average number of shares for computation of Diluted Earnings Per Share	**183.54**	182.73

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 ₹ **2,704.87 Crore** (Previous Year ₹ 2,589.48 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, Goods and Services tax, interest on lease tax, and payment towards employers' contribution to ESIC not provided for by the Group amounts to ₹ **513.61 Crore** (Previous Year ₹ 297.18 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.

Notes forming part of the Consolidated Financial Statements (Continued)

44.3 Contingent liability in respect of guarantees and undertakings comprise of the following:

a) Guarantees ₹ **88.14 Crore** (Previous Year ₹ 368.18 Crore).

b) Corporate undertakings for securitisation of receivables aggregated to ₹ **1,152.71 Crore** (Previous Year ₹ 931.20 Crore). The outflows would arise in the event of a shortfall, if any, in the cash flows of the pool of the securitised receivables.

In respect of these guarantees and undertaking, the management does not believe, based on currently available information, that the maximum outflow that could arise, will have a material adverse effect on the Corporation's financial condition.

44.4 Estimated amount of contracts remaining to be executed on capital account and investment commitment on venture fund, alternative investment fund not provided for (net of advances) is ₹ **874.38 Crore** (Previous Year ₹ 2,699.06 Crore).

44.5 Claims not acknowledged as debt and other contingent liabilities in respect of a subsidiary company amounts to ₹ **47.99 Crore** (Previous Year ₹ 40.74 Crore)

44.6 The Group's share in commitments and contingent liabilities in relation to associates in 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, 2023

₹ in Crore

Particulars	Loans	Life Insurance	General Insurance	Asset Management	Others	Inter-segment adjustments	Unallocated	Total
Segment Revenue	61,575.83	68,832.47	23,168.83	2,314.27	1,313.79	(4,532.07)	324.52	1,52,997.64
Segment Result	20,384.24	1,183.18	805.23	1,560.37	591.14	(3,883.87)	324.52	20,964.81
Share of profit of associates	-	-	-	-	-	-	11,165.74	11,165.74
Current tax	-	-	-	-	-	-	4,353.80	4,353.80
Deferred tax	-	-	-	-	-	-	76.99	76.99
Total Profit after tax	20,384.24	1,183.18	805.23	1,560.37	591.14	(3,883.87)	7,059.47	27,699.76
Segment Assets	7,15,054.79	2,57,969.77	32,509.57	7,185.84	741.34	-	78,067.53	10,91,528.84
Segment Liabilities	6,04,691.37	2,42,261.97	27,703.27	394.97	222.65	-	941.84	8,76,216.07
Capital employed	1,10,363.42	15,707.80	4,806.30	6,790.87	518.69	-	77,125.69	2,15,312.77
Other Information								
Capital Expenditure	113.53	86.68	134.43	16.60	31.21	-	-	382.45
Depreciation	217.47	188.58	112.42	44.85	33.48	-	-	596.80
Non cash expenses other than Depreciation	2,021.64	52.90	39.20	16.82	-	-	-	2,130.56

Notes forming part of the Consolidated Financial Statements (Continued)

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

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.

h) **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.

Notes forming part of the Consolidated Financial Statements (Continued)

Revenue from external customers:

₹ in Crore

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
India	**1,52,839.08**	1,35,830.72
United Arab Emirates	**146.09**	122.52
Singapore	**11.80**	13.22
Mauritius	**0.67**	1.62
Total	**1,52,997.64**	1,35,968.08

Assets other than financial instruments and tax assets:

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
India	**14,879.72**	14,540.64
United Arab Emirates	**4.32**	3.24
Singapore	**0.76**	0.15
Mauritius	**0.01**	-
Total	**14,884.81**	14,544.03

No single customer represents 10% or more of the Group's total revenue for the year ended March 31, 2023 and March 31, 2022.

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
Equivivalent 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 2-May-22 29-Jul-22 27-Mar-23	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

^ since vested prior to Ind AS transition date of April 1, 2017

Notes forming part of the Consolidated Financial Statements (Continued)

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 mode 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.

Movement during the year in the options under ESOS-20, ESOS-17, ESOS-14, ESOS-08 and ESOS-07:

Details of Activity in the options as at March 31, 2023

Number of options

Particulars	ESOS-20	ESOS-17	ESOS-14*	ESOS-08*	ESOS-07*
Outstanding at the beginning of the year	**3,67,76,524**	**2,28,15,895**	**2,283**	**4,874**	**5,287**
Granted during the year	**60,38,952**	-	-	-	-
Exercised during the year	**57,55,040**	**1,57,68,367**	**741**	-	-
Lapsed during the year	**5,79,183**	**12,376**	**56**	-	-
Outstanding at the end of the year	**3,64,81,253**	**70,35,152**	**1,486**	**4,874**	**5,287**
Unvested at the end of the year	**68,60,413**	-	-	-	-
Exercisable at the end of the year	**2,96,20,840**	**70,35,152**	**1,486**	**4,874**	**5,287**
Weighted average price per option (₹)	**1,870.16**	**1,573.22**	**5,073.25**	**1,350.60**	**2,149.00**
Weighted average remaining contractual life (years)	**4.34**	**0.36**	-	-	-

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	-	-

* 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 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.

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,

Notes forming part of the Consolidated Financial Statements (Continued)

ESOS-2014, ESOS-2008 and ESOS-2007, as on the date of grant, are as follows :

Particulars	ESOS-2020^	ESOS-2017^	ESOS-2014	ESOS-2008	ESOS-2007
Risk-free interest rate (p.a.)	4.33%	6.62%	8.28%	6.94%	7.70%
Expected life	Upto 4 years	Upto 3 years	Upto 3 years	Upto 2 years	Upto 2 years
Expected volatility of share price	21%	16%	15%	29%	19%
Expected growth in dividend (p.a.)	20.00%	20%	20%	20%	20%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 232.42	₹ 275.40	₹ 1,035.91	₹ 238.79	₹ 307.28

The key assumptions used in Black-Scholes model for calculating fair value under ESOS-2020 granted are as follows :

Particulars	ESOS-2020 (Tranch - III)	ESOS-2020 (Tranch - IV)	ESOS-2020 (Tranch - V)	ESOS-2020 (Tranch - VI)	ESOS-2020 (Tranch - VII)	ESOS-2020 (Tranch - VIII)
Financial Year	2021-22	2021-22	2021-22	2022-23	2022-23	2022-23
Risk-free interest rate (p.a.)	5.41% - 5.84%	5.91% - 6.30%	6.00% - 6.41%	5.64% - 6.33%	6.73% - 6.93%	7.15% - 7.26%
Expected life	upto 5 years	upto 5 years	upto 5 years	upto 5 years	upto 5 years	upto 5 years
Expected volatility of share price	20.55%	20.31%	23.96%	18.89%	20.34%	19.68%
Dividend Yield (p.a.)	1.01%	1.01%	1.01%	1.01%	1.05%	1.05%
The weighted average fair value, as on the date of grant (per Stock Option)	₹ 441.05	₹ 461.78	₹ 481.40	₹ 299.30	₹ 344.69	₹ 380.07

Volatility is measure of the amount by which price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in Black-Scholes Model is the annualised standard deviation of the continuously compounded rates of return on stock over a period of time.

^ The holding company's stock based compensation expense determined under fair value based method and charged to the statement of profit and loss is ₹ **204.81 Crore** (Previous Year ₹ 390.24 Crore).

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. Ltd

Investing Party and its Group Companies

ERGO International AG

Munich Re

Abrdn Investment Management Limited (Formerly known as Standard Life Investments Limited)

Standard Life (Mauritius Holdings) 2006 Limited

Post employment benefit plans of the Corporation or its related entities *(where there are transactions)*

Housing Development Finance Corporation Limited - Provident Fund

Superannuation Fund of Housing Development Finance Corporation Limited

Gratuity Fund of Housing Development Finance Corporation Limited

Entities over which control is exercised

H. T. Parekh Foundation

HDFC Employees Welfare Trust

HDFC Employees Welfare Trust -II

Notes forming part of the Consolidated Financial Statements (Continued)

Associates

Gratuity Assurance Scheme

HDFC Capital Advisors Limited Gratuity Fund

HDFC ERGO General Insurance Company Limited Superannuation Fund

HDFC ERGO General Insurance Company Limited Employees Gratuity Trust

Key Management Personnel (Whole-time Directors)

Mr. Keki M. Mistry (Vice Chairman & CEO)

Ms. Renu Sud Karnad (Managing Director)

Mr. V. Srinivasa Rangan (Executive Director)

Key Management Personnel (Non-executive directors)

Mr. Deepak S. Parekh (Chairman)

Mr. Nasser Munjee (upto July 20, 2021)

Dr. J. J. Irani (upto July 20, 2021)

Mr. Upendra Kumar Sinha

Ms. Ireena Vittal

Dr. Bhaskar Ghosh

Mr. Jalaj Dani

Mr Rajesh Gupta (w.e.f. August 2, 2021)

Mr. P. R. Ramesh (w.e.f. August 2, 2021)

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

Investing Party and its Group Companies

Maharashtra 3E Education trust (upto July 6,2022)

3E Education trust (upto July 6,2022)

Entities where Directors/Close family members of Directors of the Corporation have control / significant influence
(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 Nurrotumdas Medical Research Society

Kapadwanj Kelavani Mandal

SNG & Partners

Relatives of Key Management Personnel (Whole-time Directors)
(where there are transactions)

Mr Singhal Nikhil

Mr. Ashok Sud

Mr. Bharat Karnad

Ms. Arnaaz K Mistry

Ms. Tinaz K Mistry

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, 2023	March 31, 2022
Investing Party and its Group Companies	Consultancy, fees & other income	-	0.45
	Reinsurance Income	**1,363.48**	1,132.71
	Interest Expense	**1.57**	11.22
	Other Expenses / Payments	**12.40**	9.02
	Reinsurance Expenses	**2,367.47**	1,754.72
	Non-Convertible Debentures - closing balance	-	40.00
	Other Liabilities / Payables	**1,880.18**	1,186.35
	Provisions	**267.45**	267.27
Associates^	Dividend Income	**1,805.16**	757.01
	Rent Income	**0.45**	1.30
	Support cost recovered (Prorata Building Maintainence Cost)	**0.54**	0.35
	Premium Received	**247.70**	175.19
	Interest Income	**66.92**	40.22
	Reimbursement of Cost	**1.94**	1.88
	Other Income / Receipts	**720.34**	597.86
	Interest Expense	-	0.20
	Finance cost (Derivative settlements)	**(78.54)**	(135.12)
	Bank & Other Charges	**27.49**	22.66
	Provision for Diminution in the value of Investments	-	-
	Other expenses / payments (including DSA Commission)	**3,389.26**	2,856.49
	Investments made	**1,318.01**	353.10
	Investments - closing balance	**1,022.31**	1,077.22
	Loans repaid	-	11.00
	Loans Sold	**36,910.13**	28,205.24
	Bank Deposits placed	**4,475.23**	4,295.74
	Bank Deposits matured / withdrawn	**5,079.22**	4,060.19
	Bank Balance and Deposits Closing balance	**1,578.98**	1,755.58
	Trade Receivable	**0.97**	2.01
	Other advances / receivables	**145.64**	248.73
	Prepaid Premium	-	0.11
	Other Liabilities / Payables	**275.14**	208.28
	Amounts payable - Securitised Loans	**536.49**	363.58

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Nature of related party	Nature of Transaction/s	March 31, 2023	March 31, 2022
Associates^	Deposits repaid / matured	-	50.00
	Dividend Paid	**0.25**	0.30
	Corporate undertakings for securitisation and assignment of loans	**1,054.88**	1,054.88
	Issuance of Bank Guarantee	**0.35**	-
Entities over which control is exercised	Support cost recovered (Deputation cost recovered)	**0.05**	0.07
	Interest Income	**1.73**	1.31
	Interest Expense	-	0.71
	CSR Expenditure	**187.98**	163.01
	Deposits repaid / matured	-	11.25
	Loans given	**10.69**	6.70
	Loans - closing balance	-	19.31
	Dividend Paid	**0.19**	0.14
Entities over which Director / closed family member of director having control/ jointly control	Interest Expense	**3.18**	4.17
	Other Expenses / Payments	**1.12**	
	Deposits Received	**30.60**	22.74
	Deposits repaid / matured	**30.15**	45.21
	Deposits - closing balance	**47.45**	46.51
	Other Liabilities / Payables	**0.38**	0.43
Post employment benefit plans of the Corporation or its related entities	Interest Expense	-	0.03
	Contribution to provident fund & other funds	**83.91**	77.16
	Investments - closing balance	**25.26**	22.74
	Non-Convertible Debentures - redemption	-	1.00
	Other Advances / Receivables	**0.16**	-
	Other Liabilities / Payables	**28.30**	6.20
Key Management Personnel (Whole-time directors)	Premium Received	**4.08**	0.08
	Interest Expense	**1.77**	1.50
	Remuneration #	**49.85**	46.25
	Sitting Fees	**1.04**	1.18
	Share based payments $	**9.14**	35.05

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Nature of related party	Nature of Transaction/s	March 31, 2023	March 31, 2022
Key Management Personnel (Whole-time directors)	Dissolution of Pension scheme	**79.55**	-
	Sale of assets	**8.89**	-
	Other Expenses / Payments	**-**	0.20
	Consultancy, Fees & Other Charges	**1.28**	0.53
	Deposits Received	**33.48**	0.24
	Deposits repaid / matured	**21.04**	0.04
	Deposits Closing balance	**33.69**	21.25
	Other Liabilities / Payables	**1.27**	2.35
	Dividend Paid	**14.26**	10.54
Key Management Personnel (Non-executive directors)	Premium Received	**10.00**	10.01
	Interest Expense	**-**	0.02
	Sitting Fees	**1.13**	1.10
	Commission^^	**9.92**	6.85
	Other Expenses/ Payments	**0.41**	0.85
	Consultancy, Fees & Other Charges	**0.43**	0.18
	Other Income/ Receipts	**0.23**	-
	Sale of assets	**27.96**	-
	Termination of benefits agreement	**10.88**	-
	Other Liabilities / Payables	**-**	0.02
	Dividend Paid	**3.92**	3.25
Relatives of Key Management Personnel (Whole-time directors)	Premium Received	**1.08**	1.03
	Interest Income	**0.42**	0.02
	Interest Expense	**0.44**	0.18
	Loans repaid	**0.09**	0.30
	Loans given	**6.79**	-
	Loans Closing balance	**6.69**	-
	Deposits Received	**12.60**	0.35
	Deposits repaid / matured	**2.57**	-
	Deposits Closing balance	**12.95**	2.92
	Other Liabilities / Payables	**0.32**	0.23
	Dividend Paid	**1.98**	1.51

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Nature of related party	Nature of Transaction/s	March 31, 2023	March 31, 2022
Relatives of Key Management Personnel (Non-executive directors)	Premium Received	**2.00**	0.20
	Interest Expense	**1.30**	1.41
	Other Expenses/ Payments	**0.13**	0.13
	Deposits Received	**20.03**	6.48
	Deposits repaid / matured	**17.55**	6.29
	Deposits - closing balance	**20.78**	18.30
	Other Liabilities / Payables	**0.74**	2.31
	Dividend Paid	**4.82**	3.70

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, 2023			As at March 31, 2022		
	Within 12 months	**After 12 months**	**Total**	Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	**2,723.74**	**-**	**2,723.74**	2,255.08	-	2,255.08
Bank balance other than (a) above	**613.98**	**125.19**	**739.17**	315.92	58.45	374.37
Derivative financial instruments	**1,144.17**	**1,118.84**	**2,263.01**	184.02	1,169.26	1,353.28
Trade receivables	**332.39**	**4.23**	**336.62**	368.76	-	368.76
Loans	**92,425.65**	**532,125.89**	**624,551.54**	94,350.58	4,69,569.74	5,63,920.32
Investments	**76,742.30**	**78,742.30**	**155,484.60**	51,122.17	68,334.48	1,19,456.65
Assets pertaining to life insurance business	**22,585.06**	**224,782.20**	**247,367.26**	28,353.41	1,98,686.34	2,27,039.75

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

ASSETS	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets pertaining to non - life Insurance business	4,214.54	25,197.54	29,412.08	3,651.57	22,515.46	26,167.03
Other financial assets	6,160.77	1,694.01	7,854.78	3,358.46	2,683.65	6,042.11
Non-Financial Assets						
Current tax asset	-	4,163.11	4,163.11	-	3,261.67	3,261.67
Deferred tax assets (Net)	-	1,748.12	1,748.12	-	1,566.15	1,566.15
Investment property	-	2,819.35	2,819.35	-	2,787.22	2,787.22
Property, plant and equipment	-	2,018.98	2,018.98	-	1,882.39	1,882.39
Other intangible assets	-	2,492.81	2,492.81	-	2,785.61	2,785.61
Capital work-in-progress	-	11.90	11.90	-	1.35	1.35
Intangible assets under development	-	87.11	87.11	-	37.94	37.94
Other non-financial assets	1,936.78	40.01	1,976.79	1,186.72	529.15	1,715.87
Non current non financial assets held for sale	188.43	-	188.43	44.21	-	44.21
Goodwill on consolidation	-	5,289.44	5,289.44	-	5,289.44	5,289.44
Total Assets	209,673.32	881,855.52	1,091,528.84	1,85,190.90	7,81,158.30	9,66,349.20
LIABILITIES						
Financial Liabilities						
Derivative financial instruments	507.95	5,373.38	5,881.33	135.47	4,145.46	4,280.93
Trade and other payables	5,586.49	107.80	5,694.29	4,178.28	383.06	4,561.34
Debt securities	22,959.93	233,277.32	256,237.25	23,744.81	1,74,038.75	1,97,783.56
Borrowings (Other than debt securities)	40,073.80	128,743.82	168,817.62	29,990.49	1,14,676.65	1,44,667.14
Deposits	39,757.86	112,183.21	151,941.07	48,527.33	1,12,256.50	1,60,783.83
Subordinated liabilities	48.66	5,220.29	5,268.95	-	4,225.00	4,225.00
Liabilities pertaining to life insurance business	38,225.57	197,621.36	235,846.93	34,944.84	1,82,433.02	2,17,377.86
Liabilities pertaining to non life insurance business	14,918.58	11,189.60	26,108.18	12,523.80	9,412.59	21,936.39
Other financial liabilities	17,089.35	160.75	17,250.10	12,791.15	2,287.95	15,079.10
Non-Financial Liabilities						
Current tax liabilities (Net)	607.36	-	607.36	482.08	-	482.08
Deferred tax liabilities (Net)	-	334.49	334.49	-	119.25	119.25
Provisions	309.92	126.65	436.57	295.78	120.78	416.56
Other non-financial liabilities	1,763.34	28.59	1,791.93	1,738.29	267.53	2,005.82
Total Liabilities	182,056.95	694,159.12	876,216.07	1,69,352.32	6,04,366.54	7,73,718.86
Net Assets	27,616.37	187,696.40	215,312.77	15,838.58	1,76,791.76	1,92,630.34

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, 2023	As at March 31, 2022
Net debt	**5,79,541.15**	5,05,204.45
Total Equity	**2,15,312.77**	1,92,630.34
Net debt to equity ratio	**2.69 : 1**	2.62 : 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.

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Particulars	As at March 31, 2023			As at March 31, 2022		
	FVTPL	FVOCI / Cash flow hedge reserve	Amortised cost	FVTPL	FVOCI / Cash flow hedge reserve	Amortised cost
Financial Assets						
Mutual Funds	**10,938.59**	**-**	**-**	7,562.47	-	-
Government Securities	**-**	**390.36**	**63,358.03**	-	118.02	36,932.55
Equity Shares	**1,182.27**	**3,562.24**	**-**	1,348.62	6,257.60	-
Preference Shares	**36.30**	**44.70**	**4.23**	14.20	-	3.84
Debentures	**194.79**	**-**	**1,615.22**	271.60	5.94	1,804.13
Pass-through Certificates	**-**	**-**	**11.01**	-	-	14.32
Security Receipts	**0.00**	**-**	**-**	139.49	-	-
Investment in Units of Venture Capital Fund	**1,994.17**	**-**	**-**	1,777.60	-	-
Derivative Financial Assets	**368.55**	**1,894.46**	**-**	392.80	960.48	-
Trade Receivables	**-**	**-**	**336.62**	-	-	368.76
Loans	**-**	**-**	**6,24,551.54**	-	-	5,63,920.32
Other Financial Assets (including Insurance entities)	**96,377.13**	**1,56,201.66**	**32,055.33**	96,362.07	1,24,825.31	38,061.51
Total financial assets	**1,11,091.80**	**1,62,093.42**	**7,21,931.98**	1,07,868.85	1,32,167.35	6,41,105.43
Financial liabilities						
Derivative Financial Liabilities	**5,488.68**	**392.65**	**-**	3,821.76	459.17	-
Trade and Other Payables	**-**	**-**	**5,694.29**	-	-	4,561.34
Debt Securities	**1,56,758.17**	**-**	**99,479.08**	1,31,616.19	-	66,167.37
Borrowings	**12,968.61**	**-**	**1,55,849.01**	9,840.38	-	1,34,826.76
Deposits	**46,377.40**	**-**	**1,05,563.67**	-	-	1,60,783.83
Subordinated Liabilities	**2,936.92**	**1,268.48**	**1,063.55**	2,977.17	597.88	649.95
Other Financial Liabilities (including Insurance entities)	**2,33,238.60**	**-**	**45,966.61**	1,92,655.13	-	61,738.22
Total Financial Liabilities	**4,57,768.38**	**1,661.13**	**4,13,616.21**	3,40,910.63	1,057.05	4,28,727.47

Note: The table above, does not include Cash and Cash Equivalents, Bank Balances and Investments in Associates.

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Financial Assets and Liabilities measured at Fair Value	Level 1	Level 2	Level 3	Total
As at March 31, 2023				
Financial Assets				
Financial Investments at FVTPL				
Mutual Funds	10,938.59	-	-	10,938.59
Equity Shares	669.33	-	512.94	1,182.27
Preference Shares	-	-	36.30	36.30
Debentures	-	-	194.79	194.79
Security Receipts	-	-	-	-
Investment in Units of Venture Funds / Alternate Investment Funds / REITs	281.36	-	1,712.81	1,994.17
Other financial assets (including Insurance entities)	85,511.96	9,085.35	1,779.82	96,377.13
Derivatives designated as Hedges				
-Interest Rate Swaps	-	368.55	-	368.55
Financial Investments at FVTOCI				
Equity Shares	3,553.98	-	8.26	3,562.24
Preference Shares	-	44.70	-	44.70
Government securities	390.36	-	-	390.36
Debentures	-	-	-	-
Other financial assets (including Insurance entities)	1,17,298.69	38,902.97	-	1,56,201.66
Derivative Financial Assets (designated as hedges)	-	1,894.46	-	1,894.46
Total Financial Assets	**2,18,644.27**	**50,296.03**	**4,244.92**	**2,73,185.22**
Financial Liabilities				
Financial Liabilities designated as fair value	-	2,20,309.58	-	2,20,309.58
Derivatives classified as fair value	-			
- Interest Rate Swaps INR	-	5,565.02	-	5,565.02
- Interest Rate Swaps USD	-	33.03	-	33.03
- Forwards	-	-	-	-
- Currency Swaps	-	283.28	-	283.28
Total Financial Liabilities	**-**	**2,26,190.91**	**-**	**2,26,190.91**

Notes forming part of the Consolidated Financial Statements (Continued)

₹ in Crore

Financial Assets and Liabilities measured at Fair Value	Level 1	Level 2	Level 3	Total
As at March 31, 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
Derivatives designated as Hedges	-	392.80	-	392.80
Other Financial Assets (Including Insurance entities)	87,001.71	8,002.53	1,357.83	96,362.07
Financial Investments at FVTOCI				
Government securities	118.02	-	-	118.02
Equity investments	6,257.60	-	-	6,257.60
Debentures	-	-	5.94	5.94
Derivative Financial Assets	-	960.48		960.48
Other Financial Assets (Including Insurance entities)	96,770.26	28,002.23	52.82	1,24,825.31
Total Financial Assets	1,99,058.68	37,358.04	3,618.26	2,40,034.98
Financial Liabilities				
Financial Liabilities designated as fair value	-	1,45,031.62	-	1,45,031.62
Derivatives classified as fair value	-			
- 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	-	1,49,312.56	-	1,49,312.56

Valuation technique used to determine fair value

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Corporation determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the company and other valuation models.

The Corporation measures financial instruments, such as investments (other than equity investments in Subsidiaries, Joint Ventures and Associates) at fair value.The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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 unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

₹ in Crore

Particulars	Sensitivity		31 March 2023	31 March 2022	Significant unobservable inputs*
	Favourable	Un-favourable			
Unquoted equity shares	A positive change in the Valuation Factor by 10% increases the fair value by **₹ 52.92 Crore** (Previous Year ₹ 49.31 Crore).	An adverse change in the Valuation Factor by 10% reduces the fair value by **₹ 49.07 Crore** (Previous Year ₹ 49.07 Crore).	**521.20**	485.10	Valuation Factor
Locked in shares of Yes Bank Ltd	A positive change in the Valuation Factor by 10% increases the fair value by **₹ Nil** (Previous Year ₹ 91.73 Crore).	An adverse change in the Valuation Factor by 10% reduces the fair value by **₹ Nil Crore** (Previous Year ₹ 91.73 Crore).	**-**	917.24	Valuation Factor
Convertible Debentures	A positive change in the Valuation Factor by 10% increases the fair value by **₹ 7.49 Crore** (Previous Year ₹ 8.03 Crore).	An adverse change in the Valuation Factor by 10% reduces the fair value by **₹ 8.03 Crore** (Previous Year ₹ 8.03 Crore).	**74.90**	80.26	Valuation Factor
Venture Funds	Increase in NAV by 10% increases the fair value by **₹ 132.86 Crore** (Previous Year ₹ 113.88 Crore).	Decrease in NAV by 10% reduces the fair value by **₹ 115.42 Crore** (Previous Year ₹ 115.42 Crore).	**1,488.49**	1,255.57	Net Asset Value
Security Receipts	Increase in NAV by 10% increases the fair value by **₹ Nil** (Previous Year is ₹ Nil).	Decrease in NAV by 10% reduces the fair value by **₹ Nil** (Previous Year ₹ Nil).	**0.00**	0.02	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, 2023			As at March 31, 2022		
	Carrying Value	Fair Value	Fair Value hierarchy	Carrying Value	Fair Value	Fair Value hierarchy
Financial Assets at Amortised Cost						
Government Securities	**63,358.03**	**60,780.53**	**Level 2**	36,932.55	35,616.04	Level 2
Preference Shares	**4.23**	**4.23**	**Level 3**	3.84	-	Level 3
Debentures	**1,615.22**	**1,600.95**	**Level 3**	1,804.13	1,804.13	Level 3
Pass-through Certificates	**11.01**	**10.85**	**Level 3**	14.32	153.81	Level 3
Total Financial Assets	**64,988.49**	**62,396.56**		38,754.84	37,573.98	
Financial Liabilities						
Non Convertible Debentures	**2,13,205.02**	**2,13,007.62**	**Level 2**	1,63,889.93	1,71,084.67	Level 2
Synthetic Rupee Denominated Bonds	**500.00**	**500.92**	**Level 2**	1,800.00	1,838.29	Level 2
Deposits	**1,52,506.06**	**1,51,941.07**	**Level 2**	1,61,353.03	1,61,967.74	Level 2
Subordinated Liabilities	**4,000.47**	**3,858.55**	**Level 2**	3,000.00	3,232.04	Level 2
Total Financial Liabilities	**3,70,211.55**	**3,69,308.16**		3,30,042.96	3,38,122.74	

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.

For the purpose of above disclosure, Non convertible debentures amounting to ₹ **1,56,758.17 crore** (Previous Year ₹ 1,31,616.19 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 ₹ **6,24,551.54 Crore** (as at March 31, 2021 ₹ 5,63,920.32 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 annualised Government bond yield provided by FBIL and corresponding Fortnightly Corporate bond 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.

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 interms of ability to raise capital and its cash flow adequacy (financial risk);
- the borrower’s relative market position and operating efficiency (business risk);
- the quality of management by analysing their track record, payment record and financial conservatism (management risk); and
- the risks with respect to specific projects, both pre-implementation, such as construction risk and funding risk, as well as post-implementation risks such as industry, business, financial and management risks related to the project (project risk).

Restructuring, ECLGS and Moratorium Guidelines issued by RBI are adopted for loans on a selective basis, after assessing the impact of COVID-19 pandemic on their businesses.

Lease Rental Discounting

Loan is given against assured sum of rentals/receivables. The risk assessment procedure include:

- carrying out a detailed evaluation of terms of Lease / Leave and License Agreements such as lease rental receivables, term of the leases and periodicity of rentals.
- conducting due diligence on and appraisal of Borrowers / Lessors and Lessees a including due diligence of project/property. These Loans are secured by project property and serviced from rentals/ receivables.

Notes forming part of the Consolidated Financial Statements (Continued)

Construction Finance

The Corporation has a framework for the appraisal and execution of project finance transactions. The Corporation believes that this framework creates optimal risk identification, allocation and mitigation and helps minimize residual risk.

The project finance approval process begins with a detailed evaluation of technical, commercial, financial, marketing and management factors and the sponsor's financial strength and experience.

As part of the appraisal process, a risk matrix is generated, which identifies each of the project risks, mitigating factors and residual risks associated with the project. After credit approval, a letter of intent is issued to the borrower, which outlines the principal financial terms of the proposed facility, sponsor obligations, conditions precedent to disbursement, undertakings from and covenants on the borrower.

After completion of all formalities by the borrower, a loan agreement is entered into with the borrower.

Project finance loans are generally fully secured and have full recourse against the borrower. In most cases, the Corporation has a security interest and first lien on all the fixed assets. Security interests typically include property, plant and equipment as well as other tangible assets of the borrower, both present and future. The Corporation also takes additional credit comforts such as corporate or personal guarantees from one or more sponsors of the project.

The Corporation requires the borrower to submit periodic reports and continue to monitor the credit exposure until loans are fully repaid.

Further since both Lease Rental Discounting and Construction Finance Facilities are mostly serviced from receivables from the projects/property financed, all the cash flows are charged to the Corporation, and are ring fenced by way of Escrow mechanism. Under this mechanism all such receivables flow into Escrow Account from where amounts are directly credited into the Corporation's account.

During the year, additional credit checks were introduced in the non-retail policy in accordance with certain regulatory measures announced by RBI to mitigate the burden of debt servicing as a result of disruptions in cash flow due to the COVID -19 pandemic.

Restructuring of Accounts

The economic fallout on account of COVID-19 pandemic has led to significant financial stress for many borrowers. Considering the above, with the intent to facilitate revival and to mitigate the impact on ultimate borrowers, Reserve Bank of India (RBI) introduced measures under the Resolution Framework for COVID-19. As per the RBI Framework, the Corporation established a policy to provide resolution for eligible borrowers having stress on account of COVID-19 in line with the RBI Guidelines.

As advised under the said circular and Corporation's policy, the eligibility of customers was assessed, so as to understand the extent of financial stress caused due to COVID-19, i.e delay in construction, sales and consequent cash flow mismatch, duly supported by the documentary evidence. In addition to assessing the impact of stress, the Resolution framework was discussed with the eligible borrower and existing lenders (in case of multiple lenders) prior to invocation of Resolution plan. The Resolution Framework offered to ensure that the servicing of the restructured loan is not likely to be impacted. The implementation of Resolution plan is under process for respective accounts in line with the time lines prescribed in the said Circular.

ECLGS

During the current year, the Government of India through Ministry of Finance, Department of Financial Services, had introduced the Emergency Credit Line Guarantee Scheme (ECLGS), for providing 100% guarantee coverage

Notes forming part of the Consolidated Financial Statements (Continued)

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.

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.

Notes forming part of the Consolidated Financial Statements (Continued)

The qualifying criteria as per NCGTC was strictly adhered to. In addition, borrower's income tax return / books of account / Chartered Accountant certificate / Collection of GSTIN nos. end use certificate etc were appraised to assess and qualify under the norms. Such loans were appraised by a dedicated team to ensure that Loan to Value ratios are not negatively impacted / and underlying collateral is enforceable.

Credit Risk

The Corporation measures, monitors and manages credit risk at an individual borrower level and at the group exposure level for corporate borrowers. The credit risk for individual borrowers is being managed at portfolio level for both Housing loans and Non Housing Loans. The Corporation has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk. The Corporation has additionally taken the following measures:-

- Lower borrower group exposure limits.
- Establishment of a separate Policy Implementation & Process Monitoring (PIPM) team to enhance focus on monitoring of process implementation at the branches and to facilitate proactive action wherever required.
- Enhanced monitoring of Retail product portfolios through periodic review.

Risk Management and Portfolio Review

The Corporation ensures effective monitoring of credit facilities through a risk-based asset review framework under which the frequency of asset review is determined depending on the risk associated with the product.

For both Corporate and Retail borrowers, the Operations team verifies adherence to the terms of the credit approval prior to the commitment and disbursement of credit facilities.

The Operations team monitors compliance with the terms and conditions for credit facilities prior to disbursement. It also reviews the completeness of documentation, creation of security and compliance with regulatory guidelines.

The Credit Risk Management team of the Corporation, regularly reviews the credit quality of the portfolio and various sub-portfolios. A summary of the reviews carried out by the Credit Risk Management is submitted to the Branches & Management Team for its information.

The Policy implementation and Process Management team reviews adherence to policies and processes, carries out audit and briefs the Audit Committee and the Board periodically.

49.1.5 a Collateral and other credit enhancements

The Corporation does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets, except credit risk associated with loans and Inter corporate deposits, which is mitigated because the loans and Inter corporate deposits are secured against the 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 ₹ **6,36,754.76 Crore** (as at March 31, 2022 ₹ 5,77,472.31 Crore) which best represent the maximum exposure to credit risk, the related Expected credit loss amount to ₹ **12,203.22 Crore** (as at March 31, 2022 ₹ 13,551.99 Crore). The Corporation has right to sell or pledge the collateral in case borrower defaults.

Notes forming part of the Consolidated Financial Statements (Continued)

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, 2023	0-1 years	1-3 years	3-5 years	>5 years	Total
Non-Derivatives					
Debt Securities	67,175.88	37,102.56	20,294.73	1,36,214.57	2,60,787.73
Borrowings (Other than Debt Securities)	1,02,359.14	39,148.81	15,683.27	11,773.20	1,68,964.43
Deposits	60,575.09	55,211.37	31,953.88	4,765.73	1,52,506.07
Subordinated Liabilities	0.00	3,244.98	141.56	1,255.78	4,642.32
Other Financial Liabilities	70,233.50	160.75	-	-	70,394.25
Trade Payables	5,694.29	0.00	0.00	0.00	5,694.29
Total Non-Derivative Liabilities	**3,06,037.90**	**1,34,868.47**	**68,073.44**	**1,54,009.28**	**6,62,989.09**
Derivatives					
Forward Rate Contracts					
Currency Swaps	283.28	-	-	-	283.28
USD interest swaps	-	-	34.97	-	34.97
Interest Rate Swaps	224.68	1,174.64	774.85	3,388.91	5,563.08
Total Derivative Liabilities	**507.96**	**1,174.64**	**809.82**	**3,388.91**	**5,881.33**

₹ in Crore

Contractual Maturities of Financial Liabilities March 31, 2022	0-1 years	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
USD Interest Rate Swaps	3.37	-	-	-	3.37
Interest Rate Swaps	122.15	489.74	934.09	2,344.62	3,890.60
Total Derivative Liabilities	135.47	672.73	1,128.11	2,344.62	4,280.93

Notes forming part of the Consolidated Financial Statements (Continued)

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, 2023 and 2022, 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.

Foreign Currency Risk Exposure:

The group's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

₹ in Crore

Particulars	Currency	Financial and Derivative Assets		Financial Liabilities	Net Exposure to Foreign Currency Risk (iv) = (i) + (ii)+(iii)
		Dollar Denominated Loans & Others(i)	Foreign exchange Derivative contracts (ii)	Foreign currency loans(iii)	
As at March 31, 2023	**USD**	**-**	**22,343.16**	**(22,343.16)**	**-**
	JPY	**-**	**3,284.57**	**(3,285.70)**	**(1.13)**
	SGD	**0.46**	**-**	**(0.11)**	**0.35**
	GBP	**1.13**	**-**	**(0.36)**	**0.77**
	AED	**0.69**	**-**	**(0.40)**	**0.29**
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

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	
	31-Mar-23	31-Mar-22
USD sensitivity		
INR/USD -Increase by 1% *	**(6.12)**	(4.38)
INR/USD -Decrease by 1% *	**6.12**	4.38
JPY sensitivity		
INR/JPY -Increase by 1% *	**0.29**	0.30
INR/JPY -Decrease by 1% *	**(0.29)**	(0.30)

** Assuming all other variable is constant*

Cash Flow Hedge

Hedging Policy

The Corporation's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant INDAS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Corporation enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

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 intrument used as the basis for recognising hedge ineffectiveness - (profit) / loss
March 31, 2023					
INR USD - Forward Exchange Contracts	**45.00**	**0.57**	**-**	**81.51**	**(9.01)**
INR USD - Currency Swaps	**23,723.00**	**1,241.05**	**-**	**71.25**	**(970.96)**
INR USD - Interest Swaps	**22,191.00**	**650.54**	**34.97**	**-**	**(334.81)**
INR JPY - Currency Swaps	**2,037.00**	**2.30**	**283.28**	**0.66**	**280.98**
USD JPY - Currency Swap	**1,247.00**	**-**	**-**	**108.38**	**-**
Total	**49,243.00**	**1,894.46**	**318.25**	**-**	**(1,033.80)**
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 Swaps	1,260.28	-	-	108.38	(68.82)
Total	27,715.46	960.50	387.60	-	57.24

The above amounts are forming part of derivative financial instruments as disclosed in the Balance sheet

Notes forming part of the Consolidated Financial Statements (Continued)

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, 2023			
External Commercial Borrowings (incl. ADB loans)	**(862.14)**	**(511.93)**	**402.15**
March 31, 2022			
External Commercial Borrowings (incl. ADB loans)	148.25	(160.98)	85.24

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	
	31-Mar-23	31-Mar-22	**31-Mar-23**	31-Mar-22
Forward exchange contracts and Currency swaps	**(73.57)**	(90.55)	**-**	-

The above amounts are forming part of Finance cost as disclosed in the Statement of Profit and Loss.

Fair Value Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

Hedging Instrument

₹ in Crore

Particulars	Notional amount	Carrying amount - Asset	Change in fair value used for measuring ineffectiveness for the period
Interest Rate Swap as at			
March 31, 2023	**2,24,065.00**	**4,848.47**	**(1,881.73)**
March 31, 2022	1,46,520.00	3,115.53	(2,996.46)

The above amounts are forming part of derivative financial instruments as disclosed in the Balance sheet

Hedged Item

₹ in Crore

Particulars	Notional amount	Carrying amount - Liability	Change in fair value used for measuring ineffectiveness for the period
Fixed-rate borrowing as at			
March 31, 2023	**2,24,065.00**	**4,664.12**	**1,701.39**
March 31, 2022	1,44,845.00	2,893.16	2,881.74

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, 2023	**March 31, 2022**
Interest Rate Swap	**175.22**	85.63

The above amounts are forming part of Finance cost as disclosed in the Statement of Profit and Loss.

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, 2023	March 31, 2022
Variable rate borrowings	**78%**	79%
Fixed rate borrowings	**22%**	21%
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, 2023 is ₹ **31.65 Crore** (Previous Year ₹ 43.13 Crore).

49.1.6. c - Price Risk

Exposure

The Corporation's exposure to equity securities price risk arises from investments held by the Corporation and classified in the balance sheet either as fair value through OCI or at fair value through profit or loss.

Notes forming part of the Consolidated Financial Statements (Continued)

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.

₹ in Crore

Particulars	Impact on Profit before Tax		Impact on OCI before Tax	
	March 31, 2023	March 31, 2022	**March 31, 2023**	March 31, 2022
NSE Nifty 50 – increase 10%	**63.89**	116.27	**335.07**	508.13
NSE Nifty 50 – decrease 10%	**(63.89)**	(116.27)	**(335.07)**	(508.13)

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.

49.1.7 **Interest Rate Benchmark Reform**

As on March 31, 2023, the Holding Company has foreign currency borrowings of USD 2700 million and JPY 53,200 million, on which it pays USD LIBOR (London Inter-bank Offered Rate) or Term SOFR (Secured Overnight Financing Rate) and TONA (Tokyo Overnight Average Rate) respectively. The Corporation has undertaken currency swaps and forward contracts of notional amount of USD 2700 million and JPY 53,200 million, Coupon Only Swaps of Nil and USD Interest rate Swaps of ₹ 22,191 Crore, to hedge the foreign currency and fx interest rate risks. The valuations of these hedges are impacted by, among other variables, changes in USD LIBOR.

The Corporation has been taking steps to ease into the transition of its LIBOR linked loans. 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.

All the documentation for existing and forthcoming ECBs (External Commercial Borrowings) would follow the guidance by the Asia Pacific Loan Market Association (APLMA) to appropriately reflect these changes.

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.

Notes forming part of the Consolidated Financial Statements (Continued)

(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 Other components of equity	
	March 31, 2023	March 31, 2022
Interest Rate - Increase by 100 basis points* ^	**(9,390.72)**	(6,161.40)
Interest Rate - Decrease by 100 basis points* &	**9,390.72**	6,161.40

* Holding all other variable constant

^ Impact on OCI does not include impact of ₹ **(3,092.91) Crore** for FY 23 and ₹ (2,084.77) Crore for FY 22 pertaining to Participating funds of which Shareholder's entitlment is restricted to 10% of future bonuses declared, as per IRDAI regulations.

& Impact on OCI does not include impact of ₹ **3,092.91 Crore** for FY 23 and ₹ 2,084.77 Crore for FY 22 pertaining to Participating funds of which Shareholder's entitlment is restricted to 10% of future bonuses declared, as per IRDAI regulations.

(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, 2023	March 31, 2022	March 31, 2023	March 31, 2022
INR/AED - Increase by 8.33 % (31st March 2022 3.12 %)	**(0.02)**	**1.41**	-	-
INR/AED - Decrease by 8.33 % (31st March 2022 3.12 %)	**0.02**	**(1.41)**	-	-

(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, 2023	March 31, 2022	March 31, 2023	March 31, 2022
If equity prices had been 30% higher^	**980.16**	2,785.22	-	-
If equity prices had been 30% lower&	**(980.16)**	(2,785.22)	-	-

^ Impact on Profit before tax does not include impact of ₹ **4,036.36 Crore** for FY 23 and ₹ 3,090.40 Crore for FY 22 pertaining to Participating funds of which Shareholder's entitlment is restricted to 10% of future bonuses declared, as per IRDAI regulations.

& Impact on Profit before tax does not include impact of ₹ **(4,036.36)** Crore for FY 23 and ₹ (3,090.40) Crore for FY 22 pertaining to Participating funds of which Shareholder's entitlment 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.

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49.2.2. Risk Management framework

HDFC Life has an Enterprise Risk Management (ERM) framework covering procedures to identify, measure and mitigate the key business risks. Aligned with the business planning process, the ERM framework covers all business risks including strategic risk, operational risks, Regulatory risk, investment risks, Subsidiary related risks and insurance risks. The key business risks identified are approved by the Board's Risk Management Committee and monitored by the Risk Management team thereafter. The ERM framework adopted is enabled by the risk oriented enterprise level culture with established risk governance framework, characterized by:

1. Risk management competency throughout the organization with a consensus that risk management is everyone's responsibility.
2. An iterative process of identifying and evaluating risks, setting risk treatment strategies, and monitoring results.
3. A dedicated Enterprise Risk Team with defined roles and responsibilities, which functions under the guidance and supervision of Chief Risk Officer ('CRO').
4. Risk oversight by Senior Management & Board of Directors, via Risk Management Council and Risk Management Committee respectively.

Risk categories addressed through the ERM Framework

- Operational Risk - Risk of loss resulting from inadequate or failed internal processes, people, systems or external events including legal risk.
- Compliance/ Regulatory Risk - Risks emanating from non-adherence to regulatory, judiciary and legislative mandates and guidelines, leading to fines and penalties.
- Strategy and Planning Risk - Risks emanating from non-achievement of strategic objectives, deviation from strategic plans, external and internal factors.
- Insurance risk – Risk arising due to adverse movement of mortality, persistency, morbidity and expense rates.
- Subsidiary related risks - Risks originating from subsidiary company actions.
- Financial Risk – Comprises of the following nature of risks:
    1. Market Risk - Risk of loss resulting from adverse movement in market prices across asset classes and investment positions.
    2. Liquidity Risk - Market Liquidity Risk is inability to liquidate an asset and Funding Liquidity Risk is inability to meet obligations when due.
    3. Credit Risk - Risk of loss resulting from the potential that counterparty defaults or fails to meet obligations in accordance with the agreed terms.
    4. Asset Liability Mismatch Risk - Risk due to uncorrelated / unmatched movement in the asset and liability cash flows on existing business and risk of future premiums being invested at low interest rates.

HDFC Life is exposed to different types of risks emanating from both internal and external sources. The Company has in place a Risk Management team which identified, measures and mitigate risks faced by the Company. The team is guided by the Company's Risk Management Committee, Risk Management Council and the Senior Management to develop and implement Risk Assurance practices on a pan-organisational basis. Under the overall ambit of Corporate Governance, the Company has in place a Risk Management policy along with other risk related policies. The risk management framework institutionalized in the Company is supported by a "Three Lines

Notes forming part of the Consolidated Financial Statements (Continued)

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 mechanism. The role of the third line is performed by the Internal Audit function that provides an independent assurance to the Board on the functioning of internal controls.

Risk Policies

The following risk policies govern and implement effective risk management practices:

Business Continuity Management System (BCMS) Policy, Information Security Management System Policies, Investment Policy, Credit Risk Management Policy, Liquidity Risk Management Policy, Asset- Liability Management Policy, Underwriting Policy, Reinsurance Policy, Employee dealing Guidelines, Anti Money Laundering Policy, Whistleblower Policy, Policy of Prevention, Prohibition, & Redressed of Sexual Harassment at Workplace, Outsourcing Policy, Fraud Management Policy, Information & Cyber Security Policy, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("UPSI"), Code of Conduct and ethics,Corporate Governance Policy, Policy for Disclosure of Event/Information, Grievance Redressal Policy, Policy for maintenance of records, Derivatives Policy,Stewardship Policy,Voting Policy and Interest Rate Derivative Risk Management Policy.

49.2.3 **Capital Management Objectives and Policies**

HDFC Life has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

i) To maintain the required level of stability of the company thereby providing a degree of security to policyholders.

ii) To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders.

iii) To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.

iv) To align the profile of assets and liabilities taking account of risks inherent in the business.

v) To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders.

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, 2023 is **203%** (Previous year - 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

Notes forming part of the Consolidated Financial Statements (Continued)

in ensuring that HDFC Life maintains an appropriate solvency position to meet unforeseeable liabilities arising from economic shocks or natural disasters. The operations of HDFC Life are subject to regulatory requirements within the jurisdictions in which it operates.

Operational Risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. HDFC Life cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, HDFC Life is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through HDFC Life's strategic planning and budgeting process.

IT/ technology risks are driven through an inherent Information Security Management System, which is aligned and certified against the ISO 27001:2013 standard. Organisational data security and cybersecurity is catered to by a specialized team of full-time employees as well as contracted third-party SME's to ensure complete coverage of controls in the technology space. HDFC Life also has Business Continuity Management Policy in place to have a planned response in the event of any contingency ensuring recovery of critical activities at agreed levels within agreed timeframe, thereby complying with various regulatory requirements and minimizing the potential business impact.

Fraud Risk Management is an integral practice and is central to the ethics and value system of HDFC Life. This is directly influenced by our promises to various stakeholders be it the policyholders, shareholders, or the regulatory authorities governing the industry and law enforcement agencies of safeguarding their interests.HDFC Life also has a dedicated team (Risk Monitoring & Control Unit) to manage fraud risks under the supervision of the CRO.

Operational risks are governed through the Risk Management Policy which is reviewed by the board on an annual basis. HDFC Life uses the following tools/activities to manage the various operational risks faced

1. A well defined Fraud Management Framework
2. Systematic periodic Operational Risk Reviews and operational risk loss data collection
3. Control reports
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

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; and

   iii. The profit or loss of the Company, fund or other entity that issues the contract.

II. Insurance Contract Liabilities

The actuarial liabilities, for all inforce policies and policies where premiums are discontinued but a liability exists as at the valuation date, are calculated in accordance with the generally accepted actuarial principles and practices, requirements of Insurance Act, 1938, as amended from time to time including amendment brought by the Insurance Laws (Amendment) Act, 2015, regulations notified by the IRDAI and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDAI.

A brief of the methodology used is as given below:

1. The policy liabilities are valued on policy by policy basis, i.e. each policy is valued separately.

2. The reserves for linked business (individual and group) comprises of unit reserves and non-unit reserves. The unit reserves are determined on the basis of NAV of the units outstanding as at the valuation date and non-unit reserves are calculated using gross premium method.

3. The liabilities for individual non-linked non-participating and participating business are calculated using gross premium method and are subject to the minimum floor of surrender value. Additionally, individual non-linked participating policies also have a reference to the asset share of policies at valuation date.

4. The liabilities for one year renewable group protection business are calculated on the unexpired risk premium basis. For other than one year renewable group protection business, the liabilities are calculated using gross premium valuation method.

5. The liabilities for the group non-linked savings products are determined as the higher of policy account balances (including accrued interest/bonuses) and reserves calculated by gross premium valuation method.

6. The liabilities in respect of rider benefits are determined as the higher of unexpired premium reserves and reserves calculated by gross premium valuation method.

7. Additional reserves are determined to:

   a. allow for the claims that may have occurred already but not yet reported (Incurred But Not Reported).

   b. allow for the servicing of existing policies if the Company were to close the new business one year from the valuation date (Closure to New Business).

   c. meet the expected liabilities that would arise on the revival of lapsed policies on the basis of the proportion of the policies expected to be revived based on the revival experience of the Company (Revival Reserve).

Notes forming part of the Consolidated Financial Statements (Continued)

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.

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.

Best Estimate Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

Notes forming part of the Consolidated Financial Statements (Continued)

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, 2023		As at March 31, 2022	
	Minimum	Maximum	Minimum	Maximum
a) Individual Business				
Participating Policies	**45%**	**150%**	66%	168%
Non Participating Policies	**21%**	**792%**	30%	792%
Annuities	**54%**	**78%**	36%	52%
Unit Linked	**21%**	**78%**	30%	75%
Health Insurance	**48%**	**125%**	68%	83%
b) Group Business (Unit Linked)	**25%**	**447%**	25%	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; and

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.
- 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, 2023**		As at March 31, 2022	
Individual Business	**Maximum**	**Minimum**	Maximum	Minimum
Life - participating Policies	**6.50%**	**5.80%**	6.10%	5.80%
Life - Non participating Policies	**6.50%**	**5.20%**	6.50%	5.20%
Annuities – participating Polices	N/A	N/A	N/A	N/A
Annuities - Non participating Policies	**6.50%**	**6.05%**	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)	**7.32%**	**5.63%**	6.45%	5.90%
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, 2021	3.62
Expenses deferred	-
Amortisation	(0.89)
As at March 31, 2022	2.73
Expenses deferred	-
Amortisation	(0.66)
As at March 31, 2023	**2.07**

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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 that risk is an integral element of insurance business and realizes the criticality of institutionalized risk management practices to meet its objectives. The Company has therefore established an effective and robust enterprise wide Risk Management Framework (RMF), which addresses all relevant risks including strategic risk (duly considering the Environmental, Social and Governance (ESG) aspects), operational risks, investment risks, insurance risks and information & cyber security risks.

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 Insurance risk refers to 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. The company has a detailed claims processing manual in place. Accumulation of risk is monitored at various levels – geographically, line of business wise, channel wise, etc. This approach aids the Company to adopt an enterprise level risk management approach; thus benefiting from diversification and internal price management of the risks accepted for insurance. The Company's reserving guidelines is reviewed on a periodic basis to minimize the risks of under or over provisioning and enable the Company to proactively adjust strategy in a timely manner. Prudent margins are built in reserves and a regular monitoring of its adequacy is done concurrently. The reinsurance risk model is used to estimate and monitor the variation between the annual contracted reinsurance program vis-à-vis the optimal arrangement as measured by the model. Optimal protection is ensured through well designed Reinsurance program arrangements with financially sound reinsurers

Concentration of Insurance Risk

HDFC Ergo General uses different proprietary models to estimate HDFC Ergo General's accumulation exposure to potential natural disasters (e.g. earthquakes, tropical storms, floods etc.) and other man-made catastrophes (e.g. industrial accidents and building fires). The aggregation of losses on account of a single event constitutes the largest individual potential financial loss to HDFC Ergo General and potentially material year-to-year fluctuations in the results of operations and financial position. HDFC Ergo General actively monitors and limits the aggregate exposure to catastrophe losses in regions that are subject to high levels of natural perils.

HDFC Ergo General mitigates its exposure to concentrations of insurance risk by holding a portfolio diversified into many classes of business across different regions and by the utilisation of reinsurance, taking into account it's risk tolerance, cost of reinsurance and capital efficiency. The reinsurance cover limits HDFC Ergo General's financial exposure to a single event with a given probability and also protects capital.

In terms of exposure, Motor aggregates are monitored and given that the underlying risks are not necessarily static to a particular region, their accumulations cannot be accurately known. During the current financial year, the COVID-19 hospitalization claims witnessed a significant reduction as compared to the previous year. However, principles of prudence have been followed by the Appointed Actuary while estimating the liability for the impact of COVID-19 pandemic across the line of business based on internal and external sources of information.

c) **Sensitivities**

The non–life insurance claim liabilities are sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The table provided below, demonstrates the impact on the Company's liabilities due to change in assumptions by 10%.

Assumptions	Change in Assumption	Increase/ (Decrease) on Gross Liabilities		Increase/ (Decrease) on Net Liabilities	
		2022-2023	2021-2022	2022-2023	2021-2022
Increase					
Average claim cost	10.00%	**10.02%**	10.02%	**10.43%**	10.43%
Average number of claims	10.00%	**2.63%**	2.48%	**2.63%**	2.48%
Decrease					
Average claim cost	(10.00%)	**(9.99%)**	(9.99%)	**(10.40%)**	(10.40%)
Average number of claims	(10.00%)	**(2.34%)**	(2.48%)	**(2.34%)**	(2.48%)

Notes forming part of the Consolidated Financial Statements (Continued)

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	As at March 31, 2023	As at March 31, 2022
Opening balance	**21,936.39**	19,836.12
Claims O/S including IBNR (net)	**2,230.22**	1,494.76
Reserve for Unexpired Risk	**848.14**	228.23
Unallocated premium	**(9.15)**	92.98
Premium received in advance	**97.75**	(25.29)
Due to other insurance companies	**1,004.19**	307.70
Due to Policyholders	**0.64**	1.89
Closing balance	**26,108.18**	21,936.39

Assets pertaining to General Insurance business

₹ in Crore

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	**7,716.98**	6,550.96
Outstanding premium	**(319.45)**	588.22
Due from other insurance companies	**56.34**	(43.24)
RI Recovery on Claims Outstanding	**1,070.60**	617.11
Other accruals / receivables	**57.33**	3.93
Closing balance	**8,581.80**	7,716.98

(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.

Notes forming part of the Consolidated Financial Statements (Continued)

The Investment book of the Company largely consists of a debt portfolio and a relatively lesser exposure in equity. As at FY 23, 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 script during the year. Had the equity prices moved in the range of 2% profit for the year ended March 31, 2023, would have deviated by ₹ **33.85 crore** (Previous Year ₹ 20.05 crore).

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, 2023	AY12 & Prior	AY13	AY14	AY15	AY16	AY17	AY18	AY19	AY20	AY21	AY22	AY23
End of First year	1,433	548	1,263	1,390	1,808	2,071	2,705	3,882	3,810	3,612	5,298	5,489
One year later	1,703	840	1,801	2,020	2,387	3,717	4,186	5,310	5,561	5,692	7,468	
Two years later	1,798	903	1,928	2,186	2,573	4,136	4,364	5,903	5,857	6,136		
Three years later	1,837	948	2,000	2,264	2,682	4,211	4,469	6,069	61,229			
Four years later	1,875	973	2,043	2,327	2,749	4,271	4,551	6,216				
Five years later	1,897	993	2,082	2,369	2,769	4,321	4,691					
Six years later	1,918	1,005	2,110	2,386	2,799	4,377						
Seven years later	1,935	1,042	2,125	2,413	2,838							
Eight years later	1,952	1,047	2,141	2,445								
Nine years later	1,958	1,055	2,163									
Ten years later	1,964	1,060										
Eleven years later	1,970											

Notes forming part of the Consolidated Financial Statements (Continued)

Gross Unpaid Losses and Loss Adjustment Expenses ₹ in Crore

As at March 31, 2023	AY12 & Prior	AY13	AY14	AY15	AY16	AY17	AY18	AY19	AY20	AY21	AY22	AY23
End of first year	515	516	915	1,246	1,115	2,936	2,855	3,167	4,426	5,487	5,383	6,270
One year later	344	264	522	527	593	835	1,090	1,641	2,100	2,455	2,670	
Two years later	242	146	366	349	425	524	861	1,078	1,731	1,938		
Three years later	157	168	289	314	335	437	762	897	1,272			
Four years later	155	107	272	251	265	385	686	667				
Five years later	142	100	241	193	259	335	433					
Six years later	123	93	217	180	207	292						
Seven years later	114	52	209	154	169							
Eight years later	103	59	195	130								
Nine years later	103	53	176									
Ten years later	95	48										
Eleven years later	90											

Gross Incurred Losses and Allocated Expenses (Ultimate Movement) ₹ in Crore

As at March 31, 2023	AY12 & Prior	AY13	AY14	AY15	AY16	AY17	AY18	AY19	AY20	AY21	AY22	AY23
End of first year	1,948	1,065	2,178	2,636	2,923	5,007	5,560	7,049	8,236	9,099	10,681	11,759
One year later	2,047	1,103	2,323	2,547	2,980	4,552	5,276	6,951	7,661	8,147	10,138	
Two years later	2,040	1,050	2,293	2,535	2,998	4,660	5,225	6,981	7,588	8,075		
Three years later	1,993	1,116	2,289	2,579	3,017	4,648	5,231	6,966	7,401			
Four years later	2,030	1,080	2,316	2,578	3,014	4,656	5,237	6,883				
Five years later	2,039	1,093	2,323	2,562	3,028	4,656	5,124					
Six years later	2,040	1,098	2,327	2,566	3,007	4,669						
Seven years later	2,049	1,094	2,334	2,567	3,005							
Eight years later	2,055	1,106	2,335	2,575								
Nine years later	2,061	1,108	2,339									
Ten years later	2,059	1,108										
Eleven years later	2,060											

Note:

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.

50. Business Combinations

Merger of Exide Life Insurance Company Limited with HDFC Life Insurance Co Ltd

On January 1, 2022, HDFC Life Insurance Company Limited ("HDFC Life") subsidiary of the Corporation had acquired 100% stake of Exide Life Insurance Company Limited ("Exide Life"). Subsequent to the acquisition, HDFC Life had filed a scheme of amalgamation with the Hon'ble NCLT for amalgamation of Exide Life into and with HDFC Life.

Notes forming part of the Consolidated Financial Statements (Continued)

The Hon'ble NCLT vide its order dated September 16, 2022 and the Insurance Regulatory Development Authority of India (IRDAI) vide letter dated October 13, 2022 have approved the aforesaid scheme of amalgamation and the scheme is effective date from end of day of October 14, 2022

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, 2023)

₹ in Crore

Name of the Entity	Share of Profit / (Loss)		Share of Other Comprehensive Income		Share of Total Comprehensive Income	
	As % of consolidated Profit or Loss	Amount	As % of consolidated Other Comprehensive Income	Amount	As % of consolidated Total Comprehensive Income	Amount
Parent						
Housing Development Finance Corporation Limited		16,239.36		(786.12)		15,453.24
Less: Inter Company eliminations		2,782.03		-		2,782.03
Net of eliminations	**48.58%**	**13,457.33**	**45.69%**	**(786.12)**	**48.77%**	**12,671.21**
Subsidiaries - Indian						
HDFC Life Insurance Co. Ltd.	**2.91%**	805.90	**6.06%**	(104.26)	**2.70%**	701.64
HDFC ERGO General Insurance Co. Ltd.	**1.36%**	376.69	**10.12%**	(174.08)	**0.78%**	202.61
HDFC Asset Management Co. Ltd.	**2.77%**	765.92	**-0.01%**	0.20	**2.95%**	766.12
HDFC Trustee Co. Ltd.	**0.00%**	0.46	**-**	-	**0.00%**	0.46
HDFC Investment Trust	**-0.20%**	(56.41)	**-**	-	**-0.22%**	(56.41)
HDFC Investment Trust - II	**-0.10%**	(26.83)	**-**	-	**-0.10%**	(26.83)
HDFC Venture Capital Ltd.	**0.02%**	4.67	**-**	-	**0.02%**	4.67
HDFC Ventures Trustee Co. Ltd.	**0.00%**	(0.24)	**-**	-	**0.00%**	(0.24)
HDFC Property Venture Ltd.	**0.00%**	0.95	**0.01%**	(0.11)	**0.00%**	0.84
HDFC Pension Management Co. Ltd.	**0.01%**	2.33	**0.00%**	0.04	**0.01%**	2.37
HDFC Capital Advisors Ltd	**0.18%**	51.16	**0.00%**	(0.07)	**0.20%**	51.09
HDFC Investments Ltd.	**0.06%**	15.56	**-1.53%**	26.32	**0.16%**	41.88
HDFC Holdings Ltd.	**0.05%**	13.73	**-1.03%**	17.75	**0.12%**	31.48
HDFC Sales Pvt. Ltd.	**-2.59%**	(717.00)	**0.19%**	(3.28)	**-2.77%**	(720.28)
HDFC Credila Financial Services Pvt. Ltd.	**1.01%**	279.00	**0.00%**	0.07	**1.07%**	279.07
HDFC Education and Development Services Pvt. Ltd.	**0.02%**	5.02	**0.00%**	0.02	**0.02%**	5.04
Subsidiaries - Foreign						
Griha Investments	**-0.01%**	(1.59)	**-**	-	**-0.01%**	(1.59)
Griha Pte. Ltd.	**0.02%**	6.18	**-**	-	**0.02%**	6.18
HDFC International Life and Re Company Ltd	**0.04%**	12.35	**-**	-	**0.05%**	12.35
Share of Minorities	**5.56%**	1,538.85	**16.60%**	(285.61)	**4.82%**	1,253.24
Associates (Investment as per the equity method) - Indian						
HDFC Bank Limited	**40.31%**	11,165.83	**23.91%**	(411.42)	**41.40%**	10,754.41
Renaissance Investment Solutions ARC Pvt Ltd	**0.00%**	(0.09)	**-**	-	**0.00%**	(0.09)
Total	**100.00%**	**27,699.76**	**100.00%**	**(1,720.55)**	**100.00%**	**25,979.21**

Notes forming part of the Consolidated Financial Statements (Continued)

(As on/for the year ended March 31, 2023)

₹ in Crore

Name of the Entity	Net assets i.e. Total Assets minus Total Liabilities	
	As % of consolidated net assets	Amount
Parent		
Housing Development Finance Corporation Limited		1,33,984.74
Less: Inter Company eliminations		22,051.61
Net of eliminations	**51.98%**	**1,11,933.13**
Subsidiaries - Indian		
HDFC Life Insurance Co. Ltd.	**3.35%**	7,208.44
HDFC ERGO General Insurance Co. Ltd.	**1.46%**	3,138.96
HDFC Asset Management Co. Ltd.	**1.55%**	3,331.39
HDFC Trustee Co. Ltd.	**0.00%**	2.90
HDFC Investment Trust	**0.02%**	41.09
HDFC Investment Trust - II	**0.05%**	106.15
HDFC Venture Capital Ltd.	**0.00%**	0.46
HDFC Ventures Trustee Co. Ltd.	**0.00%**	1.19
HDFC Property Venture Ltd.	**0.01%**	17.32
HDFC Pension Management Co. Ltd.	**0.03%**	57.09
HDFC Capital Advisors Ltd	**0.05%**	112.93
HDFC Investments Ltd.	**0.11%**	247.23
HDFC Holdings Ltd.	**0.09%**	202.12
HDFC Sales Pvt. Ltd.	**-0.02%**	-42.41
HDFC Credila Financial Services Pvt. Ltd.	**1.15%**	2,475.20
HDFC Education and Development Services Pvt. Ltd.	**0.07%**	152.17
Subsidiaries - Foreign		
Griha Investments	**0.02%**	36.46
Griha Pte. Ltd.	**0.04%**	80.47
HDFC International Life and Re Company Ltd	**0.10%**	215.53
Share of Non-controlling interests	**6.43%**	13,838.29
Associates (Investment as per the equity method) - Indian		
HDFC Bank Limited	**33.51%**	72,156.28
Renaissance Investment Solutions ARC Pvt Ltd	**0.00%**	0.38
Total	**100.00%**	**2,15,312.77**

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, 2023)	HDFC Life Insurance Co. Ltd	HDFC Ergo General Insurance Co. Ltd	HDFC Asset Management Co. Ltd
Proportion of interest held by non-controlling entities	**51.33%**	**50.01%**	**47.44%**
Accumulated balances of material non-controlling interest	**8,976.54**	**1,881.58**	**2,897.44**
Summarised Financial Information for the Balance Sheet			
Financial Assets	**2,52,151.46**	**30,877.18**	**6,310.29**
Non Financial Assets	**7,816.53**	**653.19**	**225.85**
Financial Liabilities	**8,994.57**	**27,662.04**	**242.05**
Non Financial Liabilities	**2,33,483.74**	**105.04**	**186.27**
Dividend paid to Non-controlling Interest	**184.36**	**124.76**	**424.98**
Summarised Financial information for the Statement of Profit and Loss			
Revenue from Operations	**68,057.33**	**23,157.54**	**2,482.62**
Profit for the year	**1,145.13**	**605.35**	**1,423.37**
Other Comprehensive Income	**(215.93)**	**(348.23)**	**0.38**
Total Comprehensive Income	**929.20**	**257.12**	**1,423.75**
Summarised Financial information for Cash Flows			
Net Cash inflows from Operating Activities	**6,881.60**	**2,830.68**	**1,149.35**
Net Cash inflows from Investing Activities	**(10,048.33)**	**(2,656.74)**	**(216.81)**
Net Cash inflows from Financing Activities	**1,984.80**	**7.85**	**(929.90)**
Net Cash inflow / (Outflow)	**(1,181.93)**	**181.79**	**2.64**

₹ 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

Notes forming part of the Consolidated Financial Statements (Continued)

53. Statutory disclosure required as per Schedule III Division III of the 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 withthe Struck off company, if any.
Customer Support Financial Services Pvt Ltd	Provision for DSA payment	0.00	None
Quark Financial Consultants Pvt Ltd	DSA commission	0.01	None
Samridhi Frozen Foods Private Limited	Loan	0.48	None
Sree Sai Management And Project Consultants Pvt Ltd	Loan	0.92	None
Ms Envision Realty Management Pvt Ltd	Loan	0.24	None
Nakul Construction Co	Loan	9.00	None
Contemporary Verification Consultants Private Limited	Loan	1.30	None
Rabbi Educational Academy Private Limited	Loan	0.17	None
Vitalink Wealth Advisory Services Private Limited	Shares held by struck off company	13.00	None
Bhagawan Group Private Limited	Loan	1.57	None

Note '0' denotes amount less than ₹ Fifty thousand.

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.

The Board of Directors of the Corporation at its meeting held on April 4, 2022 approved a composite scheme of amalgamation for the amalgamation of: (i) HDFC Investments Limited ('HIL') and HDFC Holdings Limited ('HHL'), wholly-owned subsidiaries of the Corporation, with and into the Corporation and thereafter (ii) the Corporation with and into HDFC Bank Limited ('HDFC Bank') under Sections 230 to 232 of the Companies Act, 2013 and other applicable laws and regulations ('the Scheme'), subject to requisite approvals from various regulatory and statutory authorities and respective shareholders and creditors, as may be required. 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. As per the Scheme, the appointed date for the amalgamation of the HIL and HHL 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 the HDFC Bank shall be on the effective date of the Scheme. Upon the Scheme becoming effective and based on the shareholding in the Corporation as on the record date, equity shares of HDFC Bank will be issued to the shareholders of the Corporation as per the share exchange ratio specified here-in above. Further, equity shares held by the Corporation, HIL and HHL in HDFC Bank will be cancelled and extinguished in accordance with the Scheme.

During the year ended March 31, 2023, the Corporation and HDFC Bank received various no-objection/approval letters regarding the Scheme from the Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI), the Competition Commission of India, the Pension Fund Regulatory and Development Authority, the National Housing Bank (NHB), the stock exchanges and shareholders of the Corporation. Further, the Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench, vide its Order dated March 17, 2023 has sanctioned the Scheme. NCLT vide its order dated April 20, 2023 has granted extension for filing of the certified true copy of order sanctioning the Scheme with the Registrar of Companies, Mumbai for a period of 90 days from April 27, 2023.

Notes forming part of the Consolidated Financial Statements (Continued)

The Scheme shall become effective upon receipt of all requisite approvals, fulfilment of conditions prescribed therein and upon filing of the certified copy of the NCLT Order with the Registrar of Companies, Mumbai by all the companies involved in the Scheme.

The Corporation shall account for the amalgamation of the each of the HDFC Investments Ltd. and HDFC Holdings Ltd. with the Corporation, on completion of all substantial conditions for the transfer, in accordance with "Pooling of Interest Method" laid down in Appendix C of Ind AS-103 (Business Combinations of entities under common control) notified under Section 133 of the Companies Act, under the Companies (Indian Accounting Standard) Rules, 2015, as may be amended from time to time.

The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

There are no transactions, which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

54. An Associate of the Corporation, as part of its normal banking business, grants loans and advances to its constituents including foreign entities with permission to lend / invest /provide guarantee or security or the like in other entities identified by such constituents. Similarly, the Associate accepts deposits from its constituents, who may instruct the Associate to lend/invest/provide guarantee or security or the like against such deposit in other entities identified by such constituents. These transactions are part of Associates normal banking business, which is conducted after exercising proper due diligence including adherence to "Know Your Customer" guidelines as applicable in respective jurisdiction.

Other than the nature of transactions described above, the Associate has not advanced / lent / invested / provided guarantee or security to or in any other person with an understanding to lend / invest / provide guarantee or security or the like to or in any other person. Similarly, other than the nature of transactions described above, the Associate has not received any funds from any other person with an understanding that the Associate shall lend or invest or provide guarantee or security or the like to or in any other person.

55. Events after the reporting period

The Corporation has filed an application with NCLT seeking extension for filing of the certified true copy of order with the Registrar of Companies, Mumbai. The Scheme shall become effective upon receipt of all requisite approvals, fulfilment of conditions prescribed therein and upon filing of the certified copy of the NCLT Order with the Registrar of Companies, Mumbai by all the companies involved in the Scheme.

56. Approval of financial statements

The financial statements were approved by the Board of Directors of the Corporation on May 4, 2023.

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

MUMBAI, May 02, 2023

Deepak S. Parekh
Chairman
(DIN: 00009078)

Keki M. Mistry
Vice Chairman &
Chief Executive Officer
(DIN: 00008886)

Renu Sud Karnad
Managing Director
(DIN: 00008064)

Directors

U. K. Sinha
(DIN: 00010336)

P. R. Ramesh
(DIN: 01915274)

Ireena Vittal
(DIN: 05195656)

Jalaj Dani
(DIN: 00019080)

Bhaskar Ghosh
(DIN: 06656458)

Rajesh Narain Gupta
(DIN: 00229040)

V. Srinivasa Rangan
Executive Director &
Chief Financial Officer
(DIN: 00030248)

Ajay Agarwal
Company Secretary
(FCS: 9023)

Shareholders' Information

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 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 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, 2023)	1,70,56,800 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 In case the effective date of the Scheme of amalgamation (Scheme) of the Corporation with and into HDFC Bank Limited (HDFC Bank) falls prior to August 10, 2023, the resultant number of equity shares of HDFC Bank to be issued post exercise of warrants would be adjusted in accordance with the share exchange ratio, as per the said Scheme.

Listing Fees

The listing fees have been paid to BSE and NSE for the financial year 2023-24. The requisite fees have also been paid to London Stock Exchange (LSE).

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, 2023.

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.

Upon the Scheme becoming effective all the non-convertible debentures (NCDs) issued by the Corporation shall stand transferred to and vested in HDFC Bank to the extent they are outstanding on the Effective Date (as defined in the Scheme) on the same terms and conditions as were applicable to the Corporation. However, any encumbrances (including any charges) on the Corporation's assets shall be automatically released and the secured NCDs issued by the Corporation shall become unsecured, if such encumbrance is either not required or not permitted under regulatory/ statutory requirements applicable to HDFC Bank.

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 LSE 10, Paternoster Square, London, EC4M 7LS, UK and its International Securities Market.

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.*

Registrar and Share Transfer Agent

Link Intime India Private Limited (Link Intime)
Contact Person - Ms. Supriya Mirashi
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*

Shareholders holding shares in physical form are requested to contact Link Intime at the above-mentioned address for various services such as dematerialisation/transmission of shares, issue of duplicate share certificates, servicing of unclaimed dividend, etc.

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.

Financial year

The financial year of the Corporation starts from the 1st day of April and ends on 31st day of March of the next year.

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, 2023 and on the Corporation's website.

The Corporation has been assigned the highest ratings in all the above-mentioned instruments.

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.

The Board of Directors has delegated the authority for approving transmission, issue of duplicate share certificate, split and consolidation of share certificates, etc., to Share Transfer Committee. A summary of transactions approved by the committee is shared with the board on a quarterly basis.

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		
	2020-21	2021-22	2022-23
Stock Exchanges and SEBI including SCORES	5	6	5
NHB/RBI, MCA and others	—	—	—
Directly received from investors	—	—	—
Total No. of complaints received	***5***	***6***	***5***
Total No. of complaints redressed	***4***	***7****	***5***
No. of complaints pending	1	—	—

** One complaint pertaining to FY 2020-21 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 Link Intime/DP.

Despite the above initiatives, unclaimed dividend amounting to ₹ 2,43,23,143 in respect of dividend for the financial year 2014-15 and ₹ 69,99,264 in respect of interim dividend for the financial year 2015-16 were transferred to the Investor Education and Protection Fund (IEPF) on September 8, 2022 and April 29, 2023 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 2015-16 is August 25, 2023, 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, 2023 (excluding the interim dividend for the financial year 2015-16) 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, 2023 (₹)	Unclaimed dividend as% to total Dividend	Date of declaration	Last date for claiming the dividend from the Corporation prior to its transfer to IEPF
2015-16 – Final	3,955	14	3,07,23,854.00	0.14	July 27, 2016	August 25, 2023
2016-17 – Interim	4,527	3	71,12,091.00	0.15	March 3, 2017	April 1, 2024
2016-17 – Final	3,891	15	3,42,76,740.00	0.14	July 26, 2017	August 24, 2024
2017-18 – Interim	4,187	3.50	48,80,225.00	0.08	March 16, 2018	April 16, 2025
2017-18 – Final	3,291	16.50	2,11,09,209.00	0.08	July 30, 2018	August 28, 2025
2018-19 – Interim	3,865	3.50	51,90,006.50	0.09	March 6, 2019	April 6, 2026
2018-19 – Final	3,325	17.50	2,26,13,465.00	0.07	August 2, 2019	August 31, 2026
2019-20	4,348	21	2,59,99,027.00	0.08	July 30, 2020	August 28, 2027
2020-21	6,351	23	2,87,54,315.00	0.08	July 20, 2021	August 20, 2028
2021-22	5,788	30	3,99,14,853.00	0.09	June 30, 2022	July 29, 2029

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, 2023, 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. However, during the year, the Corporation transferred 4,450 equity shares to HDFC Unclaimed Suspense Account which were held in abeyance. As on March 31, 2023, 7,450 equity shares of ₹ 2 each were lying in the HDFC Unclaimed Suspense Account as against 3,000 equity shares of ₹ 2 each in the previous year.

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, the Corporation transferred 48,167 equity shares and 30,112 equity shares of ₹ 2 each corresponding to the unclaimed dividends (interim and final) for the financial year 2014-15 on May 6, 2022 and September 14, 2022 respectively, 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, 2023, is detailed as under:

Particulars	No. of shares
Balance as at April 1, 2022	15,82,971
Transferred during financial year 2022-23	78,279
Claims processed by IEPF Authority during the financial year 2022-23	(40,840)
Balance as at March 31, 2023	16,20,410

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. 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 and March 16, 2023, folios wherein certain details like PAN, nomination, mobile number, e-mail address, specimen signature, bank details were not available, are required to be freezed with effect from October 1, 2023. Accordingly, shareholders who have not updated/submitted the aforesaid details are requested to submit the same to Link Intime at the earliest. Members may submit the applicable form(s) as prescribed by SEBI, to update their details to Link Intime. The said forms are available on the Corporation's website.

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.

Shareholders are also requested to ensure linking of their Permanent Account Number with Aadhaar number prior to June 30, 2023, else they would be considered as non-KYC compliant.

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.

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.

Impact of Scheme of Amalgamation on shares held in physical form by the Shareholders of the Corporation

Pursuant to Clause 27.9 of the Scheme, shareholders of the Corporation who hold shares in physical form, will be issued and allotted corresponding shares of HDFC Bank only in dematerialised form as per the Share Exchange Ratio (as defined in the Scheme).

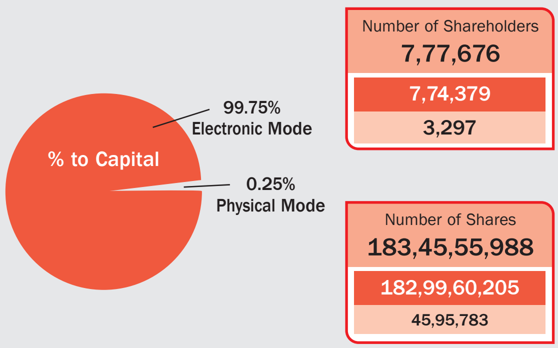
In case the said shares of the Corporation held by the shareholders are not dematerialised before the record date, for such physical shares, HDFC Bank shall issue the said new equity shares in dematerialised form to a demat account held by a trustee nominated by the Board of Directors of HDFC Bank or into an escrow account opened by HDFC Bank, as may be determined by the Board of Directors of HDFC Bank, where such new equity shares shall be held for the benefit of such shareholders of HDFC Bank. Resultant new equity shares held in such trustee account or escrow account, as the case may be, shall be credited into the demat account after the relevant shareholder submits the demat account details along with requisite supporting documents to HDFC Bank. The shareholders shall continue to have all the rights of the shareholders of HDFC Bank, including the right to receive dividend, voting rights and other corporate benefits, pending the abovementioned transfer of the said new equity shares from the said escrow/trustee account, as the case may be.

Accordingly, the shareholders of the Corporation are requested to dematerialise their shares held in the Corporation at the earliest.

Dematerialisation of Shares and Liquidity as at March 31, 2023

	No. of shareholders	% to total no. of shareholders	No. of shares of ₹ 2 each	% to Capital
Held in electronic mode				
a. NSDL	3,34,055	42.96	178,47,25,750	97.28
b. CDSL	4,40,324	56.62	4,52,34,455	2.47
Sub Total (a+b)	**7,74,379**	**99.58**	**182,99,60,205**	**99.75**
Held in physical mode	3,297	0.42	45,95,783	0.25
Total	**7,77,676**	**100**	**183,45,55,988**	**100**

The shares of the Corporation are widely traded on the stock exchanges.



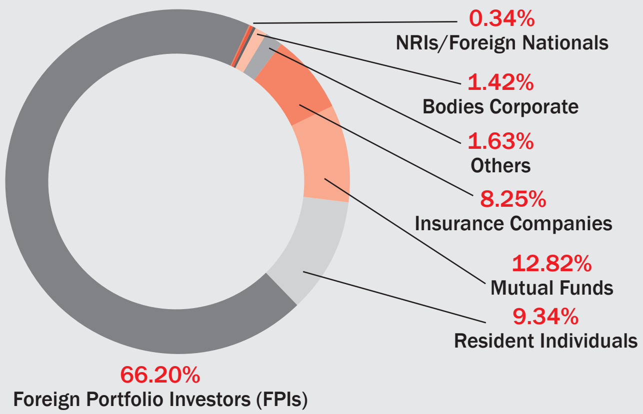
Distribution of Shareholding as at March 31, 2023

Range of shares held	Total no. of shares	% to Capital	No. of shareholders	% to total no. of shareholders
1	89,984	0.01	89,984	11.57
2 – 10	16,12,029	0.09	2,91,379	37.47
11 – 100	1,07,30,237	0.58	2,80,647	36.09
101 – 200	52,08,207	0.28	34,428	4.43
201 – 500	1,09,76,041	0.60	31,740	4.08
501 - 1,000	1,52,35,642	0.83	18,662	2.40
1,001 - 5,000	5,31,48,141	2.90	24,335	3.12
5,001 - 10,000	1,69,67,750	0.92	2,404	0.31
10,001 - 50,000	4,74,36,888	2.59	2,156	0.28
50,001 - 1,00,000	3,32,81,130	1.81	459	0.06
1,00,001 and above	163,98,69,939	89.39	1,482	0.19
Total	**183,45,55,988**	**100**	**7,77,676**	**100**

Shareholding Pattern as at March 31, 2023

Category	No. of Shares	% to Capital
Resident Individuals	17,12,73,662	9.34
Foreign Portfolio Investors (FPIs)	121,44,16,168	66.20
Insurance Companies	15,12,76,082	8.25
Bodies Corporate	2,60,53,867	1.42
Mutual Funds	23,52,72,891	12.82
Financial Institutions/ Banks	41,423	–
NRIs/Foreign Nationals	62,64,773	0.34
Others*	2,99,57,122	1.63
Total	**183,45,55,988**	**100**

** Alternative Investment Funds/Government Companies/Trust/Clearing Members/HUF/Provident Funds/Pension Funds/Sovereign Wealth Funds/IEPF*



Shareholding of Top Ten Shareholders

Name of the Shareholder	Shareholding as at April 1, 2022		Shareholding as at March 31, 2023	
	No. of shares	% to capital	No. of shares	% to capital
Life Insurance Corporation of India*	7,33,93,929	4.05	8,74,97,181	4.77
SBI-ETF Nifty 50*	5,94,86,159	3.28	6,95,94,577	3.79
Government of Singapore*	5,05,73,181	2.79	6,44,19,472	3.51
Invesco Developing Markets Fund*	6,85,62,996	3.78	5,47,38,767	2.98
Goldman Sachs Trust II - Goldman Sachs GQG Partners International Opportunities Fund#	1,46,00,634	0.81	3,06,67,435	1.67
UTI – Nifty Exchange Traded Fund*	2,27,71,452	1.26	2,70,10,889	1.47
HDFC Trustee Company Ltd.**(through various schemes)*	2,26,02,330	1.25	2,67,27,149	1.46
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds*	2,42,26,727	1.34	2,43,45,799	1.33
Vanguard Total International Stock Index Fund*	2,24,34,878	1.24	2,31,30,613	1.26
Government Pension Fund Global - Norway*	1,88,53,946	1.04	2,30,55,550	1.26
NPS Trust- A/C HDFC Pension Management Company Ltd. Scheme E - Tier I#	1,57,87,641	0.87	1,97,12,315	1.07
ICICI Prudential Life Insurance Company Limited*	1,95,90,768	1.08	1,91,99,192	1.05
ICICI Prudential**(through various schemes)*	2,46,35,775	1.36	1,86,19,760	1.01
JP Morgan Funds - Emerging Markets Equity Fund@	1,84,04,103	1.02	1,80,57,944	0.98
Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund@	1,85,38,723	1.02	1,61,57,477	0.88

** Common top 10 shareholders as at April 1, 2022 and March 31, 2023*

@ Top 10 shareholders only as at April 1, 2022

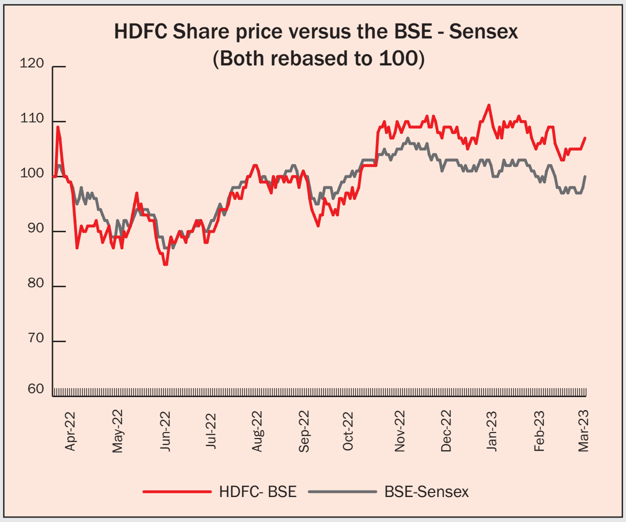
 # Top 10 shareholders only as at March 31, 2023

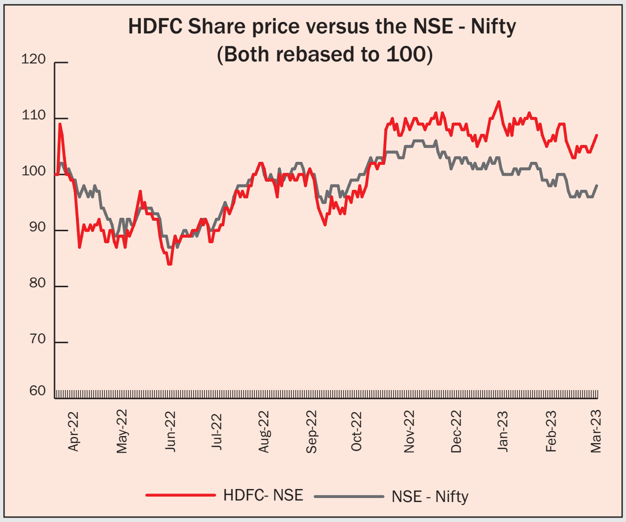
Stock Market Price Data

The monthly high and low price and the volume of shares traded on BSE and NSE during the financial year 2022-23 are as under:

Month	BSE			NSE		
	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded
April-22	2,855.35	2,113.00	41,16,589	2,933.80	2,111.25	14,14,30,798
May-22	2,387.90	2,114.00	39,70,888	2,388.00	2,113.60	8,16,77,908
June-22	2,335.50	2,026.55	33,36,627	2,335.65	2,026.00	7,10,14,061
July-22	2,393.90	2,133.45	39,72,376	2,392.70	2,133.10	5,59,05,371
August-22	2,504.80	2,325.00	33,93,175	2,507.95	2,325.00	4,56,19,555
September-22	2,493.50	2,203.00	36,09,871	2,493.95	2,202.70	6,81,43,137
October-22	2,473.00	2,258.95	33,30,651	2,475.00	2,258.05	5,77,98,923
November-22	2,713.45	2,468.20	81,48,379	2,714.30	2,467.80	6,28,08,122
December-22	2,734.50	2,605.50	13,59,073	2,734.90	2,605.00	5,30,81,377
January-23	2,779.80	2,547.20	7,44,218	2,780.00	2,547.05	5,81,61,226
February-23	2,726.15	2,559.00	8,72,747	2,729.85	2,558.25	6,01,33,266
March-23	2,695.80	2,502.25	7,30,239	2,696.80	2,502.05	6,78,22,205

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.	Annual Return in Form No. MGT-7	Draft Annual Return of the Corporation for financial year 2022-23.	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 2022-23	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/content/dam/housingdevelopmentfinancecorp/pdf/investors/services/code-policies/board_familiarisation_update.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

Sr. No.	Document	Purpose	Web Links
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
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 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

Sr. No.	Document	Purpose	Web Links
34.	Memorandum and Articles of Association	—	https://www.hdfc.com/content/dam/housingdevelopmentfinancecorp/pdf/investors/services/shareholders-information/memorandum-and-articles-of-association/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 SA 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 in the workplace.	https://www.hdfc.com/allpolicies/Equal-Opportunity-Policy-at-HDFC.pdf
37.	Environmental, Social and Governance (ESG) Policy framework	This 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
38.	Scheme of Arrangement and other related documents	Information with regard to the Scheme of Amalgamation for *inter alia* the amalgamation of Corporation with and into HDFC Bank Limited	https://www.hdfc.com/investor-services#disclosures
39.	Financials	Quarterly/Annual Financials Results of the Corporation	https://www.hdfc.com/investor-relations/financials

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 was last amended on March 22, 2022. Since some of the amendments introduced in the Listing Regulations were effective from April 1, 2023, they have been incorporated in this Policy 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 May 4, 2023.

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, 2023.

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	10% of annual standalone Turnover of concerned subsidiary	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) is to be calculated as per the last audited financial statements of the concerned entity. 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 arms' 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 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 arms' 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 Laws 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 Laws.

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.

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 Companies 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;

iv. Such other transactions specified under Applicable Law from time to time.

x. Exceptions stipulated under Applicable Laws 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 Laws.

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.

AWARDS AND ACCOLADES

- Best Performing Housing Finance Company under Pradhan Mantri Awas Yojana (PMAY) at Indian Urban Housing Conclave 2022
- "M&A Deal of the Year" for the Proposed Merger of HDFC Limited with HDFC Bank at the Mint's India Investment Summit 2023
- "Jury Special Award for Contribution to Advancing Financial Inclusion" at the 19th Inclusive Finance India Awards
- Felicitated as the Leader in Corporate Governance at the 7th Annual Announcement of "IFC-IiAS-BSE Governance Scores"
- Ranked 3rd by Business World Magazine in India's Most Sustainable Companies 2022-23.
- Winner under "Large Enterprises – Services Sector" category at Financial Express CFO Awards 2023
- "Golden Peacock Award for Excellence in Corporate Governance – 2022" by the Institute of Directors
- "India's Leading Housing Finance NBFC (Large)" award at the Dun & Brad street BFSI & Fintech Summit 2023
- Awarded as "Technology Transformation Leader" at Mint Business Transformation Awards 2022
- Certified as a "Best Firm for Data Scientists" to work for by Analytics India Magazine (AIM)

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HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Business Responsibility & Sustainability Report 2022-23

CONTENTS

Financial Year: April 1 to March 31
1 lac= 100,000; 1 crore =10 million

SECTION A: GENERAL DISCLOSURES

I. Details

1.	**Corporate Identity Number (CIN) of the Company**	L70100MH1977PLC019916
2.	**Name of the Company**	Housing Development Finance Corporation Limited ("HDFC/The Corporation")
3.	**Year of Incorporation**	1977
4.	**Registered office address**	Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020, India
5.	**Corporate office address**	HDFC House, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020, India
6.	**E-mail id**	investorcare@hdfc.com
7.	**Telephone**	+91-22-6176 6000
8.	**Website**	www.hdfc.com
9.	**Financial year for which reporting is being done**	April 1, 2022 to March 31, 2023 (FY23)
10.	**Name of the Stock Exchange(s) where shares are listed**	Equity shares are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE)
11.	**Paid-up capital**	₹ 366.91 crore
12.	**Name and contact details of the person who may be contacted in case of any queries on the BRSR report**	Ms. Anjalee Tarapore Senior General Manager – Management Services and Investor Relations Telephone number: +91-22-6631 6516 E-mail id: anjalee@hdfc.com
13.	**Reporting boundary**	Disclosures made in this report are on a standalone basis and pertain only to HDFC.

II. Products/services

14. Details of business activities

S. No.	Description of main activity	Description of business activity	% of turnover
1.	Financial and Insurance Service	Other financial activities	100

15. Products/services sold by the entity

S. No.	Product/Service	NIC Code	% of total turnover contributed
1.	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 at March 31, 2023, in terms of the composition of loans on an Assets Under Management basis, 83% were loans to individuals, 7% construction finance, 6% lease rental discounting and 4% to corporates.	64192	100

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated

Location	Number of plants	Number of offices	Total
National	Not Applicable*	734#	734#
International		3	3

*The Corporation is a Non-Banking Financial Company - Housing Finance Company (NBFC-HFC) and hence does not undertake any manufacturing activity.

#Includes outlets of HDFC Sales Private Limited, a wholly-owned subsidiary of the Corporation.

17. Markets served by the entity^

a. Number of locations

Locations	Number
National (No. of states)	26
International (No. of countries)	3

^ **Note:** Markets served on a pan-India basis. The table refers to physical offic-

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Not applicable.

c. A brief on types of customers

The Corporation is India's first mortgage finance company. As at March 31, 2023, the Corporation had cumulatively financed 10.2 million housing units.

Borrowers:

The Corporation strives to maintain a judicious mix of lending to all income segments. The Corporation makes concerted efforts to focus on loans to the affordable housing segment where the demand for home loans is immense.

Housing Loan Approvals to Customers Based on Income Slabs in FY23

Category	Household Income per annum	Home Loan Approvals in FY23	
		% in Value Terms	% in Number Terms
Economically Weaker Section	Up to ₹ 3 lac	1	3
Low Income Group	Above ₹ 3 lac up to ₹ 6 lac	8	20
Middle Income Group	Above ₹ 6 lac up to ₹ 18 lac	38	48
High Income Group	Above ₹ 18 lac	53	29
Total		**100**	**100**

Based on individual loans disbursed during the year, the key characteristics of individual loans were:

- 77% were salaried customers, while 23% were self-employed (including professionals).
- The average size of individual loans stood at ₹ 36.2 lac at an all-India level.
- The average size of individual loans to economically weaker sectors (EWS) and low income group (LIG) stood at ₹ 10.7 lac and ₹ 19.4 lac respectively.
- Of the total housing loans disbursed by the Corporation in volume terms, 49% were to first-time homebuyers.
- Loans to women: 67% in value terms had women as owners of the property. These loans ensure women's property rights are recognised and protected as their names are registered on their respective properties.
- The average loan to value ratio at origination was 70%.
- The average age of the customer was 38 years.

The Ministry of Housing and Urban Poverty Alleviation 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, EWS and LIG segments. Though the scheme's validity was till March 31, 2022, during the year under review, the subsidy amounts continued to be released by the government to the beneficiaries. The Corporation has the largest number of home loan customers – of approximately 3.65 lac who have availed benefits under CLSS. As at March 31, 2023, cumulative loans disbursed by the Corporation under CLSS stood at ₹ 60,427 crore. The cumulative subsidy amount stood at ₹ 8,529 crore, representing a 15% share of the total subsidy amount released by the government under CLSS.

Depositors:

The Corporation also has a large number of depositors, which predominantly comprise retail depositors. As at March 31, 2023, total outstanding deposits stood at ₹ 1,52,111 crore and the number of deposit accounts stood at approximately 20.2 lac. 73% of the deposits are retail deposits. Deposit partners/key agents source deposits for the Corporation. The Corporation has 24,714 active key partners.

IV. Employees

18. Details as at March 31, 2023

a. Employees (including differently abled)

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
	EMPLOYEES					
1.	Permanent (D)	4,017	2,916	73	1,101	27
2.	Other than permanent (E)	2,941	1,506	51	1,435	49
3.	**Total employees (D + E)**	**6,958**	**4,422**	**64**	**2,536**	**36**

Note: The Corporation does not have any workers as defined in the guidance note on BRSR.

b. Differently abled employees

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
	DIFFERENTLY ABLED EMPLOYEES					
1.	Permanent (D)	2	1	50	1	50
2.	Other than permanent (E)	10	9	90	1	10
3.	**Total differently abled employees (D + E)**	**12**	**10**	**83**	**2**	**17**

19. Participation/inclusion/representation of women

	Total (A)	No. and percentage of females	
		No. (B)	% (B/A)
Board of Directors*	8	2	25
Key Management Personnel	4	1	25

**As at the date of the report*

20. Turnover rate for permanent employees

	FY23			FY22			FY21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	7.4%	9.9%	8.1%	4.4%	7.1%	5.1%	4.6%	8.7%	5.6%

V. Holding, subsidiary and associate companies (including joint ventures)

21. (a) Names of holding/subsidiary/associate companies/joint ventures (As at March 31, 2023)

S. No.	Name	Subsidiary/Associate	% of shares held
1.	HDFC Investments Ltd.	Subsidiary	100
2.	HDFC Trustee Co. Ltd.	Subsidiary	100
3.	HDFC Asset Management Co. Ltd.	Subsidiary	52.56
4.	HDFC Holdings Ltd.	Subsidiary	100
5.	HDFC Sales Pvt. Ltd.	Subsidiary	100
6.	HDFC Ventures Trustee Co. Ltd.	Subsidiary	100
7.	HDFC Venture Capital Ltd.	Subsidiary	100
8.	HDFC Credila Financial Services Ltd.	Subsidiary	100
9.	HDFC Property Ventures Ltd.	Subsidiary	100
10.	HDFC Education and Development Services Pvt. Ltd.	Subsidiary	100
11.	HDFC Capital Advisors Ltd.	Subsidiary	89
12.	Griha Pte. Ltd.	Subsidiary	100
13.	Griha Investments	Subsidiary	100
14.	HDFC AMC International (IFSC) Ltd.	Subsidiary	52.56
15.	HDFC ERGO General Insurance Co. Ltd.	Associate	49.99
16.	HDFC Life Insurance Co. Ltd.	Associate	48.65
17.	HDFC Bank Ltd.	Associate	20.87*

*Includes the holding of HDFC Investments Limited and HDFC Holdings Limited.

Do the entities indicated in the above table participate in the Business Responsibility initiatives of the listed entity? (Yes/No)

The subsidiary/associate companies have their own business responsibility (BR) initiatives and generally do not participate in the BR initiatives of the Corporation. However, there are instances where the HDFC group of companies make joint commitments to support BR initiatives.

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of the Companies Act, 2013: Yes

(ii) Turnover: ₹ 60,224 crore

(iii) Net worth: ₹ 1,33,985 crore

(iv) Total amount spent on CSR for FY23: ₹ 213 crore

VII. Transparency and Disclosures Compliances

23. Complaints/grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGRBC)

Stakeholder group from whom complaint is received	Grievance Redressal Mechanisms in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)[1]	FY23			FY22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	-	-	-	-	-	-
Investors (other than shareholders)	Yes	-	-	-	-	-	-
Shareholders	Yes	5	-	-	6	-	-
Employees	Yes	4	-	-	3	-	-
Customers[2]	Yes	33,320	9[3]	-	39,934	25	-
Value Chain Partners[4]	Yes	2,002	5[5]	-	1,738	2	-
Others	Yes	7	-	-	10	-	-

1: *Some of the policies guiding the Corporation's conduct with all its stakeholders, including grievance mechanisms are placed on the Corporation's website. The hyperlink is: https://www.hdfc.com/grievance-redressal. In addition, there are internal policies placed on the intranet of the Corporation.*

2: *Issues relating to Credit Linked Subsidy Scheme are excluded.*

3: *Of the customer complaints pending during the year, only one complaint was pending as of date of the report.*

4: *Grievances pertaining to credit bureau reports raised through the bureau's online portal for dispute resolution.*

5: *Complaints pending as at the financial year end, but subsequently resolved as of date of the report.*

24. Overview of the entity's material responsible business conduct issues.

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk, as per the following format:

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	Approach to adapt or mitigate	Positive/ Negative Implications
1.	Financial inclusion through affordable housing	Opportunity	Housing fulfills a key social objective. Will continue to support various initiatives of the government's mission of attaining 'Housing for All'. Immense scope to increase homeownership in the country across all income segments. Encourage developers to build more affordable, green and smart housing. The government has provided fiscal incentives to developers to build affordable housing units. Focus on lending to all income categories – be it economically weaker sections, low income groups, middle income and high income groups. Increased use of digitalisation tools to help increase scale, impact larger section of beneficiaries and enhance processing and resource efficiency.	The mortgage to GDP ratio in India is just 11% compared to 60 to 90% in many advanced economies. The scope to grow the market remains immense. The Corporation's strong underwriting skills helps mitigate credit risks. The Corporation has built expertise to assess rural and agricultural income and has built a sizable rural housing finance portfolio, which is about 9% of the loan book. The Corporation lends to the informal sector through its niche product, HDFC Reach. Strong emphasis and encouragement to increase women homeownership. During the year, the Corporation raised the country's largest 'social loan' of USD 1.1 billion for on-lending for affordable housing and USD 400 million from International Finance Corporation for on-lending towards green and affordable housing. Expanded office network, to reach deep geographies and increase home loan penetration. 94% of new loan applications were digitally on boarded.	Positive: Given the shortage of housing, there is immense scope to increase home loans in the country. The proposed amalgamation of the Corporation with HDFC Bank Limited will facilitate a wider reach through a larger branch network into deeper geographies.
2.	Social responsibility towards society	Opportunity	The Corporation had formalised a process of earmarking a portion of its profits each year to support projects which fulfill a social obligation in its 10th year of operations in 1987. Thus, returning to society has been ingrained in the Corporation's philosophy. The Corporation primarily implements its CSR initiatives through the H T Parekh Foundation, a charitable institution and the philanthropic arm of HDFC. Key areas of CSR activities in FY23 were: i. Healthcare ii. Education iii. Supporting persons with disabilities iv. Environmental sustainability v. Heritage Restoration	Kindly refer to the Annual Report 2022-23 -- Report on Corporate Social Responsibility Activities for further details.	Positive: The Corporation recognises the importance of being socially responsible and playing a part in helping to uplift the less fortunate.

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	Approach to adapt or mitigate	Positive/ Negative Implications
3.	Responsible Lending	Opportunity	Recognise the opportunity to build the green rated housing portfolio and encourage energy efficient homes. The Corporation has signed an MoU with the Indian Green Building Council (IGBC) to promote smart green buildings. The demand for green commercial buildings comes largely from companies in the services sector or multinational companies seeking to widen their footprint in India. The added benefit is that these companies also bring in large investments which helps increase foreign exchange reserves as well and helps create a large number of jobs in the country. Need to increase due diligence on the non-individual loan portfolio as regards Environmental & Social (E&S) risks. Scope to increase access to larger pools of green financing at commercially favourable terms. Increased efforts through sensitisation of employees, customers and other stakeholders so as to endeavour to reduce the Corporation's overall carbon footprint.	Increased access to a larger and more diversified pool of funding specifically earmarked for on-lending for green and affordable housing, from multilateral agencies and refinance lines from the National Housing Bank. The Corporation has Green and Sustainable Deposits for retail depositors, wherein funds are on-lent towards green housing and other sustainable lending initiatives in accordance with Sustainable Development Goals. As at March 31, 2023, the Corporation has cumulatively financed ₹ 32,795 crore of individual home loans, where properties are certified as green building projects. These have been certified by IGBC, GRIHA, EDGE or LEED. The Corporation recognises the scope to increase financing of homes that are green rated. Approximately, three-fourths of the lease rental discounting (LRD) portfolio had green ratings. These entail Grade A commercial properties. During the year, most of the non-individual loans disbursed, were reviewed from an E&S perspective. Enhanced E&S due diligence was done through a combination of both, internal and external assessments. To mitigate risks arising from climate change, the Corporation encourages homeowners to take home insurance to guard against risks of rising sea levels, floods, forest fires, and natural hazards.	Positive: Scope to build a larger, green portfolio and access greater pools of green funding. Negative: Climate risk may entail physical risks i.e. damage to the Corporation's physical assets in case of climate related disasters. There could be transition risks i.e. increased expenses in transiting towards meeting new environmental related standards. Further details on physical and transition risks are elucidated on the following link: https://www.hdfc.com/content/dam/housing-development-financecorp/pdf/investors/relations/environmental-social-governance/tcfd-2023-a4-sb-final.pdf
		Risks	Reputational risks in case the Corporation is unable to meet stakeholder expectations on climate related financial disclosures.	The Corporation has been a supporter of the Task Force on Climate-Related Financial Disclosures (TCFD) since June 2021. In January 2023, the Corporation voluntarily published its report 'Climate-related Financial Disclosures: An Introductory Framework', which is broadly mapped on the recommendations of TCFD. For calendar year 2022, the Corporation received a 'B' score in response to the CDP Questionnaire on Climate Change. As per CDP, this score is higher than the average score of the financial services sector as well as the global average performance. The rating signifies that the Corporation is taking co-ordinated action on climate related issues.	

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

The National Guidelines for Responsible Business Conduct (NGRBC) as prescribed by the Ministry of Corporate Affairs advocates nine principles referred as P1-P9 as given below:

P1	Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive towards all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment
P7	Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

Policy and Management Processes

Disclosures Questions	P 1	P 2	P3	P4	P5	P6	P7	P8	P9
	Ethics & Transparency	Product Responsibility	Human Resources	Responsiveness to Stakeholders	Respect for Human Rights	Responsible Lending	Public Policy Advocacy	Inclusive Growth	Customer Engagement
1. a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)^	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No) {Refer Note 1}	Yes. The Business Responsibility Policy covering the above-mentioned principles has been approved by the board. In addition, the ESG Policy Framework of the Corporation elucidates the board's oversight on ESG. https://www.hdfc.com/investor-services/codes-policies								
c. Web link of the policies, if available	https://www.hdfc.com/investor-services#codes-policies Some policies may also include a combination of internal policies of the Corporation which are accessible to all internal stakeholders and policies placed on the Corporation's website.								
2. Whether the entity has translated the policy into procedures. (Yes/No)	Yes. The Corporation has translated the policies as applicable and imbibed the same into procedures and practices in all spheres of activities that the Corporation undertakes.								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes. The Corporation's Code of Conduct largely imbibes the above-mentioned principles and the Corporation expects its stakeholders to adhere to the same in all their dealings. https://www.hdfc.com/content/dam/housingdevelopmentfinancecorp/pdf/footer-pdfs/code-of-conduct-dsa.pdf								
4. Name the national and international codes/ certifications/ labels/ standards.	Not Applicable.								

5. **Specific commitments, goals, targets set by the entity**

a. Housing for All – The Corporation stands committed to partnering and supporting the government's flagship housing programme and other initiatives so as to help more Indians become homeowners. This commitment will continue post the completion of the on-going amalgamation of the Corporation with and into HDFC Bank Limited. As a result of the on-going amalgamation, homeowners are likely to benefit primarily due to increased synergies, access to lower cost funding and a large distribution network of HDFC Bank Limited.

b. The Corporation is keen to increase its share of financing green and affordable homes and commercial buildings and aims to increase the pool of resources available for lending towards green and sustainable initiatives of the Corporation.

c. To align with the commitment to work towards a net zero emissions pathway, the Corporation has commenced the journey of measuring its financed emissions, as guided by the Partnership for Carbon Accounting Financials (PCAF), which sets out accounting methodologies for disclosing GHG emissions associated with lending and investment activities of financial institutions.

d. Identify core focus areas/sectors where funding is most needed to help uplift the marginalised and most impacted segments of society through Corporate Social Responsibility activities.

e. The Corporation upholds the principles of a gender inclusive environment at the workplace and stands committed to increasing the number of women employees in the Corporation.

6. **Performance of the entity against specific commitments, goals and targets**

a. The Corporation remains committed to supporting the government's mission of Housing for All and enable more Indians become homeowners. The Corporation had the largest number of beneficiaries under the CLSS and a 15% market share of the CLSS subsidy released by the government.

b. The Corporation raised External Commercial Borrowings of USD 1.5 billion, thereby increasing its stock of resources for on-lending for green and affordable housing.

c. The Corporation has undertaken a pilot study of financed emissions of a sample of individual home loans disbursed on a pan-India basis. This initiative has been done entirely on a voluntary basis so as to commence the journey of measuring financed emissions.

d. The Corporation has met its CSR target primarily through its core focus areas, details of which are elucidate in the Annual Report on CSR Activities, 2023.

b. As at March 31, 2023, women constituted 27% (PY: 26%) of total employee strength. In terms of new recruits, the share of women employees stood at 38% (PY: 30%).

Note 1		
Principle-wise policies		
P1	**Ethics & Transparency**	The Corporation's Policy on Business Responsibility, Code of Conduct for Employees, Executive Directors & Senior Management, Non-Executive Directors, Model Code of Conduct for Direct Selling Agents and Deposit Agents, Code of Conduct for Recovery Officers, Policy on Appointment of Directors and Members of Senior Management, Policy for Determining Material Subsidiary Companies, Policy for Fit and Proper Criteria for Directors, Internal Guidelines on Corporate Governance, Fair Practices Code, Whistle Blower Policy, Policy on Management of Conflict of Interest, KYC and Prevention of Money Laundering Policy, Anti-Bribery and Anti-Corruption Policy, Guidelines for Reporting on Frauds, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, Policy on Determination of Materiality, Policy on Related Party Transactions, Securities Dealing Code - Prohibition of Insider Trading and other internal policies elucidate ethical behaviour, transparency and accountability.
P2	**Product Responsibility**	The Corporation's Fair Practices Code and Most Important Terms and Conditions guides this principle. KYC and Prevention of Money Laundering Policy is also a critical component of product responsibility for the Corporation. The Corporation follows inclusive lending policies to facilitate increased homeownership, particularly affordable housing and women home ownership. The Corporation has an Environmental, Social and Governance (ESG) Policy Framework that inter alia lays down principles for responsible lending, sustainable finance, sustainable operations amongst others.
P3	**Human Resources**	The Corporation has various policies to support employee well-being and protection of human rights. Besides the Corporation's Code of Conduct, other policies include the Policy on Protection of Women Against Sexual Harassment at the Workplace, Diversity and Inclusion Policy, Policy on Health and Safety of Employees, Comprehensive Employee Health Insurance Policy, Personal Accident Policy, Policy on Parental Leave, Policy on Equal Opportunity, Policy on Self-Education for Employees, Policy on Soft Loans to Employees (for housing, furniture/fixtures, vehicles), Policy for Sponsoring Employees for Training & Development. In addition, employees are sensitised and trained on various aspects of ESG, including making climate conscious decisions and prevention of wasteful usage of natural resources and conservation of energy and diversity, equality and inclusiveness.

P4	**Responsive to Stakeholders, particularly the marginalised**	The Corporation is focused on affordable housing and lending to the economically weaker sections and low income groups. These policies are part of the Corporation's overall lending business.
P5	**Respect for Human Rights**	The Code of Conduct details the policy on the respect for human rights. The Corporation through its Human Rights Statement upholds human rights as enshrined in the Constitution of India and supports the principles in the United Nations Universal Declaration of Human Rights, United Nations Guiding Principles on Business and Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, United Nations Convention on the Rights of the Child and the United Nations Convention on the Elimination of Discrimination against women.
P6	**Responsible Lending**	The Corporation has an Environmental, Social and Governance Policy Framework which evaluates environmental and social risks in its lending policies and abstains from lending to environmentally irresponsible projects. Policy on Business Responsibility reaffirms the Corporation's commitment to follow principles laid down in the National Voluntary Guidelines on Social, Environmental and Economic responsibilities of Business published by the Ministry of Corporate Affairs towards conducting its business.
P7	**Public Policy Advocacy**	The Corporation actively participates in discussion forums/committees of the government, regulator or industry bodies and shares its expertise and helps in the formulation or review of policies with the overall objective of enhancing the business ecosystem, economy and society. The Corporation does not engage in any lobbying activities.
P8	**Inclusive Growth**	The Corporate Social Responsibility Policy encompasses activities focused on the marginalised and vulnerable sections of society. In its effort towards inclusiveness, the Corporation offers housing finance products that cater to the vulnerable and marginalised segments. These policies are part of the Corporation's lending business.
P9	**Customer Engagement**	The Code of Conduct, internal policies, benchmarks on customer service and policies and grievance redressal mechanisms encompass this principle.

^**Note:** The policies have been developed based on best practices or as per regulatory requirements and through appropriate consultation with relevant stakeholders. Policies may include a combination of internal policies of the Corporation which are accessible to all internal stakeholders and policies placed on the Corporation's website. The hyperlink is https://www.hdfc.com/investor-services/codes-policies

GOVERNANCE, LEADERSHIP AND OVERSIGHT

7. Director's Statement

HDFC's key objective is to increase homeownership in the country. The Corporation's focus on ESG parameters is best reflected through core values that are imbibed in all spheres of activity of the Corporation. The Corporation believes in meeting a critical social objective with an endeavour to provide housing finance solutions across all income categories. Given the acute shortage of housing and the low mortgage to GDP penetration in the country, the demand for housing in India is immense.

The Corporation has been built on the founding principles of kindness, fairness, effectiveness and efficiency. The Corporation believes that sound principles of governance are a necessary tool for creating long-term value for all its stakeholders. This has held the Corporation in good stead over the last 46 years.

Environmental, Social and Governance (ESG) is becoming mainstream. The Securities Exchange Board of India (SEBI) has mandated reporting under the Business Responsibility and Sustainability Report (BRSR) framework for the top 1,000 companies by market capitalisation from FY23 onwards. For the Corporation, FY23 marks its third year of reporting under the BRSR framework. The Corporation takes pride in having been the first company to publish a BRSR in FY21.

The regulators have been working towards creating conducive ESG frameworks that are customised, keeping the nuances of the country in mind. During the year, SEBI has issued various consultancy papers on ESG disclosures, ratings and investing. In July 2022, the Reserve Bank of India's Department of Regulation issued a discussion paper on Climate Risk and Sustainable Finance. In FY23, the Government of India for the first time issued ₹ 16,000 crore of Sovereign Green Bonds, the proceeds of which will be used for green infrastructure projects.

In January 2023, the Corporation voluntarily published its report, 'Climate-related Financial Disclosures: An Introductory Framework', which is largely mapped on the recommendations of TCFD. The Corporation is at an early stage of reporting under the TCFD framework.

The Corporation was encouraged with the positive response it got for raising USD 1.5 billion as an external commercial borrowing, the proceeds of which are to be utilised for affordable and green housing.

The impending amalgamation of the Corporation with HDFC Bank augurs well for both organisations. Both are strongly committed to imbibe ESG practices as an integral part of all spheres of activity undertaken.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility (BR) Policy	Mr. V. Srinivasa Rangan Executive Director DIN: 00030248

9. Does the entity have a specified committee of the board/director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.	Yes. The board of directors and senior management of the Corporation monitor various aspects of social, environmental, governance and economic responsibilities of the Corporation on a continuous basis. The Corporation's business responsibility and sustainability performance is reviewed by the Board of Directors on an annual basis. The executive directors are responsible for the strategy and implementation of the Corporation's ESG framework. The performance of the Corporation from a perspective of business responsibility is assessed by the following committees of the board: (i) the Audit and Governance Committee; (ii) the Corporate Social Responsibility Committee; and (iii) the Stakeholders Relationship Committee. In addition, the Risk Management Committee and the IT Strategy Committee also assesses risks pertaining to certain principles of business responsibility and sustainability.

10. Details of Review of the National Guidelines on Responsible Business Conduct (NGRBC)

Subject for Review	Review of principles undertaken by and frequency
Performance against above policies and follow up action	As a practice, BR policies of the Corporation are reviewed periodically or on a need basis by department heads, business heads, executive directors and the board. During this assessment, the efficacy of the policies are reviewed and necessary changes to policies and procedures are implemented.
Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances	The Corporation is in compliance with the extant regulations, as applicable.

11. Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.

The processes and compliances may be subject to scrutiny by internal auditors and regulatory compliances, as applicable. From a best practices perspective as well as from a risk perspective, policies are periodically evaluated and updated by various department heads, business heads and approved by the management and/or board. The GHG emissions have been reviewed and assessed by Centre for Environment Research & Education (CERE).

SECTION C: PRINCIPLE-WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE

Essential Indicators

1. **Percentage coverage by training and awareness programmes on any of the principles during the financial year**

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors/ Key Managerial Personnel (KMP)	During the year, the Board of Directors and KMPs of the Corporation spent more than 32 hours on various familiarisation programmes, comprising matters relating to an array of issues pertaining to business, legal and regulatory aspects, economy and environmental, social and governance parameters. In addition, a monthly chronicle is shared with all the board members apprising them of developments in the Corporation, key subsidiaries and associate companies and various regulatory changes and case laws.		100
Employees other than Board of Directors or KMPs	All employees of the Corporation undergo various training programmes throughout the year. All trainings were conducted through classroom as well as blended learning, which entailed virtual classroom initiatives, along with e-learning modules. Various trainings were undertaken during the year such as Prohibition of Insider Trading, Prevention of Sexual Harassment at the Workplace, Information and Cyber Security Awareness, Code of Conduct, Know Your Customer Guidelines, IT protection and Understanding Green Initiatives. Other trainings included orientation and induction programmes for new recruits, leadership training, negotiation and interviewing skills, IT and cyber security, modules on soft skills, programmes on mental and physical well-being, amongst several others. In view of the impending amalgamation with HDFC Bank, multiple webinars on Basics of Banking were attended by all employees. Multiple advanced workshops were also conducted for enhanced skills in Structure Query Language and other software. Other workshops conducted were self-management, growth mindsets and leadership skills. Immense thrust was laid on training employees on customer centric behaviour, mentoring and customer relationship management. Total training man days per employee: 9.89		100

2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings with regulators/ law enforcement agencies/judicial institutions in FY23

Monetary				
	Name of the regulatory/ enforcement agencies/judicial institutions	**Amount (In ₹)**	**Brief of the Case**	**Has an appeal been preferred? (Yes/No)**
Penalty/ Fine	Reserve Bank of India	5,00,000	In March 2023, the Reserve Bank of India (RBI) imposed a monetary penalty for non-compliance with certain provisions of the Housing Finance Companies Directions, 2010 issued by the National Housing Bank read with the press release dated August 13, 2019 issued by RBI on Transfer of Regulation of Housing Finance Companies to Reserve Bank of India. The Corporation has paid the penalty. The Corporation maintains that this was not significant or material in nature.	No
Settlement	-	-	-	-
Compounding Fee	-	-	-	-

Non-Monetary			
	Name of the regulatory/ enforcement agencies/judicial Institutions	**Brief of the case**	**Has an appeal been preferred? (Yes/No)**
Imprisonment	Nil		
Punishment			

3. Of the instances disclosed in Question 2 above, details of the appeal/revision preferred in cases where monetary or non-monetary action has been appealed.

Nil.

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes. The Corporation has an anti-bribery and anti-corruption policy. The policy has been developed in alignment with HDFC's code of conduct, various existing policies (including whistle blower policy, policy on management of conflict of interest, amongst others) and rules and regulations on anti-bribery and anti-corruption in India.

The policy reiterates HDFC's stance of zero tolerance towards bribery and corrupt practices. The policy facilitates ethical decision making and reinforces HDFC's culture of transparency in all its dealings.

This policy applies to all stakeholders or persons associated with HDFC and who may be acting on behalf of HDFC and sets out conduct that must be adhered to at all times.

The policy is placed on the Corporation's website,
https://www.hdfc.com/content/dam/housingdevelopmentfinancecorp/pdf/investors/services/code-policies/HDFC%20Limited%20-%20Anti%20Bribery%20&%20Anti%20Corruption%20Policy-Final.pdf

5. Number of Directors/KMPs/employees against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption

	FY23	FY22
Directors	Nil	Nil
KMPs		
Employees		

6. **Details of complaints with regard to conflict of interest**

	FY23		FY22	
	Number	**Remarks**	**Number**	**Remarks**
Number of complaints received in relation to issues of conflict of interest of directors	-	-	-	-
Number of complaints received in relation to issues of conflict of interest of KMPs	-	-	-	-

7. **Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.**

   The Corporation ensures that it discusses various issues with its regulators where there could be lapses in compliance and ensures that necessary policies, processes, systems and monitoring mechanism are put in place.

Leadership Indicators

1. **Awareness programmes conducted for value chain partners on any of the principles during the financial year.**

   With the shift to digital platforms, the Corporation continued to spend a great deal of time and effort in training programmes for both, its key partners/deposit agents and direct selling agents so as to enable them to effectively use the Corporation's digital platforms. This helped increase digital onboarding of both, depositors and borrowers. This proved to be cost effective, efficient and convenient for customers and also helped reduce paper consumption by the Corporation.

   The Corporation constantly engages with its critical value chain partners in facilities management which entail programmes to improve service levels, security measures across offices, safety protocols linked to support services and health and hygiene issues through effective housekeeping, amongst others. These awareness programmes covered about 60% of the Corporation's value chain partners pertaining to facilities management. These regular interactions have strengthened the Corporation's relationship with some of its key value partners who share similar ESG objectives and assist in areas like waste management and conservation of resources.

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the board? (Yes/No) If yes, provide details of the same.**

   Yes. The Corporation has a policy on management of conflict of interest to identify actual or potential conflict of interest of HDFC with its directors and employees, which may arise during the course of its business activities. The Corporation has implemented organisational and administrative processes to mitigate and prevent conflicts of interest that may arise. There are appropriate safeguards and systems to prevent or manage conflicts along with escalation mechanisms.

   The Corporation has a guidance mechanism in place for directors/senior management to address potential conflict of interests that may arise in recommending/approving proposals for investments/granting loans.

   The policy is placed on the Corporation's website. The hyperlink is https://www.hdfc.com/content/dam/housingdevelopmentfinancecorp/pdf/investors/services/code-policies/Policy-on-Management-of-Conflict-of-Interest_0.pdf

PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

   Given the nature of business of the Corporation, the relevance of the above is largely restricted to information technology (IT) capex. In FY23, capex and other expenses incurred towards IT hardware and software, which facilitated enhanced digital initiatives of the Corporation was 0.29% of total revenue (FY22: 0.16%). Greater adoption of digital platforms not only brings in increased efficiencies of operations, but also ensures substantially reduced consumption of paper.

2. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

   Yes. As the nature of the business of the Corporation is providing housing finance, at a corporate level, consumption of resources is limited to running the operations.

   The Corporation, however, remains cognisant of reducing its resource consumption through ensuring better energy efficiency standards, whilst procuring electronic equipment, lighting devices, computers, HVACs, sensors, amongst others. In certain office locations, to gradually reduce the dependence on grid electricity, the Corporation has continued to install solar power roof panels, which are certified as per the norms and technical standards of the Central Electricity Authority. This will bring in energy savings over the medium to long-term.

   Some of the offices of the Corporation are certified by IGBC for green interiors.

   The Corporation has installed automated power factor control panels in junction/distribution boards to reduce power distribution losses. At most of the Corporation's offices, there are LED light fittings to conserve energy and conscious endeavours have been made to replace electronic equipment with high energy star ratings. Sensors are installed to economise power and water consumption only when these facilities are being used.

   During the year, the Corporation fixed aerators in taps at some of its large offices to reduce water consumption. The aerators dispense less water at the rate of 1.89 litre per minute as against the earlier rate of 5-6 litre per minute. This helped the Corporation to reduce water consumption in these offices by almost 60-70%.

   The major suppliers of hardware are green standard compliant and data centres are certified under Environmental Management System ISO 14001:2015.

   The Corporation endeavours to engage with suppliers who integrate environmental and social considerations into their products and services. At an all-India level, preference is always given to sourcing from local suppliers.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

   Given the nature of the business, the Corporation has limited scope to use recycled material as processed inputs. However, the Corporation has systems in place at an all-India level to manage e-waste. The Corporation engages with certified e-waste handlers for disposal of e-waste. In FY23, 24,927 kg of e-waste generated from computers, printers, laptops, scanners, switches, servers, batteries – sealed maintenance free (SMF) and uninterrupted power supply (UPS) was disposed through authorised, green recyclers. The Corporation received green, disposable and re-cycling certificates from the respective e-waste vendors.

   The Corporation also uses local vendors for disposal of paper for recycling. For several years, the sale value of paper scrap of the Corporation is being donated to Cancer Patients Aid Association. During the year, towards this initiative, 9.02 MT of waste paper was sent for recycling.

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

   Waste segregation has been introduced at various offices. This entails segregating and disposing dry, wet and recyclable waste. The recyclable and dry waste is given to various vendors for recycling.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

   Not applicable.

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details.**

   The primary business activity of the Corporation is providing housing finance. The loan cycle is a sequential process ranging from sourcing of the loan to loan approval, disbursement, servicing and repayment of the loan. Details are elucidated below:

Sourcing of Loans

Individual home loans are sourced digitally through the online portal, directly as walk-in applications at HDFC offices, or through any channel partner/entity which has a formal sourcing agreement with HDFC. The majority of the loans are being sourced by the Corporation or through its affiliates, HDFC Sales Private Limited and HDFC Bank Limited. Third party direct selling agents also source business for HDFC.

Loan Processing

- ***Credit Appraisal***

All loans are processed by the credit hubs, post initial document fulfillment by channel partners. The appraisal process for determining the loan eligibility involves underwriting of the submitted documents and undertaking various checks to ensure authenticity of the documents, genuineness of the transaction and compliance with regulations. The credit underwriting process is digitally enabled. Supporting documentation for loan appraisals are also digitally enabled. This has helped reduce paper consumption. Capitalising on technology has enabled increased scale and speed in processing and digital fetch tools helps in faster authentication of supporting documentation such as income tax returns and GST returns, bank statement analysis, amongst others.

- ***Legal Appraisal***

The required title and other documents pertaining to the individual property being financed are verified to ensure that the title is clear and marketable and can be mortgaged to HDFC.

- ***Technical Appraisal***

Post the appraisal process, the technical appraisal process involves collection and compilation of the project related documents and verification of the stage of construction of the project to ascertain the amount that can be disbursed.

Disbursement

Disbursement process commences after approval of the loan and verification of requisite documents.

Repayment & Closure

Once the loan is fully repaid/prepaid, the original/copy of title documents for the property with any other documents if procured during the legal process are then released and handed over to the customer with a mortgage release letter stating that all dues towards the loan has been fully repaid.

Deposits

In a similar vein, the lifecycle of deposits is also a critical component for the Corporation. This begins with sourcing of the deposit which could be directly by the customer or through a deposit agent/key partner. The requisite KYC checks and other information details of customers are collected and reviewed to ensure compliance with extant regulations. Post this, a deposit certificate is issued to the customer. Periodic intimations are sent to customers and upon maturity, the deposits are either renewed or repaid to the customer. The Corporation has a robust online deposit platform, https://www.hdfc.com/deposits. As at March 31, 2023, more than 66% of deposits were being transacted through the online platform.

Grievance Redressal Mechanism

As part of the Grievance Redressal policy, the Corporation has a complaint management system to record and redress grievances/feedback from customers, which helps in ensuring standard operating procedures and enhancing service standards. The Customer Engagement department is in charge of ensuring that customer grievances are addressed in a timely manner and that responses sent are appropriate and meets the requirements of the customers. Further details in Principle 9.

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

   Not applicable.

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

   Not applicable.

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed.**

   Not applicable.

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

   Not applicable.

PRINCIPLE 3: **BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS**

Essential Indicators

1. Details of measures for the well-being of employees

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
PERMANENT EMPLOYEES											
Male	2,916	2,916	100	2,916	100	-	-	2,916	100	-	-
Female	1,101	1,101	100	1,101	100	1,101	100	-	-	1,101	100
Total	**4,017**	**4,017**	**100**	**4,017**	**100**	**1,101**	**27**	**2,916**	**73**	**1,101**	**27**
OTHER THAN PERMANENT EMPLOYEES											
Male	1,506	1,228	82	1,219	81	-	-	-	-	-	-
Female	1,435	1,290	90	1,320	92	1,435	100	-	-	1,435	100
Total	**2,941**	**2,518**	**86**	**2,539**	**87**	**1,435**	**49**	**-**	**-**	**1,435**	**49**

2. Details of retirement benefits for the current and previous financial year

Benefits	FY23		FY22	
	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)*	No. of employees covered as a % of total employees	Deducted and deposited with the authority (Y/N/N.A.)*
PF	100	Y	100	Y
Gratuity	100	Y	100	Y
Employee State Insurance (ESI)	-	N.A.	-	N.A.
Others	-	-	-	-

*The Corporation has a separate Provident Fund Trust and Gratuity Trust.

3. Accessibility of workplaces
Are the premises/offices accessible to differently abled employees as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Some of the offices of the Corporation, including the corporate office have ramps for easy movement of differently abled people. Most offices are located in commercial premises which are either on the ground floor or have elevators and infrastructure for differently abled individuals. Wheelchair accessible restrooms are available in certain premises of the Corporation.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

The Corporation has adopted an Equal Opportunity Policy in accordance with the provisions of the Rights of Persons with Disabilities Act, 2016 and the rules framed thereunder and provides a framework which is committed towards the empowerment of persons with disabilities. This policy aims to provide practical guidance on the management of disability issues at the workplace in accordance with the provisions of the act and its rules.

The Corporation believes in equal opportunity for all its employees, wherein the Corporation is committed to providing an inclusive work culture and an environment free from any discrimination. HDFC values and welcomes diversity and does not treat anybody differently based on their race, sex, religion/beliefs, disability, marital or civil partnership status, age, sexual orientation, gender identity, gender expression, caring responsibilities, or any other class of person protected by laws in the country. At HDFC, the vision is to be "Disability Confident". HDFC, as an inclusive employer actively encourages the recruitment, development and retention of people with disability and ensures they have equal opportunities at workplace and strives to provide a safe, accessible and healthy work environment.

The policy is on the Corporation's website, https://www.hdfc.com/content/dam/housingdevelopmentfinancecorp/pdf/investors/services/code-policies/Equal-Opportunity-Policy-at-HDFC.pdf

5. Return to work and retention rates of permanent employees that took parental leave.

Permanent employees		
Gender	**Return to work rate (%)**	**Retention rate (%)**
Male	100	98
Female	100	92
Total	**100**	**95**

Retention rate determines who returned to work after parental leave ended and were still employed 12 months later.

6. Is there a mechanism available to receive and redress grievances for the following categories of employees? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Employees	Yes
Other than Permanent Employees	

The Corporation has always believed in open and transparent communication. Employees are encouraged to share their concerns with their business heads, HR or the members of the senior management. The Corporation has always followed an open door policy, wherein any employee irrespective of hierarchy has access to the senior management.

In addition, the Corporate Whistleblower Initiative (CWI) provides a formal platform to share grievances on various matters. The details of the grievance mechanism and CWI are shared with employees through a specific module. New recruits are also sensitised on the CWI mechanism and forms part of the employee induction programme.

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 said policy 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 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.

7. Membership of employees in association(s) or unions

The Corporation does not have any employee associations. The Corporation, however, recognises the right to freedom of association and does not discourage collective bargaining.

8. Details of training given to employees

Category	FY23					FY22				
	Total (A)	On health and safety/wellness measures		On skill upgradation		Total (A)	On health and safety/wellness measures		On skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES										
Male	2,982	2,717	91	2,979	99	2,704	2,704	100	2,704	100
Female	1,137	1,036	91	1,136	99	966	966	100	966	100
Total	**4,119**	**3,753**	**91**	**4,115**	**99**	**3,670**	**3,670**	**100**	**3,670**	**100**

Note: Includes training given to employees who have resigned/retired during the year. Some of the training programmes offered under health and safety and skill upgradation are mandatory. Hence, all employees have been considered under such training programmes.

9. **Details of performance and career development reviews of employees**

Category	FY23			FY22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
EMPLOYEES						
Male	2,916	2,916	100	2,671	2,671	100
Female	1,101	1,101	100	928	928	100
Total	**4,017**	**4,017**	**100**	**3,599**	**3,599**	**100**

All employees of the Corporation undergo an annual performance appraisal process as determined by the Corporation. Further, the Nomination and Remuneration Committee and the board evaluates the performance of the whole-time directors, members of executive management (one level below the board) and the company secretary on an annual basis.

The underlying philosophy of the performance management system is to have a fair and transparent system of appraisal, which ensures an objective mechanism to measure each employee's performance and potential and implement a reward system which recognises merit.

The performance appraisal system has been designed to achieve the following objectives:

- Review the previous year's performance with specific reference to achievement of targets and give constructive feedback on performance;
- Provide an opportunity for communication and interaction between the appraiser and appraisee regarding the previous year's performance and setting of performance targets for the next appraisal period; and
- Reward employees who have performed well during the appraisal period and those who demonstrate the ability to handle higher responsibilities with promotions/increased job responsibilities.

10. **Health and safety management system**

a. **Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage such system?**

Owing to the nature of the business, per se there are no occupational health and safety risks due to the nature of the work.

The Corporation has a policy on health and safety for its employees. Periodic internal communication and alerts are sent out to employees and awareness sessions are conducted on safety related aspects. Employees on a pan-India basis are given periodic training on basic and advanced fire safety, including evacuation drills. HDFC has tie-ups with vendors to educate and demonstrate the use of fire-fighting equipment. The said policy is placed on the Corporation's website.

The Corporation is focused on both, the physical and mental well-being of its employees and has organised various workshops and discussions with well-being experts and medical practitioners. The Corporation has designated first-aid marshals at offices, with minimum basic training so as to be aware of procedures to be followed in case of medical emergencies.

Training programmes on the safety of women employees at the workplace is mandatory for all employees. During the year, there were no accidents of any employee of the Corporation whilst on duty.

b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

Given the nature of business, this is not applicable.

c. **Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)**

Given the nature of business, this is not applicable.

d. **Do the employees have access to non-occupational medical and healthcare services? (Yes/No)**

Yes. All employees of the Corporation are covered under the Corporation's health insurance and personal accident policy.

11. **Details of safety related incidents**

Safety Incident/Number	Category	FY23	FY22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Permanent Employees	Nil	Nil
Total recordable work-related injuries			
No. of fatalities (safety incident)			
High consequence work-related injury or ill-health (excluding fatalities)			

12. **Describe the measures taken by the entity to ensure a safe and healthy work place.**

The Corporation emphasises on the importance of maintaining a safe and healthy workplace for all employees and third-party employees who work on its premises.

The Corporation assesses the health, safety and environmental performance across all its offices. Certain employees are given training on fire safety and evacuation drills. Fire drills and audits are conducted in the office premises to ensure maintenance of safety standards.

During the year, there were no accidents of any employee of the Corporation whilst on duty.

During the year, the Corporation continued with 'Health Mantras@HDFC' an integrated approach towards employee's holistic health and well-being. Health Mantras@HDFC is a digital platform that looks at the complete well-being of the employees of the Corporation. The initiative is divided into four pillars – physical, emotional, financial and social well-being. The platform offers a wide range of services that include counselling services, doctor and dietician consultations, webinars, newsletters, articles and fitness classes conducted by top trainers for all fitness levels. All the wellness programmes can be accessed on-the-go across all digital devices.

13. **Number of complaints on the following made by employees**

	FY23			FY22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working conditions	Nil	Nil	-	Nil	Nil	-
Health and safety	Nil	Nil	-	Nil	Nil	-

14. **Assessments for the year**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%^
Working Conditions	Nil

^The Corporation has various annual maintenance contracts which deals with various safety practices for its offices.

15. **Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health and safety practices and working conditions.**

The human resources and facilities management departments hold overall responsibility for implementing the policy on health and safety of employees and monitoring and reviewing the health and safety measures of the Corporation periodically. Health check-up camps are conducted on a periodic basis. The Corporation has a Crisis Management team as a part of its Business Continuity Plan (BCP) and conducts periodic reviews to assess readiness in the eventuality of the BCP needing to be activated.

Leadership Indicators

1. **Does the entity extend any life insurance or any compensatory package in the event of death of Employees (Y/N)**

   Yes. The Corporation covers medical expenses if any, and in addition, the Corporation may offer employment to the spouse/dependent of the deceased employee. Benefits like provident fund, gratuity, superannuation and employees' deposit linked insurance, as applicable, are settled on a priority basis. Further, employee stock options granted immediately vest with the employee's immediate family member/person(s) nominated by such employee. In such circumstances, the Corporation assists the family in exercising such options.

2. **Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

   The Corporation ensures that taxes as applicable to the transactions within the remit of the Corporation are deducted and deposited in accordance with extant regulations. This activity is also reviewed as part of the internal and statutory audit. The Corporation expects its value chain partners to uphold business responsibility principles and values of transparency and accountability.

3. **Provide the number of employees having suffered high consequence work-related injury/ill-health/ fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

	Total no. of affected employees		No. of employees that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY23	FY22	FY23	FY22
Employees	Not applicable. There were no work-related injuries.			

4. **Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)**

   Since inception, the Corporation has never undertaken any retrenchment of employees owing to business exigencies or employees not having the requisite skills to do the required job. Cross functional training – "SkillUp 2 ScaleUp", were organized to upgrade the skills of existing employees on other functional areas. Given the long duration of service of many employees, transition assistance programmes for retirees are not found to be compelling as the employees are mostly high skilled.

5. **Details on assessment of value chain partners**

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety	The Corporation expects all its value chain partners to follow extant regulations, including health and safety practices and working conditions. These parameters are not explicitly captured or measured other than certain loans where there is enhanced environment and social (E&S) due diligence being monitored, including health, safety and working conditions.
Working conditions	

6. **Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

   No corrective action plan has been necessitated on the above-mentioned parameters.

   In certain loans where there is enhanced E&S monitoring as part of the covenants, the Corporation has necessary safeguards in case of non-compliance. The Corporation may provide a reasonable timeframe for compliance. On a case-by-case basis, the Corporation may evaluate the respective loan and may call for a corrective action plan from the customer.

   If non-compliance persists, wherein it raises potential risks/liabilities on the Corporation, the respective committee of management discharged with loan approval authority, along with the legal department of the Corporation may take measures, including enforcing the right to recall the loan.

PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS

Essential Indicators

1. **Describe the processes for identifying key stakeholder groups of the entity.**

   Any individual or group of individuals or institution that adds value to the business chain of the Corporation is identified as a core stakeholder. This inter alia includes employees, shareholders and investors, customers, channel partners and key partners, regulators, lenders, research analysts, communities, government and non-governmental organisations, suppliers, amongst others.

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Key Stakeholders	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement (Annually/Half yearly/Quarterly/ others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Direct & other communication mechanisms	Daily	Corporation follows an open door policy
Shareholders/ Investors	No	Email, SMS, newspaper advertisement, notice board, website, Annual General Meetings, intimation to stock exchanges, annual/ quarterly financials and investor meetings/ conferences	Frequent and need based	To stay abreast of developments in the Corporation and its subsidiary companies
Customers	Yes, if they qualify based on specified criteria such as income and/or gender	Multiple channels – physical and digital	Frequent and need based	Stay in touch with the customer throughout the life cycle of the loan and address any issues that the customer may have
Channel Partners and Key partners	No	Multiple channels – physical and digital	Frequent and need based	Helps to increase reach and enhance business
Regulators	No	Email, one-on-one meetings, concalls, video-conference	Need based	Discussions with regard to various regulations and amendments, inspections, approvals
Research Analysts	No	Email/ concalls, meetings, video-conferences	Frequent and need based	Keep abreast of developments of the Corporation and its group companies
Communities and NGOs	Yes	Directly or through the H T Parekh Foundation	Frequent and need based	Support socially high impact projects

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   The Corporation has always maintained that a constant and proactive engagement with key stakeholders enables the Corporation to better communicate its strategies and performance. A continuous engagement helps align expectations, thereby enabling the Corporation to better serve its stakeholders. The board is kept abreast on various developments and feedback on the same is sought from the directors.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   The Corporation believes that housing per se fulfills a critical social objective. The Corporation engages with various stakeholders in helping to expand the housing market and enable more Indians to become homeowners.

   In addition, the Corporation has been engaging with a number of ESG teams of investors/shareholders and experts in this field, which helps to better understand the expectations of stakeholders and benchmark against best practices. The Corporation recognises that it is still in an evolving phase on various evolving aspects of ESG and hence stakeholder interactions are important.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.**

   The Corporation supports the government's vision of, 'Affordable Housing for All'. The Corporation continues to remain committed to increasing homeownership in the country and offering housing finance solutions to the economically weaker sections and low income groups.

   The Corporation's CSR activities focus on the disadvantaged, vulnerable and marginalised segments of society. Kindly refer to the Annual Report on Corporate Social Responsibility (CSR) Activities and Social Initiatives Report for further details. The hyperlink is https://www.hdfc.com/investor-relations/environmental-social-and-governance

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

Essential Indicators

1. Employees who have been provided training on human rights issues and policy(ies)

Category	FY23			FY22		
	Total (A)	No. of employees covered (B)	% (B/A)	Total (C)	No. of employees covered (D)	% (D/C)
EMPLOYEES						
Permanent	4,017	4,017	100	3,599	3,599	100
Other than permanent	2,941	2,941	100	2,615	2,615	100
Total Employees	**6,958**	**6,958**	**100**	**6,214**	**6,214**	**100**

Note: The training pertains to the Code of Conduct and the Human Rights Statement of the Corporation.

2. Details of minimum wages paid to employees

Category	FY23					FY22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
EMPLOYEES										
Permanent	**4,017**	**-**	**-**	**4,017**	**100**	**3,599**	**-**	**-**	**3,599**	**100**
Male	2,916	-	-	2,916	100	2,671	-	-	2,671	100
Female	1,101	-	-	1,101	100	928	-	-	928	100
Other than Permanent	**2,941**	**116**	**4**	**2,825**	**96**	**2,615**	**99**	**4**	**2,516**	**96**
Male	1,506	69	5	1,437	95	1,333	48	4	1,285	96
Female	1,435	47	3	1,388	97	1,282	51	4	1,231	96

3. Details of remuneration/salary

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category (₹)	Number	Median remuneration/ salary/wages of respective category (₹)
Board of Directors (BoD) (Whole-time directors)	2	16,27,22,720	1	17,30,36,000
Key Managerial Personnel (other than BoD)	1	1,18,27,477	-	-
Employees other than BoD and KMP*	2,521	12,99,584	866	10,08,784

The details of remuneration of employees other than Board of Directors (BoD) and Key Managerial Personnel (KMP) are given below:

Employees other than BoD and KMP*	Male		Female	
	Number	Median remuneration/ salary/wages of respective category (₹)	Number	Median remuneration/ salary/ wages of respective category (₹)
Associate	708	7,34,966	338	7,07,541
Middle Management	1,556	15,54,889	476	13,26,271
Senior Management	217	36,91,436	44	35,42,260
Top Management	40	74,43,236	8	59,60,090

*Includes only employees who have worked for the entire 12-month period.

Note: 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.
Perquisite value of stock options is excluded.

4. **Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

Yes. The Managing Director oversees the human resources function in the Corporation. In addition, the director in charge of business responsibility along with the executive directors are responsible for addressing any human rights issues caused or contributed by the business.

5. **Describe the internal mechanisms in place to redress grievances related to human rights issues**

The Corporation regards respect for human rights as one of its fundamental and core values and strives to support, protect and promote human rights to ensure that fair and ethical business and employment practices are followed.

The Corporation is committed to maintain a safe and harmonious business environment and workplace for everyone, irrespective of the ethnicity, region, sexual orientation, race, caste, gender, religion, disability, work, designation and such other parameters. HDFC believes that every workplace shall be free from violence, harassment, intimidation and/or any other unsafe or disruptive conditions, either due to external or internal threats. Accordingly, HDFC has aimed to provide reasonable safeguards for the benefit of employees at the workplace, while having due regard for their privacy and dignity.

HDFC also has zero tolerance towards and prohibits all forms of slavery, coerced labour, child labour, human trafficking, violence or physical, sexual, psychological or verbal abuse. As a matter of policy, HDFC does not hire any employee or engage with any agent or vendor against their free will.

6. **Number of complaints on the following made by employees**

	FY23			FY22		
	Filed during the year	**Pending resolution at the end of the year**	**Remarks**	**Filed during the year**	**Pending resolution at the end of the year**	**Remarks**
Sexual Harassment	3	-	-	2	-	-
Discrimination at workplace	Nil	Nil	-	Nil	Nil	-
Child Labour	Nil	Nil	-	Nil	Nil	-
Forced Labour/ Involuntary	Nil	Nil	-	Nil	Nil	-
Wages	Nil	Nil	-	Nil	Nil	-
Other human rights related issues	Nil	Nil	-	Nil	Nil	-

7. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases**

The Corporation is committed to providing equal opportunities to all individuals and is intolerant towards discrimination and/or harassment based on race, sex, nationality, ethnicity, origin, religion, age, disability, sexual orientation, gender identification and expression (including transgender identity), political opinion, medical condition, language as protected by applicable laws.

The objective of the Diversity & Inclusion Policy is to ensure that the Corporation continues to be an employer for all diversity groups - gender identity, disability, caste, creed, colour, religion, marital status, age, sexual orientation and expression, medical condition, language and any other aspects as applicable, to create and foster an open culture of inclusion for all its stakeholders; and to create an environment which has zero tolerance for discrimination.

HDFC also 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. Members of the Corporation's ICC are responsible for conducting inquiries pertaining to such complaints. The Corporation on a regular basis sensitises its employees on the prevention of sexual harassment at the workplace through workshops, group meetings, online training modules and awareness programme which are held on a regular basis.

8. **Do human rights requirements form part of your business agreements and contracts (Yes/No)?**

Yes, in certain business agreements and contracts where relevant. The Corporation includes a clause in certain loan agreements, requiring the borrower to comply with labour laws, environment, health, safety and social laws, as applicable.

9. **Assessments for the year**

	% of offices that were assessed (by entity or statutory authorities or third parties)
Child labour	The Corporation is in compliance with the laws, as applicable. In addition, all the Corporation's offices were assessed for the purpose of statutory compliance management and statutory audits of labour laws pertaining to employees other than permanent employees.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

10. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

    Not applicable.

Leadership Indicators

1. **Details of a business process being modified/introduced as a result of addressing human rights grievances/ complaints.**

   The Corporation is of the belief that it has upheld the basic principles of human rights in all its dealings. This is in alignment with its Human Rights Statement. The Corporation regularly sensitises its employees on the Code of Conduct through various training programmes.

2. **Details of the scope and coverage of any human rights due-diligence conducted.**

   See response above.

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

   Some of the offices of the Corporation including corporate office have ramps for easy movement of differently abled visitors. Most of the offices are located in commercial premises which may be on the ground floor or have elevators and infrastructure for differently abled visitors. Wheelchair accessible restrooms are available in certain offices of the Corporation.

   The Corporation also maintains application forms in Braille to cater to the special needs of visually impaired customers.

4. **Details on assessment of value chain partners**

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	The Corporation expects its value chain partners to adhere to the same values, principles and business ethics upheld by the Corporation in all their dealings. No specific assessment in respect of value chain partners has been carried out other than certain covenants where some of these parameters are being monitored closely in certain lending arrangements. Training and sensitisation of value chain partners has been undertaken.
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

5. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

   No corrective actions pertaining to Question 4 was necessitated by the Corporation during the year under review.

PRINCIPLE 6: BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT

Essential Indicators

1. **Details of total energy consumption (in Joules or multiples) and energy intensity**

Parameter*		FY23		FY22	
		MWh	TJ	MWh	TJ
(A)	Total electricity consumption	16,642.85	59.92	14,753.71	53.11
(B)	Total fuel consumption	13,007.93	46.83	11,105.79	39.98
(C)	Energy consumption through other sources-Renewables	214.51	0.77	136.34	0.49
Total energy consumption (A+B+C)		**29,865.29**	**107.52**	**25,995.84**	**93.58**
Energy intensity per rupee of turnover (Total energy consumption/turnover in ₹ crore)		**0.496**	**0.002**	**0.542**	**0.002**

*The data pertains to all offices of the Corporation.

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? If yes, name of the external agency.

Yes. The Corporation has partnered with a leading environment and research institution, Centre for Environmental Research & Education (CERE) to help measure and monitor HDFC's carbon footprint. CERE provides technical and domain expertise and assists the Corporation in determining carbon emissions pertaining to its own operations.

The Corporation has measured its carbon footprint across all offices. The carbon footprint is in accordance with the GHG Protocol Corporate Accounting Standard and accounts for the following greenhouse gas emissions: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O) and hydrofluorocarbons (HFCs, HCFCs).

2. **Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

   Not applicable.

3. **Provide details of the following disclosures related to water.**

   The Corporation's usage of water is restricted to human use only. Efforts have been made to ensure that water is consumed judiciously in the office premises. In various offices, sensor taps are installed in office washrooms to economise on water consumption. The Corporation ensures that the domestic waste (sewage) from offices and branches are not let into water bodies.

Parameter	FY23
Surface Water (KL)	-
Ground Water (KL)	23,584.78
Third party Water (KL)	78,002.46
Seawater/desalinated Water (KL)	-
Others	-
Total Withdrawal (KL)	**1,01,587.24**
Total Consumption (KL)	**1,01,587.24**

Note: The Corporation's usage of water is restricted to use of domestic purposes only. Efforts have been made to ensure that water is consumed judiciously in the office premises. The Corporation ensures that the domestic waste (sewage) from offices is disposed off and treated by the municipalities/local bodies. No wastewater is discarded directly into local water bodies.

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

Yes. The assessment was carried out by CERE.

4. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

   No.

5. **Please provide details of air emissions (other than GHG emissions) by the entity.**

   Not applicable.

6. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity**

   Methodology adopted for measuring the Corporation's carbon footprint

   - The data pertains to all 523 offices of the Corporation.
   - The organisational boundary has been established using the 'Operational Control Approach'.
   - Data has been collected at each office and aggregated at an all-India level.
   - The aggregated data has been analysed by CERE and GHG emissions pertaining to the Corporation's own operations have been assessed by CERE.
   - Staff members on a pan-India basis have been working closely with CERE to be sensitised and work towards reducing the Corporation's overall carbon footprint.
   - Some datapoints in the previous year have undergone minor changes owing to improved collection efforts on such data.

Parameter*	Unit	FY23	FY22
Total Scope 1 emissions (GHG: CO_2, CH_4, N_2O, HFCs)	Metric tonnes of CO_2 equivalen	3,981.44	3,115.38
Total Scope 2 emissions (GHG: CO_2)	Metric tonnes of CO_2 equivalent	11,903.12	11,700.08
Total GHG emissions (Scope 1 & 2)	Metric tonnes of CO_2 equivalent	**15,884.56**	**14,815.46**
Total Scope 1 and Scope 2 emissions per ₹ crore of turnover	$MTCO_2e$/Revenue (in ₹ crore)	**0.264**	**0.309**

*The data pertains to all offices of the Corporation.

GHG Emissions FY23

GHG Emissions – FY23					
Scope 1 Emissions					
Source	**CO_2 (MT)**	**CH_4 (MT)**	**N_2O (MT)**	**Refrigerants (kg)**	**CO_2e (MT)**
Generator Sets (Diesel)	134.20	0.02	0.001	-	135.00
Company Cars (Petrol)	55.04	-	-	-	55.04
Fuel Allowance (Petrol)	2,878.04	-	-	-	2,878.04
HVAC (Heating Ventilating and Air Conditioning Systems) - Refrigerant Leaks	-	-	-	R22 - 234.15 R32 - 172.59 R410a - 149.60 1234Ze - 92 R407C - 5	913.36
Scope 1 Total					**3,981.44**

Scope 2 Emissions				
Source	**CO_2 (MT)**	**CH_4 (MT)**	**N_2O (MT)**	**CO_2e (MT)**
Purchased Electricity*	11,385.80	-	-	11,385.80
Electricity for Data Centres	517.05	-	-	517.05
Electric Vehicles	0.27	-	-	0.27
Scope 2 Total				**11,903.12**
FY23: Scope 1 & 2 Total				**15,884.56**

*Please note that the published emission factor from Central Electricity Authority: CO_2 baseline database Version 18 has been referred to calculate the emissions from purchased electricity for offices and data centers.

GHG Emissions FY22

GHG Emissions – FY22					
Scope 1 Emissions					
Source	**CO_2 (MT)**	**CH_4 (MT)**	**N_2O (MT)**	**Refrigerants (kg)**	**CO_2e (MT)**
Generator Sets (Diesel)	177.28	0.02	0.001	-	178.33
Company Cars (Petrol & Diesel)	55.96	-	-	-	55.96
Fuel Allowance (Petrol)	2,339.97	-	-	-	2,339.97
HVAC (Heating Ventilating and Air Conditioning Systems) - Refrigerant Leaks	-	-	-	R22 - 193.92 R32 - 26.48 R410a - 53.40	512.00
Canteen Fuel (Self-managed)	29.12	-	-	-	29.12
Scope 1 Total					**3,115.38**

Scope 2 Emissions				
Source	**CO_2 (MT)**	**CH_4 (MT)**	**N_2O (MT)**	**CO_2e (MT)**
Purchased Electricity*	11,214.02	-	-	11,214.02
Electricity for Data Centres	486.06	-	-	486.06
Scope 2 Total				**11,700.08**
FY22: Scope 1 & 2 Total				**14,815.46**

*Please note that the published emission factor is from Central Electricity Authority: CO_2 Baseline Database Version 17 was referred to calculate the emissions from purchased electricity for offices and data centres.
For FY22, there has been minor revisions in data owing to improved mechanisms to collect such data.

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? If yes, name of the external agency.

Yes. The assessment was carried out by CERE.

7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

The Corporation is committed to a net-zero emissions pathway and adopting de-carbonisation strategies. Towards this end, the Corporation has taken the initiative to install a number of solar panels in certain offices, particularly where premises are owned by the Corporation in order to help reduce its carbon footprint and increase its share of energy consumption through renewables. Currently, the Corporation has solar installations in 14 locations with an estimated capacity of approximately 454 kWp.

The investment in these installations, including the cost of solar panels, installation costs and net metering would likely be recovered over a period of 9.6 years. Listed below are the overall savings that could accrue:

Envisaged savings for the solar panels installed by the Corporation as determined by CERE:

Year	Electricity (kWh)*	Cost Saving (₹)	Carbon Reduction (MT CO_2e)
FY23	2,14,509	23,59,597	174.19
FY22	1,36,336	14,76,728	108.12

*Note: The electricity generation is based on operational solar panels at HDFC.

The Corporation has undertaken various innovative environmental conscious initiatives such as deployment of Intelligent Power Management (IPM) which has been enabled on over 5,000 desktops to enable power saving while the systems are still functioning.

In FY23, the Corporation obtained energy saving certificates from an organisation focused on building products to promote green computing. As per the certification received from Vigyan Labs' Intelligent Power Management - IPM+ Endpoint, the Corporation achieved 341.54 MWh of energy savings and 341.74 MT of carbon emission savings. This resulted in 22% savings on energy consumption.

Other Initiatives

During the year, HDFC employees participated in a tree plantation drive at Turbhe village in Navi Mumbai through its partnership with the 102 Battalion of Rapid Action Force, the specialised wing of the Central Reserve Police Force. The initiative enabled the plantation of saplings on a plot allotted by the Forest Department, Raigad. HDFC employees on a pan-India basis supported the beach clean-up drive as part of the International Coastal Clean-Up Day organised by the Ministry of Earth Sciences.

Environmental Sustainability Initiatives

The Corporation primarily implements its Corporate Social Responsibility initiatives through the H T Parekh Foundation (the foundation). To support de-carbonisation, one of the focus areas of the H T Parekh Foundation is environmental sustainability. With the aim of having a positive social and environmental impact, the Corporation along with the H T Parekh Foundation via multiple implementing partners has been involved in various green energy projects.

Details of solar projects undertaken in FY23

FY23				
Type of Project	Location	Number of Solar Installations/ Street Lights	MT CO_2e Saving Over	
			1st year	10 years
Solar Electrification of Community Health Centres and Rural, Tribal and Urban Primary Health Care Centres (384 kW)	Multiple Districts, Manipur	44	413.10	3,800.56
Solar street lights for select villages (72 kW)	Raigad, Maharashtra	1,200	104.98	965.78
Solar power for Rural Schools (22.11 kW)	Raigad, Maharashtra	11	30.09	276.80
Rooftop Solar for a Primary Diagnostic Health Centre (80 kW)	Mann, Maharashtra	1	89.88	826.87
Solar power for a Faecal Sludge Treatment Plant (30 kW)	Satara, Maharashtra	1	35.48	326.40
Solar Street Lights for an Urban Slum pocket (2.4 kW)	Jodhpur, Rajasthan	40	4.38	40.28
Solar Street Lights for an Urban Slum pocket (3.9 kW)	Ahmedabad, Gujarat	65	6.85	63.01
Rooftop Solar System at an institutional kitchen for mid-day meals (200 kW)	Varanasi, Uttar Pradesh	1	181.44	1,669.25
Solar Street Lights for fringe forest communities (0.54 kW)	Corbett, Uttarakhand	30	0.88	8.11
Solar power for Community Libraries (6.6 kW)	Majuli, Assam	18	9.74	89.58
Solar Street Lights to enable access to Community Libraries (1.05 kW)	Majuli, Assam	14	1.55	14.25
Total		**1,425**	**878.37**	**8,080.89**

Details of Solar Projects undertaken in FY22

FY22					
Type of Project	Location	Number of Solar Installations	MTCO_2e Saving Over		
			1st year	10 years	25 years
Hybrid Solar System (5 kW)	Vyara, Gujarat	11	61.60	492.80	1,078.00
Solar Street Light (Solar Panel-60W)	Ahmedabad, Gujarat	100	7.01	56.06	122.64
Solar Water Pumps (1.2 kW)	Karnataka and Odisha	146	158.85	1,270.78	2,779.84
Solar Water Heaters (300 Litres Per Day	Karnataka and Odisha	134	364.48	2,915.84	6,378.40
Solar Water Heaters (500 Litres per day)	Karnataka and Odisha	27	100.98	807.84	1,767.15
Total		**418**	**692.92**	**5,543.32**	**12,126.03**

Waste Management Projects Undertaken

In Mumbai and Navi Mumbai, the foundation worked with public service institutions and non-governmental organisations to support their journey to zero waste. Under the foundation's decentralised waste management for bulk waste generators project, the foundation helped set up systems for improving segregation efficiency, including awareness and training programmes for all stakeholders and set up 665 kg capacity of infrastructure for processing wet waste into compost across 8 organisations.

Under the Model Ward Programme for Holistic Waste Management at the city level, the foundation helped improve segregation efficiency among 1,200 households, conducted training for 23 *safai saathis* and green workers and diverted 150 MT of dry waste from the landfill.

In line with the goal to demonstrate circularity in waste, the foundation supported a large kitchen cooking mid-day meals for over 1,00,000 children from 282 schools to enable them to reuse food waste as biogas for cooking. The foundation supported the establishment of a 1.5 MT per day waste-to-biogas plant.

8. **Provide details related to waste management by the entity**

	Parameter (in metric tonnes)	FY23	FY22
Total waste generated (in metric tonne)			
(A)	Plastic waste	0.79	0.65
(B)	E-waste	5.23	4.69
(C)	Battery waste	19.70	14.02
(D)	Bio-medical waste	Not Applicable. The Corporation does not produce or dispose any kind of biomedical, construction debris, radioactive and other hazardous waste.	
(E)	Construction and demolition waste		
(F)	Radioactive waste		
(G)	Other Hazardous waste. Please specify, if any		
(H)	Other Non-hazardous waste (Food, Paper, Cardboard, Metal and Mixed Waste)	357.57	86.01
	Total (A+B + C + D + E + F + G + H)	**383.29**	**105.37**
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonne)			
	Category of waste		
(i)	Recycled	58.89	34.30
(ii)	Re-used	-	-
(iii)	Other recovery operations	-	-
	Total	**58.89**	**34.30**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonne)			
	Category of waste disposal		
(i)	Incineration	Our waste generation is minimal and is sent to the Municipalities/local bodies for further processing. No waste is directly sent to landfills or for incineration from the Corpoaration's offices.	
(ii)	Landfilling		
(iii)	Other disposal operations		
	Total		

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

The assessment of plastic waste generated was carried out by CERE.

E-waste recycling is carried out by various e-waste vendors across all offices of the Corporation. Form 2 (for maintaining records of e-waste handled/generated), green certificates and disposal and recycling reports have been received by the Corporation.

9. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

Given the nature of the business, there is no usage of hazardous and toxic chemicals by the Corporation.

The Corporation has various systems in place at an all-India level to manage e-waste. The Corporation engages with certified e-waste handlers for disposal of e-waste. Approximately 24,927 kg of e-waste generated has been disposed through authorised recyclers in FY23. The Corporation has received green, disposable and re-cycling certificates from the respective e-waste vendors.

The Corporation uses local vendors for disposal of paper for recycling. For several years, the sale value of paper scrap of the Corporation is being donated to Cancer Patients Aid Association. During the year, towards this initiative, 9.02 MT of waste paper was sent for recycling. In an endeavour to reduce consumption of plastics, the Corporation, as a policy does not procure any plastic water bottles.

Waste segregation has been introduced across offices.

10. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details.**

All the Corporation's offices are located in premises which have the requisite building permits, including environmental approvals.

11. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year.**

Not applicable.

12. **Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and Rules thereunder (Y/N). If not, provide details of all such non-compliances.**

Based on the nature of business, the Corporation is in compliance with applicable environmental norms.

Leadership Indicators

1. **Provide break-up of the total energy consumed from renewable and non-renewable sources**

	Parameter	FY23		FY22	
		MWh	TJ	MWh	TJ
From renewable sources					
(A)	Total electricity consumption^	214.51	0.77	136.34	0.49
(B)	Total fuel consumption	-	-	-	-
(C)	Energy consumption through other sources	-	-	-	-
Total energy consumed from renewable sources (A+B+C)		**214.51**	**0.77**	**136.34**	**0.49**
From non-renewable sources					
(D)	Total electricity consumption	16,642.85	59.92	14,753.71	53.11
(E)	Total fuel consumption	13,007.93	46.83	11,105.79	39.98
(F)	Energy consumption through other sources	-	-	-	-
Total energy consumed from non-renewable sources (D+E+F)		**29,650.78**	**106.75**	**25,859.50**	**93.09**

^The mentioned renewable consumption number indicates solar installations at the Corporation's owned premises.

Break-up of Scope 1, 2 & 3 Emissions of the Corporation

Scope	Emission Source	FY23 Emissions (MT CO_2e)	Contribution (FY23)	FY22 Emissions (MT CO_2e)	Contribution (FY22)
Scope 1	Company Cars	55.04	0.22%	55.96	0.26%
Scope 1	Fuel Allowance (Provided to employees)	2,878.04	11.59%	2,339.97	10.73%
Scope 1	Generator Sets (Diesel)	135.00	0.54%	178.33	0.82%
Scope 1	HVAC (Heating Ventilating and Air Conditioning Systems)	913.36	3.67%	512.00	2.35%
Scope 1	Cooking Fuel (Self-managed)	-	-	29.12	0.13%
Scope 1		**3,981.44**	**16.02%**	**3,115.38**	**14.29%**
Scope 2	Purchased Electricity (Including Electric Vehicle)	11,386.07	45.81%	11,214.02	51.40%
Scope 2	Electricity for Data Centres	517.05	2.08%	486.06	2.23%
Scope 2		**11,903.12**	**47.89%**	**11,700.08**	**53.63%**
Scope 3	Business Travel - Air	503.52	2.03%	26.81	0.12%
Scope 3	Business Travel - Road & Rail	194.78	0.78%	117.15	0.54%
Scope 3	Hotel Stays - Business	344.16	1.38%	83.73	0.38%
Scope 3	Paper & Printed Paper Products Consumption	5,421.95	21.81%	4,233.63	19.40%
Scope 3	Waste (Cardboard, Plastic, Food etc.)	161.80	0.65%	42.84	0.20%
Scope 3	Downstream Logistics (Distribution from offices to other locations)	141.10	0.57%	100.54	0.46%
Scope 3	Company Organised Road Transport	23.97	0.10%	93.76	0.43%
Scope 3	Diesel Generator Sets (Rented Spaces)	204.53	0.82%	111.81	0.51%
Scope 3	Employee Commute	1,976.22	7.95%	1,652.30	7.57%
Scope 3	Miscellaneous	-	-	539.48	2.47%
Scope 3		**8,972.03**	**36.09%**	**7,002.05**	**32.08%**
TOTAL		**24,856.59**	**100.00%**	**21,817.51**	**100.00%**

1. **Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

   Yes. The assessment was carried out by the CERE.

2. **Does the entity have a business continuity and disaster management plan?**

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

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

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

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

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

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

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

3. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**

   Given the nature of the business, there has been no adverse impact to the environment.

PRINCIPLE 7: BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT

Essential Indicators

1. **a. Number of affiliations with trade and industry chambers/associations.**

   The Corporation is a member of 9 trade and industry chambers/associations.

b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/ associations (State/ National)
1.	Bombay Chamber of Commerce and Industry	State
2.	Confederation of Indian Industry	National
3.	Federation of Indian Chambers of Commerce and Industry	National
4.	Bombay Management Association	State
5.	Indo-German Chamber of Commerce	International
6.	Indian Merchants' Chamber	National
7.	International Union for Housing Finance	International
8.	National Real Estate Development Council	National
9.	Association of Financial Professionals of India	National

Representatives of HDFC are members of the committees of these industry bodies. HDFC regularly offers its inputs to these associations for the advancement and improvement of housing finance in India.

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

   Not applicable.

Leadership Indicators

1. **Details of public policy positions advocated by the entity**

   HDFC executives have, over the years, played a key role in formulating national housing policies and strategies at a national level. Recognising HDFC's expertise, regulators, industrial bodies and governments have invited HDFC's executives to join a number of committees and task forces related to financial sector reforms, housing finance, infrastructure development, capital markets and corporate governance. Members of the senior management of HDFC are associated with various committees constituted by the government, regulators and industry bodies from time to time, including for the purpose of legislating regulations related to capital markets, corporate governance, green buildings and climate-related financial disclosures.

   The above, however, has been in the nature of using expertise to help shape public policy, regulations or economic development. As such, the Corporation does not take part in any lobbying.

   HDFC makes various recommendations/representations before regulators and associations regarding the new enactments that impact the Corporation, housing finance industry and other related areas. The Corporation has participated in discussions and provided feedback to regulators such as RBI, SEBI and National Housing Bank on climate-related issues. The Corporation is represented on the Sustainable Finance Working Group - CDP India and IGBC, Sustainability and ESG committees of the Confederation of Indian Industry.

PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

   Not applicable.[1]

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity.**

   Not applicable.[1]

3. **Describe the mechanisms to receive and redress grievances of the community.**

   Not applicable.[1]

   Other grievance mechanisms relevant to the Corporation are elucidated elsewhere in this report.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers.**

   Not applicable.[1]

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above).**

   Not applicable.[1]

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies.**

S. No.	State	Aspirational Districts	Amount spent (₹ in crore)
1.	Madhya Pradesh	Barwani	3.50
2.	Maharashtra	Gadchiroli	1.00
3.	Manipur	Chandel	0.31

Notes:

- CSR project in Madhya Pradesh: An education project that engages with communities of Barwani to prevent girls from dropping out of school
- CSR projects in Maharashtra: Support for a nutrition focused tribal health project in 48 tribal villages of the district
- CSR projects in Manipur:
  - Installation of rooftop solar in Primary Healthcare Centers (PHC) and Community Healthcare Centers (CHC) ensuring uninterrupted power supply and improved capacity for delivering healthcare
  - Support for equipping PHCs and CHCs with a portable fetal monitoring device used for effective pre-natal testing, leading to identification of high-risk pregnancies and data based intra-natal support.

3. **(a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised/vulnerable groups? (Yes/No)**

   (b) From which marginalised/vulnerable groups do you procure?

   (c) What percentage of total procurement (by value) does it constitute?

   Whilst the Corporation has always endeavoured to provide housing finance solutions for all income groups including the economically weaker sections and low income groups, given the nature of the business, purchases from suppliers under the above-mentioned groups are limited.

   Through the Corporation's relationships with various non-governmental organisations, the Corporation supports the marginalised and vulnerable segments by inviting these organisations to exhibit their products in the office premises/online so as to enable employees to make direct purchases and help support livelihoods.

[1]Note: As per the BRSR, this section pertains to Social Impact Assessment in compliance with Right to Fair Compensation & Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013. Given the nature of the business of the Corporation, this is not applicable.

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge.**

Not applicable.

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Not applicable.

6. **Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	No. of persons benefitted from CSR projects	% of beneficiaries from vulnerable and marginalised groups
1.	**CSR Projects for Education** • Foundational Learning • Early Childhood Education • Higher Education – Institutional Support & Scholarships • Other Education Projects	**Students:** 1,76,000 **Educators:** 29,900	The primary objective of the CSR projects of the Corporation is to reach the most vulnerable and marginalised communities which include persons with disabilities, migrant workers, women and children from lower socio-economic backgrounds in urban, rural and the tribal populations.
2.	**CSR Projects for Healthcare** • Cancer Care • Nutrition • Pediatric Surgeries • Eye Care • Other Healthcare Projects	**Children:** 99,800 **Adults:** 1,26,600	
3.	**CSR Projects for Environment** • Solid Waste Management • Solar Energy • Ecological Restoration	**Individuals:** 17,800*	
4.	**CSR Projects for Skilling & Livelihood** • Migrants Welfare • Women focused Livelihoods • Other Livelihoods Projects	**Adults:** 2,71,400	
5.	**CSR Projects for Persons with Disabilities** • Enabling Services (Health & Education) • Skilling & Livelihoods Ecosystem Interventions	**Educators and Caregivers:** 6,500 **Adults & Children with Disabilities:** 3,000	
6.	**CSR Projects for Other Sectors** • Arts & Culture • Community Development	**Adults:** 5,000	

*Assumed an average family size of 5 members per household.

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

Essential Indicators

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

To ensure customer grievances are redressed promptly and effectively, the Corporation has put in place a grievance redressal policy. There is a centralised team for managing customer grievances called Customer Engagement, headed by the Chief Grievance Redressal Officer (CGRO). They work closely with the management, various teams and branches to analyse root causes of complaints based on process, policy and people.

The Corporation uses an artificial intelligence backed dashboard that provides root cause analysis and early warning signs on a real time basis. There has been a significant improvement in customer experience with the ability to fulfil customer queries or requests during the first interaction ('First Time Right') is concerned.

The Corporation has a grievance redressal mechanism operating on an omni channel customer service platform to improve service and reduce customer grievances. There has been a concerted focus on providing services on the customer portal and application through 'Do it yourself' (DIY) mode. Further, with the objective of enhancing customer awareness about products and services offered by the Corporation, 75 programmes were conducted with customers in tier 3 and tier 4 cities.

The Corporation has also implemented Net Promoter Score (NPS) during the year. NPS is a globally accepted metric for measuring customer satisfaction. The Corporation reported a score of 58 as at March 31, 2023, which is considered as a good rating for a loan product.

Key Highlights

Omni Channel	• Queries, requests and grievances are recorded and responded to on a single platform • Communication from all the touch points for e.g. website, emails, letters, social media, phone calls are on a single platform • Provides a holistic view of the customer's interactions and profile to provide better service
OTP Authentication, Acknowledgement Status Tracking	• One-time password (OTP) authentication process prior to lodging a grievance to ensure data privacy for all customers • Acknowledgement with the complaint identification, tracking link and escalation process is provided to customers on registration of the grievance • Customers can track the status of their grievances on the Corporation's website
Assignment and Escalations	• Depending upon the source of the complaint and the category of complaints, they are assigned to senior personnel in the organization • Grievances where customers are dissatisfied or the turnaround time (TAT) is exceeded get auto escalated to the reporting manager of the assignee
Quality Responses and Approval Process	• Quality check of responses are done by the Customer Engagement team and regular feedback is passed to the branches and the vertical heads to improve the quality of the responses • Standardised templates are available for addressing common concerns quickly and effectively • Branch grievance redressal officers are appointed to ensure quality and timely responses to customer grievances
Future Follow up	• Task functionality are implemented on the omni channel platform • This provides users a trigger to act on upcoming activities which are based on commitments to the customer
Analysis and Improvement	• There is an AI based platform for granular analysis of grievances which helps in providing feedback for improvement in processes and training of employees. • Specific areas of concern can be identified and addressed at various levels – individual, service center and branch level

2. **Turnover of products and/services as a percentage of turnover from all products/service**

100%

3. **Number of consumer complaints in respect of the following:**

	FY23		Remarks	FY22		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	Nil	Nil	-	Nil	Nil	-
Advertising						
Cyber-security						
Restrictive Trade Practices						
Unfair Trade Practices						
Others						

4. **Details of instances of product recalls on account of safety issues**

Not applicable.

5. **Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

Yes. The Corporation has in place board approved policies such as Cyber Security Policy, Social Media Security Policy and Information Security Policy to ensure sufficient safeguards are in place to prevent any data leakage. The policies are also aligned with the Master Direction – Information Technology Framework for the NBFC Sector, ISO 27001 and the National Institute of Standards & Technology guidelines.

The Corporation has also constituted an Information Security Steering Committee (ISSC) to monitor the progress and status on Information and Cyber Security. Further, the Corporation has an Information Technology (IT) Strategy Committee comprising an independent director, a whole-time director, the Chief Information Technology Officer and a few senior officials, which assess the implementation of cyber and information security.

The policy is available to internal stakeholders and is placed on the intranet of the Corporation.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.**

No penalties/regulatory action has been levied or taken on the above-mentioned parameters.

Leadership Indicators

1. **Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   Information relating to all the loan products and services provided by the Corporation are available on the Corporation's website, is www.hdfc.com. In addition, the Corporation actively uses various social media and digital platforms to disseminate information on its loans and deposits.

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   The Most Important Terms and Conditions (MITC) provides extensive information and ensures transparency on lending products. The Fair Practices Code and Code of Commitment to Customers is accessible on the Corporation's website. The hyper link is https://www.hdfc.com/tnc.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   Kindly refer to details on Business Continuity and Disaster Management which has been elucidated under Principle 6. During the year, there were no major disruptions of critical services of the Corporation.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   HDFC has always believed in being transparent with its customers by providing all the relevant details. HDFC also has documents such as MITC which is displayed prominently in each office and on the website of the Corporation with information on service charges, interest rates, product information, service standards for various transactions and grievance redressal mechanisms for its home loan customers. All potential customers are required to read and sign-off the same along with their application forms. Loan application forms are also available in Braille to cater to needs of visually impaired customers.

   The Corporation strives to ensure customer data privacy and security through robust information security systems.

   The Corporation continuously conducts customer satisfaction surveys to seek feedback from its borrowers at various stages of the loan transaction such as at the time of the loan application, approval, disbursement and closure. This feedback is used to improve systems, processes and enable better focus on training and development of staff.

5. **Provide the following information relating to data breaches**

   a. Number of instances of data breaches along with impact

   b. Percentage of data breaches involving personally identifiable information of customers

   The Corporation did not witness any instances of data breaches during the year. External agencies have assessed and confirmed that requisite security level checks put in place by the Corporation are appropriate. The Corporation also has cyber risk insurance policies.

May 4, 2023

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Housing Development Finance Corporation Limited

www.hdfc.com

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